



Important information about Syndicate Reports and Accounts

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

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

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

SYNDICATE 1176 – 2017 YEAR OF ACCOUNT

UNDERWRITING YEAR ACCOUNTS

31 DECEMBER 2019

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

CONTENTS	Page
Directors and Administration	1
Managing Agent's Report	2
Statement of Comprehensive Income for the Closed 2017 Year of Account for the 36 months ended 31 December 2019	3
Statement of Financial Position at 31 December 2019	4
Statement of Cash Flows for the 36 months ended 31 December 2019	5
Notes to the Underwriting Year Accounts	6
Seven Year Summary (Unaudited)	17
Notes to the Seven Year Summary (Unaudited)	18
Statement of Managing Agent's Responsibilities	19
Independent Auditors' Report to the Members of Syndicate 1176 - 2017 Closed Year of Account	20

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

DIRECTORS AND ADMINISTRATION

Managing Agent

Chaucer Syndicates Limited

Directors of the Managing Agent

The Directors set out below held office throughout the year ended 31 December 2019 and up to the date of signing the underwriting year accounts, unless otherwise indicated:

D C Bendle, Chief Operating Officer
R J Callan, Chief Financial Officer
T J Carroll, Independent Non-executive Director (resigned on 15 March 2019)
J Faure, Non-executive Director
J Fowle, Chief Executive Officer and Chief Underwriting Officer
P M Shaw, Chief Risk Officer
C M Stooke, Chairman and Independent Non-executive Director
L S Watkins, Independent Non-executive Director (appointed 31 January 2020)
Dr H Zuo, Non-executive Director (appointed 13 March 2019)

Managing Agent's company secretary

R N Barnett

Managing Agent's registered office

Plantation Place
30 Fenchurch Street
London EC3M 3AD

Managing Agent's registered number

00184915

Syndicate 1176 active underwriter

M G Dawson

Syndicate bankers

The custodian of the Syndicate's investment funds is Citibank N.A.

Syndicate investment manager

Goldman Sachs Asset Management International

Syndicate independent auditors

PricewaterhouseCoopers LLP, London

MANAGING AGENT'S REPORT

The Managing Agent presents its report at 31 December 2019 for the 2017 closed year of account.

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

Please refer to the Directors and Administration section for further information with regards to the Syndicate and Managing Agent.

Review of the business

The gross premiums written for the 2017 year of account were £31.0m compared to the Syndicate's 2016 YOA gross premiums written of £29.9m.

The plan was for a premium income of £31.6m. We have received very few losses in 2017 and what we did receive were settled at less than reserved. This together with older claims settling within reserves established has resulted in an abnormal and larger than expected profit in the 2017 account. The total property losses advised to date are within forecast loss expectancy. The final profit achieved on the 2017 account is £24.6m, representing a return on capacity of 65.6%.

A review of the 2018 and 2019 open years of account and the outlook for the 2020 year of account is included in the Annual Report and Accounts for the year ended 31 December 2019.

I would like to take this opportunity to thank the team who worked on behalf of the Syndicate for their help. It is an efficient team that provides a real level of expertise in a highly specialised segment and I appreciate their support.

China Reinsurance (Group) Corporation became the ultimate parent of the Syndicate's primary corporate member and the Managing Agent following completion of its acquisition of 100% of China Re International Holdings Limited on 28 December 2018.

Disclosure of information to the auditors

The directors each confirm that:

- So far as they are aware, there is no relevant audit information of which the Syndicate'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 Syndicate's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the China Reinsurance (Group) Corporation Audit Committee meeting.

Approved by order of the Board of Chaucer Syndicates Limited and the Active Underwriter



R J Callan
Chief Financial Officer
4 March 2020



M G Dawson
Active Underwriter
4 March 2020

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE CLOSED 2017 YEAR OF ACCOUNT FOR THE 36 MONTHS ENDED 31 DECEMBER 2019

	Note(s)	£000
Syndicate allocated capacity		<u>37,480</u>
Technical account – general business		
Earned premiums, net of reinsurance		
Gross premiums written	3	30,976
Outward reinsurance premiums		<u>9</u>
Earned premiums, net of reinsurance		30,985
Reinsurance to close premium received, net of reinsurance	4	<u>24,297</u>
		55,282
Allocated investment return transferred from the non-technical account		1,121
Claims incurred, net of reinsurance		
Gross claims paid		(2,793)
Reinsurance to close premium payable, net of reinsurance	5	<u>(20,416)</u>
		(23,209)
Net operating expenses	3, 6	(8,673)
Balance on the technical account - general business	11	<u>24,521</u>
Non-technical account		
Other income	10	126
Investment income	9	1,369
Investment expenses and charges	9	(603)
Net unrealised gains on investments	9	355
Allocated investment return transferred to the Technical Account – General Business		(1,121)
Total comprehensive income for the 2017 closed year of account	17	<u>24,647</u>

There is no other comprehensive income in the accounting period other than those dealt with in the Statement of Comprehensive Income. The underwriting year has closed: all items therefore related to discontinued operations.

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Note(s)	£000
Assets		
Investments	12	37,809
Cash at bank		7,002
Debtors arising out of direct insurance operations		660
Debtors arising out of reinsurance operations		1,592
Overseas deposits	13	105
Prepayments and accrued income		295
Total Assets		<u>47,463</u>
Liabilities		
Amounts due to members	14	15,375
Reinsurance to close premium's payable to close the account – net amount		20,416
Other creditors	16	9,982
Accruals and deferred income		1,690
Total Liabilities		<u>47,463</u>

The underwriting year accounts on pages 3 to 16 were approved by the Board of Chaucer Syndicates Limited on 4 March 2020 and were signed on its behalf by:



R J Callan
Chief Financial Officer

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

STATEMENT OF CASH FLOWS FOR THE 36 MONTHS ENDED 31 DECEMBER 2019

	Note(s)	£000
Net cash inflow from operating activities	17	16,087
Transfer to members in respect of underwriting participations	14	(9,272)
		<u>6,815</u>
Cash flows were invested as follows:		
Increase in cash holdings	18	7,002
Decrease in overseas deposits	18	(47)
Net decrease on portfolio investments	18, 19	(140)
Net investment of cash flows		<u>6,815</u>

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

1. Basis of preparation

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

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2017 year of account which has been closed by reinsurance to close as at 31 December 2019. Consequently the Statement of Financial Position represents the assets and liabilities of the 2017 year of account at the date of closure. The underwriting account reflects the transactions for that year of account during the three-year period until closure. The Statement of Comprehensive Income and the Statement of Cash Flows reflect the transactions for that year of account during the three year period until closure.

These accounts cover the three years from the date of inception of the 2017 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

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.

a) Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

i) Premiums written

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Premiums in respect of insurance contracts underwritten under a binding authority, line slip or consortium arrangement are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

ii) 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 balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iii) Reinsurance premium ceded

Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured.

iv) Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses and are attributed to the same year of account as the original premium for the underlying policy.

v) Reinsurance to close premium payable

The net reinsurance to close premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs, including claims incurred but not reported, net of estimated collectible reinsurance recoveries relating to the closed year of account and all previous years of account reinsured therein.

The estimate of claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date. It also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

2. Accounting policies (continued)

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified.

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

The Directors consider that the estimates of gross claims are fairly stated on the basis of the information currently available to them. However, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the reinsurance to close premium so determined.

b) Foreign currencies

The functional and presentation currency of the Syndicate is Pound Sterling.

FRS 102 requires that a foreign operation must be an entity. Therefore, monetary items are retranslated at the closing rate with exchange differences reported through the non-technical account and non-monetary items (for example, tangible assets) are not retranslated.

Non-monetary items are translated into the functional currency using transactional rates/monthly average rate of exchange prevailing at the time of the transaction as a proxy for transactional rates.

FRS103 states that insurance assets and liabilities (UPR and DAC) are required to be treated as monetary items. These assets and liabilities have been retranslated at period end to functional currency at the closing rate and the resulting exchange differences have been reported through the Statement of Comprehensive Income.

c) Financial assets

All investments are classified as fair value through profit and loss and are measured at fair value. Fair value is determined using published bid price quotations of each security. Unquoted equity investments are initially carried at cost as the best estimate of fair value and are adjusted thereafter whenever events or changes in circumstances indicate that the carrying amount may not approximate to fair value. The fair value of an unquoted equity security is calculated using the most appropriate valuation technique, such as reference to current fair values of another instrument that is substantially the same, discounted cash flow analysis or option pricing models.

The directors consider the fair value through profit and loss option to be appropriate as financial assets are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to key management personnel. In addition, investment risk is assessed on a total return basis, which is consistent with the adoption of fair value through profit and loss.

Deposits with credit institutions are stated at cost and overseas deposits are stated at market value (per Lloyd's valuation).

Net gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the Statement of Comprehensive Income within 'Unrealised gains on investments' or 'Unrealised losses on investments'.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

2. Accounting policies (continued)

d) 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. The returns on the overseas deposits are allocated to the year of account as notified by Lloyd's. The returns on other assets arising in a calendar year are apportioned to years of account open during the calendar year in proportion to the average funds available for investment on each year of account.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the three years, together with the reversal of unrealised gains and losses recognised during the three years in respect of investment disposals in the current period.

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

e) Cash at bank

Cash at bank on the Statement of Financial Position represent cash balances and money market deposits lodged with banks.

f) Operating expenses

Syndicate operating expenses are allocated to the year of account for which they are incurred and are primarily comprised of a fixed fee paid to the Managing Agency to cover the Managing Agent's fee and the running costs of the Syndicate.

g) Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States or Canadian Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year are included in the Statement of Financial Position under the heading 'members' balances'.

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

h) Pension costs

Chaucer Underwriting Services Limited (CUSL) operates a defined contribution scheme. Pension contributions relating to CUSL staff working for the Syndicate are charged to the Syndicate and included within net operating expenses.

i) Profit commission

Profit commission is charged by the Managing Agent at a rate of 15% of profit subject to the operation of a deficit clause. Where profit commission is charged, it is included in members' standard personal expenses within administrative expenses.

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

3. Segmental analysis

An analysis of the underwriting result by class of business is set out below:

2017 YEAR OF ACCOUNT	Gross premiums written	Gross premiums earned	Gross claims incurred ¹	Net operating expenses	Reinsurance balance ²	Total
	£000	£000	£000	£000	£000	£000
Direct insurance:						
Fire and Other damage	7,375	7,375	(507)	(2,842)	-	4,026
Third Party Liability	1,477	1,477	(727)	(107)	-	643
	<u>8,852</u>	<u>8,852</u>	<u>(1,234)</u>	<u>(2,949)</u>	<u>-</u>	<u>4,669</u>
Reinsurance						
Reinsurance	21,803	21,803	(4,869)	(5,760)	9	11,183
Movements in respect of RITC received	24,618	24,618	(17,106)	36	-	7,548
Total	<u>55,273</u>	<u>55,273</u>	<u>(23,209)</u>	<u>(8,673)</u>	<u>9</u>	<u>23,400</u>

1. Gross claims incurred comprise gross claims paid and gross reinsurance to close premium payable.
2. The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on reinsurance to close (RITC) payable.
3. Movement in 2017 & prior year of account premium of £321k has been included within the Movements in respect of RITC received

All premiums are concluded in the UK.

Geographical origin of gross premiums written:

An analysis of gross premiums written by reference to the location of the risk is provided below:

	£000
UK	1,270
Americas (including US)	3,918
Other	25,788
Gross premiums written	<u>30,976</u>

Concentration of gross and net insurance liabilities by geographical area is as follows:

	£000
UK	836
Americas (including US)	2,576
Other	17,004
Reinsurance to close premium payable, net of reinsurance	<u>20,416</u>

4. Reinsurance to close premium received, net of reinsurance

	£000
Gross reinsurance to close premium receivable	24,297
Reinsurance to close premium received, net of reinsurance	<u>24,297</u>

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

5. Reinsurance to close premium payable, net of reinsurance

	£000
Gross outstanding claims	193
Provision for gross claims incurred but not reported	20,226
Provision for IBNR reinsurers' share	(3)
Reinsurance to close premium payable, net of reinsurance	20,416

The reinsurance to close is effected with the 2018 year of account of Syndicate 1176.

6. Net operating expenses

	£000
Acquisition costs – brokerage	794
Administrative expenses:	
Standard personal expenses	6,547
Members' Agents' fees	80
Other expenses	1,252
	8,673

7. Staff costs

All staff working on behalf of the Syndicate are employed by a related group undertaking, Chaucer Underwriting Services Limited (CUSL).

Syndicate expenses, including the audit fee, are incurred by CUSL and recharged to the Syndicate via Chaucer Syndicates Limited as a flat fee included in administrative expenses.

The average number of employees employed by CUSL but working for the Syndicate during the three years was as follows:

	Number
Administration and finance	5
Underwriting	2
Other	2
	9

8. Emoluments of the directors of the Managing Agent

The directors of Chaucer Syndicates Limited were not remunerated in respect of their services to the Syndicate.

The Active Underwriter received the following consultancy fees, incurred by a related group undertaking and recharged to the Syndicate within Managing Agency fees in relation to the 2017 year of account.

	£000
Active Underwriter	145

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

9. Investment return

	£000
Investment income	
Income from financial assets at fair value through profit and loss	974
Interest on cash at bank	131
Other interest and similar income	139
Gains on the realisation of investments	125
	<u>1,369</u>
Investment expenses and charges	
Losses on the realisation of investments	(603)
Net unrealised gains on investments	355
	<u>1,121</u>
Total investment return	<u>1,121</u>

10. Other income

Net foreign exchange gains of £126k are included within other charges in the non-technical account.

11. Balance on technical account

	£000
Balance excluding investment return and operating expenses (other than acquisition costs):	
Total comprehensive income attributable to business allocated to the 2017 pure year of account	23,721
Total comprehensive income attributable to business reinsured into the 2017 year of account	7,558
	<u>31,279</u>
Allocated investment return transferred from the non-technical account	1,121
Net operating expenses other than acquisition costs	(7,879)
	<u>24,521</u>

12. Financial instruments

	Cost £000	Market Value £000
Shares and other variable yield securities at fair value through profit and loss	11,431	11,147
Debt securities and other fixed income securities at fair value through profit and loss	27,128	26,662
	<u>38,559</u>	<u>37,809</u>

Risk policies

Effective from 31 December 2019, the RITC process means that Insurance, Financial, Credit, Liquidity, Market and Capital risks are transferred to the accepting 2018 Year of Account of the Syndicate. Accordingly, these Underwriting Year accounts do not have any associated disclosures as required by section 34 of FRS 102. Full disclosures relating to these risks are provided in the Annual Accounts of the Syndicate, which are publicly available.

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

13. Overseas deposits

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries. The funds are required in order to protect policyholders and enable the Syndicate to operate in those markets. The Syndicate has only restricted access to these funds and no influence over their investment.

14. Amounts due to members

	£000
Total comprehensive income for the 2017 closed year of account	24,647
Transfers to members' personal reserve funds	(9,272)
	<u>15,375</u>

15. Claims Development Tables

The development of insurance liabilities provides a measure of the Managing Agent's ability to estimate the ultimate value of claims.

Pure underwriting year	2010 & prior £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	Total £000
<i>Estimate of gross claims incurred</i>									
At end of underwriting year		9,227	6,134	11,866	5,193	7,562	10,492	7,502	
One year later		20,781	7,231	11,586	6,226	9,963	13,598	8,246	
Two years later		17,497	4,354	7,264	4,825	5,979	10,875	6,224	
Three years later		16,709	2,999	6,806	3,787	4,978	6,867		
Four years later		16,232	2,563	5,386	2,081	4,962			
Five years later		15,714	2,153	4,673	2,473				
Six years later		15,330	1,442	4,598					
Seven years later		17,001	1,383						
Eight years later		14,468							
As at 31 December 2019	10,056	14,468	1,383	4,598	2,473	4,962	6,867	6,224	51,031
Less gross claims paid	8,680	13,453	118	3,022	138	1,899	3,263	39	30,612
Gross reserves	1,376	1,015	1,265	1,576	2,335	3,063	3,604	6,185	20,419

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

15. Claims Development Table (continued)

Pure underwriting year	2010 & prior £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	Total £000
<i>Estimate of net claims incurred</i>									
At end of underwriting year		9,227	6,134	11,866	5,193	7,562	10,492	7,491	
One year later		20,781	7,231	11,586	6,226	9,963	13,598	8,235	
Two years later		17,497	4,354	7,264	4,825	5,979	10,874	6,221	
Three years later		16,709	2,999	6,806	3,787	4,978	6,867		
Four years later		16,232	2,563	5,386	2,081	4,962			
Five years later		15,714	2,153	4,673	2,473				
Six years later		15,330	1,442	4,598					
Seven years later		17,001	1,383						
Eight years later		14,468							
As at 31 December 2019	10,056	14,468	1,383	4,598	2,473	4,962	6,867	6,221	51,028
Less net claims paid	8,680	13,453	118	3,022	138	1,899	3,263	39	30,612
Net reserves	1,376	1,015	1,265	1,576	2,335	3,063	3,604	6,182	20,416

The Syndicate has a number of unsettled obligations arising out of insurance contracts from the 2010 and prior underwriting years, for which net reserves are still carried.

Gross and net claims incurred that are denominated in non-functional currency are converted to Pound Sterling as of 31 December 2019, the most recent balance sheet date, for all years presented.

16. Other creditors

	£000
Inter year loans	9,849
Insurance creditors	43
Other creditors	90
	9,982

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

17. Reconciliation of total comprehensive income for the year of account to net cash inflow from operating activities

	£000
Total comprehensive income for the closed year of account	24,647
Unrealised investment losses excluding foreign exchange	750
Net reinsurance to close premium payable	20,416
Decrease in debtors and prepayments and accrued income, excluding those received as consideration for RITC receivable	(100)
Increase in creditors and accruals, excluding those received as consideration for RITC receivable	7,143
Non cash consideration for net RITC receivable	(36,869)
Foreign exchange movement	100
Net cash inflow from operating activities	<u>16,087</u>

Consideration for net RITC receivable comprised:

	£000
Portfolio investments	38,868
Overseas deposits	152
Debtors	1,934
Prepayments and accrued income	422
Creditors	<u>(4,586)</u>
	36,790
Cash and amounts due from members	<u>(12,496)</u>
	24,294
Foreign exchange movement on RITC	<u>3</u>
	<u>24,297</u>

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

18. Movement in cash, portfolio investments and financing

	£000
Net cash inflow from the three years	19,498
Cash flow	
Decrease in overseas deposits	(47)
Decrease in portfolio investments	(140)
Movement arising from cash flows	<u>19,311</u>
Received as consideration for net RITC receivable	
Cash at bank	(12,496)
Overseas deposits	152
Portfolio investments	38,868
Changes in market value and exchange rates	<u>(919)</u>
Total movement in portfolio investments	25,605
Portfolio at 1 January 2017	-
Portfolio at 31 December 2019	<u><u>44,916</u></u>

	At 1 January 2017 £000	Cash flow £000	Received as consideration for net RITC receivable £000	Changes to market value and currencies £000	At 31 December 2019 £000
Cash at bank	-	19,498	(12,496)	-	7,002
Overseas deposits	-	(47)	152	-	105
Total cash and cash equivalents	<u>-</u>	<u>19,451</u>	<u>(12,344)</u>	<u>-</u>	<u>7,107</u>
Shares and other variable yield securities	-	4,407	6,909	(169)	11,147
Debt securities and other fixed income securities	-	(4,547)	31,959	(750)	26,662
Total portfolio investments	<u>-</u>	<u>(140)</u>	<u>38,868</u>	<u>(919)</u>	<u>37,809</u>
Total cash, portfolio investments and financing	<u>-</u>	<u>19,311</u>	<u>26,524</u>	<u>(919)</u>	<u>44,916</u>

19. Net cash outflow to portfolio investments

	£000
Sale of shares and other variable yield securities	(46,527)
Sale of debt securities and other fixed income securities	(19,008)
Purchases of shares and other variable yield securities	50,934
Purchases of debt securities and other fixed income securities	14,461
	<u>(140)</u>

NOTES TO THE UNDERWRITING YEAR ACCOUNTS

20. Related Parties

Chaucer Syndicates Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, is the Managing Agent of the Syndicate. Chaucer Syndicates Limited has charged the Syndicate with the following expenses during the year along with the outstanding balances at the year end:

Year of Account	2017
	£000
Managing Agency fees	1,938
Profit commission	4,364

A subsidiary of China Reinsurance (Group) Corporation supports the underwriting capacity of the Syndicate as follows:

Year of Account	2017
	£000
Chaucer Corporate Capital (No. 3) Limited	21,358

Syndicate 1176 is the leading participant of the British Nuclear Pool, NRI Limited, and owns a share of the associated management company in proportion to its share (approximately 46%) of the Pool. Any profit or loss from these operations is paid to the Syndicate. The Pool underwrote premium of £25.6m on behalf of the Syndicate. The year-end balance due from the Pool is £1.3m and is included within debtors arising out of direct insurance operations.

21. Ultimate parent company

The Managing Agent's immediate parent company is Chaucer Capital Investments Limited.

The largest and smallest group of undertakings for which group financial statements are prepared, and in which the results of the Managing Agent are included, is China Reinsurance (Group) Corporation. The Company considers China Reinsurance (Group) Corporation to be its ultimate parent company. A copy of the most recent consolidated financial statements is available from the website of China Reinsurance (Group) Corporation (www.chinare.com/cn).

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

SEVEN YEAR SUMMARY (UNAUDITED)

at 31 December 2019

	2011	2012	2013	2014	2015	2016	2017
Syndicate allocated capacity (£000)	31,648	31,662	31,666	31,666	31,666	34,931	37,480
Number of underwriting members	236	245	256	255	266	233	274
Aggregate net premiums (£000)	26,611	26,648	26,626	26,626	24,834	29,857	30,976
Results for an illustrative share of £10,000	£	£	£	£	£	£	£
Gross premiums	8,408	8,416	8,408	8,042	7,842	8,547	8,265
Net premiums	7,276	8,416	8,408	8,042	7,842	8,547	8,267
Premium for the reinsurance to close an earlier year of account	5,989	6,537	6,469	6,696	8,019	7,373	6,483
Net claims	(4,195)	(390)	(1,027)	(22)	(409)	(2,360)	(745)
Premium for the reinsurance to close the year of account	(6,544)	(6,492)	(6,642)	(8,028)	(8,137)	(6,898)	(5,447)
Syndicate operating expenses	58	(432)	(536)	(462)	(718)	(694)	(567)
Balance on technical account	2,584	7,639	6,672	6,226	6,597	5,968	7,991
Investment return	129	260	255	332	105	53	299
Other income/(charges)	(211)	(75)	(4)	274	(47)	151	34
Total comprehensive income for the closed year	2,502	7,824	6,923	6,832	6,655	6,172	8,324
Illustrative profit commission -Managing Agent's share	(301)	(1,100)	(951)	(945)	(916)	(847)	(1,164)
Illustrative personal expenses ^{1,2}	(536)	(523)	(616)	(614)	(589)	(539)	(583)
Total comprehensive income after illustrative profit commission and illustrative personal expenses	1,665	6,201	5,356	5,273	5,150	4,787	6,577
Percentage applicable for an illustrative share of £10,000	%	%	%	%	%	%	%
Gross premiums	84.1	84.2	84.1	80.4	78.4	85.5	82.7
Net premiums	72.8	84.2	84.1	80.4	78.4	85.5	82.7
Balance on technical account to gross premiums	28.2	89.9	79.4	77.4	84.1	69.8	96.7

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

NOTES TO THE SEVEN YEAR SUMMARY (UNAUDITED)

1. Illustrative personal expenses comprise managing agent's fee, Lloyd's subscription, and contribution to Lloyd's Central Guarantee Fund. The managing agent's fee, where applicable, has been calculated so as to disregard the minimum charge to any member underwriting for less than a certain premium limit.

2. Illustrative personal expenses have been shown for individual Names and MAPAs.

Under the standard agency agreements in force an underwriting member who dies prior to 31 December in any year does not participate in that year; if death occurs on 31 December the underwriting member participates fully in that year.

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The managing agent is responsible for preparing Syndicate Underwriting Year Accounts in accordance with applicable law and Lloyd's Syndicate Accounting Byelaw.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No. 8 of 2005) (the "Lloyd's Regulations") require the managing agent to prepare Syndicate Underwriting Year Accounts for each Syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December.

The managing agent must prepare Syndicate Underwriting Year Accounts which give a true and fair view of the result of the closed year of account.

In preparing the Syndicate underwriting year accounts, the managing agent is required to:

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the Syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same Syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- make judgements and estimates that are reasonable and prudent;
- take into account all income and charges relating to a closed year of account in the underwriting account prepared in respect of that year of account, without regard to the date of receipt or payment; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the underwriting year accounts.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate underwriting year accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report on the audit of the syndicate underwriting year accounts

Opinion

In our opinion, Syndicate 1176's syndicate underwriting year accounts for the 2017 year of account for the three years ended 31 December 2019 (the "syndicate underwriting year accounts"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2019 and of its profit for the 2017 closed year of account;
- 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 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

We have audited the syndicate underwriting year accounts included within the Underwriting Year Accounts (the "Annual Report"), which comprise the Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income for the Closed 2017 Year of Account, the Statement of Cash Flows for the 36 months then ended; and the Notes to the Underwriting Year 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 underwriting year 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 underwriting year accounts in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – Basis of preparation

In forming our opinion on the syndicate underwriting year accounts, which is not modified, we draw attention to note 1 of the syndicate underwriting year accounts, which describes the basis of preparation. In particular, as these financial statements relate to a closed underwriting year of account, matters relating to going concern are not relevant to these financial statements. The syndicate underwriting year accounts are prepared in accordance with a special purpose framework for the specific purpose as described in the *Use of this report* paragraph below. As a result, the syndicate underwriting year accounts may not be suitable for another purpose.

Reporting on other information

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

In connection with our audit of the syndicate underwriting year accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate underwriting year 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 underwriting year accounts or a material misstatement of the other

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 1176 – 2017 CLOSED YEAR OF ACCOUNT (continued)

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 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 Agent's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Managing Agent's Report for the year ended 31 December 2019 is consistent with the syndicate underwriting year accounts and has been prepared in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

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 Agent's Report.

Responsibilities for the syndicate underwriting year accounts and the audit

Responsibilities of the managing agent for the syndicate underwriting year accounts

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 19, the Managing Agent is responsible for the preparation of the syndicate underwriting year accounts in accordance with the applicable framework and for being satisfied that they give a true and fair view of the result for the 2017 closed year of account. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities for the audit of the syndicate underwriting year accounts

Our objectives are to obtain reasonable assurance about whether the syndicate underwriting year 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 underwriting year accounts.

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

Use of this report

This report, including the opinions, has been prepared for and only for the syndicate's members as a body 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 Part C of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and for no other 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.

SYNDICATE 1176: 2017 YEAR OF ACCOUNT CLOSED AT 31 DECEMBER 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE 1176 – 2017 CLOSED YEAR OF ACCOUNT (continued)

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 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005), 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
- the syndicate underwriting year accounts are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



Andrew Hill (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 March 2020