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AmTrust

Syndicate 5820

Annual Report and Accounts
For the year ended 31 December 2018

AmTrust at Lloyd's
An AmTrust Financial Company

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: 5820

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		Appointed 01/01/2018
D J L Barrett	Director Responsible	Appointed 01/01/2018

Bankers
Lloyds 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 during the year continued to be the transaction of general insurance and reinsurance business as the Syndicate runs-off its business following the Managing Agent's decision to consolidate all its non-life underwriting activities into Syndicate 1861, another Syndicate managed by ASL, for the 2018 year of account onwards.

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

Significant events

Following AmTrust's acquisition of 100% of the freehold capacity of the Syndicate in December 2016 and the novation of the management of AmTrust's other managed syndicates to ASL during 2017, the decision was taken to concentrate the non-life underwriting interests and associated expenses of AmTrust's Lloyd's platform into Syndicate 1861, another syndicate managed by ASL, for the 2018 year of account onwards. This consolidation represented a significant step in delivering on AmTrust's strategy to have one agency to manage the activities of a single combined property and casualty syndicate. As a consequence of this decision Syndicate 5820 ceased underwriting from 1 January 2018 and was placed into run-off.

At this point G Ross was appointed as the Run-Off manager and Donal Barrett appointed as the Director responsible for run-off. Since cessation, the Syndicate has been operating under a runoff closure plan overseen by Lloyd's to manage the Syndicate until the 2017 year of account's expected closure date at 31 December 2019.

As part of ASL's non-life underwriting strategy the 2016 year of account has closed by way of a reinsurance to close arrangement into Syndicate 2008, a syndicate whose 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 £m	2017 £m
Written premiums		
Gross premiums written	69.5	231.3
Net premiums written[1]	70.2	218.0
Earned premiums		
Earned premiums, net of reinsurance[2]	185.4	193.5
Incurred Claims		
Net incurred claims	65.5	82.5
Profit/(loss) for the financial year	3.3	(17.5)
Cash, investments and overseas deposits	101.3	121.0
Amounts due from Members	(19.3)	(29.5)
Key ratios	%	%
Claims ratio (net)	35.3	42.7
Acquisition ratio	59.9	60.9
Expense ratio	3.4	5.5
Combined ratio[3]	98.6	109.1

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

Following the decision for the Syndicate to cease underwriting from 1 January 2018 there has been a £161.8m reduction in written premiums compared to 2017. Premium written in 2018 relates to income from delegated authority contracts on the 2017 and Prior years of account that continue to write new business, together with some small revisions to premium estimates.

Net premiums written

Net written premiums have reduced £147.8m in the year due to the Syndicate being put into run-off. The vast majority of the gross premium written in the year related to the Consumer Products business for which the Syndicate's risk appetite does not require the purchase of reinsurance and therefore reinsurance cost has significantly reduced relative to 2017 with reinsurance purchased to protect the residual exposures offset by the reduction in reinstatement premiums from the Syndicate's exposure to the 2017 catastrophes which has reduced during the period.

Earned premiums, net of reinsurance

Net earned premiums decreased by £8.1m in the year despite the very significant decrease in the written premium. The Consumer Products business makes up a very significant part of the overall book and much of that business earns over several years and therefore earned premium will continue to be significant for a number of years.

Profit for the financial year

An overall profit of £3.3m was generated for the financial year. The 2017 calendar year result was impacted by the significant catastrophe losses incurred across the market in 2017 along with adverse attritional performance. The Syndicate has no material exposure to the 2018 catastrophes and incurred favourable experience during the year.

Cash, investments and overseas deposits

Cash, investments and overseas deposits have decreased by £19.7m during the year as claims and expense outflows outweigh premium inflows as business runs-off.

Members' balances

Members' balances representing net assets of £19.3m decreased by £10.2m in the year following the profit received in the year and the cash call made on the 2015 YOA of £6.8m.

Claims ratio

The claims ratio decreased by 7.4% to 35.3% for the 2018 calendar year driven by a relative lack of catastrophe exposure in 2018. In 2017 the Syndicate incurred significant losses from the Harvey, Irma and Maria hurricanes, however as the Syndicate entered run-off at the start of 2018 it had little exposure to the 2018 hurricanes.

Acquisition ratio

The acquisition ratio, calculated as the ratio of earned brokerage, commissions and acquisition expenses to net earned premiums, has marginally decreased by 1.0% to 59.9% for the 2018 calendar year being the offsetting impact of a higher proportion of Consumer Products business earning through with a higher acquisition ratio and a reduction in both earned reinsurance premiums and acquisition expenses.

Expense ratio

The expense ratio, calculated as the ratio of net operating expenses to net earned premiums, has reduced by 2.1% to 3.4% for the 2018 calendar year. The reduction in expense ratio follows the cessation of underwriting at 31 December 2017 and therefore the expenses associated with underwriting and managing a new year of account being charged to Syndicate 1861.

Combined ratio

The combined ratio in 2017 has reduced by 10.5% to 98.6% for the 2018 calendar year driven by the claims ratio as outlined above.

Investments and investment return

	2018	2017
	£m	£m
Average amount of syndicate funds available for investment during the year:		
Sterling	28.2	29.4
Euro	24.8	16.5
US Dollar	57.3	54.2
Canadian Dollar	5.3	5.1
Australian Dollar	5.7	2.6
Combined in sterling	121.3	107.8
Gross aggregate investment return for the calendar year in Pounds Sterling	0.3	1.5

Gross calendar year investment return:		
Sterling	(0.54%)	2.26%
Euro	(1.05%)	1.08%
US Dollar	0.99%	1.40%
Canadian Dollar	1.57%	0.13%
Australian Dollar	1.44%	1.04%
Combined in sterling	0.26%	1.52%

The investment manager was Amundi Asset Management until 30 June 2018 at which point investment management was transferred to 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 0.26%. 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 which is focussed on capital preservation, through investing predominantly in a shorter duration fixed income low credit risk portfolio, shielded the Syndicate from more significant unrealised losses. Duration has been added to the portfolio in the latter part of 2018 with the duration at 31 December 2018 being 3.73 years (2017: 1.31 years) and the duration of the total funds being 3.29 years (2017: 1.26 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 year 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 43.

Result for the year end 31 December 2018	2016 Year of Account £'000	2017 Year of Account £'000
Gross earned premiums	122,598	69,415
Outwards reinsurance earned	(884)	(5,733)
Net earned premiums	121,714	63,682
Gross incurred claims	(31,746)	(29,685)
Reinsurers' share of incurred claims	(365)	(3,725)
Net incurred claims	(32,111)	(33,410)
Acquisition costs	(82,428)	(28,613)
Underwriting result	7,175	1,659
Administrative expenses	(3,181)	(3,128)
Investment income	41	260
Foreign exchange	421	38
Result for the period*	4,456	(1,171)
Cumulative result brought forward*	(12,544)	(9,636)
Cumulative result to date*	(8,088)	(10,807)

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

2016 year of account

The 2016 year of account reinsured to close externally into Enstar's Syndicate 2008 at 31 December 2018 at a loss of £8.1m, excluding members' agents' fees, amounting to a loss on stamp of 6.2%. This represents an improvement of £4.0m from the forecast projected loss of £12.1m at 31 December 2017 and sits towards the lower end of the range released at that time of -5.0% to -15.0% of stamp. This result benefited from a profit of £3.5m on the 2015 & prior years which reinsured to close into the 2016 year of account as at 31 December 2017.

The 2016 year of account saw the continuation of ANV's strategy for the Syndicate with 5820's core Consumer Products and Political Risks lines of business written alongside Cyber, Property, Accident & Health and Casualty lines under consortium arrangements with Syndicate 1861, another Syndicate managed by ASL, as a means of diversifying the book of business and providing cost-effective access to quality business managed by ASL.

Overall the underwriting result was adverse to the original syndicate business forecast by £9.2m driven by the Property Binder and Political Risks books whose underwriting results were £11.0m adverse to plan. The Property Binder account yielded an underwriting loss of £4.6m and the Political Risk account a loss of £0.4m against a forecast profit of £1.7m and £4.3m respectively. The Cyber book performed well during the period with a profit of £2.6m - a favourable variance to plan of £1.4m whilst the Consumer book saw unfavourable experience relative to plan on the Product Damage & Breakdown account of £1.7m partially offset by favourable experience of £1.1m on the Mortgage Indemnity account – together these classes realised an underwriting profit of £5.2m. The Property Open Market account was favourable to plan by £0.5m whilst the other classes performed materially in line with SBF individually and contributed a favourable variance of £0.6m.

Challenging market conditions across the Property Binder and Political Risks classes added pressure to the Syndicate's top-line – premiums earned net of reinsurance and acquisition costs amounted to £23.4m against original planned premiums of £34.1m. In addition underlying performance on these accounts was adverse to plan with the Property Binders class impacted both by the Q3 2017 catastrophes as well as experiencing significantly higher than forecast large and attritional loss development - the net loss ratio (net incurred claims / gross earned premiums net of reinsurance) for this class was 110.3% compared to plan of 50.8%. The Political Risks account was impacted by a number of large claims resulting in a net loss ratio of 81.3% for the 36 month period compared to a planned ratio of 40.2%.

The favourable development of the 2015 & Prior years of account during the calendar year was driven by the Creditor, Mortgage Indemnity and Legacy Casualty classes whilst the other classes developed in line with expectations. The Mortgage Indemnity and Legacy Casualty class performance follows lower than anticipated incurred claims and savings against previously held reserves respectively. The Creditor book performance relates to the Legacy European Creditor book where following review the ultimate claims reserves were maintained but with a higher weighting assigned to the unearned book of business resulting in favourable earned performance.

The acquisition ratio of 50.9% (excluding administrative expenses incurred in writing business) was broadly in line with original expectations of 49.0% driven upwards by the higher proportion of higher acquisition costs Consumer business relative to the other classes written compared to plan. Whilst acquisition costs are significantly higher than for a standard property and casualty syndicate, due to the Consumer Products business, the overall acquisition ratio represents a reduction of 6.1% on the previous year of account and follows ASL's focus on reducing the Syndicate's acquisition costs.

The expense ratio was favourable to plan by 1 percentage point at 8.9% of gross premiums written net of reinsurance but £0.7m unfavourable to the original forecast. Investment income was behind plan by £0.6m although this was largely compensated for by an unbudgeted foreign exchange gain of £0.5m.

2017 year of account

The 2017 year of account is forecast to make an ultimate loss of £13.0m, representing a loss on stamp of 9.9%. At the 24 month stage, management expect the final result to fall within the range of -2.5% to -12.5% of stamp representing a loss of £3.3m to £16.4m.

The 2017 year of account has experienced material adverse claims development on the Property and Consumer Products classes. The Property Binder account was impacted by the Q3 2017 catastrophes and the 2018 wind season as well as experiencing significantly higher than forecast large and attritional loss development – the net loss ratio at 24 months is 80.2%. The Consumer Products account performance reflects the strengthening seen on the prior years of account following higher than expected attritional claims performance on a number of the large schemes written by the Syndicate resulting in a net loss ratio of 43.2%, 10% worse than plan, for the 24 month period. In addition, a significant premium shortfall on the Political Risks book has put further pressure on 2017's bottom line. The Syndicate recorded a retained loss of £10.8m at 24 months.

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, as detailed in Note 4 to the financial statements, are as follows:

- Insurance risk
- Investment risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Regulatory (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 Starstone Underwriting Limited's Syndicate 2008 for the 2016 & Prior years of account, only the 2017 pure year of account remains within the Syndicate. It is the Managing Agent's expectation that this year of account will close by way of a reinsurance to close arrangement at 31 December 2019 either into Syndicate 1861 or a third party syndicate. Loss collections on the closure of the 2016 & Prior year of account will be called in April 2019.

On 13th February 2019, AmTrust and Canopius signed a letter of intent to merge their respective Lloyd's operations to create a stronger, market-leading Lloyd's franchise with a broader product offering and increased value to clients and brokers. The process is ongoing at the time of signing these financial statements. There can be no assurance at this stage that a deal will be consummated.

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 and AmTrust intends to comply with Lloyd's instruction.

As a result of the external reinsurance to close of the 2016 & Prior years of account of the Syndicate the uncertainties regarding the impact of Brexit on the subject business of the Syndicate has been transferred to Starstone Syndicate 2008 for those years of account.

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

The syndicate is expected to reinsure to close the last open year of account at 31 December 2019 and will cease to exist thereafter. 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 26 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

Pursuant to Section 14 (2) of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate accounts) Regulation 2008, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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 5820

Opinion

We have audited the financial statements of Syndicate 5820 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 10, 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.

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

22 March 2019

Income Statement: Technical Account – General Business

Year Ended 31 December 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Earned premiums, net of reinsurance					
Gross premiums written	5	69,457		231,312	
Outward reinsurance premiums		779		(13,335)	
Net premiums written			70,236		217,977
Change in the provision for unearned premiums					
Gross amount	6	122,555		(19,900)	
Reinsurers' share	6	(7,395)		(4,621)	
Change in the net provision for unearned premiums			115,160		(24,521)
Earned premiums, net of reinsurance			185,396		193,456
Allocated investment return transferred from the non-technical account			301		1,643
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(93,059)		(83,250)	
Reinsurers' share		14,847		4,121	
Net claims paid			(78,212)		(79,129)
Change in the provision for claims					
Gross amount	6	31,629		(33,009)	
Reinsurers' share	6	(18,938)		29,602	
Change in the net provision for claims			12,691		(3,407)
Claims incurred, net of reinsurance			(65,521)		(82,536)
Net operating expenses	7		(117,350)		(128,440)
Balance on the technical account for general business			**2,826**		**(15,877)**

The Syndicate has ceased underwriting with effect from 1 January 2018 and therefore there are no component parts of the business to be separately classified and disclosed as discontinued.

The accompanying notes on pages 19 to 41 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		2,826	(15,877)
Investment income	11	2,657	1,857
Investment expenses and charges	11	(969)	(94)
Unrealised gains on investments	11	-	194
Unrealised losses on investments	11	(1,387)	(314)
Allocated investment return transferred to technical account		(301)	(1,643)
Profit / loss on foreign exchange		459	(1,662)
Profit/(Loss) for the financial year		3,285	(17,539)

The Syndicate has ceased underwriting with effect from 1 January 2018 and therefore there are no component parts of the business to be separately classified and disclosed as discontinued.

The accompanying notes on pages 19 to 41 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		90,907		107,859
Reinsurers' share of technical provisions					
Provision for unearned premiums	6	5,753		13,043	
Claims outstanding	6	20,807		38,779	
			26,560		51,822
Debtors					
Debtors arising out of direct insurance operations	13	47,624		73,186	
Debtors arising out of reinsurance operations	14	3,428		1,295	
Other debtors	15	3,198		1,160	
			54,250		75,641
Other assets					
Cash at bank and in hand		1,462		4,968	
Overseas deposits	16	8,882		8,159	
			10,344		13,127
Prepayments and accrued income					
Deferred acquisition costs	17	124,907		203,072	
Other prepayments and accrued income		937		2,926	
			125,844		205,998
Total assets			307,905		454,447

The accompanying notes on pages 19 to 41 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					
Member's balances			(19,316)		(29,503)
Technical provisions					
Provision for unearned premiums	6	224,169		344,469	
Claims outstanding	6	86,423		114,978	
			310,592		459,447
Creditors					
Creditors arising out of direct insurance operations	18	8,894		9,828	
Creditors arising out of reinsurance operations	19	3,178		11,084	
Other creditors	20	1,632		1,091	
			13,704		22,003
Accruals and deferred income	21		2,925		2,500
Total liabilities			307,905		454,447

The notes on pages 19 to 41 form an integral part of these financial statements.

The annual accounts on pages 13 to 41 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 Member's Balances

Year Ended 31 December 2018

	2018	2017
	£'000	£'000
Member's balances brought forward at 1 January	(29,503)	(21,802)
Comprehensive income for the financial year	3,285	(17,539)
Members' agents fees advances	-	(15)
Amount from members	6,820	9,853
Movement in non-standard personal expenses	82	-
Member's balances carried forward at 31 December	(19,316)	(29,503)

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 £'000	2017 £'000
Profit/(loss) for the year	3,285	(17,539)
Adjustment for:		
(Decrease)/increase in gross technical provisions	(148,855)	44,331
Increase/(decrease) in reinsurers' share of gross technical provisions	25,262	(22,451)
(Decrease) in deposits received from reinsurers	-	(10,901)
Operating cash flow before movement in working capital	(120,308)	(6,560)
Decrease in debtors	21,391	17,174
(Decrease) in creditors	(8,299)	(5,926)
Decrease in other assets	80,579	575
Investment return	(301)	(1,643)
Foreign exchange	(48)	996
Net cash inflow from operating activities	(26,986)	4,616
Cash flows from investing activities		
(Purchases) of equity and debt instruments	(135,477)	(101,379)
Sales of equity and debt instruments	153,432	76,133
Investment income received	2,473	1,523
Foreign exchange	(3,175)	4,553
Movements in overseas deposits	(723)	(3,554)
Net cash inflow/(outflow) from investing activities	16,530	(22,724)
Net cash flow from financing activities:		
Transfer from members in respect of underwriting participations	6,820	9,853
Members' agents' fees paid on behalf of members	-	(15)
Other	82	-
Foreign exchange	48	(996)
Net cash outflow from financing activities	6,950	8,842
Net (decrease) in cash and cash equivalents	(3,506)	(9,266)
Cash and cash equivalents at 1 January	4,968	14,234
Cash and cash equivalents at 31 December	1,462	4,968

1. Basis of preparation

The Syndicate comprises a group of 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.

The syndicate is expected to reinsure to close the last open year of account at 31 December 2019 and will cease to exist thereafter. 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.

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 the development of claims over time to form a view of the likely ultimate claims to be experienced and 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 investments 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 well diversified as shown by the following table which provides an analysis of the geographical breakdown of its written premiums by destination.

Territory	2018 £'000	2017 £'000
United States of America	5,768	18,424
United Kingdom	31,348	145,296
European (exc. UK)	31,883	20,259
Asia	1,658	4,582
Other Worldwide	(1,200)	42,751
Total	69,457	231,312

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	(4,126)	(3,085)	(5,525)	(3,586)
5% decrease in total claims liabilities	4,126	3,085	5,525	3,586

[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 the 2016 & Prior year of account the impact of a five per cent increase in the ultimate cost of settling gross claims arising is £(1,326)k gross and £(884)k net, and the impact of a five per cent decrease in the ultimate cost of settling gross claims arising is £1,326k gross and £871k net reflecting only the exposures on the 2017 year of account as the reserve risk for the 2016 & Prior year of account 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	1,762	-	-	-	-	1,762
Debt securities and other fixed income securities	7,208	20,343	17,333	41,150	3,111	89,145
Overseas deposits	2,228	3,641	443	323	2,247	8,882
Reinsurers' share of technical provisions	-	2,448	16,696	-	7,416	26,560
Debtors arising out reinsurance operations	-	-	-	-	3,428	3,428
Debtors arising out of direct insurance operations	-	-	-	-	47,624	47,624
Cash at bank and in hand	-	-	1,462	-	-	1,462
Other debtors and accrued income						
Deferred acquisition costs	-	-	-	-	124,907	124,907
Other debtors	-	-	-	-	4,135	4,135
Total[1]	11,198	26,432	35,934	41,473	192,868	307,905

[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	13,239	-	1,345	-	-	14,584
Debt securities and other fixed income securities	7,990	30,453	17,737	37,095	-	93,275
Overseas deposits	4,613	1,201	885	596	864	8,159
Reinsurers' share of technical provisions	-	5,458	21,672	-	24,692	51,822
Debtors arising out reinsurance operations	-	-	-	-	1,295	1,295
Debtors arising out of direct insurance operations	-	-	-	-	73,186	73,186
Cash at bank and in hand	-	-	4,968	-	-	4,968
Other debtors and accrued income						
Deferred acquisition costs					203,072	203,072
Other debtors	-	-	-	-	4,086	4,086
Total[1]	25,842	37,112	46,607	37,691	307,195	454,447

[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	131	495
91 to 180 days	85	330
More than 180 days	1,785	326
Past due but not impaired financial assets	**2,001**	**1,151**
Impaired financial assets	-	-
Neither past due nor impaired financial assets	**45,623**	**72,035**
Net carrying value	**47,624**	**73,186**

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	(1,692)	(1,692)	(255)	(255)
- 50 basis points shift in yield curves	1,692	1,692	255	255

[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 the 2016 & Prior year of account the impact of a +/-50 basis point shift in yield curves is £0k reflecting only the impact on the 2017 year of account as the interest rate risk for the 2016 & Prior year of account 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	137,174	71,266	88,765	10,700	307,905
Total liabilities	(163,295)	(73,144)	(83,224)	(7,558)	(327,221)
Net assets/(liabilities)	**(26,121)**	**(1,878)**	**5,541**	**3,142**	**(19,316)**

As at 31 December 2017	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	241,606	56,897	143,247	12,697	454,447
Total liabilities	(263,804)	(70,653)	(138,734)	(10,759)	(483,950)
Net assets/ (liabilities)	(22,198)	(13,756)	4,513	1,938	(29,503)

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 member's balances, would be £0.1m (2017: £0.3m).

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.

As at 31 December 2018	Carrying amount £'000	Total cash flows £'000	Undiscounted net cash flows 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	1,762	1,762	1,762	-	-	-
Debts securities and other fixed income securities	89,145	89,145	12,380	10,700	42,522	23,543
Overseas deposits	8,882	8,882	8,882	-	-	-
Reinsurers' share of technical provisions:						
Reinsurers' share of outstanding claims	20,807	20,807	7,794	4,746	6,480	1,787
Reinsurers' share of unearned premiums[1]	5,753	-	-	-	-	-
Insurance and reinsurance receivables	51,052	51,052	50,979	73	-	-
Cash at bank and in hand	1,462	1,462	1,462	-	-	-
Deferred acquisition costs[1]	124,907	-	-	-	-	-
Other assets	4,135	4,135	4,135	-	-	-
Total assets	307,905	177,245	87,394	15,519	49,002	25,330
Gross share of technical provisions:						
Outstanding claims	(86,423)	(86,423)	(39,962)	(19,685)	(20,216)	(6,560)
Unearned premiums[1]	(224,169)	-	-	-	-	-
Insurance and reinsurance payables	(12,072)	(12,072)	(12,072)	-	-	-
Other creditors	(4,557)	(4,557)	(4,557)	-	-	-
Total liabilities	(327,221)	(103,052)	(56,591)	(19,685)	(20,216)	(6,560)
Net assets / (liabilities)	(19,316)	74,193	30,803	(4,166)	28,786	18,770

[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	14,584	14,584	14,584	-	-	-
Debt securities and other fixed income securities	93,275	93,275	12,227	26,301	38,096	16,651
Overseas deposits	8,159	8,159	8,159	-	-	-
Reinsurers' share of technical provisions						
Reinsurers' share of outstanding claims	38,779	38,779	16,180	9,833	9,263	3,503
Reinsurers' share of unearned premiums[1]	13,043	-	-	-	-	-
Insurance and reinsurance receivables	74,481	74,481	74,427	54	-	-
Cash at bank and in hand	4,968	4,968	4,968	-	-	-
Deferred acquisition costs[1]	203,072	-	-	-	-	-
Other assets	4,086	4,086	4,086	-	-	-
Total assets	454,447	238,332	134,631	36,188	47,359	20,154
Gross share of technical provisions:						
Outstanding claims	(114,978)	(114,978)	(50,302)	(28,038)	(25,879)	(10,759)
Unearned premiums[1]	(344,469)	-	-	-	-	-
Insurance and reinsurance payables	(20,912)	(20,912)	(20,912)	-	-	-
Other creditors	(3,591)	(3,591)	(3,591)	-	-	-
Total liabilities	(483,950)	(139,481)	(74,805)	(28,038)	(25,879)	(10,759)
Net assets / (liabilities)	(29,503)	98,851	59,826	8,150	21,480	9,395

[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. The table does not take account of premiums received from new business written which can be used to pay claims arising.

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 member's SCR is therefore determined by the sum of the member's shares of the syndicates' SCR to ultimate. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss to ultimate for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, 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 member's SCR to ultimate.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a syndicate (Funds in Syndicate), or as the member's share of the member's balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of the Syndicate, as represented in the member's balances reported on the Statement of Financial Position on pages 15 to 16, represent resources available to meet members' and Lloyd's capital requirements.

Funds at Lloyd's

Funds at Lloyd's (FAL) are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these financial statements by way of such capital resources. However, the Managing Agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses 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	18,612	3,927	1,629	(3,418)	(149)	1,989
Motor (Third party liability)	1,916	2,434	(455)	(1,235)	(2)	742
Motor (Other classes)	3,094	5,496	(2,180)	(2,466)	(1)	849
Marine, Aviation and Transport	(197)	28	8	4	(13)	27
Fire and other damage to Property	5,615	96,853	(27,412)	(67,869)	(10,100)	(8,528)
Third party liability	980	7,187	(374)	(1,988)	(965)	3,860
Credit and Suretyship	36,287	70,496	(28,186)	(40,773)	158	1,695
Total direct	66,307	186,421	(56,970)	(117,745)	(11,072)	634
Reinsurance	3,150	5,591	(4,460)	395	365	1,891
Total	69,457	192,012	(61,430)	(117,350)	(10,707)	2,525

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	3,930	9,123	(3,974)	(4,271)	(149)	729
Motor (Third party liability)	1,222	1,574	(481)	(1,089)	(5)	(1)
Motor (Other classes)	5,718	3,100	(4,880)	(822)	(114)	(2,716)
Marine, Aviation and Transport	461	630	(4,038)	45	2,576	(787)
Fire and other damage to Property	110,126	89,937	(60,952)	(59,523)	12,247	(18,291)
Third party liability	1,111	9,408	(4,399)	(2,732)	(1,810)	467
Credit and Suretyship	103,953	87,489	(31,969)	(58,862)	1,087	(2,255)
Total direct	226,521	201,261	(110,693)	(127,254)	13,832	(22,854)
Reinsurance	4,791	10,151	(5,566)	(1,186)	1,935	5,334
Total	231,312	211,412	(116,259)	(128,440)	15,767	(17,520)

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 £30.5m (2017: £110.4m).

All premiums relate to contracts concluded in the UK.

The gross premiums written for direct insurance by business origin are presented in the table below:

	2018 £'000	2017 £'000
UK	29,926	142,287
Other EU countries	30,437	19,840
US	5,506	18,043
Other	438	46,351
Total	66,307	226,521

6. Technical provisions

The Syndicate has applied a similar approach at the current year end to that applied at the previous year end in establishing the technical provisions for claims outstanding reserves and reinsurers' share thereof. Included within net claims incurred of £65.5m (2017: £82.5m) is an improvement of £4.6m (2017: deterioration of £4.2m) to claims reserves established at the prior year end principally due to favourable developments on Accident and Health, Third Party Liability and Reinsurance Accepted business.

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2018	344,469	114,978	459,447
Movement in provision	(122,555)	(31,629)	(154,184)
Foreign exchange	2,255	3,074	5,329
At 31 December 2018	224,169	86,423	310,592
Reinsurance			
At 1 January 2018	(13,043)	(38,779)	(51,822)
Movement in provision	7,395	18,938	26,333
Foreign exchange	(105)	(966)	(1,071)
At 31 December 2018	(5,753)	(20,807)	(26,560)
Net technical provisions			
At 31 December 2018	218,416	65,616	284,032
At 31 December 2017	331,426	76,199	407,625

	Unearned premiums £'000	Claims outstanding £'000	Total £'000
Gross			
At 1 January 2017	327,838	87,278	415,116
Movement in provision	19,900	33,009	52,909
Foreign exchange	(3,269)	(4,681)	(7,950)
Movement in salvage and subrogation	-	(628)	(628)
At 31 December 2017	344,469	114,978	459,447
Reinsurance			
At 1 January 2017	(18,309)	(11,062)	(29,371)
Movement in provision	4,621	(29,602)	(24,981)
Foreign exchange	645	1,885	2,530
At 31 December 2017	(13,043)	(38,779)	(51,822)
Net technical provisions			
At 31 December 2017	331,426	76,199	407,625
At 31 December 2016	309,529	76,216	385,745

7. Net operating expenses

	2018 £'000	2017 £'000
Brokerage and commissions	30,688	115,767
Other acquisition costs	1,636	2,420
Acquisition costs	32,324	118,187
Change in deferred acquisition costs	78,717	(337)
Administrative expenses	6,310	8,338
Member's standard personal expenses	(1)	2,252
	117,350	128,440

8. Auditors' remuneration

	2018 £'000	2017 £'000
Fees payable to the Syndicate's auditor, KPMG LLP for the audit of the Syndicate annual accounts	133	153
Fees payable to KPMG LLP for other services:		
Other services pursuant to legislation, including the audit of the regulatory return	57	47
	190	200

9. Staff numbers and costs

All staff are employed by a group service company: 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	16	40
Underwriting	8	11
Claims	8	5
	32	56

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

	2018 £'000	2017 £'000
Wages and salaries	3,037	3,903
Social security costs	404	529
Other pension costs	191	294
	3,632	4,726

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	194	623
Contributions to defined contribution pension schemes	4	19
	198	642

The remuneration of 6 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.

The Active Underwriter for the Syndicate received aggregate remuneration charged to the Syndicate as outlined below. Following cessation of the Syndicate, the Syndicate was charged a proportion of expense attributable to a Run-Off Manager.

	Run-Off Manager 2018 £'000	Active Underwriter 2017 £'000
Emoluments	37	236
Contributions to defined contribution pension schemes	-	10
	37	246

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	2,560	1,803
Realised gains	97	54
Unrealised gains on investments	-	194
Investment expenses and charges:		
Investment management expenses, including interest	(102)	(37)
Losses on the realisation of investments	(867)	(57)
Unrealised losses on investments	(1,387)	(314)
Total investment return transferred to the technical account from the non-technical account	301	1,643

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	403	1,680
Investment management expenses, excluding interest	(102)	(37)
Total investment return	301	1,643

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	1,762	14,584
• Debt securities and other fixed income securities	89,145	93,275
	90,907	107,859
• Overseas deposits (see Note 16)	8,882	8,159
Total financial assets measured at fair value through profit and loss	99,789	116,018
Measured at cost		
• Cash and cash equivalents	1,462	4,968
	1,462	4,968
Measured at undiscounted amount receivable		
• Other debtors (see Note 15)	3,198	1,160
Total financial assets	104,449	122,146

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 £89.1m (2017: £93.3m). 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	984	778	-	1,762
Debt securities and other fixed income securities	26,167	62,978	-	89,145
Overseas deposits	6,943	1,939	-	8,882
	34,094	65,695	-	99,789

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	-	14,584	-	14,584
Debt securities and other fixed income securities	27,835	65,440	-	93,275
Overseas deposits	2,486	5,673	-	8,159
	30,321	85,697	-	116,018

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	47,552	73,132
Due after one year – intermediaries	72	54
	47,624	73,186

14. Debtors arising out of reinsurance operations

	2018 £'000	2017 £'000
Due within one year – intermediaries	3,428	1,295
Due after one year – intermediaries	-	-
	3,428	1,295

15. Other debtors

	2018 £'000	2017 £'000
Salvage and subrogation recoveries	1,228	1,159
Balances with group companies	1,970	-
Other debtors	-	1
	3,198	1,160

16. Overseas deposits

	2018 £'000	2017 £'000
Overseas deposits	8,882	8,159

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	203,072	203,066
Movement in provision	(78,717)	337
Exchange adjustments	552	(331)
At 31 December	124,907	203,072

18. Creditors arising out of direct insurance operations

	2018 £'000	2017 £'000
Due within one year – intermediaries	8,894	9,828
	8,894	9,828

19. Creditors arising out of reinsurance operations

	2018 £'000	2017 £'000
Due within one year – intermediaries	3,178	11,084
	3,178	11,084

20. Other creditors

	2018 £'000	2017 £'000
Balances with group companies	1,632	1,091
	1,632	1,091

21. Accruals and deferred income

	2018 £'000	2017 £'000
Consortium fee accruals	2,925	2,500
	2,925	2,500

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:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	Total £m
Incurred gross claims								
At end of underwriting year	43.7	26.8	18.0	15.4	14.0	20.5	40.8	
one year later	75.3	44.5	52.9	40.4	44.7	64.4	70.7	
two years later	64.2	56.2	59.7	64.9	66.3	78.6	-	
three years later	61.5	59.4	67.3	70.7	81.1	-	-	
four years later	62.5	62.6	69.8	75.8	-	-	-	
five years later	65.0	64.2	70.9	-	-	-	-	
six years later	64.7	63.3	-	-	-	-	-	
seven years later	64.3	-	-	-	-	-	-	
Gross ultimate claims on premium earned to date	64.3	63.3	70.9	75.8	81.1	78.6	70.7	504.7
Gross ultimate claims on premium earned to date for 2010 & Prior years	6.7	-	-	-	-	-	-	6.7
Less gross claims paid	(63.6)	(61.7)	(69.3)	(70.0)	(60.2)	(58.0)	(42.2)	(425.0)
Gross claims reserves	7.4	1.6	1.6	5.8	20.9	20.6	28.5	86.4

Net basis as at 31 December 2018:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	Total £m
Incurred net claims								
At end of underwriting year	41.9	21.0	17.4	15.4	12.6	16.6	19.0	
one year later	73.0	38.9	49.6	40.4	40.2	53.3	52.8	
two years later	61.6	51.4	58.8	64.8	57.1	68.8	-	
three years later	58.8	54.1	66.0	70.7	72.2	-	-	
four years later	60.1	56.4	67.7	75.8	-	-	-	
five years later	62.5	57.7	68.0	-	-	-	-	
six years later	62.4	56.4	-	-	-	-	-	
seven years later	62.0	-	-	-	-	-	-	
Net ultimate claims on premium earned to date	62.0	56.4	68.0	75.8	72.2	68.8	52.8	456.0
Net ultimate claims on premium earned to date for 2010 & Prior years	6.6	-	-	-	-	-	-	6.6
Less net claims paid	(61.3)	(55.1)	(66.6)	(70.0)	(57.7)	(53.5)	(32.8)	(397.0)
Net claims reserves	7.3	1.3	1.4	5.8	14.5	15.3	20.0	65.6

An analysis of the unearned premium development, net of reinsurance and acquisition costs, is presented below for each successive underwriting year at each reporting date. Balances have been translated at exchange rates prevailing at 31 December 2018 in all cases. All balances presented are in respect of premiums written to the statement of financial position date.

Unearned premiums net of reinsurance and acquisition costs as at 31 December 2018:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	Total £m
At end of underwriting year	21.8	20.7	19.8	22.1	17.5	38.0	51.9	
one year later	9.0	12.8	24.1	27.4	34.3	37.2	42.7	
two years later	3.4	9.8	15.9	20.7	21.8	31.7	-	
three years later	3.2	3.5	9.0	12.1	11.0	-	-	
four years later	1.7	2.6	5.3	4.5	-	-	-	
five years later	0.7	1.3	2.4	-	-	-	-	
six years later	0.4	0.7	-	-	-	-	-	
seven years later	0.2	-	-	-	-	-	-	
Net unearned premium	0.2	0.7	2.4	4.5	11.0	31.7	42.7	93.2
2010 & Prior Years	(0.3)	-	-	-	-	-	-	(0.3)
Total net unearned premium	(0.1)	0.7	2.4	4.5	11.0	31.7	42.7	92.9

Given the long earning profile of the business written, the analysis below has been prepared to combine the net unearned premiums and net claims reserves for each successive underwriting year at each reporting date. Developments represent the effects of the writing profile of the business written, primarily in relation to binding authorities which can develop over a number of periods, premium adjustments such as profit commissions, reinstatement premiums and the difference between unearned premiums recorded at one period end and subsequent performance as they earn.

Net earned ultimate claims development and unearned premiums, net of reinsurance and acquisition costs, combined as at 31 December 2018:

Pure underwriting year	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	Total £m
At end of underwriting year	63.8	41.7	37.2	37.4	30.1	54.6	70.9	
one year later	81.9	51.7	73.7	67.7	74.4	90.5	95.6	
two years later	65.0	59.9	74.0	85.4	78.9	101.2	-	
three years later	62.0	56.3	74.6	82.8	83.1	-	-	
four years later	61.8	57.6	73.0	80.3	-	-	-	
five years later	63.2	57.7	70.3	-	-	-	-	
six years later	62.8	55.9	-	-	-	-	-	
seven years later	62.3	-	-	-	-	-	-	
Net unearned premiums and net earned claims	62.3	55.9	70.3	80.3	83.1	101.2	95.6	548.7
2010 & Prior Years	0.7	-	-	-	-	-	-	0.7
Total net unearned premiums and net earned claims	63.0	55.9	70.3	80.3	83.1	101.2	95.6	549.4

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. The Syndicate has a significant proportion of unearned business at the end of year one in comparison with its peers as a result of the longer earnings profile of the Consumer Products business written relative to Property and Casualty insurance. A deficit therefore occurs in the first year of a year of account as a result of the timing of expense charges. This would be expected to improve in subsequent years.

Year of Account	2011[1] £'000	2012[1] £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	(Loss)/profit before member's agents fees £'000
2011	(23,643)	(3,696)	11,522	1,966	1,113				(12,738)
2012		(8,703)	7,510	(2,836)					(4,029)
2013			(4,926)	2,414	(1,721)				(4,233)
2014				(5,406)	4,000	(8,142)			(9,548)
2015					(4,387)	655	(3,089)		(6,821)
2016						(7,730)	(4,814)	4,456	(8,088)
2017							(9,636)	(1,171)	(10,807)
Calendar year result	(42,465)	(6,249)	17,011	(434)	(2,416)	(15,217)	(17,539)	3,285	

[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. The group also makes payments into certain other staff personal pension plans. The total expense charged to the Syndicate's income statement for the year ended 31 December 2018 in respect of these was £0.2m (2017: £0.3m).

25. Reinsurance collateral

At the statement of financial position date collateral of $41.5m (2017: $40.0m) was held in a third party trust fund in relation to an outwards reinsurance contract to which the Syndicate is a party. Collateral held in the third party trust fund is not recognised as an asset pertaining to the Syndicate but is available for immediate drawdown in line with the contractual terms.

26. 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')	6.2	6.8
AmTrust Syndicate Holdings Limited ('ASH')	0.1	1.3
Total expenses recharged	6.3	8.1

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

	2018 £'m	2017 £'m
CBS	(2.0)	0.4
ASL	2.5	-
ASH	(0.1)	0.2
Total amount outstanding in relation to group recharges	0.4	0.6

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 9 December 2018 and CBS Board 12 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 9 December 2018 and CBS Board 12 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 9 December 2018 and CBS Board 12 December 2018).

Member's 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 Managing Agency fees were charged by ASL in the current year (2017: £1m).

Syndicate capital

2016 YOA
ANV Corporate Name Limited, a 100% subsidiary of AmTrust Lloyd's Holdings (UK) Ltd (an indirect, wholly owned subsidiary of AmTrust Financial Services, Inc.) provides 68.3% of the capacity for the 2016 year of account of Syndicate 5820 with the remainder provided by external parties.

2017 YOA
AmTrust Corporate Member Limited, a 100% owned AmTrust group company, provides 100% of the capacity for the 2017 year of account.

The following directors of ASL during the period were also directors of ANV Corporate Name Limited during the period: P Dewey and J E Cadle.

The following directors of ASL during the period were also directors of AmTrust Corporate Member Ltd during the period: P Dewey and J E Cadle.

The Syndicate is a member of a number of consortia on which Syndicate 1861, another Syndicate managed by ASL, is the consortium leader. ASL acts as the manager on these consortia on behalf of Syndicate 1861. During the period £8.7m (2017: £54.1m) was written by the Syndicate under these consortia. Fees are charged by ASL as the consortium manager to the consortium members on behalf of Syndicate 1861. At 31 December 2018 the Syndicate had accrued fees and profit commission payable of £2.1m (2017: £2.5m) due to Syndicate 1861 in this respect.

Directors' interests
Nicholas Pawson, a non-executive director of ASL, provided capital to the Syndicate through a corporate entity to support underwriting on the 2016 year of account. No other directors or the active underwriter participate on the Syndicate.

Reinsurance to close
The Board authorised the closure of the 2016 year 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 Share Point Capital LLC.

27. Post balance sheet events

On 14 February 2019 the Board of the Managing Agent authorised the closure of the 2016 year of account by way of reinsurance to close into Syndicate 2008. The net reinsurance to close premium payable by the 2016 year of account is £95.1m.

On the closure of the 2016 year of account an amount of £8.1m will be called from the members.

28. 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.

AmTrust

Syndicate 5820

Underwriting Year Accounts for the 2016 Year of Account
As at 31 December 2018

Syndicate Underwriting Year Accounts – 2016 Year 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 2016 year of account of Syndicate 5820. The principal activity of the Syndicate is 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 closed 2016 year of account

A review of the performance of the closed 2016 year of account has been included within the Report of the Directors of the Managing Agent of the Annual Accounts.

Seven Year Summary of Results

A seven year summary of underwriting results is presented on page 63.

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

Pursuant to Section 14 (2) of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate accounts) Regulation 2008, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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 on page 9 of the managing agent directors report, the directors 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.

On behalf of the board

Peter Dewey
Chief Executive Officer
AmTrust Syndicates Limited

22 March 2019

Independent auditor's report to the members of Syndicate 5820

2016 Year of Account

Opinion

We have audited the Syndicate underwriting year accounts for the 2016 year of account of Syndicate 5820 for the three year period ended 31 December 2018, which comprise the Income Statement: Technical account, Income Statement: Non-Technical account, Statement of Financial Position, Statement of Changes in Members' Balances, 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 Insurance Directive (Lloyd's Syndicate and Aggregate Accounts Regulations 2008) and 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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and 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 underwriting year accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the underwriting year 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 underwriting year of 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 underwriting year accounts

In our opinion the underwriting year accounts:

- give a true and fair view of the syndicate's loss for the 2016 closed year; and
- 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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 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 underwriting year accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Ben Priestley (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

2016 Closed Year of Account for the three years ended 31 December 2018	Note	£'000	Cumulative Balance to 31 December 2018 £'000
Syndicate allocated capacity			131,123
Earned premiums, net of reinsurance			
Gross premiums written	3	192,164	
Outward reinsurance premiums		(15,521)	
Net premium written and earned			176,643
Reinsurance to close premium received, net of reinsurance	4		79,182
			255,825
Allocated investment return transferred from the non-technical account			381
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(87,300)	
Reinsurers' share		7,659	
Net claims paid			(79,641)
Reinsurance to close premium payable, net of reinsurance	5		(95,085)
			(174,726)
Net operating expenses	6		(91,604)
Balance on the technical account			(10,124)

The accompanying notes 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		(10,124)
Investment income	7	2,192
Net unrealised losses on investments	7	(1,107)
Investment expenses and charges	7	(69)
Losses on the realisation of investments	7	(635)
Allocated investment return transferred to the long term business technical account		(381)
Profit on foreign exchange		2,036
Loss for the three years as at 31 December 2018		(8,088)

The accompanying notes 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

2016 Closed Year of Account as at 31 December 2018

Assets	Note	£'000
Investments		
Financial investments	10	72,523
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5	17,188
Debtors		
Debtors arising out of direct insurance operations	11	32,705
Debtors arising out of reinsurance operations	11	2,500
Other debtors	11	92
		35,297
Other assets		
Cash at bank and in hand		708
Overseas deposits		5,599
Other prepayments and accrued income		151
		6,458
Amounts due from members		8,274
Total assets		139,740
Liabilities		
Reinsurance to close premium payable to close the account – gross amount	5	112,273
Creditors		
Creditors arising out of direct insurance operations	13	7,323
Creditors arising out of reinsurance operations	13	2,127
Other creditors	13	15,948
		25,398
Accruals and deferred income		2,069
Total liabilities		139,740

The accompanying notes form an integral part of the financial statements.

The Syndicate underwriting year accounts on pages 48 to 62 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

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	(8,088)
Prepaid members' agents' fees	(186)
Transfer to members in respect of underwriting participations	-
Amounts due to members at 31 December 2018	(8,274)

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

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	(8,088)
Adjustment for:	
Non cash consideration received as part of reinsurance to close premium received	(71,629)
Net reinsurance to close premium payable	95,085
Operating cash flow before movement in working capital	15,368
Increase in debtors	(22,096)
Increase in creditors	3,042
Increase in other liabilities	1,021
Investment return	(381)
Net cash inflow from operating activities	(3,046)
Cash flows from investing activities:	
Purchase of other financial instruments	5,331
Investment income received	381
Movements in overseas deposits	(1,772)
Net cash outflow from investing activities	3,940
Net cash flow from financing activities:	
Members' agents' fees paid on behalf of members	(186)
Net cash outflow from financing activities	(186)
Net increase in cash and cash equivalents:	708
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	708

Notes to the Syndicate Underwriting Year Accounts

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 2016 year of account which has been closed as at 31 December 2018. Consequently, the Statements of Financial Position represents the assets and liabilities of the 2016 year of account at the date of closure. The Income Statement and Statement of Cash Flows reflect the transactions for that year of account during three years until closure.

The Underwriting Year Accounts cover three years from the date of inception of the 2016 year 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 2016 year 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 2016 years of account, which closed on 31 December 2018. Therefore, the 2016 year of account is 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 2016 year of account will be closed by payment of a reinsurance to close premium, as outlined in note 5 below, which is consistent with the normal course of business for a Lloyd's syndicate and with the approach we have applied to earlier underwriting years.

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 2016 in dealing with items which are considered material in relation to the underwriting year accounts. In addition to the policies disclosed in the Annual Accounts, the 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. Where a year is held open any unearned premium existing on an annual accounting basis is included within the amount retained to meet all known and unknown liabilities.

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 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 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, Euros, Australian Dollar and Canadian Dollar. 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

2016 Year of Account	Gross premiums written[1]	Gross claims incurred[2]	Gross operating expenses	Reinsurance balance[3]	Total
	£'000	£'000	£'000	£'000	£'000
Direct insurance					
Accident and health	28,057	(18,100)	(11,774)	(573)	(2,390)
Motor	3,195	(2,110)	(1,907)	-	(822)
Energy	852	(347)	(75)	(59)	371
Other	145	(49)	(38)	(2)	56
Third party liability	16,133	(6,675)	(5,134)	(1,794)	2,530
Fire and other damage to property	41,803	(26,862)	(21,013)	2,659	(3,413)
Credit and suretyship	99,287	(56,455)	(48,972)	(543)	(6,683)
Total direct	189,472	(110,598)	(88,913)	(312)	(10,351)
Reinsurance	1,050	(476)	(200)	(5,025)	(4,651)
2016 Pure Year of Account	190,522	(111,074)	(89,113)	(5,337)	(15,002)
RITC Accepted	1,642	5,230	(2,491)	116	4,497
Total	192,164	(105,844)	(91,604)	(5,221)	(10,505)

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.
5 All balances are presented at historic rates of exchange. Refer to note 9 "Profit on foreign exchange".

All premiums relate to contracts concluded in the UK.

4. Reinsurance to close premium received

2015 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium received	17,360	76,369	93,729
Reinsurance recoveries anticipated	(4,241)	(10,306)	(14,547)
Reinsurance to close premium received, net of reinsurance	13,119	66,063	79,182

The reinsurance to close premium received for the 2015 and prior years of account comprised:

	£'000
Non-cash consideration received for the net reinsurance to close premium accepted on the closure of the 2015 year of account comprises:	
Portfolio investments	77,854
Debtors	(2,746)
Overseas deposits	3,827
Creditors	(6,409)
Other assets / (liabilities)	(897)
Non cash consideration received	71,629
Cash received	7,553
Total consideration received for the net reinsurance to close premium	79,182

5. Reinsurance to close premium payable

2016 Year of Account

	Outstanding claims £'000	IBNR £'000	Total £'000
Gross reinsurance to close premium payable	21,548	90,725	112,273
Reinsurance recoveries anticipated	(4,005)	(13,183)	(17,188)
Reinsurance to close premium payable, net of reinsurance	17,543	77,542	95,085

6. Net operating expenses

	2016 Year of Account £'000
Brokerage and commissions	74,343
Other acquisition costs	3,759
Acquisition Costs	78,102
Administrative expenses	11,126
Members' standard personal expenses	2,376
	91,604
Members' agents' fees not included within the technical account, but treated as a deduction from members' balances	186

Administrative expenses include:

Auditors' remuneration

Net operating expenses include auditors' remuneration as shown below.

- PKF Littlejohn LLP were the Syndicate's auditors for the period 01 January 2016 to 31 December 2016
- KPMG LLP were the Syndicate's auditors for the period 01 January 2017 to 31 December 2018

	2016 Year of Account £'000
Fees payable to the Syndicate's auditor for the audit of the Syndicate underwriting year accounts:	
PKF Littlejohn LLP	98
KPMG LLP	219
Total	317
Fees payable to Syndicate's auditor for other services pursuant to legislation, including the audit of the regulatory return:	
PKF Littlejohn LLP	58
KPMG LLP	94
Total	152
Total fees payable to the Syndicate's auditors:	
PKF Littlejohn LLP	156
KPMG LLP	313
Total	469

7. Investment return

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

	2016 Year of Account £'000
Investment income:	
Income from investments	2,112
Net gains on realisation of investments	80
Total investment income	2,192
Net unrealised (losses) on investments	(1,107)
Investment expenses and charges	(69)
Losses on the realisation of investments	(635)
Total investment return transferred to the technical account from the non-technical account	381

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

	2016 Year of Account £'000
Financial assets at fair value through profit or loss	450
Investment management expenses, excluding interest	(69)
Total investment return	381

8. Balance on the technical account

2016 Year of Account

	2015 & Prior years of account £'000	2016 pure year of account £'000	Total 2016 Year of account £'000
Technical account balance before net operating expenses and allocated investment return	6,194	74,905	81,099
Brokerage and commissions	(2,653)	(71,690)	(74,343)
	3,541	3,215	6,756
Allocated investment return transferred from the non-technical account			381
Net operating expenses other than acquisition costs			(15,225)
Loss for the 2016 closed year of account			(8,088)
Members' agents' fees not included within the technical account, but treated as a deduction from members' balances			(186)

An analysis of the 2016 & Prior years of account is detailed within the Syndicate Annual Report and Accounts.

9. Profit on foreign exchange

All items within the Income Statement have been recorded at historic cost and all items within the Statement of Financial Position have been stated at the closing rates of exchange at 31 December 2018.

The historic cost basis used within the Income Statement includes the valuation of the reinsurance to close received on the closure of the 2015 & Prior years of account at rates of exchange prevailing at 31 December 2017 and the valuation of reinsurance to close premium payable for the 2016 & Prior years of account at rates of exchange prevailing at 31 December 2018.

The table below presents the prevailing rates of exchange between the Syndicate's GBP functional currency and its four other settlement currencies at the inception of the 2016 year of account, the date of the acceptance of reinsurance to close the 2015 & Prior years of account and the date of the reinsurance to close the 2016 & Prior years of account.

Rates of exchange to GBP	01 January 2016	31 December 2017[1]	31 December 2018
US Dollars	1.23	1.35	1.28
Euros	1.17	1.13	1.11
Canadian Dollars	1.66	1.70	1.74
Australian Dollars	1.71	1.73	1.81

[1] *being the date of the reinsurance to close of the 2015 and prior years. .*

10. Other financial investments

	Market Value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	324	324
Debt securities and other fixed income securities	72,199	73,441
	72,523	73,765

11. Debtors and other assets – due within one year

	2016 Year of Account £'000
Debtors arising out of direct insurance operations - intermediaries	32,635
Debtors arising out of reinsurance operations - intermediaries	2,500
Other debtors	92
Total debtors	35,297

12. Debtors and other assets – due after one year

	2016 Year of Account £'000
Debtors arising out of direct insurance operations - intermediaries	70
Total debtors	70

13. Creditors and other liabilities – due within one year

	2016 Year of Account £'000
Creditors arising out of direct insurance operations - intermediaries	7,323
Creditors arising out of reinsurance operations - intermediaries	2,127
Other creditors	15,948
Total creditors	25,398

14. Related parties

Prior to 15 July 2016, ANV Holdings (UK) Limited (AHUK) held 80% of the ordinary shares of ANV Syndicate Management Limited (ASML) with the remaining 20% held by Ryan Specialty Group LLC (RSG). Following AHUK's acquisition of RSG's 20% shareholding on 15 July 2016, AHUK owns 100% of the issued share capital of ASML. ASML is the immediate parent company of AmTrust Syndicates Limited (formerly ANV Syndicates Ltd – both ASL). AHUK is a wholly owned subsidiary of ANV Risk BV and the ultimate holding company of the ANV Group was ANV Holdings BV.

On 7 November 2016, ANV Holdings BV, and its subsidiary undertakings (ANV Group) were acquired by AmTrust Lloyd's Holdings (UK) Ltd (an indirect, wholly owned subsidiary of AmTrust Financial Services, Inc.) from ANV Holdings BV's former lead investor, the Ontario Teachers' Pension Plan. Following this transaction the name of ANV's managing agency was changed to AmTrust Syndicates Ltd (ASL).

ATL was also the Managing Agent of Syndicate 1206, Syndicate 44 and Syndicate 2526 until novation to ASL on 3 March 2017 for Syndicates 1206 and 44 and 23 June 2017 for Syndicate 2526. ASL was the Managing Agent of Syndicates 1861, 5820 and 779 throughout the period.

Syndicate Capital

Jubilee Corporate Member LLP a 100% subsidiary of Ryan Specialty Group Risk, LLC (RSGR), another entity with commonality of ownership with RSG, provided 6.1% of the Underwriting Capacity of the Syndicate.

ANV Corporate Name Limited, a 100% subsidiary of ANV Holdings BV, provided 68.4% of the Underwriting Capacity of the Syndicate for the 2016 year.

The following directors of ASL are also directors of ANV Corporate Name Limited: 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 5820 is AmTrust Syndicates Limited (formerly ANV Syndicates Ltd – 'ASL').

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.

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

	2016 Year of Account £'m
AmTrust Central Bureau of Services Limited (formerly ANV Central Bureau of Services Limited – both 'CBS')	2.5
AmTrust Syndicate Holdings Limited ('ASH')	0.1
AmTrust Management Services Limited ('AMSL')	-
Total expenses recharged	2.6

The following amounts were outstanding at 31 December 2018:

	2016 Year of Account £'m
CBS	0.0
ASH	0.0
AMSL	0.0
Total amount outstanding in relation to group recharges	0.0

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 Board 9 December 2018 and CBS Board 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 Board 9 December 2018 and CBS Board 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.

For the 2016 underwriting year of account, ASL charged an average agent's fee of 0.7% of stamp capacity. Within the financial statements, fees of £0.9m and profit commission of £nil have been charged. At 31 December 2018 there are no unpaid fees.

Reinsurance to Close

The Board authorised the closure of the 2016 year 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.

Other Entities
A proportion of the business written by the Syndicate is either sourced from or involves the provision of insurance services by Ryan Direct Group Limited and its subsidiaries which were part of RSG until 18 April 2017. These subsidiaries include:

- Jubilee Service Solutions Limited – UK based provision of insurance services;
- Jubilee Europe BV – Netherlands coverholder providing underwriting and claims services; and

Jubilee Europe BV (JE) incorporated in the Netherlands (formerly Cassidy Davis Europe BV), a wholly owned subsidiary of JGHL, provided underwriting and claims services to the Syndicate. It also held a limited binding authority to accept business on behalf of the Syndicate. In 2015, RSG began the process of winding up JE and transferred the services performed for the Syndicate to Intrust BV, an unrelated company.

In addition, a proportion of the business written by the Syndicate is either sourced from or involves the provision of insurance services by RSG and its subsidiaries including:

- R-T Specialty LLC – US wholesale broker; and
- RSG Underwriting Mangers LLC – US managing general agency

The fee income paid to the RSG group companies in respect of services provided to 2016 year of account of Syndicate 5820 was £nil. The profit commission payable to Jubilee Europe in respect of the 2016 year of account by the Syndicate was £nil. The balance due to the companies at 31 December 2018 was £nil.

The directors of ASL consider the commissions and fees charged to the Syndicate by these Ryan Direct Group subsidiaries and companies within the RSG Group to be consistent with those payable to a third party for similar services.

Syndicate 5820 may source business from RSG on the open market through Lloyd’s brokers. All risks are entered into on an arm’s length basis and ASL has unfettered underwriting discretion for all opportunities.

Directors’ interests
Nicholas Pawson, a non-executive director of ASL, provided capital to the Syndicate through a corporate entity to support underwriting on the 2016 year of account. No other directors or the active underwriter participate on the Syndicate.

15. Post balance sheet events

On 14 February 2019 the Board of the Managing Agent authorised the closure of the 2016 year of account by way of reinsurance to close into Syndicate 2008, a Syndicate managed by StarStone Underwriting Limited. The net reinsurance to close premium payable by the 2016 year of account is £95.1m.

On the closure of the 2016 year of account an amount of £8.3m, including members’ agents’ fees, will be called from members.

16. 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.

Seven Year Summary of Underwriting Results (Unaudited)

As at 31 December 2018

	2010 Closed	2011 Closed	2012 Closed	2013 Closed	2014 Closed	2015 Closed	2016 Closed
Syndicate allocated capacity (£'000)	138,924	100,081	112,715	131,118	131,123	130,943	113,123
Number of underwriting members	2	5	4	826	744	679	597
Aggregate net premiums (£'000)	52,870	50,906	63,590	72,341	83,985	73,921	98,541
Result for a Name with an illustrative share of £10,000							
	£	£	£	£	£	£	£
Gross premiums	9,364	12,167	13,635	13,520	24,141	14,361	14,655
Net premiums	7,915	11,028	12,608	12,271	23,545	13,721	13,472
Premium for reinsurance to close an earlier year of account	3,214	-	-	1,337	3,587	5,542	6,039
Net claims	(6,466)	(4,973)	(3,246)	(3,942)	(5,054)	(5,093)	(6,074)
Reinsurance to close the year of account/Amount retained	(930)	(445)	(1,555)	(2,262)	(5,534)	(6,047)	(7,252)
Syndicate operating expenses	(897)	(1,001)	(1,064)	(766)	(721)	(748)	(849)
Acquisition costs	(4,109)	(5,942)	(6,966)	(6,754)	(17,139)	(8,076)	(5,966)
Balance on technical account	(1,273)	(1,333)	(223)	(116)	(1,316)	(701)	(630)
Investment return	195	70	16	(2)	36	112	29
Profit/(loss) before personal expenses	(1,078)	(1,263)	(207)	(118)	(1,280)	(589)	(601)
Illustrative profit commission	-	-	-	-	-	-	-
Illustrative personal expenses (note 2)	(115)	(125)	(106)	(134)	(155)	(137)	(181)
Other Income/ Charges	(213)	115	(45)	(70)	683	206	155
Profit / (loss) after illustrative expenses	(1,406	(1,273)	(358)	(322)	(752)	(520)	(627)
Capacity utilised (note 3)	52.6%	62.3%	66.7%	67.7%	70.0%	62.8%	87.0%
Net capacity utilised (note 4)	38.1%	50.9%	56.4%	55.2%	64.1%	56.5%	75.2%
Underwriting profit ratio (note 5)	(13.6%)	(11.0%)	(2.0%)	(0.9%)	(5.5%)	(5.1%)	(4.2%)
Result as a percentage of stamp capacity	(14.1)%	(12.7%)	(3.6%)	(3.2%)	(7.5%)	(5.2%)	(6.2%)

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.*

AmTrust Syndicates Limited

AmTrust at Lloyd's
An AmTrust Financial Company