

## Appendix 8

**Accounts disclaimer**

The disclaimer on the following page is to be included at the front of each set of pdf accounts submitted to Lloyd's.

**Important information about Syndicate Reports and Accounts**

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

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**Syndicate 780**  
**2019 Annual Report**

**Syndicate 780**  
**Annual Report**  
**For the year ended 31<sup>st</sup> December 2019**

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<b>Contents</b>	<b>Page</b>
Directors and Administration	3
Managing Director's Report	4
Managing Agent's Report	6
Independent Auditors' Report to the Member of Syndicate 780	8
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Members' Balances	13
Statement of Cash Flows	14
Notes to the Financial Statements	15

**Syndicate 780**  
**Directors and Administration**  
**For the year ended 31<sup>st</sup> December 2019**

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**Managing Agent**

RiverStone Managing Agency Limited  
Park Gate  
161 – 163 Preston Road  
Brighton  
East Sussex  
United Kingdom  
BN1 6AU

**Directors of Managing Agent**

T. Ambridge (appointed 29<sup>th</sup> April 2019)  
M. J. Bannister  
N. C. Bentley  
A. R. Creed  
L. A. Hemsley (resigned 14<sup>th</sup> March 2019)  
I. Hewitt (appointed 29<sup>th</sup> April 2019)  
T. A. Riddell – Independent Non-Executive Director  
K. Shah – Independent Non-Executive Chairman  
N. Smith – Independent Non-Executive Director (appointed 14<sup>th</sup> March 2019)  
L. R. Tanzer

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

**Website**

[www.trg.com](http://www.trg.com)

# Syndicate 780

## Managing Director's Report

### For the year ended 31<sup>st</sup> December 2019

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#### **Principal Activity**

On 11<sup>th</sup> July 2018, the Syndicate's parent, Advent Capital (Holdings) LTD ("Advent" or "ACH") announced the integration of its profitable Lloyd's underwriting portfolios into other Fairfax UK affiliates, in response to the considerable strategic challenges facing Syndicate 780, in an extremely competitive market place, while placing the remaining parts of its portfolio into run off under the management of RiverStone Managing Agency Limited ("RiverStone Managing Agency"). Syndicate 780 permanently ceased underwriting at the end of the 2018 Year of Account ("YOA") on 31<sup>st</sup> December 2018.

As of 1<sup>st</sup> January 2019, the Managing Agency contract for Syndicate 780 ("Managing Agency Contract") was novated by Advent Underwriting Limited ("AUL") to RiverStone Managing Agency and AUL ceased ongoing operations. The Company expects that the 2018 and prior YOA of Syndicate 780 will be closed into RiverStone Managing Agency's Syndicate 3500 in the normal course of closure as of 31<sup>st</sup> December 2020.

RiverStone Managing Agency delegates most of its day-to-day management functions under an outsource agreement with RiverStone Management Limited ("RiverStone Management". Provision of services under this agreement is monitored by regular reporting to the board of directors of RiverStone Managing Agency ("the Board"), which includes analysis of performance against key performance indicators.

The sole corporate member for Syndicate 780 is Advent Capital (No.3) Limited ("AC3").

#### **Business Review**

##### ***Results and Performance***

The profit for the 2019 financial year, on an annual accounting basis, is \$15.1 million (2018: loss of \$21.6 million). The profit comprises net investment gains of \$5.8 million (2018: gain of \$1.6 million), foreign exchange losses of \$1.6 million (2018: gain of \$18 million).

This comprises net earned premiums of \$60.8 million (2018: \$110.2 million), partially offset by net incurred claims of \$24.6 million (2018: \$52.8 million) and net operating expenses of \$25.2 million (2018: \$82.9 million).

Member's balances increased to a surplus of \$20.6 million at 31<sup>st</sup> December 2019 (2018: deficit of \$18 million) due to the 2019 total comprehensive income, a cash call of \$16.4 million, the loss call on the closed 2016 Year of Account of \$8.3 million, partially offset by exchange differences on members balances of \$1.2 million.

Total outstanding claims, gross of reinsurance, were \$250.4 million as at 31<sup>st</sup> December 2019 (2018: \$362.2 million). Total cash, deposits and investments were \$168.2 million at 31<sup>st</sup> December 2019 (2018: \$183 million). Decreases to the outstanding claims and cash balances predominantly relate to the payment of claims in relation to the run off of the business.

On 1<sup>st</sup> April 2019, Syndicate 780 entered into a reinsurance protection agreement with an affiliate reinsurer, to provide run-off protection to the property direct and facultative, property binder and terrorism classes.

##### ***Principal Risks and Uncertainties***

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to approval by the Board and ongoing review by the Board, executive committees, risk management and internal audit. Compliance with regulatory, legal and ethical standards is a high priority for Syndicate 780 and RiverStone Managing Agency. The compliance, legal and finance departments of RiverStone Management take on an important oversight role in this regard. The Board is responsible for ensuring that a proper internal control framework exists to manage financial risks and that

# Syndicate 780

## Managing Director's Report

### For the year ended 31<sup>st</sup> December 2019

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controls operate effectively; it is assisted in discharging these responsibilities by the RiverStone Holdings Group Risk Committee.

The risks that Syndicate 780 is exposed to and their impact on economic capital have been assessed. This process is risk based and uses Solvency II based principles to manage capital requirements and to ensure that there is sufficient financial strength and capital adequacy to support the obligations to policyholders, regulators and other stakeholders.

The principal risks faced by Syndicate 780 arise from fluctuations in the severity of claims compared with expectations, late reporting of claims, inadequate reserving and inadequate reinsurance protection (including the credit worthiness of major reinsurers). Syndicate 780's assets and liabilities are also exposed to market risk, including the impact of changes to interest rates, equity price fluctuations and adverse changes in exchange rates.

#### *Strategy and Future Developments*

The 2017 year of account has been closed into the 2018 year of account as at 31<sup>st</sup> December 2019, leaving one open year of account. The Board's strategy is to close the 2018 year of account into RiverStone Holdings Limited main Lloyd's run-off Syndicate, on 31<sup>st</sup> December 2020.

On 20<sup>th</sup> December 2019, Fairfax entered into an agreement to sell a 40% equity interest in its wholly owned European Run-off group to Ontario Municipal Employees Retirement System ("OMERS"), the pension plan manager for government employees in the province of Ontario. The European Run-off group includes RiverStone Managing Agency and AC3. Upon completion of the transaction, OMERS and Fairfax will have joint control of the European Run-off group. Accordingly, Fairfax will deconsolidate the European Run-off group from its Run-off reporting segment and apply the equity method of accounting for its remaining equity interest. The transaction is subject to regulatory approval and is expected to close in the first quarter of 2020.

#### *Performance Measurements*

RiverStone Managing Agency has made continued progress throughout 2019 in relation to key elements of its strategy, through the continued proactive management of its existing liabilities.

The Board monitors the progress of Syndicate 780's existing run-off portfolio by reference to the reduction in gross loss reserves and reduction in reinsurance recoverables, in a timely and economic manner. Syndicate 780 gross loss reserves decreased by 31% and third party reinsurance recoverables (excluding group reinsurance protection) decreased by 33%. The movements are in line with Board's expectations and the performance is considered to be satisfactory.



L. R. Tanzer  
Managing Director  
13<sup>th</sup> February 2020

# **Syndicate 780**

## **Managing Agent's Report**

### **For the year ended 31<sup>st</sup> December 2019**

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The Directors of the managing agent, RiverStone Managing Agency, present their report and the audited financial statements for the year ended 31<sup>st</sup> December 2019.

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

#### **Reporting Basis**

These Syndicate Annual financial statements are prepared using the annual basis of accounting as required by Statutory Instrument 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

The prior year financial statements have been restated from millions to thousands to align the financial statements with Riverstone Managing Agency's other managed Syndicate.

#### **Principal Activity**

The principal activity of Syndicate 780 is the run-off of its existing liabilities.

The Business Review is included in the Managing Director's report on pages 4 to 5.

#### **Directors**

The Directors of RiverStone Managing Agency holding office during the period from 1<sup>st</sup> January 2019 to the date of this report were as follows:

T. Ambridge (appointed 29<sup>th</sup> April 2019)  
M. J. Bannister  
N. C. Bentley  
A. R. Creed  
L. A. Hemsley (resigned 14<sup>th</sup> March 2019)  
I. Hewitt (appointed 29<sup>th</sup> April 2019)  
T. A. Riddell – Independent Non-Executive Director  
K. Shah – Independent Non-Executive Chairman  
N. Smith – Independent Non-Executive Director (appointed 14<sup>th</sup> March 2019)  
L. R. Tanzer

#### **Annual General Meeting**

The Directors do not propose to hold an annual general meeting for Syndicate 780. A meeting will be convened should the sole direct corporate member of Syndicate 780 request one.

#### **Investment Policy and Management**

All assets continue to be invested in a manner to maximize return within agreed investment policies established by RiverStone Managing Agency. These investments are managed within the risk constraints and credit guidelines agreed by the Board. The investment policy and performance of funds are reviewed regularly by the Board. Syndicate 780 has not been involved in the lending of investments to the securities market.

#### **Financial Instruments**

As described in Note 5 to the financial statements, Syndicate 780 is exposed to financial risk through its financial assets and liabilities, including its reinsurance assets and policyholder liabilities. In particular, a key financial risk is that the proceeds from financial and reinsurance assets are not sufficient to fund the obligations

# Syndicate 780

## Managing Agent's Report

### For the year ended 31<sup>st</sup> December 2019

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arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity risk and currency risk), credit risk and liquidity risk.

Syndicate 780 manages this risk within its overall risk management framework.

#### Statement of Managing Agent's Responsibilities

The 2008 Regulations require RiverStone Managing Agency to prepare Syndicate Annual Accounts at 31<sup>st</sup> December each year which give a true and fair view of the state of affairs of Syndicate 780 and of its profit or loss for that year.

In preparing those Syndicate Annual Accounts, RiverStone Managing Agency is required to:

- select suitable accounting policies, and then apply them consistently, subject to changes arising on the adoption of new accounting standards in the year;
- 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 Syndicate Annual Accounts; and
- prepare the Syndicate Annual Accounts on a going concern basis, unless it is inappropriate to do so.

RiverStone Managing Agency confirms that it has complied with the above requirements in preparing the financial statements.

RiverStone Managing Agency is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Syndicate 780 and enable it to ensure that the Syndicate Annual Accounts comply with the 2008 Regulations.

It is also responsible for safeguarding the assets of Syndicate 780 and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

It is also responsible for the maintenance and integrity of the business' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each person who is a director of RiverStone Managing Agency at the date this Managing Agent's Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board

Park Gate, 161 Preston Road  
Brighton, East Sussex  
United Kingdom, BN1 6AU



L. R. Tanzer  
Managing Director  
13<sup>th</sup> February 2020



# Syndicate 780

## Independent Auditors' Report to the Member of Syndicate 780 For the year ended 31<sup>st</sup> December 2019

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### Report on the Syndicate Annual Accounts

#### Opinion

In our opinion, Syndicate 780's syndicate annual accounts (the "syndicate annual accounts"):

- give a true and fair view of the state of the syndicate's affairs as at 31<sup>st</sup> December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards comprising 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.

We have audited the syndicate annual accounts included within the Annual Report (the "Annual Report"), which comprise the Balance Sheet as at 31 December 2019; the Profit and Loss Account, the Statement of Cash Flows and the Statement of Changes in Members' Balances for the year then ended; and the notes to the syndicate annual accounts, which include a description of the significant accounting policies and other explanatory information.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by The Statutory Auditors and Third Country Auditors Regulations 2017 and other applicable law.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the syndicate annual accounts section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Managing Agent's use of the going concern basis of accounting in the preparation of the syndicate annual accounts is not appropriate; or
- the Managing Agent has not disclosed in the syndicate annual accounts any identified material uncertainties that may cast significant doubt about the syndicate's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the syndicate annual accounts are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the syndicate's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the syndicate's business and the wider economy.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the syndicate annual accounts and our auditors' report thereon. The Managing Agent is responsible for the other information. Our opinion on the syndicate annual accounts does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

# Syndicate 780

## Independent Auditors' Report to the Member of Syndicate 780 For the year ended 31<sup>st</sup> December 2019

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In connection with our audit of the syndicate annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the syndicate annual accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Managing Director's Report and the Managing Agent's Report, we also considered whether the disclosures required by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Managing Director's Report and Managing Agent's Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Managing Director's Report and the Managing Agent's Report for the year ended 31<sup>st</sup> December 2019 is consistent with the syndicate annual accounts and has been prepared in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

In light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we did not identify any material misstatements in the Managing Director's Report and the Managing Agent's Report.

### **Responsibilities for the syndicate annual accounts and the audit**

#### *Responsibilities of the Managing Agent for the syndicate annual accounts*

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 7, the Managing Agent is responsible for the preparation of the syndicate annual accounts in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual accounts, the Managing Agent is responsible for 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 it is intended for the syndicate to cease operations, or it has no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the syndicate annual accounts*

Our objectives are to obtain reasonable assurance about whether the syndicate annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these syndicate annual accounts.

A further description of our responsibilities for the audit of the syndicate annual accounts is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinion, has been prepared for and only for the syndicate's member in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by The Statutory Auditors and Third Country Auditors Regulations 2017 and for no other

## Syndicate 780

### Independent Auditors' Report to the Member of Syndicate 780

For the year ended 31<sup>st</sup> December 2019

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purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### Other required reporting

##### Other matters on which we are required to report by exception

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by The Statutory Auditors and Third Country Auditors Regulations 2017, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Managing Agent in respect of the syndicate; or
- certain disclosures of Managing Agent remuneration specified by law are not made; or
- the syndicate annual accounts are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



**Robert Cordock** (Senior statutory auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
17 February 2020

**Syndicate 780**  
**Profit and Loss Account**  
**For the year ended 31<sup>st</sup> December 2019**

	Note	2019 \$'000	2018 Restated \$'000
<b>Technical Account – General Business</b>			
Gross premiums written	6	44,044	247,444
Outward reinsurance premiums		<u>(34,333)</u>	<u>(159,246)</u>
<b>Net premiums written</b>		<u><b>9,711</b></u>	<u><b>88,198</b></u>
<b>Change in provision for unearned premium</b>			
Gross amount		92,063	9,485
Reinsurers' share		<u>(41,030)</u>	<u>12,560</u>
<b>Change in net provision for unearned premium</b>		<b>51,033</b>	<b>22,045</b>
<b>Written and earned premiums net of reinsurance</b>		<u><b>60,744</b></u>	<u><b>110,243</b></u>
Gross claims paid	7	(173,240)	(202,821)
Reinsurers' share	7	<u>83,185</u>	<u>70,581</u>
<b>Net claims paid</b>		<u><b>(90,055)</b></u>	<u><b>(132,240)</b></u>
Change in the gross provision for claims		113,301	31,788
Reinsurers' share		<u>(47,839)</u>	<u>47,612</u>
<b>Change in the net provision for claims</b>		<u><b>65,462</b></u>	<u><b>79,400</b></u>
<b>Claims incurred, net of reinsurance</b>		<b>(24,593)</b>	<b>(52,840)</b>
Net operating expenses	6,8	<u>(25,222)</u>	<u>(82,923)</u>
<b>Total technical credit (charges), net of reinsurance</b>		<u><b>10,929</b></u>	<u><b>(25,520)</b></u>
<b>Balance on the technical account for general business</b>		<b>10,929</b>	<b>(25,520)</b>
<b>Non-Technical Account</b>			
Investment income	10	4,106	9,891
Unrealised gains on investments		3,832	1,378
Unrealised losses on investments		(521)	(1,645)
Realised losses on investments		(1,357)	(22,755)
Investment expenses and charges	11	(270)	(927)
Foreign Exchange (loss) gain	12	<u>(1,638)</u>	<u>18,023</u>
<b>Profit (loss) for the financial year</b>		<u><b>\$ 15,081</b></u>	<u><b>\$ (21,555)</b></u>


The results above are all derived from continuing operations

**Syndicate 780**  
**Balance Sheet**  
**As at 31<sup>st</sup> December 2019**

	Note	2019 \$'000	2018 Restated \$'000
<b>Assets</b>			
<b>Investments</b>			
Other financial investments	13	138,236	167,400
<b>Reinsurers' share of technical provisions</b>			
Claims outstanding	7	102,935	150,620
Provision for unearned premium		2,957	43,986
		<b>105,892</b>	<b>194,606</b>
<b>Debtors</b>			
Debtors arising out of direct insurance operations	14	4,415	56,763
Debtors arising out of reinsurance operations	15	18,713	24,833
Other debtors	16	976	8,513
		<b>24,104</b>	<b>90,109</b>
<b>Other assets</b>			
Cash at bank and in hand		29,808	15,556
		<b>29,808</b>	<b>15,556</b>
<b>Prepayments and accrued income</b>			
Accrued interest		425	667
Deferred Acquisition costs		1,460	26,118
		<b>1,885</b>	<b>26,785</b>
<b>Total assets</b>		<b>\$ 299,925</b>	<b>\$ 494,456</b>
<b>Capital, Reserves and Liabilities</b>			
<b>Capital and reserves</b>			
Member's balances		20,592	(17,950)
<b>Technical provisions</b>			
Claims outstanding		250,154	362,151
Provision for unearned premiums		5,985	98,185
		<b>256,139</b>	<b>460,336</b>
<b>Creditors</b>			
Creditors arising out of reinsurance operations	17	14,431	34,857
Other creditors including taxation and social security	18	6,486	5,546
		<b>20,917</b>	<b>40,403</b>
<b>Accruals and deferred income</b>		<b>2,277</b>	<b>11,667</b>
<b>Total capital, reserves and liabilities</b>		<b>\$ 299,925</b>	<b>\$ 494,456</b>

The financial statements on pages 11 to 37 were approved by the Board of RiverStone Managing Agency Limited on 13<sup>th</sup> February 2020 and were signed on its behalf by:

  
**L. R. Tanzer**  
 Managing Director

  
**A. R. Creed**  
 Finance Director

**Syndicate 780**  
**Statement of Changes in Members' Balances**  
**For the year ended 31<sup>st</sup> December 2019**

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	<b>Member's Balances \$'000</b>
<b>Balance at 1<sup>st</sup> January 2018 (restated)</b>	<b>214,287</b>
Loss for the financial year	(21,555)
Loss Call on closed year of account	13,424
Interim cash call	86,820
Transfer from FIS	(294,971)
Exchange difference on member's balance	<u>(15,955)</u>
<b>Balance at 31<sup>st</sup> December 2018 (restated)</b>	<b>\$ <u>(17,950)</u></b>
<b>Balance at 1<sup>st</sup> January 2019</b>	<b>(17,950)</b>
Profit for the financial year	15,081
Loss Call on closed year of account	8,295
Interim cash call	16,376
Exchange difference on member's balance	<u>(1,210)</u>
<b>Balance at 31<sup>st</sup> December 2019</b>	<b>\$ <u>20,592</u></b>

**Syndicate 780**  
**Statement of Cash Flows**  
**For the year ended 31<sup>st</sup> December 2019**

	Note	2019 \$'000	2018 Restated \$'000
<b>Reconciliation of operating profit to net cash inflow (outflow) from operating activities</b>			
Profit (loss) for the financial year		15,081	(21,555)
Decrease in gross technical provisions		(204,197)	(17,065)
Decrease/(increase) in reinsurers' share of gross technical provisions		88,714	(67,690)
Decrease in debtors		66,033	26,098
Decrease in creditors		(19,486)	(13,583)
Movement in other assets		15,510	2,825
Investment return		(5,790)	13,694
<b>Net cash inflow (outflow) from operating activities</b>		<b>(44,163)</b>	<b>(77,276)</b>
Purchase of equity and debt instruments		(80,578)	(1,028,911)
Sale of equity and debt instruments		108,987	1,311,193
Investment income received		4,366	10,018
Foreign exchange relating to investing activities		1,417	(42,782)
<b>Net cash inflow (outflow) from investing activities</b>		<b>34,191</b>	<b>249,518</b>
Loss call distribution		8,295	-
Cash call		16,376	99,459
Release from FIS		-	(294,971)
<b>Net cash inflow/ (outflow) from financing activities</b>		<b>24,671</b>	<b>(195,512)</b>
Cash and cash equivalents at beginning of year		15,556	38,579
Foreign Exchange on cash and Cash Equivalents		(446)	247
<b>Cash and cash equivalents at end of year</b>		<b>\$ 29,808</b>	<b>\$ 15,556</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand	20	29,808	15,556
Short term deposits with credit institutions		-	-
<b>Cash and cash equivalents</b>		<b>\$ 29,808</b>	<b>\$ 15,556</b>

# Syndicate 780

## Notes to the Financial Statements

### For the year ended 31<sup>st</sup> December 2019

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#### 1. General Information

Syndicate 780 is engaged in the runoff of the assets and liabilities associated with previously written insurance and reinsurance business in the Lloyd's of London general insurance market.

Syndicate 780 is managed by RiverStone Managing Agency Limited ("the Managing Agent"), whose registered office address is Park Gate, 161-163 Preston Road, Brighton, East Sussex, United Kingdom, BN1 6AU.

#### 2. Statement of Compliance

The financial statements of Syndicate 780 have been prepared in accordance with Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and Financial Reporting Standard 103, "Insurance Contracts" (FRS103).

#### 3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of Preparation

The preparation of financial statements in conformity with FRS102 and FRS103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of Syndicate 780. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements, are disclosed further below.

The prior year financial statements have been restated from millions to thousands to align the financial statements with Riverstone Managing Agency's other managed Syndicate.

These financial statements are prepared on a going concern basis under the historical cost convention.

##### (b) Going Concern

Having addressed the principal risks, the directors of the Managing Agent consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. The ability of Syndicate 780 to meet its obligations as they fall due is underpinned by the support provided by Lloyd's solvency process and its chain of security for any members who are unable to meet their underwriting liabilities. This chain of security includes Funds at Lloyd's, which are further explained in Note 23.

##### (c) Insurance Contracts

###### (i) Premiums Written

The results for general insurance business written are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:



# Syndicate 780

## Notes to the Financial Statements

### For the year ended 31<sup>st</sup> December 2019

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Premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued and include estimates of premiums due but not yet receivable or notified to the syndicate, less an allowance for cancellations. Premiums are shown net of premium taxes and other levies on premiums.

Premiums are accreted to the income statement on a pro-rata basis over the term of the related policy, except for those contracts where the period of risk differs significantly from the contract period. In these cases, premiums are recognised over the period of risk in proportion to the amount of insurance protection provided.

Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date. The unearned premium reserve is translated to US Dollars at closing rates of exchange.

Acquisition costs, which represent commission and other related expenses, are allocated over the period in which the related premiums are earned.

#### (ii) Claims Incurred and Reinsurers' Share

Claims incurred comprise claims and related claims handling expenses paid in the year and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, reductions are made for salvage and other recoveries.

Provisions for outstanding claims and related reinsurance recoveries are established based on estimates of the ultimate net cost of settlement along with actuarial and statistical projections. Claims provisions are determined based upon previous claims experience, knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, levels of unpaid claims, judicial decisions and economic conditions.

Whilst the board of directors of the Managing Agent ("the Board") believes that the provisions for outstanding claims and related reinsurance recoveries including bad debt provisions are fairly stated, these estimates inevitably contain inherent uncertainties because significant periods of time may elapse between the occurrence of an incurred loss, the reporting of that loss to Syndicate 780, Syndicate 780's payment of the loss and the receipt of reinsurance recoveries. These uncertainties are inherent in much of the business previously underwritten and assumed by Syndicate 780. The estimates made are based upon current facts available to Syndicate 780 and the prevailing legal environment and are subjected to continual review, with any resulting adjustments reported in current earnings. Anticipated reinsurance recoveries are disclosed separately as assets on the balance sheet.

#### (d) Syndicate Operating Expenses

All costs relating to the administration and handling of claims are shown as part of gross claims paid. All other administrative costs of Syndicate 780, including acquisition costs and any members' expenses, are shown as net operating expenses.

# Syndicate 780

## Notes to the Financial Statements

### For the year ended 31<sup>st</sup> December 2019

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#### e) Distribution of Profits and Collection of Losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses accrue to members according to their membership of a year of account. Normally profits and losses are settled between Syndicate 780 and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. Syndicate 780 may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

#### (f) Translation of Foreign Currencies

The financial statements are presented in United States Dollars and, unless otherwise stated, are rounded to thousands. Items included in Syndicate 780's financial statements are measured using the currency of the primary economic environment in which it operates. Syndicate 780's functional currency is the United States Dollar.

Foreign currency transactions are translated into the functional currency using the average rate of exchange during the year. At each year end foreign currency monetary items are translated using the year end rate of exchange. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account for the year.

#### (g) Tax

No amount has been provided in these financial statements for tax on trading income. Under Schedule 19 of the Finance Act 1993, managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by Syndicate 780 during the year have been included in the balance sheet under the heading 'other debtors'.

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

#### (h) Investment Return

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

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

# Syndicate 780

## Notes to the Financial Statements

### For the year ended 31<sup>st</sup> December 2019

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#### (i) Other Financial Investments

Syndicate 780 has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of the financial statements. Syndicate 780 classifies all its investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

A financial asset is classified as fair value through profit and loss at inception if it is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management to minimise any measurement or recognition inconsistency with the associated liabilities. All derivatives are classified as at fair value through profit and loss.

Financial assets designated as at fair value through profit and loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to Syndicate 780's key management personnel. Syndicate 780's investment strategy is to invest in interest rate debt securities and derivatives designated upon initial recognition at fair value through profit and loss.

The fair values of listed investments are based on current bid prices on the balance sheet date. Unlisted investments for which a market exists are also stated at the current bid price on the balance sheet date or the last trading day before that date.

Net gains or losses arising from changes in the fair value of financial assets at fair value through profit and loss are presented in the Profit and Loss Account within 'Unrealised gains on investments' or 'Unrealised losses on investments' in the year in which they arise.

Syndicate 780 discloses its investments in accordance with a fair value hierarchy with the following levels:

- (i) Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- (ii) 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
- (iii) Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

#### (j) Related Party Transactions

Syndicate 780 discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

#### 4. Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Syndicate 780

## Notes to the Financial Statements

### For the year ended 31<sup>st</sup> December 2019

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Syndicate 780 makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimation of the ultimate liability arising from claims made under insurance contracts is Syndicate 780's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that Syndicate 780 will ultimately pay for such claims. Some of these claims are not expected to be settled for several years and there is uncertainty as to the amounts at which they will be settled. The level of provision has been set on the basis of the information that is currently available, including potential outstanding loss advices, experience of development of similar claims and case law.

The most significant assumptions made relate to the level of future claims, the level of future claims settlements and the legal interpretation of insurance policies. Whilst the directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in adjustments to the amount provided. Adjustments to the amounts of provision are reflected in the financial statements for the year in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

#### **5. Management of Insurance and Financial Risk**

##### **Financial Risk Management Objectives**

Syndicate 780 is exposed to insurance risk through the insurance contracts that it has written and to financial risk through its financial assets, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

Syndicate 780 has established an overall risk management policy which focuses on the main risks to which it is exposed, paying particular attention to key risks which impact on the overall operation of the business. A risk register is maintained which is updated at least quarterly. All risks on the register are reviewed with key management personnel and the Board reviews the key risks on a quarterly basis.

##### **(a) Insurance Risk**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty over the amount of the resulting ultimate claim. By the very nature of an insurance contract, this risk is unpredictable at the outset.

The principal risk that Syndicate 780 faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. The actual number and amount of claims and benefits arising from insurance contracts will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be materially affected by a change in any subset of the portfolio. Syndicate 780 has a diversified portfolio of insurance risks.

# Syndicate 780

## Notes to the Financial Statements

### For the year ended 31<sup>st</sup> December 2019

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Syndicate 780 mitigates insurance risk through the use of reinsurance, both in the form of third party reinsurance associated with the business originally written and reinsurance with affiliated reinsurers

#### i) Process for Assessment of Technical Provisions

Syndicate 780 adopts a consistent process to the calculation of an appropriate provision for the exposures arising from the business it has written. A full reserving analysis is conducted at least annually and the technical provisions recorded on the balance sheet are in line with the Board's view of the best estimate value of the underlying liabilities.

The technical provisions recorded at the reporting date comprise the estimated ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid. This is estimated based on known facts at the balance sheet date. The provision is revised as part of a regular ongoing process as claims experience develops, certain claims are settled and further claims are reported.

Syndicate 780 uses assumptions based on a mixture of internal and market data to measure its claims liabilities. This information is used to project the ultimate number and value of claims, by major class of business, using recognised statistical estimation techniques.

Assumptions are reviewed and tested regularly in the light of actual claims development and general market movements and trends.

#### ii) Sources of Uncertainty in the Estimation of Future Claim Payments

The sources of estimation uncertainty in establishing the ultimate liability arising from claims made under insurance contracts is discussed in Note 4.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. Syndicate 780 takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The liability for insurance contracts comprises a provision for claims incurred but not yet reported and a provision for reported claims not yet paid. The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimates of claims that have already been notified, for which there is more information available.

#### iii) Key Assumptions and Sensitivities

The assumptions that have the greatest impact on gross and net technical provisions are those that affect the expected level of claims in the liability and Casualty classes. The largest sensitivities on these classes are in respect of uncertainties around future numbers and amounts of claims. The reserves for these classes will be paid out over many years.

#### iv) Claims Development Tables

The following table presents the comparison of actual claims incurred to previous estimates for the last 9 years.

# Syndicate 780

## Notes to the Financial Statements

### For the year ended 31<sup>st</sup> December 2019

#### Claims Outstanding (gross earned) Underwriting Year

	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	Total \$'000
At end of reporting year	236,590	108,552	88,505	76,413	75,144	79,369	160,455	104,246	929,274
- One year later	268,990	144,497	124,095	132,019	160,107	199,539	266,999	167,279	1,463,525
- Two years later	182,101	135,178	115,734	131,117	173,503	193,799	233,093		1,164,525
- Three years later	204,480	132,267	106,203	120,997	168,599	189,458			922,044
- Four years later	263,863	120,942	101,917	122,942	166,986				776,650
- Five years later	242,160	121,957	97,639	121,698					583,454
- Six years later	240,539	120,586	96,444						457,569
- Seven years later	233,613	118,268							351,881
- Eight years later	235,835								235,835
Cumulative payments to date	(223,248)	(107,066)	(84,889)	(105,092)	(140,778)	(169,484)	(176,472)	(98,976)	(1,106,004)
<b>Liability recognised in the balance sheet</b>	<b>\$ 12,587</b>	<b>11,202</b>	<b>11,555</b>	<b>16,606</b>	<b>26,208</b>	<b>19,974</b>	<b>56,621</b>	<b>68,303</b>	<b>223,056</b>
Reserve in respect of prior years									27,098
<b>Total reserve included in balance sheet</b>									<b>250,154</b>

#### Claims Outstanding (net earned) Underwriting Year

	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	Total \$'000
At end of reporting year	151,883	94,570	76,465	59,671	60,530	66,230	88,900	49,606	647,855
- One year later	179,560	125,674	115,531	106,495	126,276	147,772	126,033	71,503	998,844
- Two years later	174,986	117,523	109,050	104,788	139,784	141,331	136,999		924,461
- Three years later	281,684	264,144	100,311	97,536	125,304	161,174			1,030,153
- Four years later	527,310	91,944	95,967	94,722	123,762				933,704
- Five years later	157,696	106,084	88,087	93,596					445,963
- Six years later	156,109	106,084	86,882						349,075
- Seven years later	170,904	105,036							275,940
- Eight years later	172,277								172,277
Cumulative payments to date	(163,422)	(96,771)	(79,282)	(83,556)	(108,397)	(141,835)	(107,068)	(42,647)	(822,978)
<b>Liability recognised in the balance sheet</b>	<b>\$ 8,855</b>	<b>8,265</b>	<b>7,600</b>	<b>10,040</b>	<b>15,365</b>	<b>19,339</b>	<b>29,931</b>	<b>28,856</b>	<b>128,251</b>
Reserve in respect of prior years									18,968
<b>Total reserve included in balance sheet</b>									<b>147,219</b>

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**Insurance Risk Concentrations**

The concentration of insurance risk before and after reinsurance by the most material classes of business is summarised below, with reference to the carrying amount of outstanding claims (gross and net of reinsurance) arising from insurance contracts:

	2019		2018 (Restated)	
	Gross \$'000	Net \$'000	Gross \$'000	Net \$'000
Property Binder	42,983	6,676	79,555	16,112
Accident and Health	(540)	(5,434)	15,508	1,643
Casualty	85,627	64,164	89,345	87,377
Marine	23,598	16,387	56,202	13,463
Terrorism	2,671	1,387	4,688	3,922
Other Liability	21,771	16,317	22,509	22,014
Property Reinsurance	20,018	7,129	27,969	4,943
Casualty Treaty	34,643	25,752	39,109	38,353
Other	19,383	14,841	27,266	23,704
<b>Total technical provisions</b>	<b>\$ 250,154</b>	<b>\$ 147,219</b>	<b>\$ 362,151</b>	<b>\$ 211,531</b>

**(b) Market Risk**

**i) Interest Rate Risk**

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk. Syndicate 780 works closely with its investment manager to review the duration of the investment portfolio in relation to the estimated mean duration of the liabilities.

Given the short term nature of the cash and investments of Syndicate 780, it is not exposed to significant interest rate risk since maturing short term investments are repriced at market interest rates on an ongoing basis.

The impact of a 100 basis point increase in interest rates on the value of Syndicate 780's investments held at 31<sup>st</sup> December 2019 is an approximate \$2.4 million loss (2018: \$3.1 million) to the profit and loss account. Similarly, a 100 basis point decrease in interest rates would give rise to an approximate \$2.9 million gain (2018: \$3.6 million) to the profit and loss account, prior to cessions to RiverStone Insurance (UK).

**ii) Currency Risk**

Syndicate 780 manages its foreign exchange risk against its functional currency, which is the US Dollar. Syndicate 780 has a proportion of its assets and liabilities denominated in currencies other than the US Dollar, the most significant being the Euro and Pound Sterling. Syndicate 780 seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency, and by the utilisation of forward currency contracts.

At 31<sup>st</sup> December 2019, if the Pound had weakened by 10% more in 2019 against the US Dollar with all other variables held constant, profit for the year would have been \$404,390 higher (2018: \$69,289 higher), mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets, and US Dollar denominated liabilities.

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

At 31<sup>st</sup> December 2019, if the Euro had weakened by 10% more in 2019 against the US Dollar with all other variables held constant, profit for the year would have been \$283,239 higher (2018: \$847,648 higher), mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets, and US Dollar denominated liabilities.

**(c) Credit Risk**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where Syndicate 780 is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance intermediaries;
- amounts due from corporate bond issuers;
- counterparty risk with respect to derivative transactions; and
- cash at bank and in hand.

As Syndicate 780 is in runoff its exposures to other reinsurers and insurance intermediaries are determined by contracts previously written. Syndicate 780 manages the levels of credit risk from reinsurers and insurance intermediaries by quarterly review of receivable balances by counterparty. Management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. It is Syndicate 780's policy to provide for reinsurer bad debts in situations where it does not expect to collect the full amount outstanding due to the financial position of the reinsurer or due to disputes over coverage. In certain circumstances, collateral is held in the form of either deposits or letters of credit from reinsurers. Syndicate 780 reduces its exposure to credit risk in relation to investments by entering into transactions with counterparties that are reputable and by settling trades through recognised exchanges. Syndicate 780 maintains strict control limits on the maximum notional amount of derivative positions. The assets bearing credit risk are summarized below, together with an analysis by credit rating (AM Best or equivalent):

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated '000</b>
Derivative financial instruments	502	598
Debt securities	127,695	150,732
Participation pools	-	6,146
Deposits with ceded undertakings	16	16
Assets arising from reinsurance contracts held	102,935	150,620
Premium receivable	15,886	18,674
Cash at bank and in hand	29,808	15,556
Overseas deposits	10,023	9,908
<b>Total assets bearing credit risk</b>	<b>\$ 286,864</b>	<b>\$ 352,250</b>



**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

	2019	2018
	\$'000	Restated \$'000
A++	100,396	119,781
A+	14,574	2,466
A, A-	144,073	214,824
B++ and below or not rated	<u>27,821</u>	<u>15,179</u>
<b>Total assets bearing credit risk</b>	<b>\$ <u>286,864</u></b>	<b>\$ <u>352,250</u></b>

Assets arising from reinsurance and insurance contracts held are further analysed as follows:

	2019	2018
	\$'000	Restated \$'000
Performing	102,935	150,620
Past due	-	-
Impaired	-	-
Provision for irrecoverable amounts	<u>-</u>	<u>-</u>
	<b>\$ <u>102,935</u></b>	<b>\$ <u>150,620</u></b>

**(d) Liquidity Risk**

The primary liquidity risk is the obligation to pay claims to policy holders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using a combination of operational cash flow forecasting and actuarial techniques. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand. The table below analyses the maturity of Syndicate 780's financial liabilities and outstanding claims. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented in their expected cash flows.

	No Contractual Maturity Date \$'000	< 6 months or on demand \$'000	Between 6 months and 1 year \$'000	Between 1 year and 2 years \$'000	Between 2 years and 5 years \$'000	> 5 Years \$'000	Carrying Value \$'000
<b>At 31<sup>st</sup> December 2019</b>							
Creditors	-	17,762	675	1,089	821	570	20,917
Claims outstanding	<u>-</u>	<u>44,026</u>	<u>44,026</u>	<u>71,180</u>	<u>53,674</u>	<u>37,248</u>	<u>250,154</u>
<b>Financial liabilities and outstanding claims</b>	<b>\$ <u>-</u></b>	<b>\$ <u>61,788</u></b>	<b>\$ <u>44,701</u></b>	<b>\$ <u>72,269</u></b>	<b>\$ <u>54,495</u></b>	<b>\$ <u>37,818</u></b>	<b>\$ <u>271,071</u></b>

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

	No Contractual Maturity Date Restated \$'000	< 6 months or on Demand Restated \$'000	Between 6 months and 1 year Restated \$'000	Between 1 year and 2 years Restated \$'000	Between 2 years and 5 years Restated \$'000	> 5 Years Restated \$'000	Carrying Value Restated \$'000
<b>At 31<sup>st</sup> December 2018</b>							
Creditors	-	40,403	-	-	-	-	40,403
Claims outstanding	-	66,303	66,303	114,602	50,820	64,123	362,151
<b>Financial liabilities and outstanding claims</b>	<b>\$ -</b>	<b>\$ 106,706</b>	<b>\$ 66,303</b>	<b>\$ 114,602</b>	<b>\$ 50,820</b>	<b>\$ 64,123</b>	<b>\$ 402,554</b>

**(e) Capital Management**

Syndicate 780 maintains an efficient capital structure comprising only its members' balances, consistent with its risk profile and the regulatory and market requirements of its business. Syndicate 780's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to satisfy the requirements of its policyholders and regulators
- to retain financial flexibility by maintaining adequate liquidity

Syndicate 780 is regulated by the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities. Syndicate 780 manages capital in accordance with these rules and performs the necessary tests to ensure continuous and full compliance with such regulations. Syndicate 780 has complied with all of its capital requirements throughout the year.

The minimum capital required to support Syndicate 780 is required to be provided by the corporate member, either by assets held in trust by Lloyd's specifically for that member ("Funds at Lloyd's"), held within, and managed within, a syndicate (Funds in Syndicate) or as the member's share of the members' balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of the Syndicate, as represented in the member balances reported on the Balance Sheet, represent resources available to meet member and Lloyd's capital requirements.

**6. Segmental Analysis**

	Gross premiums written 2019 \$'000	Gross premiums earned 2019 \$'000	Gross claims incurred 2019 \$'000	Gross operating expenses 2019 \$'000	Re- insurance balance 2019 \$'000
<b>Direct Insurance</b>					
Accident and health	6,131	34,500	(26,391)	(12,993)	4,710
Motor	7,742	11,166	(6,899)	(3,382)	(990)
Marine, aviation and transport	5,313	11,991	4,906	(4,427)	(4,066)
Credit and surety	-	-	-	-	-
Fire and other damage to property	21,891	52,497	(25,881)	(16,501)	(18,303)
Third party liability	1,186	2,899	(1,026)	(1,279)	(439)
	<u>42,263</u>	<u>113,038</u>	<u>(55,291)</u>	<u>(38,577)</u>	<u>(19,088)</u>
Reinsurance acceptances	1,781	23,054	(4,648)	(5,187)	(2,382)
<b>Total</b>	<b>\$ 44,044</b>	<b>\$ 136,107</b>	<b>\$ (59,939)</b>	<b>\$ (43,769)</b>	<b>(21,470)</b>

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

	2018 Restated \$'000	2018 Restated \$'000	2018 Restated \$'000	2018 Restated \$'000	2018 Restated \$'000
<b>Direct Insurance</b>					
Accident and health	62,800	69,939	(52,172)	(31,977)	18,392
Motor	16,189	13,844	(7,460)	(5,648)	11
Marine, aviation and transport	20,696	24,172	(27,535)	(9,760)	(658)
Credit and surety	-	-	-	-	-
Fire and other damage to property	85,024	84,042	(59,564)	(33,048)	(26,296)
Third party liability	4,236	4,250	(2,009)	(2,080)	621
	<u>188,941</u>	<u>196,246</u>	<u>(148,739)</u>	<u>(82,513)</u>	<u>(7,929)</u>
Reinsurance acceptances	<u>58,499</u>	<u>60,682</u>	<u>(22,293)</u>	<u>(17,949)</u>	<u>(2,723)</u>
<b>Total</b>	<b>\$ <u>247,444</u></b>	<b>\$ <u>256,929</u></b>	<b>\$ <u>(171,033)</u></b>	<b>\$ <u>(100,463)</u></b>	<b>\$ <u>(10,653)</u></b>

All premiums written were in respect of insurance contracts concluded in the UK.

Total commissions for direct insurance accounted for in the year amounted to \$11.7 million (2017: \$38.7 million).

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

	2019 \$'000	2018 Restated \$'000
US and Canada	24,706	110,817
UK	10,539	55,094
Other	7,389	70,786
Other EU	<u>1,410</u>	<u>10,747</u>
<b>Total assets bearing credit risk</b>	<b>\$ <u>44,044</u></b>	<b>\$ <u>247,444</u></b>

**7. Technical Provisions – Claims Outstanding**

The change in the provisions for claims outstanding during the year was as follows:

	2019			2018 Restated		
	Gross \$'000	Reinsurers' Share \$'000	Net \$'000	Gross \$'000	Reinsurers' Share \$'000	Net \$'000
Claims outstanding at 1 January	362,149	150,620	211,529	397,900	103,300	294,600
Change in estimates of technical provision provisions, including foreign exchange	61,245	35,500	25,745	167,070	117,901	49,169
Paid claims	<u>(173,240)</u>	<u>(83,185)</u>	<u>(90,055)</u>	<u>(202,821)</u>	<u>(70,581)</u>	<u>(132,240)</u>
Claims outstanding at 31 December	<b>\$ <u>250,154</u></b>	<b>\$ <u>102,935</u></b>	<b>\$ <u>147,219</u></b>	<b>\$ <u>362,149</u></b>	<b>\$ <u>150,620</u></b>	<b>\$ <u>211,529</u></b>

Included within reinsurers' share of technical provisions – claims outstanding are amounts recoverable from affiliated companies of \$30.6 million (2018: \$78.7 million)

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**8. Net Operating Expenses**

Syndicate operating expenses included within net operating expenses comprise:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated \$'000</b>
Administrative expenses	7,192	35,809
Gross Acquisition costs	12,041	62,667
Change in deferred acquisition costs	24,623	1,988
Reinsurance commission and profit participation	(18,634)	(17,790)
Change in reinsurance deferred acquisition costs	-	249
	<u>\$ 25,222</u>	<u>\$ 82,923</u>

The management and administration of RiverStone Managing Agency is carried out by RiverStone Management Limited ("RiverStone Management"), a fellow subsidiary, which also provides these services to other group companies. RiverStone Management recharges these costs to RiverStone Managing Agency, which in turn recharges them substantially to Syndicate 780. Certain costs are recovered by Syndicate 780 under the reinsurance protection agreements it has entered into with affiliated reinsurers.

Operating costs charged to Syndicate 780 by RiverStone Managing Agency during the year were \$6,418,903 (2018: \$nil).

The Directors, Run-off Manager and other key management personnel of Syndicate 780 receive no emoluments from RiverStone Managing Agency. The contracts of employment of the U.K. executive Directors and employees are with RiverStone Management which makes charges for the services described above. Emoluments paid by RiverStone Management to the key management personnel of Syndicate 780 in respect of their services in relation to Syndicate 780 are summarised below. These amounts represent emoluments based on an apportionment of time.

	<b>2019</b>
	<b>\$'000</b>
Total emoluments: Directors, run off manager and key management personnel	\$ <u>456</u>
Run-off Manager	\$ <u>241</u>

Further information in respect of the directors of RiverStone Managing Agency is provided in that company's financial statements.

In 2018, all employees, including Directors, key management personnel and the active underwriter were employed by Advent Capital Holdings Limited and the Executive Directors emoluments were disclosed in the accounts of Advent Capital Holdings Limited only. For this reason no comparative above is provided.

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**9. Auditors' Remuneration**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated \$'000</b>
Audit	170	144
Audit related assurance services	66	56
Non-audit related actuarial and valuation services	140	118
	<b>\$ <u>376</u></b>	<b>\$ <u>318</u></b>

**10. Investment Income**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated \$'000</b>
Income from financial assets at fair value through profit and loss	<b>\$ <u>4,106</u></b>	<b>\$ <u>9,891</u></b>

**11. Investment Expenses and Charges**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated \$'000</b>
Investment expenses	<b>\$ <u>270</u></b>	<b>\$ <u>927</u></b>

**12. Result for the year**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated \$'000</b>
The profit (loss) for the year is stated after charging/(crediting):		
Foreign exchange (losses)/gains	<b>\$ <u>(1,638)</u></b>	<b>\$ <u>18,023</u></b>

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**13. Other Financial Investments,**

**(a) Other Financial Investments by Category**

	Market Value 2019 \$'000	Market Value 2018 Restated \$'000	Historic Cost 2019 \$'000	Historic Cost 2018 Restated \$'000
<b>Financial Assets – at fair value through profit and loss</b>				
Shares and other variable-yield securities and units in unit trusts - designated at fair value through profit and loss on initial recognition	-	4	-	13
Debt securities and other fixed interest securities designated at fair value through profit and loss on initial recognition	127,695	150,728	121,714	148,366
Participations in investment pools	-	6,146	-	6,146
Derivative financial instruments - at fair value through profit and loss, held for trading	502	598	761	857
Overseas deposits	10,023	9,908	10,024	9,908
Deposits with Ceded undertakings	16	16	16	16
	<u>\$ 138,236</u>	<u>\$ 167,400</u>	<u>\$ 132,515</u>	<u>\$ 165,306</u>

**Financial Liabilities**

Derivative financial instruments - at fair value through profit and loss, held for trading	<u>\$ 573</u>	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ -</u>
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**(b) Listed Investments**

Included in carrying values of financial assets above are amounts in respect of listed investments as follows:

	2019 \$'000	2018 Restated \$'000
<b>At fair value through profit and loss</b>		
Shares and other variable yield securities and units in unit trusts	-	3
Debt securities and other fixed interest securities	<u>104,619</u>	<u>114,485</u>
<b>Total listed investments</b>	<u>\$ 104,619</u>	<u>\$ 114,488</u>

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**Derivative Financial Instruments at Fair Value through Profit and Loss**

	Market Value 2019 \$'000	Market Value 2018 Restated \$'000	Historic Cost 2019 \$'000	Historic Cost 2018 Restated \$'000
<b>Derivative financial instruments assets</b>				
Foreign currency forward contracts	502	598	761	857
	<u>\$ 502</u>	<u>\$ 598</u>	<u>\$ 761</u>	<u>\$ 857</u>
<b>Derivative financial instruments liabilities</b>				
Foreign currency forward contracts	573	287	-	-
	<u>\$ 573</u>	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ -</u>

The functional currency of Syndicate 780 is United States dollars and consequently is exposed to foreign exchange movements in currencies other than United States Dollars. Syndicate 780 has foreign currency forward contracts in place to provide protection against the impact of potential adverse fluctuations in exchange rates on Syndicate 780's net asset positions.

The foreign currency forward contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD: GBP.

	Market Value		Contract/Notional Amount	
	2019 \$'000	2018 Restated \$'000	2019 \$'000	2018 Restated \$'000
Inflation floors	84	119	2,709,268	2,736,100
Foreign currency contracts	418	192	40,651	33,710
	<u>\$ 502</u>	<u>\$ 311</u>	<u>\$ 2,749,919</u>	<u>\$ 2,769,810</u>

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

(c) **Disclosures of Fair Values in Accordance with the Fair Value Hierarchy**

	Level 1 2019 \$'000	Level 2 2019 \$'000	Level 3 2019 \$'000	Total 2019 \$'000
Shares and other variable yield securities and units in unit trusts	-	-	-	-
Debt securities and other fixed interest securities	30,062	97,633	-	127,695
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	502	502
Overseas deposits	2,284	7,739	-	10,023
Deposits with ceded undertakings	16	-	-	16
	<u>\$ 32,362</u>	<u>\$ 105,372</u>	<u>\$ 502</u>	<u>\$ 138,236</u>

	Level 1 2018 Restated \$'000	Level 2 2018 Restated \$'000	Level 3 2018 Restated \$'000	Total 2018 Restated \$'000
Shares and other variable yield securities and units in unit trusts	3	-	1	4
Debt securities and other fixed interest securities	115,679	35,049	-	150,728
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	598	598
Participation in investment pools	-	6,146	-	6,146
Overseas deposits	7,366	2,542	-	9,908
Deposits with ceded undertakings	16	-	-	16
	<u>\$ 123,064</u>	<u>\$ 43,736</u>	<u>\$ 599</u>	<u>\$ 167,400</u>

Level 3 investments valuations are based on third party broker quotes.

(d) **Level 3 Pricing**

Level 3 valuation techniques are used by Syndicate 780's investment manager's independent pricing service providers and third-party broker-dealers and include comparisons with similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants. Syndicate 780's investment manager assesses the reasonableness of pricing received from these third party sources by comparing the fair values received to recent transaction prices for similar assets, where available, to industry accepted discounted cash flow models (that incorporate estimates of the amount and timing of future cash flows and market observable inputs such as credit spreads and discount rates) and to option pricing models (that incorporate market observable inputs including the quoted price, volatility and dividend yield of the underlying security and the risk free rate).



**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**(e) Reconciliation of Movements in Level 3 Financial Investments Measured at Fair Value**

	At Fair Value Through Profit and Loss			Available for Sale		Total 2019 \$'000
	Debt Securities 2019 \$'000	Equity Shares 2019 \$'000	Derivatives 2019 \$'000	Debt Securities 2019 \$'000	Equity Shares 2019 \$'000	
	At 1 <sup>st</sup> January	-	1	598	-	
Total (losses) recognised in the profit and loss account	-	(1)	(96)	-	-	(97)
Purchases	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 502</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 502</b>

	At Fair Value Through Profit and Loss			Available for Sale		Total 2018 Restated \$'000
	Debt Securities 2018 \$'000	Equity Shares 2018 Restated \$'000	Derivatives 2018 Restated \$'000	Debt Securities 2018 Restated \$'000	Equity Shares 2018 Restated \$'000	
	At 1 <sup>st</sup> January	21,346	17	869	-	
Total (losses) gains recognised in the profit and loss account	(4,796)	(16)	(271)	-	-	(5,083)
Sales	(16,550)	-	-	-	-	(16,550)
<b>Total</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 598</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 599</b>

Total gains of \$41,000 (2018: losses \$5.1 million) comprise unrealised gains of \$41,000 on Level 3 financial investments held during the year, all of which are presented in the net investment return in the profit and loss account.

**f) Collateralised Cash and Investments**

Syndicate 780 has Lloyds trust funds and overseas deposits of \$128,151,121, (2018: \$161,636,861) issued in favour of cedants and certain other creditors collateralised by investments and cash with a market value of \$111,768,175 and cost of \$105,578,802 (2018: market value \$157,521,014 and a cost of \$156,326,964).

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**14. Debtors Arising Out of Direct Insurance Operations**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated '000</b>
Amount owed from intermediaries, due within one year	4,415	49,884
Amount owed from intermediaries, due after one year	<u>-</u>	<u>6,879</u>
	<b>\$ <u>4,415</u></b>	<b>\$ <u>56,763</u></b>

**15. Debtors Arising Out of Reinsurance Operations**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated '000</b>
Amount owed from intermediaries	2,827	22,057
Premiums receivable from cedants	<u>15,886</u>	<u>2,776</u>
	<b>\$ <u>18,713</u></b>	<b>\$ <u>24,833</u></b>

**16. Other Debtors**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Receivable for securities sold	11	499
LCA Debtors	321	-
RI Profit commissions	39	4,929
Amounts due from group undertakings	295	-
Federal Income Tax	-	2,104
Prepayment	<u>310</u>	<u>981</u>
	<b>\$ <u>976</u></b>	<b>\$ <u>8,513</u></b>

**17. Creditors Arising out of Reinsurance Operations**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated '000</b>
Amounts owed to group undertakings	14,431	34,857
Amounts owed to intermediaries	<u>-</u>	<u>-</u>
	<b>\$ <u>14,431</u></b>	<b>\$ <u>34,857</u></b>

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**18. Other Creditors Including Taxation and Social Security**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated '000</b>
Amounts owed to group undertakings	3,987	4,695
LCA Creditors	1,867	-
Investment Liabilities	567	851
Other	65	-
	<u>\$ 6,486</u>	<u>\$ 5,546</u>

**19. Movement in Opening and Closing Portfolio Investments Net of Financing**

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>Restated '000</b>
Net cash inflow (outflow) for the year	13,757	(22,414)
Increase (decrease) in overseas deposits	55	(1,391)
Net portfolio investment	<u>(33,131)</u>	<u>(296,382)</u>
Movement arising from cash flows	(19,319)	(320,187)
Changes in market value and exchange rates	<u>4,407</u>	<u>1,755</u>
Total movement in portfolio investments, net of financing	(14,912)	(318,432)
Balance brought forward at 1 <sup>st</sup> January, net of financing	<u>182,956</u>	<u>501,388</u>
<b>Balance carried forward at 31<sup>st</sup> December, net of financing</b>	<b>\$ <u>168,044</u></b>	<b>\$ <u>182,956</u></b>

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

**20. Movement in Cash, Portfolio Investments and Financing**

	At 1 <sup>st</sup> January 2019 \$'000	Cash Flow \$'000	Changes to Market Value and Currencies \$'000	At 31 <sup>st</sup> December 2019 \$'000
Cash at bank and in hand	15,556	13,757	495	29,808
Overseas deposits	9,908	55	60	10,023
	<u>25,464</u>	<u>13,812</u>	<u>555</u>	<u>39,831</u>
Portfolio investments:				
Shares and other variable yield securities	4	-	(4)	-
Debt and other fixed income	150,728	(26,889)	3,856	127,695
Deposits with ceded undertakings	16	-	-	16
Derivatives	598	(96)	-	502
Participation in investment pools	6,146	(6,146)	-	-
<b>Total portfolio investments</b>	<u>157,492</u>	<u>(33,131)</u>	<u>3,852</u>	<u>128,213</u>
<b>Total cash, portfolio investments and financing</b>	<u>\$ 182,956</u>	<u>\$ (19,319)</u>	<u>\$ 4,407</u>	<u>\$ 168,044</u>

**21. Net Cash Outflow on Portfolio Investments**

	2019 \$'000	2018 Restated \$'000
Shares and other variable yield securities	-	(114,900)
Debt and other fixed income securities	(26,889)	(164,357)
Deposits with ceded undertakings	-	16
Derivatives	(96)	20
Participation in investment pools	(6,146)	(17,161)
<b>Net cash outflow on portfolio investments</b>	<u>\$ (33,131)</u>	<u>\$ (296,382)</u>

**22. Commitments and Contingent Liabilities**

As at 31<sup>st</sup> December 2019, there were no outstanding commitments or contingent liabilities (2018: nil).

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

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**23. Funds at Lloyd's**

Every member of Lloyd's is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are required primarily in case syndicate assets prove insufficient to meet members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of that business. FAL is not hypothecated to any specific syndicate participation by a member, therefore there are no specific funds available to a Syndicate which can be precisely identified as its capital. Consequently, no amount has been shown in these financial statements by way of capital reserves. In addition to the FAL and any additional funds a member may introduce to meet losses, there is a Central Guarantee Fund controlled by Lloyd's which they may utilise to meet any syndicate liabilities that are not met by a member.

**24. Related Parties**

The managing agent of the syndicate, RiverStone Managing Agency and the corporate member that provides capital to the Syndicate, Advent Capital (No.3) Limited, are ultimately both owned and controlled by Fairfax Financial Holdings Limited ("Fairfax") which is registered in Canada and listed on the Toronto Stock Exchange.

Fairfax is the largest group of undertakings to consolidate these financial statements and its registered office is 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7. The financial statements of Fairfax can be obtained from the Corporate Secretary at this address or from the website at [www.fairfax.ca](http://www.fairfax.ca).

RiverStone Managing Agency undertakes the management of Syndicate 780 and charged expenses of \$6.4 million during the year (2018: nil). At the end of the year a balance of \$2.3 million (2018: nil) was payable from Syndicate 780 to RiverStone Managing Agency, which is payable on demand.

Syndicate 780 accepted inwards reinsurance premiums from related parties of \$95,587 in 2019 (2018: \$1,721,370) as set out below:

	2019 \$'000	2018 \$'000
Zenith National Insurance Corp	5	302
Hudson Insurance Group	84	1,083
Crum and Forster Insurance Company	-	258
Brit Syndicate 2987	6	78
	<u>95</u>	<u>1,721</u>
	\$	\$

**Syndicate 780**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**

Syndicate 780 ceded outwards reinsurance premiums and related reinsurance recoveries to / from related parties as set out in the table below.

	<u>Reinsurance Premiums</u>		<u>Reinsurance Recoveries</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Wentworth Insurance Company Limited	3,285	96,712	8,434	80,582
Polskie Towarzystwo Reasekuracji S.A (Polish Re)	-	-	-	(102)
Odyssey re Holdings Corp	85	124	(727)	(1,930)
Allied World Assurance Company Holdings GmbH	207	1,286	500	-
Brit Re Bermuda	26,265		8,918	
Riverstone Insurance UK Limited	-	-	(20)	(71)
Crum and Forster Insurance Company	1,255	34,298	13,531	30,979
	<u>\$ 31,097</u>	<u>\$ 132,420</u>	<u>\$ 30,636</u>	<u>\$ 109,458</u>

**24. Subsequent Events**

On 20<sup>th</sup> December 2019, Fairfax entered into an agreement to sell a 40% equity interest in its wholly owned European Run-off group to Ontario Municipal Employees Retirement System ("OMERS"), the pension plan manager for government employees in the province of Ontario. The European Run-off group includes RiverStone Managing Agency and AC3. Upon completion of the transaction, OMERS and Fairfax will have joint control of the European Run-off group. Accordingly, Fairfax will deconsolidate the European Run-off group from its Run-off reporting segment and apply the equity method of accounting for its remaining equity interest. The transaction is subject to regulatory approval and is expected to close in the first quarter of 2020.

**Directors' Interests**

All of the directors of RiverStone Managing Agency listed on page 6, hold, or held in the year, directorships of other companies within the Fairfax group.