Important information about Syndicate Reports and Accounts

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

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

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

AmTrust Syndicates Limited: Syndicate 2526

Annual Report and Accounts

For the year ended 31 December 2018

Contents

Directors and Advisers

Managing Agent
AmTrust Syndicates Limited

Registered office
Exchequer Court
33 St Mary Axe
London, EC3A 8AA

Managing Agent's registration No. 4434499

FCA firm registration No. 226696

Lloyd's registration No. 2073D

Syndicate: 2526

Directors

N C T Pawson	Non-Executive Chairman	
J P Fox	Non-Executive Director	
B J Jackson	Non-Executive Director	
J E Cadle	Non-Executive Deputy Chairman	
M G Caviet	Non-Executive Director	Resigned 09/12/2018
P Dewey		
J A H G Cartwright		
S Lacy		
D J L Barrett		Appointed 07/02/2018
C Jarvis		Appointed 31/05/2018

Company secretary
P Cockburn

Run-off Management
G Ross
D J L Barrett — Director Responsible

Bankers
Barclays Bank PLC
National Westminster Bank PLC
Citibank N.A.
Royal Bank of Canada

Investment Managers
AII Insurance Management Limited

Statutory Auditor
KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Report of the Directors of the Managing Agent

The directors of the Managing Agent, AmTrust Syndicates Limited ('ASL'), present their report, which incorporates the strategic review, for the year ended 31 December 2018. The Syndicate's managing agent is a company registered in England and Wales.

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 (Lloyd's Regulations 2008).

These Financial Statements and related notes have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 100 ('Application of Financial Reporting Requirements'), FRS 102 ('The Financial Reporting Standard Applicable in the UK and Republic of Ireland') and FRS 103 ('Insurance Contracts') as promulgated by the Financial Reporting Council (FRC).

Principal activity

The Syndicate's principal activity continued to be the transaction of general insurance and reinsurance business as the Syndicate continued to run off its business following the decision to cease underwriting with effect from 1 January 2017.

AmTrust Group

The Managing Agent is an indirect wholly owned subsidiary of AmTrust Financial Services, Inc. ('AFSI') formerly the ultimate parent company of the AmTrust group of companies ('the Group' / 'AmTrust'). On 29 November 2018 a merger transaction was completed in which Evergreen Parent, L.P., an entity formed by private equity funds managed by Stone Point Capital LLC ('Stone Point'), together with Barry Zyskind, Chairman and CEO of AmTrust, George Karfunkel and Leah Karfunkel (collectively, the 'Karfunkel-Zyskind Family'), acquired approximately 45% of AFSI's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties did not already own or control. The merger transaction followed the approval of AmTrust common stockholders at a special meeting of stockholders held on June 21, 2018.

AmTrust at Lloyd's

AmTrust's Lloyd's platform, trading as AmTrust at Lloyd's, combines AmTrust's syndicate underwriting and managing agency operations, allowing AmTrust to access profitable business on a worldwide basis.

During 2018 ASL managed Lloyd's Syndicates 1861, 1206, 5820, 2526, 44 and 779 writing a globally diversified risk portfolio with lines of business selected based on the platform's strategic position, the market opportunity within Lloyd's and the portfolio diversification and capital benefits these classes offer.

The following lines of business are identified as core to ASL:

- Accident & Health and Special Risks
- Aviation & Space
- Consumer Products
- Cyber
- Energy
- Non-Marine Liability
- Property
- Political Risks and Political Violence
- Professional Lines
- Specialty Reinsurance

Closure of the Syndicate

When AmTrust at Lloyd's Limited ('ATL') was appointed as the new Managing Agent on 1 April 2015 it instigated a review of all open claims as at quarter 3 2015, assisted by an independent claims consulting firm. As a result, the claims reserves were strengthened materially, in particular on the 2013 and prior years. This was primarily due to a significant increase in the incurred claims position on the Professional Indemnity, Directors and Officers and Medical Malpractice classes of business, which represented the vast majority of the Syndicate's business and reserves. After the completion of this review the Syndicate's independent actuarial consultants, LCP advised that the ultimate level of claims reserves required, (both gross and net of reinsurance) were subject to significant uncertainty across all years of account.

Given this uncertainty and the change in capital providers between the 2013, 2014 and 2015 years of account, the Board decided to leave the 2013, 2014 and 2015 years of account open. The Syndicate ceased writing new business at the end of 2016.

Since cessation the managing agent, initially ATL and then ASL following novation of the management of the Syndicate to ASL on 23 June 2017, has operated a run-off plan for the Syndicate with a dedicated run-off team working closely with the Syndicate's external consulting actuaries and overseen by Lloyd's Open Year Management team. The process of reviewing all open claim files in 2017 has continued along with the active management of the major facilities which have historically driven the account, reducing the uncertainty of claims reserves. Where appropriate the Syndicate sought to close files through proactive mediation and alternative dispute resolutions which has driven positive development against expectation.

During the course of 2018 ASL has actively engaged with external markets in order to conclude the business of the Syndicate through a reinsurance to close ('RITC') transaction. A number of interested parties provided quotes to reinsure to close the open years. Syndicate 2008 ultimately represented the most favourable solution for the Syndicate's members across the open years of account. As a consequence, with effect from 31 December 2018 all of the open years closed by RITC into Syndicate 2008 thereby transferring the Syndicate's liabilities, consequently Syndicate 2526 ceased to exist from this date.

Syndicate 2008's capital is provided by SGL No.1 Limited, a 100% owned indirect subsidiary of Enstar Group Limited. The Syndicate is managed by Starstone Underwriting Limited, an indirectly held 59.0% owned subsidiary of Enstar Group Limited. Enstar Group Limited, through its affiliates Kayla Re Limited and Enstar Holdings Limited, holds a 7.36% interest in Evergreen Parent GP, LLC and its subsidiary Evergreen Parent LP, the ultimate parent of AFSI and shares a common investor in Stone Point Capital LLC.

Key performance indicators

The Syndicate's key financial performance indicators below relate to the results for the Syndicate on an annual accounting basis during the year and were as follows:

	2018	2017
	£m	£m
Written premiums		
Gross premiums written	(0.4)	4.1
Net premiums written[1]	(1.9)	3.7
Earned premiums		
Earned premiums, net of reinsurance[2]	(0.8)	16.1
Incurred Claims		
Net incurred claims	(9.5)	(9.0)
Profit for the financial year	5.2	17.3
Cash, investments and overseas deposits	74.1	92.8
Members' balances	27.5	32.6
Key ratios	%	%
Claims ratio (net)	1,167.0	(56.0)
Acquisition ratio	(113.0)	30.0
Expense ratio	(315.0)	21.0
Combined ratio[3]	739.0	(5.0)

Notes:

[1] *Net premiums written is stated gross of brokerage and commission, and net of associated reinsurance costs.*

[2] *Earned premiums, net of reinsurance are stated gross of brokerage and commission, and net of associated reinsurance costs.*

[3] *The combined ratio is the ratio of net claims incurred, acquisition costs and net operating expenses to net premiums earned.*

Gross premiums written

Gross written premiums reduced by £0.4m in the year as a result of revisions to estimates made in previous periods.

Net premiums written

As with gross premium written the net premiums written relate to revisions to premium estimates and the incurrence of adjustment premiums in relation to the outwards reinsurance programme.

Earned premiums, net of reinsurance

Net earned premiums have decreased by £16.9m from the previous year as the syndicate has been in run-off for two years and virtually all incepted premium has been earned. At the year end there was £230k of net unearned premium remaining.

Profit for the financial year

An overall profit of £5.2m was generated for the financial year driven by favourable claims development particularly on the 2013 & Prior year of account as the syndicate continues to run-off.

Cash, investments and overseas deposits

Cash, investments and overseas deposits have decreased by £18.7m during the year caused by the settlement of claims as the business continues to run-off.

Members' balances

Members' balances, representing net liabilities of £32.6m reduced by £5.2m in the year following the profit recognised for the year.

Combined ratio

The combined ratio in 2018 is a function of the Syndicate going into run-off and having significant claims releases in the year with small negative adjustments to net earned premium and the recognition of some profit commission in the year.

Investments and investment return

	2018	2017
	£m	£m
Average amount of syndicate funds available for investment during the year:		
Sterling	0.1	2.5
Euro	37.0	40.9
US Dollar	14.2	22.4
Canadian Dollar	17.6	35.2
Australian Dollar	13.3	35.4
Combined in sterling	82.2	97.4
Gross aggregate investment return for the calendar year in Pounds Sterling	0.3	1.7
Gross calendar year investment return:		
Sterling	1.37%	(0.68%)
Euro	(0.86%)	1.22%
US Dollar	(0.56%)	2.21%
Canadian Dollar	1.47%	1.33%
Australian Dollar	2.99%	2.73%
Combined in sterling	0.33%	1.70%

The investment manager during the year was AII Insurance Management, an AmTrust group company.

The above investment returns are calculated using average funds based on the monthly balances and investments revalued to month-end market prices including accrued interest.

The Syndicate's investment portfolio is composed of debt instruments which are held at fair value through profit or loss. The fixed income investment return of the Syndicate during the period attributable to the invested assets was 1.57%. The disappointing investment return was driven by unrealised losses following interest rate rises in the first half of the year. The Syndicate's investment policy is focussed on capital preservation through investing predominantly in a fixed income low credit risk portfolio. The invested portfolio duration at 31 December 2018 was 4.7 years (2017: 3.72 years) and the duration of the total funds was 3.62 years (2017: 2.95 years).

It is the Managing Agent's policy to actively monitor the Syndicate's currency exposures, and where possible, it seeks to match the Syndicate's assets and liabilities to the extent that regulatory restrictions allow.

Underwriting years of account

The Syndicate's results for the calendar year are presented below by year of account together with the cumulative results to date. Underwriting year accounts are presented on page 40.

Result for the year end 31 December 2018	2016 Year of Account £'000	2015 Year of Account £'000	2014 Year of Account £'000	2013 Year of Account £'000
Gross earned premiums	365	239	68	24
Outwards reinsurance earned	(318)	119	(60)	(1,253)
Net earned premiums	47	358	8	(1,229)
Gross incurred claims	(897)	1,743	370	11,318
Reinsurers' share of incurred claims	15	(463)	(324)	(2,214)
Net incurred claims	(882)	1,280	46	9,104
Acquisition costs	(495)	(305)	(103)	(23)
Underwriting result	(1,330)	1,333	(49)	7,852
Administrative expenses	(604)	(439)	(439)	(1,092)
Investment income	(51)	32	84	223
Foreign exchange	(209)	47	138	(340)
Result for the period*	(2,194)	973	(266)	6,643
Cumulative result brought forward*	(11,180)	(2,340)	(9,721)	(50,374)
Cumulative result to date*	(13,374)	(1,367)	(9,987)	(43,731)

**Results are presented exclusive of members' agents' fees.*

2013 & Prior year of account

The 2013 and prior underwriting years produced a profit for the year of £6,760k before investment return of £223k and foreign exchange losses of £340k. The 2018 calendar year result improved the cumulative results from a loss of £50,374k at 31 December 2017 to a loss of £43,731k at 31 December 2018. The results for the year include the impact of the reinsurance to close premium charged in order to close the year into Syndicate 2008 effective 31 December 2018.

The calendar year result is driven by favourable claims development, predominately on the direct Professional Indemnity book, offset in part by an increase in earned reinsurance premiums as a result of loss adjustment premiums being incurred in the period.

2014 year of account

The calendar year loss of £488k before investment return of £84k and foreign exchange gains of £138k resulted in a deterioration in members' balances from a loss of £9,721k at 31 December 2017 to a loss of £9,987k at 31 December 2018. The results include the impact of the reinsurance to close premium charged in order to close the year into Syndicate 2008 effective 31 December 2018. The underwriting result was broadly break even as the claims reserves developed in line with expectations.

2015 year of account

The 2015 pure underwriting year has produced a profit of £894k in the period before investment return of £32k and foreign exchange gains of £47k, reducing the cumulative loss at 48 months to £1,367k. The results for the year include the impact of the reinsurance to close premium charged in order to close the year into Syndicate 2008 effective 31 December 2018. Positive net claims development of £1,280k led to an underwriting profit for the period of £1,333k following favourable developments across several classes, offset in part by incurred profit commission on Medical Malpractice account.

2016 year of account

The 2016 year of account realised a loss of £1,934k before investment losses of £51k and exchange losses of £209k for the year taking the cumulative loss to £13,374k for the 36 month period. The results for the year include the impact of the reinsurance to close premium charged in order to close the year into Syndicate 2008 effective 31 December 2018. The underwriting loss for the year of £1,330k was driven largely by deterioration on PI primary and excess classes.

Principal risks and uncertainties

ASL has a formal risk management framework to identify, assess and manage risks significant to the achievement of the business plans and objectives. It is an on-going process providing for the systematic analysis, handling and reporting of risks and their comparisons with risk appetites, effectiveness of controls, risk events and near misses as well as emerging risks. This process also includes setting and monitoring actions to mitigate risk and to return metrics to within appetite.

The principal risks and uncertainties facing the Syndicate are detailed in Note 4 to the financial statements, though they are much diminished following the reinsurance to close arrangement transferring the risks outside of the Syndicate. The risks faced by the Syndicate are as follows:

- Insurance risk
- Investment risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Regulatory (including Conduct) risk

Corporate governance

The ASL Board Chair is supported by a combination of Executive Directors and Non-Executive Directors.

A defined operational and management structure as well as terms of reference for all Board committees has been in place throughout the period.

The ASL Board meets at least four times a year and more frequently when business needs require. The Board has a schedule of matters reserved for its decision and has appointed an Executive Committee to manage the operations of the business. The Board and the Executive Committee are supported by an Audit Committee and a Risk Committee. The Committee Framework includes a number of other Committees, including a dedicated Product Governance Committee to manage conduct risk issues.

Future developments

Following the conclusion of a reinsurance to close arrangement with Syndicate 2008 for all open years of account, the Syndicate has ceased to exist. It should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter. Final loss collections will be called in April 2019.

Since the UK voted to leave the European Union, ASL has been working closely with Lloyd's and the market to develop a Brexit solution which is commercially viable, easy to use, future-proof and allows us to maintain our commercial relationships and the strong Lloyd's financial ratings. Lloyd's Brussels, operating since 1/1/2019, is a fully regulated insurance company, with a robust corporate structure, compliant with the regulator's requirements and capitalised according to Solvency II rules. This structure provides the Lloyd's market with a solid platform on which to continue to trade with the Single Market.

All claims can be paid as normal until the UK leaves the European Union and during any transition period. Lloyd's is working on transferring all non-life European Economic Area (EEA) business that has been written by the Lloyd's Market between 1993 and 2018 to Lloyd's Brussels before the end of 2020 via a Part VII portfolio transfer. Lloyd's has instructed underwriters to honour their contractual commitments regardless of the outcome of the political negotiations.

As a result of the external reinsurance to close of the Syndicate any uncertainties regarding the impact of Brexit on the business of the Syndicate have transferred to Starstone Syndicate 2008.

Staff matters

ASL considers its staff to be a key resource and the retention of staff fundamental to the success of the business. The strategy adopted by ASL is designed to ensure that the terms and conditions offered to employees, as part of their overall remuneration package, remain competitive with the rest of the London Market insurance industry.

The Managing Agent seeks to provide a good working environment for its staff that is safe and complies with appropriate legislation. During the year, there have been no significant injuries to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters.

Going concern

Following the closure of all open years of account at 31 December 2018 into an external syndicate, the Syndicate ceased to exist. Accordingly these accounts have not been prepared on a going concern basis. This has had no impact on the carrying value of the Syndicate's assets and liabilities.

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 page 2. Directors' interests are shown in Note 25 as part of the related parties note to the accounts.

Disclosure of information to the auditors

So far as each person who was a director of the Managing Agent at the date of approving this report is aware, there is no relevant audit information, being information required by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow directors of the Agent and of the Syndicate's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Following the completion of the reinsurance to close and closure of Syndicate 2526, KPMG LLP will resign as the Syndicate's auditor after the completion of the audit of the 2018 financial statements.

P Dewey

Chief Executive Officer
AmTrust Syndicates Limited
22 March 2019

Statement of Managing Agent's Directors Responsibilities

The directors of the managing agent are responsible for preparing the Syndicate annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires the directors of the managing agent to prepare their Syndicates annual accounts for each financial year. Under that law they have elected to prepare the annual accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 the directors of the managing agent must not approve the annual accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Syndicate and of the profit or loss of the Syndicate for that period. In preparing these financial statements, the directors of the managing agent are 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 annual accounts; and

— Assess the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

— Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

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 financial statements comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Syndicate and to prevent and detect fraud and other irregularities.

The directors of the managing agent 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.

On behalf of the board

P Dewey
Chief Executive Officer
AmTrust Syndicates Limited
22 March 2019

Independent auditor's report to the members of Syndicate 2526

Opinion

We have audited the financial statements of Syndicate 2526 for the year ended 31 December 2018 which comprise the Income Statement: Technical account – General business, Income Statement: non-technical account, Statement of Financial Position – Assets, Statement of Financial Position – Liabilities, Statement of Changes in Members' Balances, Statement of Cash Flows, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the syndicate in accordance with, UK ethical requirements including the Financial Reporting Council ('FRC') Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter

Report of the directors of the Managing Agent

The directors are responsible for the Report of the directors of the Managing Agent. Our opinion on the financial statements does not cover that report and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the Report of the directors of the Managing Agent and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in that report.

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

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Responsibilities of the directors of the Managing Agent

As explained more fully in their statement set out on page 9, the directors of the Managing Agent are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Cheryl Mason (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22 March 2019

Income Statement: Technical Account – General Business

Year Ended 31 December 2018

	Note	2018	2018	2017	2017
		£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance					
Gross premiums written	5	(437)		4,056	
Outward reinsurance premiums		(1,457)		(388)	
Net premiums written			(1,894)		3,668
Change in the provision for unearned premiums					
Gross amount	6	1,132		13,791	
Reinsurers' share	6	(56)		(1,371)	
Change in the net provision for unearned premiums			1,076		12,420
Earned premiums, net of reinsurance			(818)		16,088
Allocated investment return transferred from the non-technical account			288		1,678
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(28,340)		(44,021)	
Reinsurers' share		10,277		11,362	
Net claims paid			(18,063)		(32,659)
Change in the provision for claims					
Gross amount	6	40,872		54,256	
Reinsurers' share	6	(13,263)		(12,606)	
Change in the net provision for claims			27,609		41,650
Claims incurred, net of reinsurance			9,546		8,991
Net operating expenses	7		(3,498)		(8,212)
Balance on the technical account for general business			**5,518**		**18,545**

The Syndicate has ceased trading forward and has entered into a reinsurance to close contract effective 31 December 2018 for all years of account. As a consequence, all of the above amounts are derived from discontinued operations.

The accompanying notes on pages 18 to 39 form an integral part of the financial statements.

Income Statement: Non-Technical Account

Year Ended 31 December 2018

	Note	2018 £'000	2017 £'000
Balance on the technical account – general business		**5,518**	**18,545**
Investment income	11	1,829	2,716
Investment expenses and charges	11	(1,213)	(651)
Unrealised gains on investments	11	94	103
Unrealised losses on investments	11	(422)	(490)
Allocated investment return transferred to technical account		(288)	(1,678)
Loss on foreign exchange		(362)	(1,205)
Profit for the financial year		5,156	17,340

The Syndicate has ceased trading forward and has entered into a reinsurance to close contract effective 31 December 2018 for all years of account. As a consequence, all of the above amounts are derived from discontinued operations.

The accompanying notes on pages 18 to 39 form an integral part of the financial statements.

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Statement of Financial Position – Assets

at 31 December 2018

Assets	Note	2018	2018	2017	2017
		£'000	£'000	£'000	£'000
Investments					
Other financial investments	12		57,893		71,477
Reinsurers' share of technical provisions					
Provision for unearned premiums	6	34		89	
Claims outstanding	6	34,122		47,622	
			34,156		47,711
Debtors					
Debtors arising out of direct insurance operations	13	297		2,114	
Debtors arising out of reinsurance operations	14	3,749		6,218	
Other debtors	15	534		101	
			4,580		8,433
Other assets					
Cash at bank and in hand	12	3,694		8,590	
Overseas deposits	16	12,503		12,763	
			16,197		21,353
Prepayments and accrued income					
Deferred acquisition costs	17	60		387	
Other prepayments and accrued income		-		1,254	
Accrued interest and rent		434		-	
			494		1,641
Total assets			113,320		150,615

The accompanying notes on pages 18 to 39 form an integral part of the financial statements.

Statement of Financial Position – Liabilities

at 31 December 2018

Liabilities	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Capital and reserves					
Members' balances			(27,454)		(32,620)
Technical provisions					
Provision for unearned premiums	6	264		1,404	
Claims outstanding	6	136,676		177,607	
			136,940		179,011
Creditors					
Creditors arising out of direct insurance operations	18	81		517	
Creditors arising out of reinsurance operations	19	2,566		3,522	
Other creditors	20	1,026		185	
			3,673		4,224
Accruals and deferred income	21		161		-
Total liabilities			113,320		150,615

The notes on pages 18 to 39 form an integral part of these financial statements.

The annual accounts on pages 12 to 39 were approved by the Board of ASL on 22 March 2019 and were signed on its behalf by:

J A H G Cartwright
Director

22 March 2019

Statement of Changes in Members' Balances

Year Ended 31 December 2018

	2018 £'000	2017 £'000
Members' balances brought forward at 1 January	(32,620)	(82,788)
Comprehensive income for the financial year	5,156	17,340
Movement in non-standard personal expenses	10	-
Cash call received	-	32,828
Members' balances carried forward at 31 December	(27,454)	(32,620)

Members participate on syndicates by reference to years of account and the ultimate result therefrom. Assets and liabilities are determined by reference to policies incepting in that year of account in respect of their membership of a particular year.

Statement of Cash Flows

Year Ended 31 December 2018

	2018	2017
	£'000	£'000
Profit for the year	5,156	17,340
Adjustment for:		
Decrease in gross technical provisions	(42,071)	(68,057)
Decrease in reinsurers' share of gross technical provisions	13,555	13,980
Operating cash flow before movement in working capital	(23,360)	(36,737)
Decrease in debtors	5,000	5,808
Decrease in creditors	(390)	(1,669)
Investment return	(288)	(1,678)
Movement in market value of investments	(283)	(690)
Net cash outflow from operating activities	(19,321)	(34,966)
Cash flows from investing activities		
Purchases of equity and debt instruments	(42,806)	(117,584)
Sales of equity and debt instruments	55,655	117,083
Investment income received	2,149	2,182
Foreign exchange	(769)	506
Other	157	4,932
Net cash inflow from investing activities	14,386	7,119
Net cash flow from financing activities:		
Transfer from members in respect of underwriting participations	-	32,828
Foreign exchange	39	78
Net cash inflow from financing activities	39	32,906
Net (decrease) / increase in cash and cash equivalents	(4,896)	5,059
Cash and cash equivalents at 1 January	8,590	3,531
Cash and cash equivalents at 31 December	3,694	8,590

1. Basis of preparation

The Syndicate comprises members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate's managing agent is Exchequer Court, 33 St Mary Axe, London, EC3A 8AA.

The financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Financial Reporting Standard (FRS) 100 ('Application of Financial Reporting Requirements'), Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard 103 Insurance Contracts (FRS 103).

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

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.

Following the closure of all open years of account at 31 December 2018 into an external syndicate, the Syndicate ceased to exist. Accordingly these accounts have not been prepared on a going concern basis. This has had no impact on the carrying value of the Syndicate's assets and liabilities. Further details on the basis of calculating a Reinsurance to Close premium payable is detailed within the Accounting Policies for the Underwriting Accounts, on page 64.

2. Use of 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. Management regularly reviews and revises these estimates as appropriate based on current information. Any adjustments made to these estimates are reflected in the period the estimates are revised.

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'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.

3. Significant accounting policies

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

Gross premiums written

Premiums written comprise premiums on contracts of insurance incepted during the financial year as well as adjustments made in the year to premiums incepted in prior accounting periods. Premiums are shown gross of brokerage payable and are exclusive of taxes and duties thereon. Estimates are made for pipeline premiums, representing amounts due to the Syndicate not yet received.

Additional or return premiums are treated as a re-measurement of the initial premium.

Outwards reinsurance premiums

Written outwards reinsurance premiums comprise the total premiums payable for contracts entered into during the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience. Where written premiums are subject to a re-measurement retrospectively they are recognised as soon as there is an obligation to the reinsurer.

Outwards reinsurance premiums are accounted for and earned in the same accounting period as the premiums for the related direct or inwards business being reinsured within the parameters of the reinsurance contract terms.

Technical provisions

Technical provisions comprise claims outstanding whether reported or not, provisions for unearned premiums and provisions for unexpired risk.

Claims provisions and related recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years. Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties.

The amount of any salvage and subrogation recoveries is separately identified and where material, reported within other debtors.

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

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.

For the most recent years, where a high degree of uncertainty 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 provisions for claims is based on amounts of claims outstanding 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 counterparties involved. A number of statistical methods are used to assist in making these estimates.

Accordingly, the most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development, that the outstanding claims estimates are reasonable and that the rating and other models used for current business are based on fair reflections of the likely level of ultimate claims to be incurred. The level of uncertainty with regard to the estimations within these provisions generally decreases with the length of time elapsed since the underlying contracts were exposed to new risks.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. 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 to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

Provisions for unearned premiums

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the statement of financial position date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Unexpired risks provision

A provision for unexpired risks is made where claims and related expenses likely to arise after the end of the financial period in respect of contracts concluded before that date are expected, in the normal course of events, 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 classes of business which are regarded as managed together. Consideration of forecast investment return is made where it is reasonably foreseeable.

Net operating expenses (including acquisition costs)

Net operating expenses include acquisition costs and amounts charged to the member through the Syndicate.

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include both direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. Acquisition costs are deferred in line with the earning of the gross premiums to which they relate. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the statement of financial position date.

Certain contracts between the Syndicate and its producing agents and brokers include the requirement to pay overrider commissions based on the volume of business produced on the Syndicate’s behalf. Amounts in relation to this and other commissions are accrued and earned in line with the premium to which they relate and classified as acquisition costs.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions. The Syndicate’s monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account.

Financial assets and liabilities

The Syndicate has chosen to apply the provisions of Section 11 (Basic Financial Instruments) and Section 12 (Other Financial Instruments Issues) of FRS 102 for the treatment and disclosure of financial assets and liabilities.

The Syndicate’s investments comprise debt investments and cash and cash equivalents. The Syndicate does not invest in derivative financial instruments.

Recognition:

Financial assets and liabilities are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of an undertaking after deducting all of its liabilities. The Syndicate does not hold any equity instruments.

Initial Measurement:

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The Syndicate was not party to any financing transactions during the period.

Subsequent measurement:
All debt instruments are measured at fair value through the profit or loss.

Realised and unrealised gains and losses arising from changes in the fair value of investments are initially presented in the non-technical account in the period in which they arise. Dividend and interest income is recognised when earned. Investment management and other related expenses are recognised when incurred. The overall investment return is subsequently transferred to the Technical Account to reflect the investment return on funds supporting the underwriting business.

Derecognition of financial assets and liabilities:
Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Syndicate transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Syndicate, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement:
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the company estimates the fair value by using a valuation technique.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, yield curves, credit spreads, liquidity statistics and other factors.

The use of different valuation techniques could lead to different estimates of fair value.

FRS 102 section 34.22 provides the fair value hierarchy criteria upon which the financial instruments should be categorised, as defined below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: 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: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Impairment of financial instruments measured at amortised cost or cost:
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in the income statement immediately.

Cash and cash equivalents
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.

Investment return
Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges and interest.

Realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. Unrealised gains and losses on investments represent the difference between the fair value at the statement of financial position date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period, or the valuation at the beginning of the year; as well as the reversal of previously recognised unrealised gains and losses in respect of investment disposed of in the current period.

Investment return is initially recorded in the Non-Technical Account and subsequently transferred to the Technical Account to reflect the investment return on funds supporting the underwriting business.

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 (currently at 20%) 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 statement of financial position under the heading 'other debtors'.

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

Retirement benefit scheme costs
AmTrust group service companies operate defined contribution schemes for all qualifying employees. Pension contributions relating to staff working on behalf of the Syndicate are charged to the Syndicate and included within net operating expenses.

4. Risk and capital management

The Syndicate's activities expose the Managing Agent to a number of key risks which have the potential to affect the Managing Agent's ability to achieve its and the Syndicate's objectives. The Managing Agent's Risk Committee oversees the operation of the Syndicate's risk management framework and reviews and monitors the management of the risks to which the Syndicate is exposed. 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.

The principal risks and uncertainties facing the Syndicate are as follows:

Insurance Risk

i. 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.

The Syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to one event, including excess of loss, stop loss and catastrophe reinsurance. Where an individual exposure is deemed surplus to the Syndicate's appetite, additional facultative reinsurance is purchased.

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 Reserving Committee. In addition, the Agent receives independent external analysis 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-bind reviews and on-going annual reviews including periodic on-site third party audits.

ii. Concentration of insurance risk

The Syndicate's exposure to insurance risk is diversified by class of business. All of the Syndicate's insurance is written within the UK and the split by class of business is shown in Note 5.

iii. 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.

	2018[1] £'000		2017 £'000	
	Gross	Net	Gross	Net
5% increase in total claims liabilities	-	-	(8,886)	(1,977)
5% decrease in total claims liabilities	-	-	8,886	6,635

[1] The above table reflects the impact of a 5% movement in the ultimate cost of settling gross claims of the syndicate as at 31 December 2018 and has been disclosed in this manner for the purposes of Lloyd's aggregate accounts. In reality as a result of the reinsurance to close of all open years of account the impact of a five per cent increase or decrease in the ultimate cost of settling gross claims arising is £0k for both gross and net exposures as the reserve risk has transferred along with the liabilities to Syndicate 2008 as the syndicate providing the reinsurance to close.

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 focussed 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.

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;
- 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; and
- Amounts due from insurance intermediaries.

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 Syndicate's exposure to intermediaries is monitored as part of the credit control processes. All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

Debtors arising out of direct operations are comprised of pipeline premiums, balances relating to outstanding receipts from Lloyd's Central Accounting ('LCA') and amounts for business settled outside of Xchanging ('settled direct'). By their nature, it is not possible to classify these balances by credit rating.

The credit rating of the assets within the statement of financial position is as follows:

As at 31 December 2018	AAA £'000	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
Financial investments						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	711	711
Debt securities and other fixed income securities	1,915	5,979	22,890	26,398	-	57,182
Overseas deposits	8,393	2,354	1,002	624	130	12,503
Reinsurers' share of technical provisions	-	-	34,122	-	34	34,156
Debtors arising out reinsurance operations	-	-	-	-	3,749	3,749
Debtors arising out of direct insurance operations	-	-	-	-	297	297
Cash at bank and in hand	-	-	3,694	-	-	3,694
Other debtors and accrued income						
Deferred acquisition costs	-	-	-	-	60	60
Other debtors	-	-	-	-	968	968
Total[1]	10,308	8,333	61,708	27,022	5,949	113,320

[1]*The above analysis excludes those assets reported in the statement of financial position which are not cash settled and therefore not exposed to credit risk.*

As at 31 December 2017	AAA £'000	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
Financial investments						
Shares and other variable yield securities and units in unit trusts	-	-	3,264	480	-	3,744
Debt securities and other fixed income securities	-	29,220	31,414	7,099	-	67,733
Overseas deposits	9,529	-	-	3,050	184	12,763
Reinsurers' share of technical provisions	-	-	47,622	-	89	47,711
Debtors arising out reinsurance operations	-	-	6,218	-	-	6,218
Debtors arising out of direct insurance operations	-	-	-	-	2,114	2,114
Cash at bank and in hand	-	-	8,590	-	-	8,590
Other debtors and accrued income						
Deferred acquisition costs					387	387
Other debtors	-	-	-	-	1,355	1,355
Total[1]	9,529	29,220	97,108	10,629	4,129	150,615

[1]*The above analysis excludes those assets reported in the statement of financial position which are not cash settled and therefore not exposed to credit risk.*

Financial assets that are past due or impaired

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties. The Syndicate does not consider these debtors to be impaired on the basis of stage collection of amounts owed to the Syndicate.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below.

Debtors arising from direct insurance operations	2018 £'000	2017 £'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	-	-
91 to 180 days	-	1
More than 180 days	-	-
Past due but not impaired financial assets	**-**	**1**
Impaired financial assets	-	-
Neither past due nor impaired financial assets	**297**	**2,113**
Net carrying value	**297**	**2,114**

There are no impaired or past due debtors arising from reinsurance operations.

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

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 following table.

	2018[1] Profit or loss for the year £'000	2018 Net assets £'000	2017 Profit or loss for the year £'000	2017 Net assets £'000
Interest rate risk				
+ 50 basis points shift in yield curves	-	-	(1,204)	(1,204)
- 50 basis points shift in yield curves	-	-	1,241	1,241

[1] The above table reflects the impact of a 50 basis point shift in yield curves on the syndicate as at 31 December 2018 and has been disclosed in this manner for the purposes of Lloyd's aggregate accounts. In reality as a result of the reinsurance to close of all open years of account the impact of a +/-50 basis point shift in yield curves is £0k as the interest rate risk has transferred along with the assets and liabilities to Syndicate 2008 as the syndicate providing the reinsurance to close.

Currency risk

Exchange rate risk arises when 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 Finance Director (FD), together with the Risk Committee, reviews currency matching quarterly.

The table below summarises the carrying value of the Syndicate's assets and liabilities, at the reporting date:

As at 31 December 2018	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	33,587	34,190	9,643	35,900	113,320
Total liabilities	(70,774)	(32,772)	(9,303)	(27,925)	(140,774)
Net assets/(liabilities)	**(37,187)**	**1,418**	**340**	**7,975**	**(27,454)**

As at 31 December 2017	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	48,580	43,484	15,342	43,209	150,615
Total liabilities	(101,229)	(40,423)	(12,939)	(28,644)	(183,235)
Net assets/(liabilities)	(52,649)	3,061	2,403	14,565	(32,620)

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 of £1m would be borne by Syndicate 2008 (2017: £1.1m to Syndicate 2526).

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 Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses. The nature of the Syndicate's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Syndicate's reputation. The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts and overheads over the short, medium and long term;
- The Syndicate purchases assets with durations not greater than its estimated insurance contract liabilities and expense outflows;
- Assets purchased by the Syndicate are required to satisfy specified marketability requirements;
- The Syndicate maintains cash and liquid assets to meet daily calls; and
- The Syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

The table below summarises the maturity profile of the Syndicate's statement of financial position based on the estimated timing of claims payments and other undiscounted contractual obligations.

			Undiscounted net cash flows			
As at 31 December 2018	Carrying amount £'000	Total cash flows £'000	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	711	711	711	-	-	-
Debts securities and other fixed income securities	57,182	57,182	363	1,814	34,494	20,511
Overseas deposits	12,503	12,503	12,503	-	-	-
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	34,122	34,122	10,386	12,831	6,124	4,781
Reinsurers' share of unearned premiums[1]	34	-	-	-	-	-
Insurance and reinsurance receivables	4,046	4,046	4,046	-	-	-
Cash at bank and in hand	3,694	3,694	3,694	-	-	-
Deferred Acquisition Costs[1]	60	-	-	-	-	-
Other assets	968	968	968	-	-	-
Total assets	113,320	113,226	32,671	14,645	40,618	25,292
Gross share of technical provisions:						
Outstanding claims	(136,676)	(136,676)	(41,883)	(51,248)	(24,455)	(19,090)
Unearned premiums[1]	(264)	-	-	-	-	-
Insurance and reinsurance payables	(2,647)	(2,647)	(2,647)	-	-	-
Other creditors	(1,187)	(1,187)	(1,187)	-	-	-
Total liabilities	(140,774)	(140,510)	(45,717)	(51,248)	(24,455)	(19,090)
Net assets / (liabilities)	(27,454)	(27,284)	(13,046)	(36,603)	16,163	6,202

[1] *These assets/liabilities are not cash settled and therefore have no future net cash flow in the above note.*

As at 31 December 2017	Carrying amount	Total cash flows	Undiscounted net cash flows Less than 1 year	1-2 years	2-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments:						
Shares and other variable yield securities and units in unit trusts	3,744	3,744	3,744	-	-	-
Debts securities and other fixed income securities	67,733	67,733	4,159	10,138	21,913	31,523
Overseas deposits	12,763	12,763	12,763	-	-	-
Reinsurers' share of technical provisions						
Reinsurers' share of outstanding claims	47,622	47,622	13,510	17,367	9,232	7,513
Reinsurers' share of unearned premiums[1]	89	-	-	-	-	-
Insurance and reinsurance receivables	8,332	8,332	8,332	-	-	-
Cash at bank and in hand	8,590	8,590	8,590	-	-	-
Deferred Acquisition Costs[1]	387	-	-	-	-	-
Other assets	1,355	1,355	1,355	-	-	-
Total assets	150,615	150,139	52,453	27,505	31,145	39,036
Gross share of technical provisions:						
Outstanding claims	(177,607)	(177,607)	(50,385)	(64,769)	(34,432)	(28,021)
Unearned premiums[1]	(1,404)	-	-	-	-	-
Insurance and reinsurance payables	(4,039)	(4,039)	(4,039)		-	-
Other creditors	(185)	(185)	(185)	-	-	-
Total liabilities	(183,235)	(181,831)	(54,609)	(64,769)	(34,432)	(28,021)
Net assets / (liabilities)	(32,620)	(31,692)	(2,156)	(37,264)	(3,287)	11,015

[1] These assets/liabilities are not cash settled and therefore have no future net cash flow in the above note.

In the above tables debt securities are presented according to their maturity dates. In practice cash could be realised through the sale of these investments which are actively traded.

Operational risk

This is the risk that errors caused by people, processes, systems or external events 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.

Regulatory (including Conduct) 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 (FCA), the Prudential Regulation Authority (PRA) and the Council of 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.

Conduct Risk is the risk that customers experience poor outcomes in their engagement with ASL and is part of Regulatory Risk. This risk applies to all of the Syndicate's business but is particularly focussed where the Syndicate insures retail risks especially using delegated underwriting. This has been an area of particular emphasis by the FCA and by Lloyd's. ASL has a Product Governance Committee which oversees its response to these requirements and operates a conduct framework designed to ensure that appropriate outcomes are delivered to customers.

Supplementing and informing the assessment of risk in the categories identified above, management receives regular risk reports highlighting the material areas of risk, uncertainty and comparison with risk appetite as well as risk events, near misses and emerging risks.

Capital management (excluding Funds at Lloyd's)

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.

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 the Syndicate 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 members' SCR is therefore determined by the sum of the members' 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 members' capital requirement, the combination of both is 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 was 35% of the members' 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 members' 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 pages 14 to 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 members' FAL to meet liquidity requirements or to settle losses through a formal process controlled by Lloyd's.

5. Segmental analysis

An analysis of the technical account result by business class before investment return is set out below:

2018 Calendar Year	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	7	-	(819)	(90)	265	(644)
Fire and other damage to Property	(352)	(263)	20	(149)	(6)	(398)
Third party liability	(129)	757	13,229	(3,103)	(4,140)	6,743
Pecuniary loss	-	-	145	(80)	(45)	20
Total direct	(474)	494	12,575	(3,422)	(3,926)	5,721
Reinsurance	37	201	(43)	(76)	(573)	(491)
Total	(437)	695	12,532	(3,498)	(4,499)	5,230

2017 Calendar Year	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	19	19	309	(70)	(139)	119
Fire and other damage to Property	58	1,278	(192)	(487)	(215)	384
Third party liability	3,553	14,749	14,860	(7,066)	(5,367)	17,176
Pecuniary loss	-	-	(1,469)	-	266	(1,203)
Total direct	3,630	16,046	13,508	(7,623)	(5,455)	16,476
Reinsurance	426	1,801	(3,273)	(589)	2,452	391
Total	4,056	17,847	10,235	(8,212)	(3,003)	16,867

Gross operating expenses are the same as net operating expenses shown in the income statement as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2018 and 2017.

Commissions on direct insurance gross premiums earned during 2018 were £0.7m (2017: £0.9m).

All premiums relate to contracts concluded in the UK.

6. Technical provisions

The Syndicate uses independent actuarial consultants (Lane Clark & Peacock (LCP)) who have been the consulting actuaries to the Syndicate since inception, to advise on the ultimate level of claims reserves required. There has been a positive movement of £9.5m in net claims incurred (2017: £9.0m) due principally to favourable developments on Professional Indemnity class.

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2018	1,404	177,607	179,011
Movement in provision	(1,132)	(40,872)	(42,004)
Foreign exchange	(8)	(59)	(67)
At 31 December 2018	264	136,676	136,940
Reinsurance			
At 1 January 2018	(89)	(47,622)	(47,711)
Movement in provision	56	13,263	13,319
Foreign exchange	(1)	237	236
At 31 December 2018	(34)	(34,122)	(34,156)
Net technical provisions			
At 31 December 2018	230	102,554	102,784
At 31 December 2017	1,315	129,985	131,300

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2017	15,224	231,843	247,067
Movement in provision	(13,791)	(54,256)	(68,047)
Foreign exchange	(29)	20	(9)
At 31 December 2017	1,404	177,607	179,011
Reinsurance			
At 1 January 2017	(1,474)	(60,217)	(61,691)
Movement in provision	1,371	12,606	13,977
Foreign exchange	14	(11)	3
At 31 December 2017	(89)	(47,622)	(47,711)
Net technical provisions			
At 31 December 2017	1,315	129,985	131,300
At 31 December 2016	13,750	171,626	185,376

7. Net operating expenses

	2018 £'000	2017 £'000
Brokerage and commissions	602	1,040
Other acquisition costs	(1)	82
Acquisition costs	601	1,122
Change in deferred acquisition costs	325	3,642
Administrative expenses	2,632	3,448
Members' standard personal expenses	(60)	-
	3,498	8,212

8. Auditor's remuneration

	2018 £'000	2017 £'000
Fees payable to the Syndicate's auditor, KPMG LLP for the audit of the Syndicate annual accounts	157	148
Fees payable to KPMG LLP for other services:		
Other services pursuant to legislation, including the audit of the regulatory return	79	76
	236	224

9. Staff numbers and costs

All staff are employed by an AmTrust group service company, either AmTrust Central Bureau of Service Limited (CBS), AmTrust Syndicate Holdings Limited (ASH) or AmTrust Management Services Limited (AMSL). The average number of persons employed by service companies, but working for the Syndicate during the year, analysed by category, was as follows:

	2018	2017
Finance and administration	7	6
Underwriting	1	2
Claims	2	9
	10	17

The following amounts were recharged to the Syndicate in respect of payroll costs:

	2018 £'000	2017 £'000
Wages and salaries	1,576	1,357
Social security costs	185	169
Other pension costs	63	90
	1,824	1,616

10. Key management personnel compensation

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

	2018 £'000	2017 £'000
Emoluments	66	172
Contributions to defined contribution pension schemes	3	3
	69	175

The remuneration of 5 directors is charged to the Syndicate (2017: 12). Profit-related remuneration for the directors and Active Underwriter is not charged to the Syndicate. No other compensation was payable to key management personnel.

Following cessation of the Syndicate, the Syndicate was charged a proportion of expense attributable to a Run-Off Manager as outlined below.

	2018 £'000	2017 £'000
Emoluments	37	98
	37	98

11. Investment return

The investment return transferred from the technical account to the non-technical account comprises the following:

	2018 £'000	2017 £'000
Investment income:		
Interest and dividend income	1,826	2,320
Realised gains	3	396
Unrealised gains on investments	94	103
Investment expenses and charges:		
Investment management expenses, including interest	(100)	(117)
Losses on the realisation of investments	(1,113)	(534)
Unrealised losses on investments	(422)	(490)
Total investment return transferred to the technical account from the non-technical account	288	1,678

The total income, expenses, net gains or losses, including changes in fair value, recognised on all financial assets and financial liabilities comprises the following:

	2018 £'000	2017 £'000
Financial assets at fair value through profit or loss	388	1,795
Investment management expenses, including interest	(100)	(117)
Total investment return	288	1,678

12. Financial instruments

The carrying values of the Syndicate's financial assets are summarised by category below:

Financial assets	2018 £'000	2017 £'000
Measured at fair value through profit and loss		
• Shares and other variable yield securities and units in unit trusts	711	3,744
• Debt securities and other fixed income securities	57,182	67,733
	57,893	71,477
• Overseas deposits (see Note 16)	12,503	12,763
Total financial assets measured at fair value through profit and loss	70,396	84,240
Measured at cost		
• Cash and cash equivalents	3,694	8,590
	3,694	8,590
Measured at undiscounted amount receivable		
• Other debtors (see Note15)	534	101
Total financial assets	74,624	92,931

Only deposits with credit institutions with maturities of three months or less that are used by the Syndicate in the management of its short-term commitments are included in cash and cash equivalents.

Shares and other variable yield securities, units in unit trusts and debt securities and other fixed income securities are all listed on recognised stock exchanges. The cost on acquisition of debt securities and other fixed income securities was £57.9m (2017: £68.1m). The cost on acquisition of other financial instruments is the same as the carrying value.

All investments are measured at fair value through profit or loss. The Syndicate did not hold any derivative financial instruments during the year (2017: none). The Syndicate does not enter into or trade instruments for speculative purposes.

The Syndicate classifies its financial instruments held at fair value in its statement of financial position using a fair value hierarchy, as follows:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: 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: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The table below analyses financial instruments held at fair value in the Syndicate's statement of financial position at the reporting date by its level in the fair value hierarchy.

31 December 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Shares and other variable yield securities and units in unit trusts	414	297	-	711
Debt securities and other fixed income securities	26,750	30,432	-	57,182
Overseas deposits	129	12,374	-	12,503
	27,293	43,103	-	70,396

31 December 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Shares and other variable yield securities and units in unit trusts	-	3,744	-	3,744
Debt securities and other fixed income securities	13,558	54,175	-	67,733
Overseas deposits	195	12,568	-	12,763
	13,753	70,487	-	84,240

Information on the methods and assumptions used to determine fair values for each major category of financial instrument measured at fair value is provided below.

Some government and supranational securities are listed on recognised exchanges and are generally classified as level 1 in the fair value hierarchy. Those that are not listed on a recognised exchange are generally based on composite prices of recent trades in the same instrument and are generally classified as level 2 in the fair value hierarchy.

Shares and other variable yield securities and units in unit trusts represent the Syndicate's interest in money market funds. The categorisation of the fair value of these by level has been determined by looking through the funds to the underlying holdings within the collective investment schemes. Corporate bonds, including asset backed securities that are not listed on a recognised exchange or are traded in an established over-the-counter market, are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

Management performs an analysis of the prices obtained from pricing vendors to ensure that they are reasonable and produce a reasonable estimate of fair value. Management considers both qualitative and quantitative factors as part of this analysis.

13. Debtors arising out of direct insurance operations

	2018 £'000	2017 £'000
Due within one year – intermediaries	297	2,114
	297	2,114

14. Debtors arising out of reinsurance operations

	2018 £'000	2017 £'000
Due within one year – intermediaries	3,749	6,218
	3,749	6,218

15. Other debtors

	2018 £'000	2017 £'000
Balances with group companies	534	-
Other debtors	-	101
	534	101

16. Overseas deposits

	2018 £'000	2017 £'000
Overseas deposits	12,503	12,763

Overseas deposits are advanced as a condition of conducting underwriting business in certain countries and are managed by Lloyd's centrally or by investment managers on their behalf. Overseas deposits have not been included on the statement of financial position within investments or cash at bank as they are not under the direct control of the Managing Agent.

17. Deferred acquisition costs

	2018 £'000	2017 £'000
At 1 January	387	4,034
Movement in provision	(325)	(3,642)
Exchange adjustments	(2)	(5)
At 31 December	60	387

18. Creditors arising out of direct insurance operations

	2018 £'000	2017 £'000
Due within one year – intermediaries	81	517
	81	517

19. Creditors arising out of reinsurance operations

	2018 £'000	2017 £'000
Due within one year – intermediaries	2,566	3,522
	2,566	3,522

20. Other creditors

	2018 £'000	2017 £'000
Balances with group companies	1,026	185
	1,026	185

21. Accruals and deferred income

	2018 £'000	2017 £'000
Accrued expenses	161	-
	161	-

22. Claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. Balances have been translated at exchange rates prevailing at 31 December 2018 in all cases. All balances presented are in respect of premiums earned to statement of financial position date and therefore reflect the pattern of earning and risk exposure over a number of calendar years. The entity chose not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which FRS 103 is applied in line with a transitional provision (FRS 103.6.3). Gross basis as at 31 December 2018:

Gross basis as at 31 December 2018:

Pure underwriting year	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	Total £'000
Incurred gross claims							
At end of underwriting year	15,112	16,647	17,526	15,565	14,770	13,610	
one year later	28,500	30,131	34,684	35,560	24,875	28,749	
two years later	34,337	33,179	47,894	42,563	19,938	29,640	
three years later	51,887	45,893	58,548	39,113	18,157	-	
four years later	64,605	57,090	54,431	38,715	-	-	
five years later	67,304	61,233	55,692	-	-	-	
six years later	60,471	53,340	-	-	-	-	
seven years later	56,278	-	-	-	-	-	
Gross ultimate claims on premium earned to date	56,278	53,340	55,692	38,715	18,157	29,640	251,822
Gross outstanding claims on premium earned to date for prior years	15,983	-	-	-	-	-	15,983
Less gross claims paid	(42,342)	(29,448)	(29,001)	(18,602)	(4,602)	(7,134)	(131,129)
Gross claims reserves	29,919	23,892	26,691	20,113	13,555	22,506	136,676

Net basis as at 31 December 2018:

Pure underwriting year	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	Total £'000
Incurred net claims							
At end of underwriting year	12,475	13,861	14,929	12,648	11,875	13,111	
one year later	23,269	24,159	29,659	30,471	20,781	24,314	
two years later	26,093	26,299	40,737	33,901	18,470	25,189	
three years later	36,065	36,505	50,010	31,299	17,152	-	
four years later	43,154	39,574	46,051	31,224	-	-	
five years later	47,204	40,206	45,685	-	-	-	
six years later	42,033	36,060	-	-	-	-	
seven years later	37,539	-	-	-	-	-	
Net ultimate claims on premium earned to date	37,539	36,060	45,685	31,224	17,152	25,189	192,849
Net outstanding claims on premium earned to date for prior years	10,982	-	-	-	-	-	10,982
Less net claims paid	(27,256)	(21,087)	(27,374)	(14,093)	(4,333)	(7,134)	(101,277)
Net claims reserves	21,265	14,973	18,311	17,131	12,819	18,055	102,554

23. Year of account result development

The table below presents the annual results for each year of account until the earlier of the current year end and closure of the year of account by reinsurance to close. Subsequent movements in results for closed years of account are reflected within the results for the year into which they closed.

	2011[1] £'000	2012[1] £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	Loss before members' agents' fees £'000
Year of Account 2011	(1,020)	1,322	(5,261)	-	-	-	-	-	(4,959)
2012	-	(1,735)	(819)	(18,461)	-	-	-	-	(21,015)
2013	-	-	(2,239)	(2,113)	(37,668)	(21,505)	13,152	6,642	(43,731)
2014	-	-	-	(3,382)	(4,774)	(3,876)	2,312	(266)	(9,986)
2015	-	-	-	-	(4,102)	(1,234)	2,996	973	(1,367)
2016	-	-	-	-	-	(10,059)	(1,120)	(2,193)	(13,372)
Calendar year result	(5,320)	1,455	(8,319)	(23,956)	(46,544)	(36,674)	17,340	5,156	

[1] The 2011 and 2012 calendar year results include the movement on the earlier years of account open during those periods in the total calendar year result but are not included in the table above.

24. Retirement benefit schemes

AmTrust group service companies, comprising AmTrust Central Bureau of Service Limited (CBS), AmTrust Syndicate Holdings Limited (ASH) and AmTrust Management Services Limited (AMSL), operate defined contribution retirement benefit schemes for all qualifying employees. The funds of the schemes are administered by third parties and are held separately. Contributions are paid by AmTrust and staff.

25. Related parties

Lloyd's market regulations require that a managing agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the Syndicate members. The Managing Agent of the Syndicate is AmTrust Syndicates Limited ('ASL').

AmTrust entities

In 2018 and 2017 a large proportion of the expenses incurred in operating the Syndicate were incurred by group service companies and were then recharged under intragroup service agreements with ASL on a basis that reflected the Syndicate's usage of resources. Group recharges are charged on a cost basis and predominantly represent recharges of staff costs for employees working on syndicate business as well as other associated administrative expenses including accommodation, professional fees and information technology.

These recharges, included within amounts disclosed as net operating expenses, acquisition costs and claims incurred were as follows:

	2018 £'m	2017 £'m
AmTrust Central Bureau of Services Limited (formerly ANV Central Bureau of Services Limited – both 'CBS')	2.9	2.7
AmTrust Syndicate Holdings Limited ('ASH')	-	1.1
Total expenses recharged	2.9	3.8

The following amounts were outstanding at 31 December 2018 and 31 December 2017:

	2018 £'m	2017 £'m
CBS	0.6	0.1
ASH	-	0.1
Total amount outstanding in relation to group recharges	0.6	0.2

Included within the recharges are amounts relating to the remuneration of directors of ASL. Profit-related remuneration for the Syndicate's Active Underwriter and ASL directors is not charged to the Syndicate.

The following directors of ASL during the period were also directors of CBS during the period: P Dewey, J E Cadle and M G Caviet (resigned from ASL Board 09 December 2018).

The following directors of ASL during the period were also directors of AMSL during the period: P Dewey, J E Cadle and M G Caviet (resigned from ASL Board 09 December 2018).

The following directors of ASL during the period were also directors of ASH during the period: P Dewey, J E Cadle and M G Caviet (resigned from ASL Board 09 December 2018).

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions payable to Lloyd's, are charged on an underwriting year of account, rather than on a calendar year basis. The Syndicate does not have a 2018 underwriting year of account, consequently no Management Agency fees were charged by ASL in the current year (2017: none).

Syndicate 2526 uses a service company, Dore Underwriting Services Limited, to receive premiums that are not processed through Lloyd's. The service company, which does not receive any commissions for this service, is also a subsidiary of AmTrust International Limited ('AIL').

The following directors of ASL are also directors of Dore Underwriting Services Limited: P Dewey and D J L Barrett.

Syndicate capital

AmTrust Corporate Capital Limited, a subsidiary of AIL, provides 16.0% of the 2013 and 60.8% of the 2014 year of account capacity. AmTrust Corporate Member Limited, a subsidiary of AmTrust Lloyd's Holdings Limited, itself an intermediate parent company of ASH, provides 99.5% of the 2015 and 2016 years of account capacity.

The following directors of ASL are also directors of AmTrust Corporate Capital Limited: P Dewey and J E Cadle.

The following directors of ASL are also directors of AmTrust Corporate Member Ltd: P Dewey and J E Cadle.

Directors' interests

Neither the directors nor the active underwriter participate on the Syndicate.

Reinsurance to close

The Board authorised the closure of the 2013, 2014, 2015 and 2016 years of account by way of reinsurance to close contract into Syndicate 2008, a syndicate whose capital is provide by SGL No.1 Limited, a 100% owned indirect subsidiary of Enstar Group Limited. The Syndicate is managed by Starstone Underwriting Limited, an indirectly held 59.0% owned subsidiary of Enstar Group Limited. Enstar Group Limited, through its affiliates Kayla Re Limited. and Enstar Holdings Limited, holds a 7.36% interest in Evergreen Parent GP, LLC and its subsidiary Evergreen Parent LP, the ultimate parent of AFSI and shares a common investor in Stone Point Capital LLC.

26. Post balance sheet events

On 14 February 2019 the Board of the Managing Agent authorised the closure of the 2013, 2014, 2015 and 2016 years of account by way of reinsurance contract to close into Syndicate 2008. The net reinsurance to close premium payable by each year of account respectively is £54.5m, £17.1m, £12.9m and £18.1m.

On the closure of the 2013, 2014, 2015 and 2016 years of account an amount of £9.3m, £3.4m, £1.4m and £13.4m. will be called from members respectively

27. Ultimate parent company

ASL's immediate parent is ANV Syndicate Management Limited ('ASML'), a company registered in England and Wales. Until 29 November 2018 the company's ultimate holding company was AmTrust Financial services, Inc. (AFSI) a company incorporated in Delaware, USA. On 29 November 2018 a merger transaction was completed in which Evergreen Parent, L.P., an entity formed by private equity funds managed by Stone Point Capital LLC ('Stone Point'), together with Barry Zyskind, Chairman and CEO of AmTrust, George Karfunkel and Leah Karfunkel (collectively, the 'Karfunkel-Zyskind Family'), acquired the approximately 45% of AFSI's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties did not already own or control..

AmTrust

Syndicate 2526

Underwriting Year Accounts for the 2013, 2014, 2015 and 2016 Years of Account
As at 31 December 2018

Syndicate Underwriting Year Accounts – 2013, 2014, 2015 and 2016 Years of Account

Report of the Directors of the Managing Agent

The directors of the Managing Agent present their report for the year ended 31 December 2018 in respect of the 2013, 2014, 2015 and 2016 years of account of Syndicate 2526. The principal activity of the Syndicate was that of underwriting general insurance and reinsurance business. conducted through the Lloyd's market. An overview of the Syndicate's activities is provided in the Report of the Directors of the Managing Agent within the annual financial statements.

Directors of the Managing Agent

The directors of the Managing Agent are included on page 2 of the Annual Accounts.

Review of the 2013, 2014, 2015 and 2016 years of account

When AmTrust at Lloyd's Limited was appointed as the new Managing Agent on 1 April 2015 it instigated a review of all open claims as at quarter 3 2015, assisted by an independent claims consulting firm. As a result, the claims reserves were strengthened materially, in particular on the 2013 and prior years. This was primarily due to a significant increase in the incurred claims position on the Professional Indemnity, Directors and Officers and Medical Malpractice classes of business, which represented the vast majority of the Syndicate's business and reserves. After the completion of this review the Syndicate's independent actuarial consultants, LCP advised that the ultimate level of claims reserves required, (both gross and net of reinsurance) were subject to significant uncertainty across all years of account.

Given this uncertainty and the change in capital providers between the 2013, 2014 and 2015 years of account, the Board decided to leave the 2013, 2014 and 2015 years of account open. The Syndicate ceased writing new business at the end of 2016.

Since cessation the Syndicate has operated under a run-off plan with a dedicated run-off team working closely with the Syndicate's external consulting actuaries and overseen by Lloyd's Open Year Management team. The process of reviewing all open claim files in 2017 has continued along with the active management of the major facilities which have historically driven the account, reducing the uncertainty of claims reserves. Where appropriate the Syndicate sought to close files through proactive mediation and alternative dispute resolutions which has driven positive development against expectation.

During the course of 2018 ASL has actively engaged with external markets in order to conclude the business of the Syndicate through a reinsurance to close ('RITC') transaction. A number of interested parties provided quotes to reinsure to close the open years. Syndicate 2008 ultimately represented the most favourable solution for the Syndicate's members across the open years of account. As a consequence, with effect from 31 December 2018 all of the open years closed by RITC into Syndicate 2008 thereby transferring the Syndicate's liabilities, consequently Syndicate 2526 ceased to exist from this date.

Syndicate 2008's capital is provided by SGL No.1 Limited, a 100% owned indirect subsidiary of Enstar Group Limited. The Syndicate is managed by Starstone Underwriting Limited, an indirectly held 59.0% owned subsidiary of Enstar Group Limited. Enstar Group Limited, through its affiliates Kayla Re Limited. and Enstar Holdings Limited, holds a 7.36% interest in Evergreen Parent GP, LLC and its subsidiary Evergreen Parent LP, the ultimate parent of AFSI and shares a common investor in Stone Point Capital LLC.

2013 Year of Account

	Cumulative position 6 years to 31 December 2018 (£000)	Cumulative position 5 years to 31 December 2017 (£000)
Allocated Capacity	£59,651	£59,651
Gross Earned Premiums (after deduction of brokerage)	£38,346	£38,345
Gross incurred loss ratio	221%	251%
Net incurred loss ratio	209%	231%
Result before members' agents' fees	(£43,732)	(£50,136)
Result as proportion of allocated capacity	(73%)	(84%)

[1] *Gross and net incurred loss ratios represent the earned loss ratios to date for the 2013 year of account and include the earned premium and claims movements on the 2012 & Prior years of account since reinsurance to close at 31 December 2014.*

The 2013 and prior underwriting years produced a positive in year movement of £6.4m and a cumulative loss after investment return of £43.7m. This loss compares to a forecast loss of £50.1m at 31 December 2017. The net ultimate loss ratio ('ULR') for the 2013 pure year of account decreased by 1.3% in the period, and decreased by 2.8% combined with the prior years of account.

The positive in year movement for 2013 and prior follows a significant decrease in projected ultimate claims of £9.6m gross and £7.3m net as a consequence of favourable experience over the year.

Of the reduction in ultimate gross claims £12.2m related to the primary professional indemnity (PI) account which was historically the Syndicate's largest portfolio. This was partially offset by a £1.2m deterioration in PI Excess account and a £1.7m increase in primary Directors and Officers (DO) account with small favourable movements in other classes.

2014 Year of Account

	Cumulative position 5 years to 31 December 2018 (£000)	Cumulative position 4 years to 31 December 2017 (£000)
Allocated Capacity	64,138	64,138
Gross Earned Premiums (after deduction of brokerage)	33,817	33,891
Gross incurred loss ratio	115%	116%
Net incurred loss ratio	121%	121%
Result before members' agents' fees	(9,986)	(9,609)
Result as proportion of allocated capacity	(16%)	(15%)

The 2014 year of account produced an in year loss of £0.3m and a cumulative loss after investment return of £10.0m. This loss compares to a forecast loss of £9.9m at 31 December 2017.

2015 Year of Account

	Cumulative position 4 years to 31 December 2018 (£000)	Cumulative position 3 years to 31 December 2017 (£000)
Allocated Capacity	64,138	64,138
Gross Earned Premiums (after deduction of brokerage)	22,917	23,252
Gross incurred loss ratio	79%	87%
Net incurred loss ratio	87%	94%
Result before members' agents' fees	(1,367)	(2,337)
Result as proportion of allocated capacity	(2%)	(4%)

The 2015 year of account produced an in year positive movement of £1.0m and a cumulative loss after investment return of £1.4m. This loss compares to a forecast loss of £2.1m at 31 December 2017.

2016 Year of Account

	Cumulative position 3 years to 31 December 2018 (£000)
Allocated Capacity	60,000
Gross Earned Premiums (after deduction of brokerage)	22,368
Gross incurred loss ratio	133%
Net incurred loss ratio	176%
Result before members' agents' fees	(13,374)
Result as proportion of allocated capacity	(22%)

Overall the 2016 year of account closed at a loss of £13.4m with a net ULR of 176% resulting in a loss on stamp capacity of 22%. The adverse performance was largely driven by the Financial Institutions ('FI') and Directors & Officers ('DO') Excess books of business.

Seven Year Summary of Results

A seven year summary of underwriting results is presented on page 75.

Disclosure of information to the auditors

So far as each person who was a director of the Managing Agent at the date of approving this report is aware, there is no relevant audit information, being information required by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow directors of the Agency and the Syndicate's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Syndicate Auditors

Following the completion of the reinsurance to close and closure of the Syndicate, KPMG will resign as the Syndicate's auditor.

Approved by Order of the Board

P Dewey
Chief Executive Officer
AmTrust Syndicates Limited
22 March 2019

Statement of Managing Agent's Responsibilities

The directors of the managing agent are responsible for preparing the Syndicate underwriting year accounts in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw. They have elected to prepare the accounts in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 the directors of the managing agent must not approve the underwriting year accounts unless they are satisfied that they give a true and fair view of the result of the underwriting year at closure. In preparing these accounts, the directors of the managing agent are required to:

- Select suitable accounting policies and then apply them consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable between the members of the syndicate affected is used;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Assess the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so. As explained in note 1 the directors of the managing agent do not believe that it is appropriate to prepare the underwriting year accounts on a going concern basis.

The directors of the managing agent are responsible for keeping adequate and proper 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 underwriting year accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Peter Dewey
Chief Executive Officer
AmTrust Syndicates Limited
22 March 2019

Independent auditor's report to the members of Syndicate 2526

2013, 2014, 2015 and 2016 closed years of account

We have audited the Syndicate closed year accounts for the 2013, 2014, 2015 and 2016 years of account of Syndicate 2526 for the period ended 31 December 2018 being for the six, five, four and three years respectively then ended; these comprise for each respective closed year of account, the Income Statement: Technical Account, the Income Statement: Non-Technical Account, the Statement of Financial Position, the Statement of Changes in Members' Balances, the Statement of Cash Flows, and related notes, including the accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland,* as modified by the Lloyd's Syndicate Accounting Byelaw. Note 1 to the financial statements further explains the basis of preparation of the underwriting year accounts.

This report is made solely to the Syndicate's members, as a body, in accordance with the Lloyd's Syndicate Accounting Byelaw. 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 directors of the Managing Agent and auditor

As explained more fully in the statement of the directors of the Managing Agent's responsibilities set out on page 45, the directors of the Managing Agent are responsible for the preparation of the closed accounts in accordance with the requirements of the Lloyd's Syndicate Accounting Byelaw. Our responsibility is to audit, and express an opinion on, the closed accounts in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the closed accounts

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

Opinion on closed accounts

In our opinion the closed accounts have been properly prepared in accordance with the requirements of the Lloyd's Syndicate Accounting Byelaw.

Matters on which we are required to report by exception

Under the Lloyd's Syndicate Accounting Byelaw (no.8 of 2005) we are required to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the directors of the Managing Agent on behalf of the syndicate; or
- the closed accounts are not in agreement with the accounting records.

We have nothing to report in these respects.

Cheryl Mason (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London
E14 5GL

22 March 2019

Income Statement: Technical Account

2013 Closed Year of Account for the six years ended 31 December 2018

	Note	Cumulative Balance to 31 December 2018 £'000	£'000
Syndicate allocated capacity			59,651
Earned premiums, net of reinsurance			
Gross premiums written	3	50,608	
Outward reinsurance premiums		(9,719)	
Net premium written and earned			40,889
Reinsurance to close premium received, net of reinsurance	4		70,581
			111,470
Allocated investment return transferred from the non-technical account			2,803
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(106,144)	
Reinsurers' share		30,147	
Net claims paid			(75,997)
Reinsurance to close premium payable, net of reinsurance	5		(54,549)
			(130,546)
Net operating expenses	6		(22,311)
Balance on the technical account			(38,584)

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

Income Statement: Non-technical Account

2013 Closed Year of Account for the six years ended 31 December 2018

	Note	Cumulative Balance to 31 December 2018 £'000
Balance on the technical account		(38,584)
Investment income	7	4,131
Net unrealised losses in investments	7	(1,281)
Investment expenses and charges	7	(47)
Allocated investment return transferred to the technical account		(2,803)
Loss on foreign exchange		(5,148)
Loss for the six years as at 31 December 2018		(43,732)

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Income Statement: Technical Account

2014 Closed Year of Account for the five years ended 31 December 2018

	Note	Cumulative Balance to 31 December 2018 £'000	£'000
Syndicate allocated capacity			64,138
Earned premiums, net of reinsurance			
Gross premiums written	3	42,947	
Outward reinsurance premiums		(8,090)	
Net premium written and earned			34,857
Reinsurance to close premium received, net of reinsurance	4		-
			34,857
Allocated investment return transferred from the non-technical account			698
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(18,800)	
Reinsurers' share		4,854	
Net claims paid			(13,946)
Reinsurance to close premium payable, net of reinsurance	5		(17,151)
			(31,097)
Net operating expenses	6		(16,301)
Balance on the technical account			(11,843)

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

Income Statement: Non-technical Account

2014 Closed Year of Account for the five years ended 31 December 2018

	Note	Cumulative Balance to 31 December 2018 £'000
Balance on the technical account		(11,843)
Investment income	7	1,143
Net unrealised losses on investments	7	(432)
Investment expenses and charges	7	(13)
Allocated investment return transferred to the technical account		(698)
Profit on foreign exchange		1,857
Loss for the five years as at 31 December 2018		(9,986)

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Income Statement: Technical Account

2015 Closed Year of Account for the four years ended 31 December 2018

	Note	Cumulative Balance to 31 December 2018 £'000	£'000
Syndicate allocated capacity			64,138
Earned premiums, net of reinsurance			
Gross premiums written	3	28,948	
Outward reinsurance premiums		(3,181)	
Net premium written and earned			25,767
Reinsurance to close premium received, net of reinsurance	4		-
			25,767
Allocated investment return transferred from the non-technical account			295
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(4,470)	
Reinsurers' share		266	
Net claims paid			(4,204)
Reinsurance to close premium payable, net of reinsurance	5		(12,927)
			(17,131)
Net operating expenses	6		(12,603)
Balance on the technical account			(3,672)

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

Income Statement: Non-technical Account

2015 Closed Year of Account for the four years ended 31 December 2018

	Note	Cumulative Balance to 31 December 2018 £'000
Balance on the technical account		(3,672)
Investment income	7	658
Net unrealised losses on investments	7	(310)
Investment expenses and charges	7	(53)
Allocated investment return transferred to the technical account		(295)
Profit on foreign exchange		2,305
Loss for the four years as at 31 December 2018		(1,367)

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Income Statement: Technical Account

2016 Closed Year of Account for the three years ended 31 December 2018

	Note	Cumulative Balance to 31 December 2018 £'000	£'000
Syndicate allocated capacity			60,000
Earned premiums, net of reinsurance			
Gross premiums written	3	29,030	
Outward reinsurance premiums		(3,433)	
Net premium written and earned			25,597
Reinsurance to close premium received, net of reinsurance			-
			25,597
Allocated investment return transferred from the non-technical account			(144)
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(7,053)	
Reinsurers' share		-	
Net claims paid			(7,053)
Reinsurance to close premium payable, net of reinsurance	5		(18,158)
			(25,211)
Net operating expenses	6		(13,903)
Balance on the technical account			(13,661)

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

Income Statement: Non-technical Account

2016 Closed Year of Account for the three years ended 31 December 2018

	Note	Cumulative Balance to 31 December 2018 £'000
Balance on the technical account		(13,661)
Investment income	7	273
Net unrealised losses on investments	7	(145)
Investment expenses and charges	7	(272)
Allocated investment return transferred to the technical account		144
Profit on foreign exchange		287
Loss for the three years as at 31 December 2018		(13,374)

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Statement of Financial Position

2013 Closed Year of Account as at 31 December 2018

	Note	£'000
Investments		
Financial investments	9	32,777
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5	25,953
Debtors		
Debtors arising out of direct insurance operations		-
Debtors arising out of reinsurance operations	10	3,749
Other debtors	10	2
		3,751
Other assets		
Cash at bank and in hand		2,326
Overseas deposits		8,737
		11,063
Prepayments and accrued income		
Other prepayments and accrued income		318
Deferred acquisition cost		-
		318
Total assets		73,862
Amounts due from members		(9,335)
Reinsurance to close premium payable to close the account – gross amount	5	80,502
Creditors		
Creditors arising out of direct insurance operations	11	493
Creditors arising out of reinsurance operations	11	1,772
Other creditors	11	335
		2,600
Accruals and deferred income		95
Total liabilities		73,862

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

The Syndicate underwriting year accounts on pages 40 to 74 were approved by the Board of ASL on 22 March 2019 and were signed on its behalf by:

J A H G Cartwright
Director
22 March 2019

Statement of Financial Position

2014 Closed Year of Account as at 31 December 2018

	Note	£'000
Investments		
Financial investments	9	13,993
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5	2,994
Debtors		
Debtors arising out of direct insurance operations		-
Debtors arising out of reinsurance operations		-
Other debtors	10	15
		15
Other assets		
Cash at bank and in hand		-
Overseas deposits		2,004
		2,004
Prepayments and accrued income		
Other prepayments and accrued income		80
Deferred acquisition cost		3
		318
		83
Total assets		19,089
Amounts due from members		(3,384)
Reinsurance to close premium payable to close the account – gross amount	5	20,145
Creditors		
Creditors arising out of direct insurance operations	11	14
Creditors arising out of reinsurance operations	11	65
Other creditors	11	103
Technical overdraft	11	2,122
		2,304
Accruals and deferred income		24
Total liabilities		19,089

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

The Syndicate underwriting year accounts on pages 40 to 74 were approved by the Board of ASL on 22 March 2019 and were signed on its behalf by:

J A H G Cartwright
Director
22 March 2019

Statement of Financial Position

2015 Closed Year of Account as at 31 December 2018

	Note	£'000
Investments		
Financial investments	9	9,533
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5	758
Debtors		
Debtors arising out of direct insurance operations	10	362
Debtors arising out of reinsurance operations		-
Other debtors	10	83
		445
Other assets		
Cash at bank and in hand		1,278
Overseas deposits		821
		2,099
Prepayments and accrued income		
Other prepayments and accrued income		54
Deferred acquisition cost		31
		85
Total assets		12,920
Amounts due from members		(1,358)
Reinsurance to close premium payable to close the account – gross amount	5	13,685
Creditors		
Creditors arising out of direct insurance operations	11	3
Creditors arising out of reinsurance operations	11	270
Other creditors	11	304
		577
Accruals and deferred income		16
Total liabilities		12,920

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

The Syndicate underwriting year accounts on pages 40 to 74 were approved by the Board of ASL on 22 March 2019 and were signed on its behalf by:

J A H G Cartwright
Director
22 March 2019

Statement of Financial Position

2016 Closed Year of Account as at 31 December 2018

	Note	£'000
Investments		
Financial investments	9	1,591
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5	4,451
Debtors		
Debtors arising out of direct insurance operations	10	387
Debtors arising out of reinsurance operations		-
Other debtors	10	434
		821
Other assets		
Cash at bank and in hand		2,212
Overseas deposits		942
		3,154
Prepayments and accrued income		
Other prepayments and accrued income		-
Deferred acquisition cost		26
		26
Total assets		10,043
Amounts due from members		(13,376)
Reinsurance to close premium payable to close the account – gross amount	5	22,609
Creditors		
Creditors arising out of direct insurance operations	11	24
Creditors arising out of reinsurance operations	11	458
Other creditors	11	285
		767
Accruals and deferred income		43
Total liabilities		10,043

The accompanying notes on pages 64 to 74 form an integral part of the financial statements.

The Syndicate underwriting year accounts on pages 40 to 74 were approved by the Board of ASL on 22 March 2019 and were signed on its behalf by:

J A H G Cartwright
Director
22 March 2019

Statement of Changes in Members' Balances

2013 Closed Year of Account for the six years ended 31 December 2018

	£'000
Amounts due from members at 1 January 2013	-
Loss for the 2013 closed year of account	(43,732)
Prepaid members' agents' fees	(238)
Cash Call received	34,635
Amounts due from members at 31 December 2018	(9,335)

2014 Closed Year of Account for the five years ended 31 December 2018

	£'000
Amounts due from members at 1 January 2014	-
Loss for the 2014 closed year of account	(9,986)
Prepaid members' agents' fees	(111)
Cash Call received	6,713
Amounts due from members at 31 December 2018	(3,384)

2015 Closed Year of Account for the four years ended 31 December 2018

	£'000
Amounts due from members at 1 January 2015	-
Loss for the 2015 closed year of account	(1,367)
Prepaid members' agents' fees	(3)
Transfer to members in respect of underwriting participations	12
Amounts due from members at 31 December 2018	(1,358)

2016 Closed Year of Account for the three years ended 31 December 2018

	£'000
Amounts due from members at 1 January 2016	-
Loss for the 2016 closed year of account	(13,374)
Prepaid members' agents' fees	(2)
Amounts due from members at 31 December 2018	(13,376)

Members participate on syndicates by reference to years of account and the ultimate result therefrom.

Statement of Cash Flows

2013 Closed Year of Account for the six years ended 31 December 2018

	£'000
Loss for the 2013 closed year of account	(43,732)
Adjustment for:	
Non cash consideration received as part of reinsurance to close premium received	(38,709)
Movements in relation to foreign exchange	7,963
Net reinsurance to close premium payable	54,549
Operating cash flow before movement in working capital	(19,929)
Increase in debtors	(2,114)
Decrease in creditors	(1,131)
Increase in other (assets) / liabilities	305
Investment return	2,803
Movements in relation to foreign exchange	(7,963)
Net cash outflow from operating activities	(28,029)
Cash flows from investing activities:	
Purchase of other financial instruments	(2,617)
Investment income received	(2,803)
Movements in overseas deposits	1,378
Movements in relation to foreign exchange	-
Net cash inflow from investing activities	(4,042)
Net cash flow from financing activities:	
Transfer from members in respect of underwriting participations	34,635
Members' agents' fees paid on behalf of members	(238)
Net cash inflow from financing activities	34,397
Net increase in cash and cash equivalents:	2,326
Cash and cash equivalents at 1 January 2013	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December 2018	2,326

Statement of Cash Flows

2014 Closed Year of Account for the five years ended 31 December 2018

	£'000
Loss for the 2014 closed year of account	(9,986)
Adjustment for:	
Non cash consideration received as part of reinsurance to close premium received	-
Movements in relation to foreign exchange	-
Net reinsurance to close premium payable	17,151
Operating cash flow before movement in working capital	7,165
Increase in debtors	5
Increase in creditors	182
Increase in other (assets) / liabilities	(59)
Investment return	698
Movements in relation to foreign exchange	-
Net cash inflow from operating activities	7,971
Cash flows from investing activities:	
Purchase of other financial instruments	(13,993)
Investment income received	(698)
Movements in overseas deposits	(2,004)
Movements in relation to foreign exchange	-
Net cash outflow from investing activities	(16,695)
Net cash flow from financing activities:	
Transfer from members in respect of underwriting participations	6,713
Members' agents' fees paid on behalf of members	(111)
Net cash inflow from financing activities	6,602
Net decrease in cash and cash equivalents:	(2,122)
Cash and cash equivalents at 1 January 2014	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December 2018	(2,122)

Statement of Cash Flows

2015 Closed Year of Account for the four years ended 31 December 2018

	£'000
Loss for the 2015 closed year of account	(1,367)
Adjustment for:	
Non cash consideration received as part of reinsurance to close premium received	-
Movements in relation to foreign exchange	-
Net reinsurance to close premium payable	12,927
Operating cash flow before movement in working capital	11,560
Increase in debtors	(445)
Increase in creditors	577
Increase in other (assets) / liabilities	(69)
Investment return	295
Movements in relation to foreign exchange	-
Net cash inflow from operating activities	11,918
Cash flows from investing activities:	
Purchase of other financial instruments	(9,533)
Investment income received	(295)
Movements in overseas deposits	(821)
Movements in relation to foreign exchange	-
Net cash outflow from investing activities	(10,649)
Net cash flow from financing activities:	
Transfer from members in respect of underwriting participations	-
Members' agents' fees paid on behalf of members	(3)
Other amounts due to members	12
Net cash inflow from financing activities	9
Net increase in cash and cash equivalents:	1,278
Cash and cash equivalents at 1 January 2015	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December 2018	1,278

Statement of Cash Flows

2016 Closed Year of Account for the three years ended 31 December 2018

	£'000
Loss for the 2016 closed year of account	(13,374)
Adjustment for:	
Non cash consideration received as part of reinsurance to close premium received	-
Movements in relation to foreign exchange	-
Net reinsurance to close premium payable	18,158
Operating cash flow before movement in working capital	4,784
Increase in debtors	(821)
Increase in creditors	767
Increase in other (assets) / liabilities	17
Investment return	(144)
Movements in relation to foreign exchange	-
Net cash inflow from operating activities	4,603
Cash flows from investing activities:	
Purchase of other financial instruments	(1,591)
Investment income received	144
Movements in overseas deposits	(942)
Movements in relation to foreign exchange	-
Net cash outflow from investing activities	(2,389)
Net cash flow from financing activities:	
Transfer from members in respect of underwriting participations	-
Members' agents' fees paid on behalf of members	(2)
Net cash outflow from financing activities	(2)
Net increase in cash and cash equivalents:	2,212
Cash and cash equivalents at 1 January 2016	-
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 31 December 2018	2,212

1. Basis of preparation

These Underwriting Year Accounts 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 including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard 103 Insurance Contracts (FRS 103) to the extent necessary to produce a true and fair view of the results.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These Underwriting Year Accounts relate to the 2013, 2014, 2015 and 2016 years of account which has been closed as at 31 December 2018. Consequently, the Statements of Financial Position represents the assets and liabilities of the 2013, 2014, 2015 and 2016 years of account at the date of closure. The Income Statements and Statements of Cash Flows reflect the transactions for that year of account during six, five, four and three years until closure.

The Underwriting Year Accounts cover six, five, four and three years from the date of inception of the 2013, 2014, 2015 and 2016 years of account respectively to the date of closure. Accordingly, these are the only reporting periods and so corresponding amounts are not shown.

As a consequence of the 2013, 2014, 2015 and 2016 years of account reinsuring to close, the residual risks to the members on the closed years has been minimised. The risk disclosure requirements of section 34 of FRS 102 are therefore deemed not applicable to these underwriting year accounts. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

These financial statements represent the participation of members in the 2013, 2014, 2015 and 2016 years of account, which closed on 31 December 2018. Therefore these years of account are not continuing to trade and, accordingly the directors have not adopted the going concern basis in the preparation of these accounts. This has no effect on the amounts reported in the accounts as the 2013, 2014, 2015 and 2016 years of account will be closed by payment of a reinsurance to close premium, as outlined in note 5 below.

2. Accounting policies

The 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 or another Lloyd's syndicate. If an equitable reinsurance to close cannot be determined due to reserve uncertainty the year is held open until an equitable reinsurance to close can be determined.

The accounting policies disclosed within the notes to the Syndicate Annual Accounts have been applied consistently on an annual basis from 1 January 2013 in dealing with items which are considered material in relation to the run-off underwriting year accounts. In addition to the policies disclosed in the Annual Accounts, the run-off underwriting year accounts have been prepared in line with the following:

Gross premiums written
Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. 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, lineslip or consortium arrangements 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. Premiums written are treated as fully earned.

Outwards reinsurance premiums
Outwards reinsurance premiums are allocated to years of account in accordance with the underlying risks being protected.

Gross and reinsurance earned premiums
These accounts are prepared on a fund accounting basis and consequently all premium is treated as being fully earned. Any residual unearned premium relating to the year of account existing on an annual accounting basis has been included within the reinsurance to close premium payable.

Claims paid and related recoveries

Gross claims paid include internal and external 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

A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

The net reinsurance to close premium payable is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the open year of account and all previous years of account reinsured therein. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing either the reinsurance to close or the estimate of future liabilities as applicable.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the 'Claims Provisions and Related Recoveries' section within the accounting policies to the annual accounts.

In determining the reinsurance to close premium payable consideration is given to the forecast development of the business of the closing year of account including an assessment of the future development of unearned premiums at the date of the reinsurance to close. Where development is forecast to be profitable a discount is applied to the estimate of future liabilities. In circumstances where adverse development is forecast a premium is applied.

A similar approach is adopted to the determination of the amount retained to meet all known and unknown liabilities when the year of account is held open.

The calculation of the reinsurance to close premium payable is determined by the directors on the basis of the information available to them at the time. However, it is implicit in the estimation procedure that the ultimate liabilities may be at variance from the reinsurance to close premium so determined.

Reinsurance to close premium received

The reinsurance to close premium received represents the premium received in consideration of the transfer of all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closed year of account by way of the reinsurance to close.

The net reinsurance to close premium received was determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the open year of account and all previous years of account reinsured therein. No credit was taken for investment earnings which may have been expected to arise in the future on the funds representing either the reinsurance to close or the estimate of future liabilities as applicable.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are consistent with the reinsurance to close premium payable and are described within the 'Claims Provisions and Related Recoveries' section within the accounting policies to the annual accounts.

In determining the reinsurance to close premium received consideration is given to the forecast development of the business of the closed year of account including an assessment of the future development of unearned premiums at the date of the reinsurance to close. A discount or premium is applied on the basis of the forecast development.

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. Investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

Syndicate Operating Expenses
Costs incurred by the Managing Agent and group service companies in respect of the Syndicate are charged to the Syndicate. Where expenses do not relate to any specific year of account they are apportioned between years of account on bases which reflects the benefit obtained by each year of account from each type of expense.

Where expenses are incurred jointly by the Managing Agent or group service companies and the Syndicate, they are apportioned on bases that are considered to fairly reflect the nature and usage of the expense concerned in order to comply with the Lloyd's Code for Underwriting Agents: Syndicate Expenses made by the Council on 6 September 2000.

Basis of Currency Translation
The financial statements are presented in Pound Sterling (GBP), which is the Syndicate's functional currency. The Syndicate maintains five settlement currencies, Sterling, US Dollars, Australian Dollars, Euros and Canadian Dollars. All items recorded within the Income Statement on translation from settlement currency to functional currency are stated at historic rates of exchange and all items within the Statement of Financial Position are stated at the closing rates of exchange at the period end.

The historic rates of exchange basis used within the Income Statement includes the valuation of the reinsurance to close received on the closure of predecessor years of account at the exchange rates prevailing at the time of the closure, the valuation of the amounts retained to meet known and unknown outstanding liabilities, net of reinsurance at rates of exchange prevailing at the period end, and the translation of the other elements of the Income Statement at monthly average rates.

Any differences arising between the translation of the Statement of Financial Position at closing rates and the Income Statement at historic rates of exchange are included within the profit or loss on exchange account within net operating expenses. As these accounts report the total profit or loss to be transferred to members all differences arising on translation of foreign currency amounts in the Syndicate have been included in the technical account.

3. Segmental Analysis

2013 Year of Account	Gross premiums written[1] £'000	Gross claims incurred[2] £'000	Gross operating expenses[3] £'000	Reinsurance balance[4] £'000	Total £'000
Direct insurance					
Accident and health	3,487	(5,016)	(1,802)	(28)	(3,359)
Third party liability	39,911	(42,494)	(13,954)	3,216	(13,321)
Pecuniary loss	204	(545)	(116)	12	(445)
Total direct	43,602	(48,055)	(15,872)	3,200	(17,125)
Reinsurance acceptances	5,615	(3,805)	(1,664)	(332)	(186)
2013 pure year of account	49,217	(51,860)	(17,536)	2,868	(17,311)
RITC accepted	1,391	(32,896)	(4,775)	12,204	(24,076)
Total	50,608	(84,756)	(22,311)	15,072	(41,387)

2014 Year of Account	Gross premiums written[1] £'000	Gross claims incurred[2] £'000	Gross operating expenses[3] £'000	Reinsurance balance[4] £'000	Total £'000
Direct insurance					
Accident and health	1,210	(2,495)	(512)	(701)	(2,498)
Third party liability	33,796	(27,338)	(13,106)	(4,268)	(10,916)
Pecuniary loss	834	(3,873)	(270)	383	(2,926)
Total direct	35,840	(33,706)	(13,888)	(4,586)	(16,340)
Reinsurance acceptances	7,107	(5,239)	(2,413)	4,344	3,799
Total	42,947	(38,942)	(16,304)	(242)	(12,541)

2015 Year of Account	Gross premiums written[1] £'000	Gross claims incurred[2] £'000	Gross operating expenses[3] £'000	Reinsurance balance[4] £'000	Total £'000
Direct insurance					
Third party liability	18,619	(11,847)	(9,791)	(1,998)	(5,017)
Pecuniary loss	450	(383)	(186)	(26)	(145)
Total direct	19,069	(12,230)	(9,977)	(2,024)	(5,162)
Reinsurance acceptances	9,879	(5,925)	(2,626)	(133)	1,195
Total	28,948	(18,155)	(12,603)	(2,157)	(3,967)

2016 Year of Account	Gross premiums written[1] £'000	Gross claims incurred[2] £'000	Gross operating expenses[3] £'000	Reinsurance balance[4] £'000	Total £'000
Direct insurance					
Third party liability	23,734	(23,851)	(10,914)	2,745	(8,286)
Property	1,816	(746)	(1,313)	(221)	(464)
Total direct	25,550	(24,597)	(12,227)	2,524	(8,750)
Reinsurance acceptances	3,480	(5,065)	(1,676)	(1,506)	(4,767)
Total	29,030	(29,662)	(13,903)	1,018	(13,517)

Notes for the Segmental analysis:
1 Gross premiums written are treated as fully earned.
2 Gross claims incurred comprise gross paid claims and movements in gross reinsurance to close premium payable in the period. Movements in gross reinsurance to close premium payable are composed of movements in gross claims reserves (both reported and incurred but not reported) and movements in gross unearned premiums net of associated deferred acquisition costs during the period.
3 Gross operating expenses represent administrative expenses including names personal expenses but excluding members' agents' fees, written brokerage and commissions and earned profit commissions during the period.
4 The reinsurance balance comprises movements in outwards reinsurance premiums, reinsurers' share of claims paid and reinsurance recoveries anticipated on reinsurance to close premium payable during the period.

All premiums relate to contracts concluded in the UK.

4. Reinsurance to close premium received

2013 Year of Account Only

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium received	53,507	40,420	93,927
Reinsurance recoveries anticipated	(18,961)	(12,348)	(31,309)
Reinsurance to close premium received, net of reinsurance – 31 December 2014	34,546	28,072	62,618
Cumulative revaluation resulting from change in foreign exchange rate			7,963
Reinsurance to close premium received, net of reinsurance – 31 December 2018			70,581

The reinsurance to close premium received for the 2012 and prior years of account comprised:

	£'000
Non-cash consideration received for the net reinsurance to close premium accepted on the closure of the 2013 year of account comprises:	
Portfolio investments	30,160
Debtors	1,956
Overseas deposits	10,115
Creditors	(3,826)
Other assets / (liabilities)	304
Non cash consideration received	**38,709**
Cash received	2,894
Receivable from members on closure of the 2012 year of account	21,015
2012 year of account RITC premium payable	62,618
Foreign exchange	7,963
2012 year of account reinsurance to close premium received	70,581

5. Reinsurance to close premium payable

2013 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	50,735	29,767	80,502
Reinsurance recoveries anticipated	(18,082)	(7,871)	(25,953)
Reinsurance to close premium payable, net of reinsurance	32,653	21,896	54,549

2014 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	11,848	8,297	20,145
Reinsurance recoveries anticipated	(2,664)	(330)	(2,994)
Reinsurance to close premium payable, net of reinsurance	9,184	7,967	17,151

2015 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	4,590	9,095	13,685
Reinsurance recoveries anticipated	-	(758)	(758)
Reinsurance to close premium payable, net of reinsurance	4,590	8,337	12,927

2016 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	4,137	18,472	22,609
Reinsurance recoveries anticipated	(449)	(4,002)	(4,451)
Reinsurance to close premium payable, net of reinsurance	3,688	14,470	18,158

6. Net operating expenses

	2013 Year of Account £'000	2014 Year of Account £'000	2015 Year of Account £'000	2016 Year of Account £'000
Brokerage and commissions	(12,262)	(9,130)	(6,031)	(6,662)
Other acquisition costs	(1,001)	(1,322)	(1,052)	(1,335)
Acquisition Costs	(13,263)	(10,452)	(7,083)	(7,997)
Administrative expenses	(8,070)	(4,874)	(4,646)	(5,071)
Members' standard personal expenses	(978)	(975)	(874)	(835)
	(9,048)	(5,849)	(5,520)	(5,906)
	(22,311)	(16,301)	(12,603)	(13,903)
Members' agents' fees not included within the technical account, but treated as a deduction from members' balances	238	111	3	2

Auditors' remuneration

Net operating expenses include auditors' remuneration as shown below.

KPMG LLP have been the Syndicate's auditors for the period 01 January 2013 to 31 December 2018.

	2013 Year of Account £'000	2014 Year of Account £'000	2015 Year of Account £'000	2016 Year of Account £'000
Fees payable to the Syndicate's auditor for the audit of the Syndicate underwriting year accounts:				
KPMG LLP	290	132	174	233
Total	290	132	174	233
Fees payable to Syndicate's auditor for other services pursuant to legislation, including the audit of the regulatory return:				
KPMG LLP	145	66	87	116
Total	145	66	87	116
Total fees payable to the Syndicate's auditors:				
KPMG LLP	435	198	261	349
Total	435	198	261	349

7. Investment return

The investment return transferred from the technical account to the non-technical account comprises the following:

	2013 Year of Account £'000	2014 Year of Account £'000	2015 Year of Account £'000	2016 Year of Account £'000
Investment income:				
Income from investments	5,408	1,499	854	346
Net losses on realisation of investments	(1,277)	(356)	(196)	(73)
Total investment income	4,131	1,143	658	273
Net unrealised (losses) on investments	(1,281)	(432)	(310)	(145)
Investment expenses and charges	(47)	(13)	(53)	(272)
Total investment return transferred to the technical account from the non-technical account	2,803	698	295	(144)

The total income, expenses, net gains or losses, including changes in fair value, recognised on all financial assets and financial liabilities comprises the following:

	2013 Year of Account £'000	2014 Year of Account £'000	2015 Year of Account £'000	2016 Year of Account £'000
Financial assets at fair value through profit or loss	2,850	711	348	128
Investment management expenses, including interest	(47)	(13)	(53)	(272)
Total investment return	2,803	698	295	(144)

8. Balance on the technical account

2013 Year of Account

	2012 & Prior years of account £'000	2013 pure year of account £'000	Total 2013 Year of account £'000
Technical account balance before net operating expenses and allocated investment return	(19,557)	481	(19,076)
Brokerage and commissions	(1,811)	(11,452)	(12,263)
	(21,368)	(9,970)	(31,338)
Allocated investment return transferred from the non-technical account			2,803
Net operating expenses other than acquisition costs			(9,048)
Loss for the 2013 closed year of account before foreign exchange gains and losses			(38,584)

2014, 2015 and 2016 Years of Account

	Total 2014 Year of account £'000	Total 2015 Year of account £'000	Total 2016 Year of account £'000
Technical account balance before net operating expenses and allocated investment return	3,760	8,636	386
Brokerage and commissions	(10,452)	(7,083)	(7,997)
	(6,692)	1,553	(7,611)
Allocated investment return transferred from the non-technical account	698	295	(144)
Net operating expenses other than acquisition costs	(5,849)	(5,520)	(5,906)
Loss for the closed year of account	(11,843)	(3,672)	(13,661)

An analysis of each year of account is detailed within the Syndicate Annual Report and Accounts.

9. Other financial investments

2013 Year of Account

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	711	710
Debt securities and other fixed income securities	32,066	32,459
	32,777	33,151

2014 Year of Account

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed income securities	13,993	14,164
	13,993	14,164

2015 Year of Account

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed income securities	9,533	9,649
	9,533	9,649

2016 Year of Account

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed income securities	1,591	1,610
	1,591	1,610

10. Debtors and other assets – due within one year

	2013 Year of Account £'000	2014 Year of Account £'000	2015 Year of Account £'000	2016 Year of Account £'000
Debtors arising out of direct insurance operations - intermediaries	-	-	362	387
Debtors arising out of reinsurance operations - intermediaries	3,749	-	-	-
Other debtors	2	15	83	434
Total debtors	3,751	15	445	821

11. Creditors and other liabilities – due within one year

	2013 Year of Account £'000	2014 Year of Account £'000	2015 Year of Account £'000	2016 Year of Account £'000
Creditors arising out of direct insurance operations -intermediaries	(493)	(14)	(3)	(24)
Creditors arising out of reinsurance operations - intermediaries	(1,772)	(65)	(270)	(458)
Intercompany balances	(335)	(103)	(89)	(75)
Other creditors	-	-	(215)	(210)
Technical overdraft	-	(2,122)	-	-
Total creditors	(2,600)	(2,304)	(577)	(767)

12. Related parties

Until 31 March 2015 Syndicate 2526 was managed by Asta Managing Agency Ltd ('Asta') which also provided administrative services and support to the Syndicate. During this period Asta was also the Managing Agent for Syndicates 1686, 1729, 1897, 1910, 2357, 2525, 4242 and 6117. During the period 1 January 2013 to 31 March 2015 Managing Agent's fees of £579,000 and service fees of £1,900,000 were paid to Asta by the Syndicate.

From 1 April 2015 onwards the Syndicate was managed by AmTrust at Lloyd's Limited ('ATL') until novation on 23 June 2017 to AmTrust Syndicates Limited ('ASL').

ATL was also the Managing Agent of Syndicate 1206 and Syndicate 44 until novation to ASL on 3 March 2017. ASL was the Managing Agent of Syndicates 1861, 5820 and 779 throughout the period.

Syndicate Capital

AmTrust Corporate Capital Limited, a subsidiary of AmTrust International Limited (AIL), provides 16.0% of the 2013 and 60.8% of the 2014 year of account capacity. AmTrust Corporate Member Limited, a subsidiary of AmTrust Lloyd's Holdings Limited, itself an intermediate parent company of ATL and AmTrust Syndicate Holdings Limited (ASH), provides 99.5% of the 2015 and 2016 year of account capacity.

The following directors of ASL are also directors of AmTrust Corporate Capital Limited: P Dewey and J E Cadle.

The following directors of ASL are also directors of AmTrust Corporate Member Ltd: P Dewey and J E Cadle.

Transactions with Group Entities

Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the Syndicate members. The Managing Agent of Syndicate 2526 is AmTrust Syndicates Limited.

AmTrust Entities

A large proportion of the expenses incurred in operating the Syndicate were incurred by group service companies and were then recharged under intragroup service agreements with ASL on a basis that reflected the Syndicate's usage of resources. Group recharges are charged on a cost basis and predominantly represent recharges of staff costs for employees working on syndicate business as well as other administrative expenses including accommodation, professional fees and information technology.

From 1 April 2015, the employment of staff, provision of accommodation and related services was provided by AmTrust group service companies ASH and AmTrust Central Bureau of Services Limited (CBS).

These recharges, included within amounts disclosed as net operating expenses, acquisition costs and claims incurred were as follows:

	2013 Year of Account £'m	2014 Year of Account £'m	2015 Year of Account £'m	2016 Year of Account £'m
AmTrust Central Bureau of Services Limited (formerly ANV Central Bureau of Services Limited – both 'CBS')	1.1	0.4	0.4	0.9
AmTrust Syndicate Holdings Limited ('ASH')	0.3	0.1	0.1	0.3
AmTrust Management Services Limited ('AMSL')	0.8	0.4	0.3	0.4
Total expenses recharged	2.2	0.9	0.8	1.6

The following amounts were outstanding at 31 December 2018:

	2013 Year of Account £'m	2014 Year of Account £'m	2015 Year of Account £'m	2016 Year of Account £'m
CBS	0.3	0.1	0.1	0.1
Total amount outstanding in relation to group recharges	0.3	0.1	0.1	0.1

Included within the recharges are amounts relating to the remuneration of directors of ASL. Profit-related remuneration for the Syndicate's Active Underwriters and ASL directors is not charged to the Syndicate.

The following directors of ASL are also directors of CBS: P Dewey, J E Cadle and M G Caviet (resigned from ASL and CBS Boards 12 December 2018).

The following directors of ASL are also directors of ASH: P Dewey, J E Cadle and M G Caviet (resigned from ASL and CBS Boards 12 December 2018).

The following directors of ASL are also directors of AMSL: P Dewey and J E Cadle.

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than a calendar year basis.

Syndicate 2526 uses a service company, Dore Underwriting Services Limited, to receive premiums that are not processed through Lloyd's. The service company, which does not receive any commissions for this service, is also a subsidiary of AIL.

The following directors of ASL are also directors of Dore Underwriting Services Limited: P Dewey and D J L Barrett

Reinsurance to Close

The Board authorised the closure of the 2013, 2014, 2015 and 2016 years of account by way of reinsurance to close into Syndicate 2008, a syndicate whose capital is provide by SGL No.1 Limited, a 100% owned indirect subsidiary of Enstar Group Limited. The Syndicate is managed by Starstone Underwriting Limited, an indirectly held 59.0% owned subsidiary of Enstar Group Limited. Enstar Group Limited, through its affiliates Kayla Re Limited. and Enstar Holdings Limited, holds a 7.36% interest in Evergreen Parent GP, LLC and its subsidiary Evergreen Parent LP, the ultimate parent of AFSI and shares a common investor in Stone Point Capital LLC.

Directors' interests

No directors or the active underwriter participate on the Syndicate.

13. Post balance sheet events

On 14 February 2019 the Board of the Managing Agent authorised the closure of the 2013, 2014, 2015 and 2016 years of account by way of reinsurance contract to close into Syndicate 2008. The net reinsurance to close premium payable by each year of account respectively is £54.5m, £17.1m, £12.9m and £18.1m.

On the closure of the 2013, 2014, 2015 and 2016 years of account an amount of £9.3m, £3.4m, £1.4m and £13.4m. will be called from members respectively.

14. Ultimate parent company

ASL's immediate parent is ANV Syndicate Management Limited ('ASML'), a company registered in England and Wales. Until 29 November 2019 the company's ultimate holding company was AmTrust Financial services, Inc. (AFSI) a company incorporated in Delaware, USA. On 29 November 2018 a merger transaction was completed in which Evergreen Parent, L.P., an entity formed by private equity funds managed by Stone Point Capital LLC ('Stone Point'), together with Barry Zyskind, Chairman and CEO of AmTrust, George Karfunkel and Leah Karfunkel (collectively, the 'Karfunkel-Zyskind Family'), acquired the approximately 45% of AFSI's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties did not already own or control.

Seven Year Summary of Underwriting Results

As at 31 December 2018

Year of Account	2010	2011	2012	2013	2014	2015	2016
Syndicate allocated capacity (£'000)	31,792	50,000	55,188	59,651	64,138	64,138	60,000
Number of underwriting members	277	370	391	357	179	6	6
Aggregate net premiums (£'000)	19,486	25,076	22,852	27,628	24,403	18,654	20,574
Result for a Name with an illustrative share of £10,000							
	£	£	£	£	£	£	£
Gross premiums	10,313	8,634	7,707	8,484	6,696	4,513	4,838
Net premiums	6,129	5,015	4,140	4,631	3,805	2,908	2,929
Premium for reinsurance to close an earlier year of account earlier year of account	12,777	7,908	8,135	11,832	-	-	-
Net claims	(5,162)	(3,905)	(3,927)	(12,740)	(2,174)	(655)	(1,176)
Reinsurance to close the year of account/Amount retained	(12,698)	(9,246)	(11,346)	(9,145)	(2,674)	(2,011)	(3,022)
Syndicate operating expenses	(514)	(798)	(841)	(1,353)	(760)	(724)	(701)
Profit/(loss) on exchange	53	21	29	(863)	290	359	374
Balance on technical account	585	(1,005)	(3,810)	(7,638)	(1,513)	(123)	(1,596)
Investment return	282	159	158	470	109	46	44
Profit/(loss) before personal expenses	867	(846)	(3,652)	(7,168)	(1,404)	(77)	(1,552)
Illustrative profit commission	(3)	-	-	-	-	-	-
Illustrative personal expenses (note 2)	75	75	108	100	100	100	100
Other Income/ Charges	87	72	48	67	46	36	33
Profit / (loss) after illustrative expenses	702	(993)	(3,808)	(7,335)	(1,550)	(213)	(1,685)
Capacity utilised (note 3)	84.8%	67.7%	60.1%	62.62%	50.66%	34.04%	35.01%
Net capacity utilised (note 4)	61.3%	50.2%	41.4%	46.3%	38.0%	29.1%	29.3%
Underwriting profit ratio (note 5)	5.7%	(11.6%)	(49.4%)	(86.45%)	(23.16%)	(4.72%)	(34.82%)
Result as a percentage of stamp capacity	2.2%	(2.0%)	(6.9%)	(12.3%)	(2.4%)	(0.3%)	(2.8%)

Notes to the Summary

1. *The summary has been prepared from the audited accounts of the Syndicate.*
2. *Illustrative personal expenses comprise the Managing Agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years and the Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the Managing Agent's Fee.*
3. *Capacity utilised represents gross premium written expressed as a percentage of allocated capacity.*
4. *Net capacity utilised represents written premium net of reinsurance expressed as a percentage of allocated capacity.*
5. *The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.*
6. *For consistency across the seven year summary all premiums and operating expenses are stated exclusive of brokerage and commissions.*