SYNDICATE CVS 1919

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Contents

Directors and administration

MANAGING AGENT
Starr Managing Agents Limited

Directors

N C T Pawson	(Non-executive Chairman)
S G Blakey	(Executive Vice Chairman)
D Stewart	(Director of Underwriting)
G J L Broughton	(Finance Director)
D French	(Non-executive)
R Shaak	(Non-executive)
J Mantz	(Non-executive)
J Owen	(Non-executive)

Company Secretary
A Missen

Managing Agent's Registered Office
3rd Floor
140 Leadenhall Street
London EC3V 4QT

Managing Agent's Registered Number
6265337

SYNDICATE

Active Underwriter
D Stewart

Bankers
Lloyds TSB Bank Plc
Citibank NA
Royal Bank of Canada

Statutory Auditor
Moore Stephens LLP, London

Strategic report

The directors of Starr Managing Agents Limited ("SMAL") present their strategic report for the year ended 31 December 2014.

This annual report is prepared using the annual basis of accounting as required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

Separate underwriting year accounts for the closed 2012 account have not been produced as the Syndicate member has agreed in writing that no underwriting year accounts shall be prepared in respect of the Syndicate.

After making enquiries, the directors have a reasonable expectation that continued capital support will be in place such that Syndicate 1919 will continue to write new business in future underwriting years of account. Accordingly they continue to adopt the going concern basis in preparing the annual accounts.

Results
The result for the calendar year 2014 is a profit of £8.5m (2013: profit of £15.6m). Profits will be distributed and called respectively by reference to the results of individual underwriting years. The members' funds total surplus of £24.5m (2013: £16.3m deficit) is additional to funds at Lloyd's which are not shown on the Syndicate balance sheet.

The 2014 year has been profitable for all classes except Marine and Accident and Health (A&H"). The A&H class was affected by the deterioration on one account that was written in 2013. The small Marine loss was as a result of Deferred Acquisition Costs unwinding, following the closure of the London operation in this class. Whilst Energy was a profitable division in 2014, it was impacted by a significant large loss in the Onshore account and an adverse decision on an outstanding claim in Specialty Property from the 2010 year of account. The Casualty and Financial classes generated good profits in 2014 due to better than expected claims experience across all years resulting in reserve releases. Within Aviation, the majority of earned profit has been driven by the Aerospace class as a result of favourable claims experience. This is partly offset by poorer performing sub classes in General Aviation and Airline Liability where re-projections have led to loss ratio increases.

Post Balance Sheet events
There have been no significant post balance sheet events.

Principal activity and review of the business
The principal activity of Syndicate 1919 (''the Syndicate'') during the period was the transaction of general insurance and reinsurance business in the United Kingdom.

The Syndicate's business is underwritten under a limited number of binding authority arrangements granted to Starr Underwriting Agents Limited ("SUAL") in London, an established and experienced Underwriting Agency. SUAL is an FCA regulated insurance intermediary and an approved Lloyd's Coverholder. Lloyd's consortium business for the 2014 year of account is written via SMAL. Delegated authority is also given to a number of Starr offices in overseas territories to access local business not otherwise presented to Lloyd's. SUAL and SMAL share a single management team.

Strategic report

SUAL and SMAL are both 100% owned by Starr Global Financial Inc. (Nevada).

The Syndicate currently has a portfolio of five main product lines, namely:

Aviation – direct and facultative business including airlines, products, general aviation.
Energy – direct and facultative technical risks including onshore and offshore refineries and pipelines as well as associated energy suppliers, construction and property.
Accident and Health – direct and facultative (to update).
Political – direct and facultative business including credit risk and contract frustration.
Casualty – direct and facultative business including financial lines, construction, energy, export products and environmental and crisis management.

The Syndicate's key performance indicators during the period were as follows:

	2014	2013
	£'000	£'000
Gross written premiums	269,971	289,013
Profit for the period	8,501	15,554
Combined ratio	92.58%	85.6%

Principal Risks and Uncertainties
The SMAL Board sets risk appetite annually as part of the Syndicate's business planning and Syndicate Capital Requirement process. SMAL's Risk Committee meets quarterly to review and update the risk register and to monitor performance against risk appetite using a series of key risk indicators. The principal risks and uncertainties facing the Syndicate are as follows:

Insurance risk
Insurance risk includes the risk that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The SMAL Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The SMAL Board then monitors performance against business plan through the year. SMAL monitors maximum probable losses from catastrophe-exposed business. Reserve adequacy is monitored through quarterly review by the Syndicate actuary.

Credit risk
The key aspect of credit risk is the risk of default by one or more of the Syndicate's reinsurers. SMAL has a Security Committee that reviews and agrees the security of the proposed reinsurers. The Committee assesses the acceptability of reinsurers and sets maximum usage limits based on the reinsurer's security rating. A listing of all acceptable security is maintained and available to the Executive Committee ("Exco") of SMAL on request. Usage of any reinsurer that does not appear on the list of approved reinsurers, or usage of an approved reinsurer in excess of its applicable limit, requires prior authorisation from Exco and the corporate member is required to approve the variation from the business plan. Exco reviews and agrees the form

Strategic report

and structure of the reinsurance programme to be purchased by each Syndicate and monitors progress on placement and exhaustion of cover.

Market risk
The key aspect of market risk is that the Syndicate incurs losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The majority of assets and liabilities are denominated in US Dollar, however SMAL monitors exposure to any other material currencies to determine if further action is required.

Liquidity risk
This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk the cash positions are monitored on a daily basis and investments are held in highly liquid instruments.

Operational risk
This is the risk that errors caused by people, processes or systems lead to losses to the Syndicate, both from internal and external events. SMAL seeks to manage this risk through the use of detailed procedures manuals, peer reviews, internal audits and appropriate training courses.

Regulatory risk
SMAL is required to comply with the requirements of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US Situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. SMAL has a compliance team which monitors regulatory developments, assesses the impact on agency policy and carries out a compliance monitoring programme which is reported to the SMAL Board through the year.

Future Developments

Short-Term Plan
SMAL expects to see real benefit to the Lloyd's business through consortium growth with other Lloyd's Syndicates in 2015 and will continue to develop these where business opportunities present themselves. In addition, SMAL is constantly investigating new lines of business where opportunities may present themselves to achieve improved returns.

Medium to long-term developments
SMAL has a desire to build its managed Syndicate into significant participants in the Lloyd's market. It will do this in a number of ways:

- By expanding existing product lines where rates and competition permit. This will be done by seeking improved terms and increased participations as well as attracting new clients.
- Leveraging available capital resources within the Starr group.
- Strategic alliances with third party capital providers.

Strategic report

By order of the Board

………………………………………
Adrian Missen
Company Secretary, London
17 March 2015

Directors' report

Directors
The directors of SMAL, the managing agent during 2014, who served during the year ended 31 December 2014, were as follows:

N C T Pawson	
S G Blakey	
C E Hancock	(resigned 15 January 2015)
D Stewart	
D French	
R Shaak	
J Owen	
J Mantz	(appointed 19 May 2014)
J Bryce	(resigned 31 July 2014)
A D'Arcy	(resigned 25 July 2014)
G J L Broughton	(appointed 28 July 2014)

Disclosure of information to the auditors
Each of the persons who is a director of the managing agent at the date of approval of this report confirms that:

- So far as the director is aware there is no relevant audit information of which the Syndicate's auditors are unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the Syndicate's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors
The Directors of the managing agent, SMAL, intend to reappoint Moore Stephens LLP as the Syndicate's auditors.

By order of the Board

……………………………………
Adrian Missen
Company Secretary, London
17 March 2015

Statement of managing agents' responsibilities

Starr Managing Agents Limited is responsible for preparing the Syndicate annual accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare Syndicate annual accounts at 31 December each year which give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

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

1. Select suitable accounting policies which are applied consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
4. Prepare the annual accounts on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that the Syndicate will do so.

The managing agent is responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate annual accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

The financial statements on pages 12 to 27 were approved by the Board of Starr Managing Agents Limited on 17 March 2015 and were signed on its behalf by

……………………………………Graham Broughton
Director
17 March 2015

Independent auditor's report to the members of Syndicate 1919

We have audited the annual financial statements of Syndicate 1919 for the year ended 31 December 2014 which are set out on pages 12 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Syndicate's members, as a body, in accordance with regulation 10 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate and the Syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the managing agent and auditor

As explained more fully in the Statement of Managing Agent's Responsibilities on page 9, the managing agent is responsible for the preparation of Syndicate annual financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate annual financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Syndicate annual financial statements

An audit involves obtaining evidence about the amounts and disclosures in the annual financial statements sufficient to give reasonable assurance that the annual financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the annual financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Syndicate annual financial statements

In our opinion the annual financial statements:

- Give a true and fair view of the state of the Syndicate's affairs as at 31 December 2014 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Independent auditor's report to the members of Syndicate 1919 (continued)

Opinion on other matter prescribed by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion the information given in the Managing Agents' Report, which comprises the strategic report and the directors' report, for the financial year for which the annual financial statements are prepared is consistent with the annual financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you if, in our opinion:

- the managing agent in respect of the Syndicate has not kept adequate accounting records; or
- the Syndicate financial statements are not in agreement with the accounting records; or
- certain disclosures of emoluments of managing agents specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

………………………………………
Simon Gallagher, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

17 March 2015

Profit and loss account: Technical account – General business

for the year ended 31 December 2014

	Notes	£000	2014 £000	£000	2013 £000
Earned premiums, net of reinsurance					
Gross premiums written	3		269,971		289,013
Outward reinsurance premiums			(164,266)		(188,250)
Net premiums written			105,705		100,763
Change in the provision for unearned premiums:					
Gross amount			8,615		(7,181)
Reinsurers' share			(7,541)		6,853
Change in the net provision for unearned premiums			1,074		(328)
Earned premiums, net of reinsurance			106,779		100,435
Allocated investment return transferred					
from the non-technical account			583		1,105
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(143,295)		(168,072)	
Reinsurers' share		83,640		101,345	
Net claims paid		(59,655)		(66,727)	
Change in the provision for claims					
Gross amount		(23,117)		10,435	
Reinsurers' share		12,329		(4,856)	
Change in the net provision for claims		(10,788)		5,579	
Claims incurred, net of reinsurance			(70,443)		(61,148)
Net operating expenses	5		(28,418)		(24,838)
Balance on the technical account for general business			8,501		15,554

All operations are continuing.

Profit and loss account: Non-technical account
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Balance on the technical account for general business		8,501	15,554
Investment return	8	583	1,105
Allocated investment return transferred to general business technical account		(583)	(1,105)
Profit for the financial year		8,501	15,554

Statement of total recognised gains and losses
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Profit for the financial year	13	8,501	15,554
Currency translation differences		3,725	(2,136)
Total recognised gains for the year		12,226	13,418

Balance Sheet – Assets
at 31 December 2014

	Notes	£000	2014 £000	£000	2013 £000
Investments					
Financial investments	9		169,907		128,943
Reinsurers' share of technical provisions					
Provision for unearned premiums		106,616		110,443	
Claims outstanding	4	278,072		260,141	
			384,688		370,584
Debtors					
Debtors arising out of direct insurance operations	10	146,467		130,350	
Debtors arising out of reinsurance operations		30,097		35,621	
Other debtors		5,984		9,609	
			182,548		175,580
Other assets					
Cash at bank and in hand		18,616		1,330	
Overseas deposits	11	53,836		61,216	
			72,452		62,546
Prepayments and accrued income					
Deferred acquisition costs		16,035		15,666	
Other prepayments		437		482	
			16,472		16,148
Total assets			826,067		753,801

Balance sheet - Liabilities
at 31 December 2014

			2014		2013
	Notes	**£000**	**£000**	**£000**	**£000**
Capital and reserves					
Members' balances	12, 17		24,530		(16,288)
Technical provisions					
Provision for unearned premiums		170,558		173,709	
Claims outstanding	4	473,625		439,819	
			644,183		613,528
Creditors					
Creditors arising out of reinsurance operations		139,874		146,971	
Creditors arising out of direct insurance operations		1,647		552	
Other creditors		7,148		2,365	
			148,669		149,888
Accruals and deferred income			8,685		6,673
Total liabilities			826,067		753,801

The financial statements on pages 12 to 27 were approved by the Board of Starr Managing Agents Limited on 17 March 2015 and were signed on its behalf by

……………………………………………………
Graham Broughton
Director
17 March 2015

Statement of cash flows
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Net cash inflow from			
Operating activities	13	15,121	22,339
Financing:			
Cash received from Corporate Name		30,098	19,472
		45,219	41,811
Cash flows were invested as follows:			
Increase /(Decrease) in cash holdings	14	17,488	(5,438)
(Decrease) /Increase in overseas deposits	14	(7,394)	9,797
Net portfolio investment	15	35,126	37,452
Net investment of cash flows		45,220	41,811

Notes to the financial statements
for the year ended 31 December 2014

1. Basis of preparation

These financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and applicable Accounting Standards in the United Kingdom and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (amended in 2006) by the Association of British Insurers. The result for the year is determined on the annual basis of accounting in accordance with UK GAAP.

The directors have a reasonable expectation that continued capital support will be in place such that the Syndicate will continue to write new business in future underwriting years of account. Accordingly they continue to adopt the going concern basis in preparing the annual accounts.

2. Accounting policies

Premiums written

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

Unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a combination of time apportionment and risk profile of the policy.

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.

Claims provisions and related recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

The provision for 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. The provision also includes the estimated cost of claims incurred but not reported ("IBNR") at the balance sheet date based on statistical methods.

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.

Notes to the financial statements (continued)
for the year ended 31 December 2014

2. Accounting policies (continued)

The reinsurers' share of provisions for claims is based on the amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

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

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Unexpired risks provision
A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred. The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return.

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

Foreign currencies
Transactions in US Dollars, Canadian Dollars and Euros are translated at average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed. Realised exchange differences are included in the technical account within net operating expenses.

US Dollars, Canadian Dollars and Euros are treated as ''branches'' under SSAP 20 and the exchange differences arising on the retranslation of opening balances in foreign currency amounts and the retranslation of the result from average rates of exchange to closing rates of exchange are taken to reserves and disclosed in the statement of total recognised gains and losses.

Notes to the financial statements (continued)
for the year ended 31 December 2014

2. Accounting policies (continued)

Investments
Investments are stated at current value at the balance sheet date. For this purpose listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

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

Realised gains and losses on investments carried at 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 year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

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

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

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

Pension costs
Starr Underwriting Agents Limited (''SUAL'') employs all UK based staff and operates a defined contribution scheme. Pension contributions relating to Syndicate staff are charged to the Syndicate and included within net operating expenses. There are no direct transactions between the Syndicate and the pension schemes.

Notes to the financial statements (continued)
for the year ended 31 December 2014

2. Accounting policies (continued)

Profit commission

Profit commission is charged by the managing agent, and is subject to a minimum result before profit commissions are payable. Profit commissions are also subject to deficit clauses resulting in the offset of losses from earlier years of account. A profit commission payable to the managing agent has been recognised in the year in relation to the 2013 year of account. No profit commission arrangement is in place with the managing agent for the 2014 year of account and none is expected to be in place for future years.

3. Segmental analysis

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

2014	Gross written premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£000	£000	£000	£000	£000	£000
Direct insurance:						
Marine, aviation and transport	52,538	50,715	(18,532)	(5,305)	(23,208)	3,670
Fire and other damage to property	23,433	25,588	(10,024)	(587)	(11,319)	3,658
Third party liability	26,415	25,249	(10,797)	(2,665)	(6,252)	5,535
Miscellaneous	8,274	10,259	(12,788)	(1,275)	3,264	(540)
	110,660	111,811	(52,141)	(9,832)	(37,515)	12,323
Reinsurance	159,311	166,776	(114,271)	(18,587)	(38,323)	(4,405)
	269,971	278,587	(166,412)	(28,419)	(75,838)	7,918

2013	Gross written premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£000	£000	£000	£000	£000	£000
Direct insurance:						
Marine, aviation and transport	50,911	57,781	(23,762)	(6,176)	(26,353)	1,490
Fire and other damage to property	20,103	18,775	(18,110)	(277)	(238)	150
Third party liability	25,541	26,070	(12,709)	(3,367)	(5,477)	4,517
Miscellaneous	5,171	12,538	(6,595)	(933)	(3,128)	1,882
	101,726	115,164	(61,176)	(10,753)	(35,196)	8,039
Reinsurance	187,287	166,668	(96,461)	(14,085)	(49,712)	6,410
	289,013	281,832	(157,637)	(24,838)	(84,908)	14,449

Notes to the financial statements (continued)
for the year ended 31 December 2014

3. Segmental analysis (continued)

The net assets of the Syndicate are managed as a whole and are not allocated to separate business segments.

All premiums were written in the UK.

The analysis of gross written premiums by geographical areas in which the risks are situated is as follows:

	2014	2013
	£000	£000
UK	14,295	9,305
Other EU countries	35,719	31,821
US	52,517	58,629
Other	167,440	189,258
Total	269,971	289,013

4. Technical Provisions

The run-off deterioration for Syndicate 1919 relating to prior year's business was £12.5m. This was mainly due to the Accident & Health class which saw an increase in exposure in the 2013 underwriting year, with relatively poor associated attritional loss experience.

Notes to the financial statements (continued)
for the year ended 31 December 2014

5. Net operating expenses

	2014 £000	2013 £000
Commission	12,702	15,379
Reinsurers share of commission	(8,113)	(7,795)
Acquisition costs	26,650	15,922
Change in DAC - Commission	1,546	381
- Acquisition costs	(1,464)	(966)
Administrative expenses	7,519	8,630
Loss on exchange	1,243	2,877
Reinsurance commissions	(11,665)	(9,590)
	28,418	24,838

Administrative expenses include:

	2014 £000	2013 £000
Auditor's remuneration		
- Audit of the financial statements for current year end	97	95
- Audit of the financial statements for prior year end	10	81
- Audit-related assurance services	67	66
	174	242

Members' personal expenses are included within administrative expenses. Administrative expenses are stated net of claims handling expenses allocated to claims paid.

6. Staff numbers and costs

No staff are employed directly by Starr Managing Agents Limited (''SMAL''), therefore no staff costs have been disclosed for 2014 (2013: nil).

7. Emoluments of the directors of Starr Managing Agents Limited

The Directors' emoluments have not been charged to the Syndicate for the 2014 year, but are retained by SUAL.

The active underwriter's emoluments are not charged to the Syndicate for the 2014 year, but are retained by SUAL.

Notes to the financial statements (continued)
for the year ended 31 December 2014

8. Investment return

	2014	2013
	£000	£000
Income from investments	2,931	2,254
(Loss) on the realisation of investments	(3,185)	(346)
Unrealised gain /(loss) on investments	975	(806)
Investment management expenses	(138)	3
	583	1,105

9. Financial investments

	Market Value		Cost	
	2014	2013	2014	2013
	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts	54,955	49,016	54,955	49,016
Debt and other fixed income securities	114,952	79,927	115,052	80,615
	169,907	128,943	170,007	129,631

All debt securities and other fixed income securities shown above are listed.

10. Debtors arising out of direct insurance operations

	2014	2013
	£000	£000
Due from group intermediaries	51,722	45,955
Due from non-group intermediaries	94,745	84,395
	146,467	130,350

11. Overseas deposits

	2014	2013
	£000	£000
Overseas deposits	53,836	61,216

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries.

Notes to the financial statements (continued)
for the year ended 31 December 2014

12. Reconciliation of members' balances

	2014	2013
	£000	£000
Members' balances brought forward at 1 January	(16,288)	(48,936)
Settlement of closed year losses by member	30,098	19,472
Profit for the financial year	8,501	15,554
Currency translation differences	3,656	(2,739)
Exchange difference on uncalled loss	(1,438)	361
Members' balances carried forward at 31 December	24,529	(16,288)

Members participate on Syndicates by reference to years of account and their ultimate result; assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year.

13. Reconciliation of operating profit to net cash inflow/ (outflow) from operating activities

	2014	2013
	£000	£000
Operating profit on ordinary activities	8,501	15,554
Changes in market value and exchange rates	(5,651)	3,189
Increase /(Decrease) in net technical provisions	16,550	(6,209)
(Increase) in debtors	(7,292)	(21,773)
Increase in creditors	793	33,956
Currency translation differences	3,725	(2,136)
Other movements	(67)	(603)
Foreign exchange movement on Member's balances	(1,438)	361
Net cash inflow from operating activities	15,121	22,339

Movements above include the impact of foreign currency retranslations.

Notes to the financial statements (continued)
for the year ended 31 December 2014

14. Movement in opening and closing portfolio investments net of financing

	2014 £000	2013 £000
Net cash inflow /(outflow) for the year	17,488	(5,438)
Cash flow		
(Decrease) /Increase in overseas deposits	(7,394)	9,797
Portfolio investments	35,126	37,452
Movement arising from cash flows	45,220	41,811
Changes in market value and exchange rates	5,651	(3,189)
Total movement in portfolio investments	50,871	38,622
Portfolio at 1 January	191,489	152,867
Portfolio at 31 December	242,360	191,489

Movement in cash, portfolio investments and financing

	At 1 January 2014 £000	Cash flow £000	Changes to market value and currencies £000	At 31 December 2014 £000
Cash at bank and in hand	1,330	17,488	(202)	18,616
Overseas deposits	61,216	(7,394)	14	53,836
Portfolio investments:				
Share and other variable yield securities and units in unit trusts	49,016	4,785	1,155	54,956
Debt and other fixed income securities	79,927	30,341	4,684	114,952
Total cash, portfolio investments and financing	191,489	45,220	5,651	242,360

Notes to the financial statements (continued)
for the year ended 31 December 2014

15. Net cash outflow on portfolio investments

	2014	2013
	£000	£000
Purchase of shares and other variable yield securities	(270,279)	(198,142)
Sale of shares and other variable yield securities	265,495	199,291
Purchase of debt and other fixed income securities	(69,965)	(71,866)
Sale of debt and other fixed income securities	39,624	33,265
Net cash(outflow) on portfolio investments	(35,125)	(37,452)

16. Related parties

FRS 8 (paragraph 3(c)) exempts the reporting of transactions between group Companies in the financial statements of Companies that are wholly owned within the group. The Syndicate has taken advantage of this exemption.

Starr Managing Agents Limited
Syndicate 1919 is managed by SMAL. SMAL is owned 100% by Starr Global Financial Inc. (Nevada).

The Syndicate's Corporate Member, Starr Syndicate Limited (''SSL'')'s immediate parent is Starr Indemnity & Liability Company (Texas) and is owned 100%.

Starr Underwriting Agents Limited
SUAL underwrites on behalf of Syndicate 1919. SUAL is owned 100% by Starr Global Financial Inc. (Nevada).

Other Starr Companies
Other companies within the Starr Companies Group have been authorised as Lloyd's Coverholders and granted binding authorities to produce business on behalf of the Syndicate for which they receive commission, and in some cases, a profit commission. All contracts are prepared using standard market wordings and are on a commercial arm's length basis.

Certain directors of SMAL and SUAL hold directorships in certain of these companies. These are disclosed to the Boards on the conflicts registers.

Syndicate 1919 purchases a global catastrophe cover from Starr Insurance & Reinsurance Limited ("SIRL") (a Bermudian regulated insurer) protecting all catastrophe exposed lines of business.

Notes to the financial statements (continued)
for the year ended 31 December 2014

16. Related parties (continued)

Again there are common directorships between these entities that are disclosed in the conflicts registers. All contracts are prepared using standard market wordings and are on a commercial arm's length basis.

With effect from 1 January 2011 SUAL are acting as coverholder to the UK branch of SIRL; SUAL is remunerated on a commission basis. SMAL has considered this and sees no material risk to the Syndicate. A protocol has been signed between all 3 parties (SIRL, SUAL and SMAL) defining the allocation of risks to the two carriers.

With effect from 1 January 2014 SMAL are writing Lloyd's consortium business for the 2014 year of account for which SMAL receives a consortium management fee and binding authority commission. Prior to this period the Syndicate participated in a number of consortia managed by SUAL for which SUAL received a consortium management fee and binding authority commission.

17. Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's ("FAL"). These funds are intended primarily to cover circumstances where Syndicate assets prove insufficient to meet participating members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the managing agent, no amount has been shown in these financial statements by way of such capital resources. However, should the corporate member fail to meet their financial obligations when called to meet a loss or cash call, the managing agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

For 2014 the corporate member (Starr Syndicate Limited) has three separate capital providers and a document has been lodged with Lloyd's providing a preferred schedule of draw down order should such a call on the FAL be necessary. SMAL will seek to abide by this request wherever possible.