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Amlin Underwriting Limited
Syndicate 2001

2014 Annual Report

Contents

Five year financial highlights

Year ended 31 December	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Syndicate allocated capacity	**1,400.0**	1,400.0	1,175.0	1,035.0	1,050.0
Gross written premiums	**1,537.9**	1,471.7	1,470.1	1,302.7	1,212.2
Net written premiums	**1,135.0**	1,043.7	1,060.2	965.2	907.9
Net earned premiums	**1,101.9**	1,007.8	1,001.4	929.1	844.0
Net claims incurred	**(605.2)**	(516.8)	(548.2)	(630.8)	(410.8)
Expenses	**(415.8)**	(411.6)	(400.1)	(347.1)	(318.7)
Investment return	**38.9**	50.1	41.8	17.8	76.5
Profit/(loss) for the financial year	**119.8**	129.5	94.9	(31.0)	191.0
Claims ratio	**55%**	51%	55%	68%	49%
Expense ratio	**35%**	38%	37%	35%	35%
Combined ratio	**90%**	89%	92%	103%	84%

The Syndicate performance data shown in the table above is presented on an annual accounting basis and in accordance with Generally Accepted Accounting Principles in the United Kingdom (UK GAAP).

In calculating the expense and combined ratios, personal expenses payable to the managing agency of £33.8 million have been excluded.

Directors and administration

Managing agent
Amlin Underwriting Limited

Directors
S C W Beale
Non-executive

G A M Bonvarlet
Independent non-executive

T A Bowles

N J C Buchanan
Independent chairman

M R Clements

A J Golding
Finance Director

E C Graham

D G Peters

A P Springett
Chief Executive Officer

M J Taffs

D Thornton
Independent non-executive

D G Turner

Company Secretary
Z M P Kubiak

Managing agent's registered office
St Helen's
1 Undershaft
London EC3A 8ND

Managing agent's registered number
2323018

Report of the directors of the managing agent

The directors of the managing agent ("the Company") present their report for Syndicate 2001 ("the Syndicate") for the year ended 31 December 2014.

The annual report is prepared using the annual basis of accounting as required by Statutory Instrument No. 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

1. Strategic Report

Principal activity and review of the business

The principal activity of Syndicate 2001 remains the transaction of general insurance and reinsurance business in the United Kingdom.

The total premium income capacity of the Syndicate for each of the years of account open during 2014 was as follows:

	£m
2012 year of account	1,175.0
2013 year of account	1,400.0
2014 year of account	1,400.0

The result for calendar year 2014 is a profit of £119.8 million (2013: £129.5 million).

Underwriting contributed a profit of £80.9 million (balance on the technical account less allocated investment return) (2013: £79.4 million) with the overall combined ratio increasing to 90% (2013: 89%).

Net earned premiums increased by 9.3% to £1,101.9 million (2013: £1,007.8 million).

The underwriting profit includes releases from reserves established in prior years of £8.2 million (2013: £52.4 million).

Operating expenses include a foreign exchange gain of £9.4 million in 2014 (2013: £4.1 million loss) arising from the translation of foreign currency net positions at closing rates of exchange.

Investments (net of investment expenses) contributed returns of £38.9 million (2013: £50.1 million). Syndicate underlying assets, held principally in bonds and cash, generated £18.2 million at a return of 1.7% (2013: £11.6 million and 1.1%). Corporate member capital contributed a return of £20.7 million (3.5%) (2013: £38.5 million, 6.6%).

Underwriting performance

	2014 £m	2013 £m
Gross written premiums	**1,537.9**	1,471.7
Net written premiums	**1,135.0**	1,043.7
Net earned premiums	**1,101.9**	1,007.8
Claims ratio %	**55**	51
Expense ratio %	**35**	38
Combined ratio %	**90**	89

Gross written premiums increased to £1,537.9 million (2013: £1,471.7 million), in spite of an average rate decrease of 3.4% (2013: 0.4% increase).

Until September 2014 the Syndicate operations were organised across three divisions; Amlin London, Amlin UK, and France. Amlin PLC has since undertaken a global reorganisation whereby the business is split into three Strategic Business Units; Reinsurance, Property and Casualty, and Marine and Aviation. For 2014 this report continues to provide analysis under the historic structure.

Amlin London generated £1,212.2 million of written income, an increase of £76.4 million on the prior year (2013: £1,135.8 million). Amlin UK premiums decreased by £6.3 million due to the decision to switch the Financial Institutions (FI) and Professional Indemnity (PI) classes from Amlin UK to Amlin London following internal reorganisation. Amlin France premiums decreased by £3.9 million to £1.7 million (2013: £5.6 million). The majority of Amlin France business previously written through Syndicate 2001 is now underwritten through the French branch of Amlin Europe N.V.

The Syndicate's claims ratio increased to 55% (2013: 51%), reflecting the significant losses experienced in 2014 in relation to the Nebraskan Tornados (£26.7 million), aviation war account (£10.5 million) and the UK storms (£8.3 million). The total large risk losses incurred by the Syndicate during 2014 amounted to £60.6 million (2013 calendar year: £55.9 million). There has also been a reduction in prior year reserve releases, in particular impacted by deterioration on the New Zealand earthquake claims amounting to £8.5 million for the year.

The movement in the expense ratio of 3% to 35% (2013: 38%) largely reflects a foreign exchange gain of £9.4 million in 2014 compared with a loss in the prior year of £4.1 million.

In calculating the expense and combined ratios, personal expenses payable to the managing agency of £33.8 million have been excluded.

Divisional performance

Amlin London	**2014 £m**	2013 £m
Gross written premiums	**1,212.2**	1,135.8
Net written premiums	**859.6**	763.1
Net earned premiums	**825.0**	724.3
Claims ratio %	**50**	47
Expense ratio %	**35**	38
Combined ratio %	**85**	85

Amlin London saw a softening rating environment in 2014, with an average rate decrease of 5.1% for the year (2013: increase of 0.5%).

Gross written premiums increased by 6.7% over 2014 to £1,212.2 million (2013: £1,135.8 million). Growth was primarily driven by Property and Casualty due to the transfer of FI and PI from Amlin UK into the business unit, amounting to £42.8 million. The switch of FI and PI is not included in the prior year comparative. New business added to Property and Casualty has also contributed with initiatives to broaden US property facility and international casualty classes.

The combined ratio remained stable at 85% (2013: 85%). The claims ratio increased to 50% (2013: 47%) reflecting the losses from the Nebraska tornados and European Hailstorms in the calendar year, coupled with a reduction in prior year reserve releases to £7.5 million (2013: £43.7 million). The aviation war account was also heavily impacted by large risk losses in the year from the two Malaysian Airlines hull losses and the terrorist attacks on Tripoli Airport. The expense ratio was 35% (2013: 38%).

Amlin UK	2014 £m	2013 £m
Gross written premiums	**324.0**	330.3
Net written premiums	**273.5**	275.7
Net earned premiums	**275.0**	272.1
Claims ratio %	**71**	63
Expense ratio %	**35**	36
Combined ratio %	**106**	99

Gross written premiums were £324.0 million, a decrease of 1.9% on the prior period (2013: £330.3 million) as a consequence of the switch from UK to London of the FI and PI classes. Average rate increases continued but rises were smaller at 3.3% (2013: 4.9%) supported by Fleet (5.4%) and Employer's Liability (4.2%).

The combined ratio increased to 106% (2013: 99%). The claims ratio increased to 71% (2013: 63%) due to £8.3 million UK storm losses and a higher than normal frequency of large losses on the commercial motor account, particularly the Haulage sub sector. 2014 also saw prior year reserves releases of £0.1 million (2013: £10.1 million releases). The expense ratio of 35% (2013: 36%) remains stable.

Amlin France contributed £1.7 million of gross written premiums in 2014, a reduction of 69.6% on the prior year (2013: £5.6 million) and is mostly adjustments on accruals to ultimate. The majority of its business is underwritten through the French branch of Amlin Europe N.V. from 1 January 2013 and this business is now in run-off in the syndicate. The claims incurred greatly reduced culminating in prior year reserve releases of £0.6 million, with 2013 having seen several large claims in the Leisure class. The expense ratio decreased to 20% (2013: 42%) driven by a French corporate income tax rebate.

Investment performance

The Syndicate produced an investment return of £38.9 million in the year (2013: £50.1 million). Syndicate underlying assets, predominantly bonds and overseas deposits, generated £18.2 million at a return of 1.7% (2013: £11.6 million and 1.1%). Corporate member capital generated a gain of £20.7 million at a return of 3.5% (2013: £38.5 million and 6.6%).

As has been the case in recent years, 2014 economic growth undershot forecasters' initial expectations; this was partly due to exogenous factors, such as the extreme cold weather in the US and Russia's annexing of Crimea during the first quarter. Policy has also played its part, such as the ongoing rebalancing of the Chinese economy towards consumption and the impact of the sales tax increase in Japan. After two years of recession the Eurozone economy grew in 2014 but austerity and deleveraging remain headwinds to growth and are disinflationary.

Our global property and equity portfolios performed well during the year, although our overall return was muted by our equity hedging programme. We retained our defensive stance towards interest rate risk throughout 2014, which meant that we did not capture the full benefit of the pull back in bond yields to new historical lows. We reduced our allocation towards credit during the year on concerns over both valuations and liquidity, reallocating the proceeds towards property and equity.

At 31 December 2014, investments amounted to £1,664.8 million (2013: £1,538.4 million). Directly held short-dated bonds accounted for 27.1% of the portfolio (2013: 28.5%) with the residual of the portfolio held mostly in collective investment schemes and shares. The bond portfolio remains of a high quality with 73.3% of the portfolio government and government agency backed, 9.5% AAA-rated non-government and 15.8% AA or A-rated non-government.

The principal risks and uncertainties of the business are addressed within the notes to the financial statements on pages 12 to 18.

2. Directors' Report

Future developments

Syndicate 2001's underwriting capacity for 2015 is £1,400 million (2014: £1,400 million). The Syndicate will continue to transact predominantly the current classes of general insurance and reinsurance business.

Directors

Each director at the date of the 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 any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

The current directors of the managing agent are shown on page 3. Since 1 January 2014, the following changes to the Board of Directors have occurred:

Name	Date of appointment
M R Clements	2 December 2014
M J Taffs	2 December 2014
D G Peters	9 December 2014

Name	Date of resignation
B D Carpenter	31 January 2014
K Allchorne	31 December 2014
J le T Illingworth	31 December 2014
S R McMurray	31 December 2014
D F Overall	18 February 2015

The Syndicate has considerable financial resources to meet its financial needs and manages a mature portfolio of insurance risk through an experienced and stable team. The directors believe that the Syndicate is well positioned to manage its business risks successfully in the current economic environment.

After making enquiries, the directors have a reasonable expectation that the Syndicate has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Independent auditors

The managing agent intends to reappoint PricewaterhouseCoopers LLP as the Syndicate's auditors.

3. Statement of managing agent's responsibilities

The managing agent is responsible for preparing the Syndicate annual report and annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") require the managing agent to prepare Syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The annual accounts are required by law to 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, Amlin Underwriting Limited is required to:

- select suitable accounting policies which are applied consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that the Syndicate will do so; and
- follow applicable UK accounting standards, subject to any material departures disclosed and explained in the annual report.

Amlin Underwriting Limited 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 annual accounts comply with the 2008 Regulations. It is also responsible for the system of internal control, for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

By order of the Board

A P Springett
Chief Executive Officer

24 February 2015

Independent auditor's report
to the member of Syndicate 2001

Report on the syndicate annual accounts

Our Opinion
In our opinion the syndicate annual accounts, defined below:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2014 and of its profit and cash flows 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

What we have audited
The syndicate annual accounts for the year ended 31 December 2014, which are prepared by the Managing Agent, comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss account for the year then ended;
- the cash flow statement; and
- the notes to the syndicate annual accounts, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the syndicate annual accounts is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Managing Agent has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on matter prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008
In our opinion the information given in the Managing Agent's Report for the financial year for which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts.

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

- we have not received all the information and explanations we require for our audit; or
- the Managing Agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual accounts are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Responsibilities for the syndicate annual accounts and the audit
Our responsibilities and those of the Managing Agent
As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 6, the Managing Agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the syndicate annual accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with section 10 of part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 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 in to whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of syndicate annual accounts involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the syndicate annual accounts sufficient to give reasonable assurance that the syndicate annual accounts 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 syndicate annual accounts.

We primarily focus our work in these areas by assessing the Managing Agent's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the syndicate annual accounts.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited syndicate annual accounts 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.

Nick Wilks
Senior Statutory Auditor
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24 February 2015

Profit and loss account

For the year ended 31 December 2014

Technical account – general business	Notes	2014 £m	2013 £m
Earned premiums, net of reinsurance			
Gross written premiums	3	**1,537.9**	1,471.7
Outward reinsurance premiums		**(402.9)**	(428.0)
Net written premiums		**1,135.0**	1,043.7
Change in the provision for unearned premiums			
Gross amount		**(38.1)**	(40.8)
Reinsurers' share		**5.0**	4.9
Change in the net provision for unearned premiums		**(33.1)**	(35.9)
Earned premiums, net of reinsurance		**1,101.9**	1,007.8
Allocated investment return transferred from the non-technical account		**18.2**	11.6
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		**(737.0)**	(758.9)
Reinsurers' share		**162.2**	213.1
Net claims paid		**(574.8)**	(545.8)
Change in the provision for claims			
Gross amount		**(70.5)**	85.8
Reinsurers' share		**40.1**	(56.8)
Change in the net provision for claims		**(30.4)**	29.0
Claims incurred, net of reinsurance		**(605.2)**	(516.8)
Net operating expenses	5	**(415.8)**	(411.6)
Balance on the technical account for general business		**99.1**	91.0

All operations of the Syndicate are continuing.

Non-technical account – general business	Notes	2014 £m	2013 £m
Balance on the general business technical account		**99.1**	91.0
Investment income	8	**14.1**	23.6
Realised gain on investments	8	**17.8**	9.4
Unrealised gain on investments	8	**8.4**	21.3
Investment expenses and charges	8	**(1.4)**	(4.2)
Allocated investment return transferred to general business technical account		**(18.2)**	(11.6)
Profit for the financial year		**119.8**	129.5

There were no recognised gains or losses during the current or preceding year other than those included in the profit and loss account. Therefore no statement of total recognised gains and losses has been presented.

Balance sheet
At 31 December 2014

	Notes	2014 £m	2013 £m
Investments			
Financial investments	9	**1,664.8**	1,538.4
Reinsurers' share of technical provisions			
Provision for unearned premiums		**149.3**	150.7
Claims outstanding		**430.8**	395.9
		580.1	546.6
Debtors			
Debtors arising out of direct insurance operations	10	**116.1**	117.7
Debtors arising out of reinsurance operations		**550.5**	516.2
Other debtors		**277.5**	280.5
		944.1	914.4
Other assets			
Cash at bank and in hand		**4.7**	2.8
Overseas deposits	11	**111.6**	140.6
		116.3	143.4
Prepayments and accrued income			
Deferred acquisition costs		**198.0**	183.7
Other prepayments and accrued income		**26.6**	24.9
		224.6	208.6
Total assets		**3,529.9**	3,351.4
Capital and reserves			
Member's balances	12	**663.4**	588.0
Technical provisions			
Provision for unearned premiums		**796.8**	759.7
Claims outstanding		**1,657.7**	1,537.0
		2,454.5	2,296.7
Creditors			
Creditors arising out of direct insurance operations		**2.8**	–
Creditors arising out of reinsurance operations		**223.4**	251.9
Other creditors		**185.8**	214.8
		412.0	466.7
Total liabilities		**3,529.9**	3,351.4

The financial statements on pages 8 to 26 were approved and authorised for issue by the Board of Directors of Amlin Underwriting Limited and signed on its behalf by:

A J Golding
Finance Director

24 February 2015

Cashflow statement
For the year ended 31 December 2014

	Notes	2014 £m	2013 £m
Net cash inflow from operating activities	13	**110.7**	121.3
Transfer to member in respect of underwriting participations	12	**(60.6)**	(110.2)
		50.1	11.1
Cashflows were invested as follows:			
Increase/(decrease) in cash holdings	14	**2.0**	(17.6)
Decrease in overseas deposits	14	**(27.5)**	(12.4)
Net portfolio investment			
– Purchase of investments	15	**866.2**	1,005.4
– Sale of investments	15	**(790.6)**	(964.3)
Net application of cashflows		**50.1**	11.1

Notes to the financial statements

For the year ended 31 December 2014

1. Basis of preparation
These financial statements have been prepared on a going concern basis using the annual basis of accounting as required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the Regulations") and applicable Accounting Standards in the United Kingdom. The recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2006 by the Association of British Insurers have been adopted, except that exchange differences are dealt with in the technical account and gross written premiums are stated net of profit commission.

Accounting policies
The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior years.

Insurance contracts premiums
Gross written premiums comprise premiums on insurance contracts incepting during the financial year. The estimated premiums income in respect of facility contracts is deemed to be written in full at the inception of the contract. Premiums are disclosed before the deduction of brokerage and taxes or duties levied on them when these are payable by the Syndicate. Estimates are included for premiums receivable after the period end but not yet notified, as well as adjustments made in the year to premiums written in prior accounting periods.

Premium is recognised as earned over the policy contract period. The earned element is calculated separately for each contract on a basis where the premium is apportioned over the period of risk. For premium written under facilities, the earned element is calculated based on the estimated inception date and coverage period of the underlying contracts.

The estimation of earned premium uses judgement about the profile of risk over the coverage period of (re)insurance contracts. During 2014, improvements in those estimates have been made to better reflect the seasonal nature of certain classes of business. This more closely aligns the earning of premium with the seasonal basis of reserving claims and the impact should be considered in conjunction with the offsetting effect of moving to an actuarial-led reserving process. Such enhancements follow the move to actuarial-led best estimate reserving and the ongoing development of new finance systems. The impact on net earned premium in 2014 is £10.2 million.

The proportion of premiums written, gross of commission payable, attributable to periods after the balance sheet date is deferred as a provision for unearned premiums. The change in this provision is taken to the income statement in order that revenue is recognised over the period of the risk.

Acquisition costs comprise brokerage incurred on insurance contracts written during the financial year. They are incurred on the same basis as the earned proportions of the premiums they relate to. Deferred acquisition costs are amortised over the period in which the related revenues are earned. Deferred acquisition costs are reviewed at the end of each reporting period and are written off where they are no longer considered to be recoverable.

Reinsurance premiums ceded
Reinsurance premiums ceded comprises the cost of reinsurance arrangements placed and is accounted for in the same accounting period as the related insurance contracts. The provision for reinsurers' share of unearned premiums represents that part of reinsurance premiums written which is estimated to be earned in following financial years.

Insurance contracts liabilities: claims
Claims paid are defined as those claims transactions settled up to the balance sheet date including the internal and external claims settlement expenses allocated to those transactions. The reinsurers' share represents recoveries received from reinsurance protections in the period plus recoveries receivable against claims paid that have not been received at the balance sheet date, net of any provision for bad debt. Where applicable, deductions are made for salvage and other recoveries.

Claims reserves are estimated on an undiscounted basis. Provisions are subject to a detailed quarterly review where forecast future cashflows and existing amounts provided are reviewed and reassessed. Any changes to the amounts held are adjusted through the income statement. Provisions are established above an actuarial best estimate so there is a reasonable chance of release from one underwriting year to the next.

Claims reserves are made for known or anticipated liabilities under insurance contracts which have not been settled up to the balance sheet date. Included within the provision is an allowance for the future costs of settling those claims. This is estimated based on past experience and current expectations of future cost levels.

The claims provision also includes, where necessary, a reserve for unexpired risks where, at the balance sheet date, the estimated costs of future claims and related deferred acquisition costs are expected to exceed the unearned premiums provision. In determining the need for an unexpired risk provision the underwriting divisions within the Syndicate have been regarded as groups of business that are managed together.

Although the claims provision is considered to be reasonable, having regard to previous claims experience (including the use of certain statistically based projections) and case by case reviews of notified losses, on the basis of information available at the date of determining the provision, the ultimate liabilities will vary as a result of subsequent information and events. These adjustments are reflected in the financial statements for the period in which the related adjustments are made.

Investments
Listed investments are stated at market value, based on a bid price, at the close of business on the balance sheet date. The cost of Syndicate investments held at the balance sheet date is deemed to be the aggregate of the value of investments held at the opening balance sheet date, plus the cost of any new investments acquired, less any sales made, during the year. Unlisted variable yield securities are valued using internal models, based principally upon management's assumptions, or upon valuations provided by the fund manager. The value of participation in investment pools is based upon adjusted, quoted and executable prices provided by the fund manager.

Overseas deposits
Overseas deposits are stated at the market value, based on a bid price, ruling at the balance sheet date.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into. Fair values for over-the-counter derivatives are supplied by the relevant counterparty. Changes in the fair value of derivative instruments are recognised immediately in the profit and loss account. Changes in the fair value of derivatives held to hedge against unmatched foreign exchange exposure are hedge accounted within other operating expenses where they offset foreign exchange gains and losses.

Investment return
The investment return comprises investment income, investment gains less losses, and is net of investment expenses and charges.

Realised gains or losses are calculated as the difference between the net sales proceeds and their purchase price in the financial year or their valuation at the commencement of the year. Unrealised gains and losses are calculated as the difference between the valuation of investments at the balance sheet date and their purchase price in the financial year or their valuation at the commencement of the year.

All of the investment return arising in the year is reported initially in the non-technical account. A transfer is then made from the non-technical account to the technical account.

Taxation
No provision has been made in respect of UK income tax on trading income. It is the responsibility of the member to settle their tax liabilities. Overseas taxation comprises US Federal Income tax and Canadian Federal Income tax. The amounts charged to the member are collected centrally through Lloyd's Members' Services Unit as part of the member's distribution process. The ultimate tax liability is the responsibility of the underwriting member.

Foreign currencies
The Syndicate maintains seven separate currency funds, namely Sterling, US dollars, Euros, Canadian dollars, New Zealand dollars, Australian dollars and Japanese yen.

Transactions denominated in foreign currencies are translated into Sterling using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities, expressed in US dollars, Euros, Canadian dollars, New Zealand dollars, Australian dollars and Japanese yen are translated into Sterling at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at the average rate prevailing in the period in which the asset or liability first arose.

Assets and liabilities expressed in other foreign currencies have been translated at the rates of exchange at the balance sheet date. Where contracts to sell currency for Sterling have been entered into prior to the year end, the contracted rates have been used.

Differences arising on translation of foreign currency amounts in the Syndicate are included in other operating expenses.

Insurance debtors and creditors
In the normal course of business, for the majority of contracts, settlement is required to be made with Lloyd's Central Accounting, the market settlement bureau, on the basis of the net balance due to or from insurance brokers in total rather than the amounts due to or from the individual parties which they represent. The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Accordingly, insurance debtors and creditors, as presented, in respect of both Lloyd's Central Accounting settled business and business that is settled direct with brokers and service companies, comprise respectively the totals of all the Syndicate's individual outstanding debit and credit transactions before any offset. The resultant totals give no indication of future net cashflows.

Syndicate operating expenses
Costs incurred by the managing agent exclusively for the Syndicate are charged to the Syndicate on an accruals basis.

Expenses incurred jointly by the managing agent and the Syndicate are charged through an annual management charge. The charge reflects the expected costs of services to be provided to the Syndicate and does not include any profit element.

Retirement benefit costs
Pension contributions are charged to the profit and loss account when due.

2. Principal risks and uncertainties
Underwriting risk
The Syndicate accepts underwriting risk in a range of classes of business through three distinct underwriting divisions. The bias of the portfolio is towards short-tail property and accident risk but liability coverage is also underwritten.

In underwriting insurance or reinsurance policies the Syndicate's underwriters use their skill, knowledge and data on past claims experience to evaluate the likely claims cost and therefore the premiums that should be sufficient (across a portfolio of risks) to cover claims costs, expenses and to produce an acceptable profit. However, due to the nature of insurance risk there is no guarantee that the premiums charged will be sufficient to cover claims costs. This shortfall may originate either from insufficient premiums being calculated and charged or result from an unexpected, or unprecedented, high level of claims.

A number of controls are deployed to limit the amount of insurance exposure underwritten. Each year a business plan is prepared and agreed which is used to monitor the amount of premium income, and exposure, to be written in total and for each class of business. Progress against this plan is monitored during the year. The Syndicate also operates under a line guide which determines the maximum liability per policy which can be written for each class and for each underwriter. These can be exceeded in exceptional circumstances but only with the approval of senior management. Apart from the UK, and some of the international, comprehensive motor liability portfolio, which has unlimited liability, all policies have a per loss limit which caps the size of any individual claims. For larger sum insured risks reinsurance coverage may be purchased. The Syndicate is also exposed to catastrophe losses which may impact many risks in a single event and again reinsurance is purchased to limit the impact of loss aggregation from such events. These reinsurance arrangements are described in the reinsurance arrangements section below.

Insurance liabilities are written through individual risk acceptances, reinsurance treaties or through facilities whereby Amlin is bound by other underwriting entities. Facility arrangements delegate underwriting authority to other underwriters, or to agents acting as coverholders, that use their judgement to write risks on our behalf under clear authority levels.

The insurance liabilities underwritten by the Syndicate are reviewed on an individual risk, or contract, basis and through review of portfolio performance. All claims arising are reserved upon notification. Each quarter the entire portfolio of business is subject to a reserving process whereby levels of paid and outstanding (advised but not paid) claims are reviewed. To establish a provision for IBNR claims, the actuarial team uses their experience and knowledge of the classes of business to estimate the potential future development of the incurred claims for each class for each underwriting year. This is known as the 'best estimate'. In setting the IBNR provision, estimates are made for the ultimate premium and ultimate gross claims value for each underwriting year. Allowance is then made for anticipated reinsurance recoveries to reach a net claim position. Reinsurance recoveries are calculated for outstanding and IBNR claims, sometimes through the use of historical recovery rates or statistical projections, and provisions are made as appropriate for bad debt or possible disputes. The component of ultimate IBNR provision estimates and reinsurance recoveries that relates to future events occurring to the existing portfolio is removed in order to reflect generally accepted accounting practice. Meetings are initially held for each business unit in which underwriters and actuaries discuss the initial proposed estimates and revise them if it is felt necessary. At the next round of meetings, management discuss reserving issues with the actuaries and underwriters and challenge the proposed estimates. At this meeting, management propose the 'margin' for risk to be added to the best estimate, assisted by diagnostics produced from the internal model. The margin is proposed on a net of reinsurance basis only. Further meetings are then held at which further review and challenge is provided by central teams, led by Amlin Risk.

The review of claims arising may result in underwriters adjusting pricing levels to cater for an unexpectedly higher trend of claims advices or payments. However, this may not be possible in a competitive market and underwriters may respond either by accepting business with lower expected profit margins or declining to renew policies and thus reducing income. Also, there is a portfolio of risk already underwritten which cannot be re-priced until renewal at the end of the policy period.

Reinsurance arrangements

The Syndicate purchases proportional reinsurance to supplement line size and to reduce exposure on individual risks. A part of the premiums ceded under such facilities is placed with Amlin Bermuda and Amlin Europe N.V. under variable quota share agreements. Additionally, a 17.5% quota share arrangement of Syndicate 2001 is written by Amlin Bermuda. The Syndicate also purchases a number of excess of loss reinsurances to protect itself from severe frequency or size of losses. The structure of the programme and type of protection bought will vary from year to year depending on the availability and price of cover.

For the 2014 underwriting year, Syndicate 2001 has ceded 0.0% (2011 underwriting year: 13.0%, 2012 underwriting year: 10.0%, 2013 underwriting year: 10.0%) of certain excess of loss aviation, marine, property catastrophe, property per risk and terrorism accounts to special purpose Syndicate 6106. For the 2015 underwriting year, Syndicate 2001 will not cede any business to Syndicate 6106.

Realistic Disaster Scenario (RDS) analysis

The Syndicate has a defined event risk tolerance, which determines the maximum net loss that the Syndicate intends to limit its exposure to, from major catastrophe event scenarios. At 31 December 2014 the maximum was £195 million for the Syndicate (2013: £170 million).

These maximum losses are expected only to be incurred in extreme events – with an estimated occurrence probability for the elemental losses of less than 1 in 100 years for each relevant natural peril region. The Syndicate also adopts risk tolerance maximum net limits for a number of other non-elemental scenarios including aviation collision and North Sea rig loss.

The risk tolerance policy recognises that there may be circumstances in which the net event limit could be exceeded. Such circumstances include non-renewal or delay in renewal of reinsurance protection, reinsurance security failure, or regulatory and legal requirements.

A detailed analysis of catastrophe exposures is carried out every quarter and measured against the event risk tolerance. The following assumptions and procedures are used in the process:

- The data used reflects the information supplied to the Syndicate by insureds and ceding companies. This may prove to be inaccurate or could develop during the policy period.

- The exposures are modelled using a mixture of stochastic models and underwriter input to arrive at damage factors – these factors are then applied to the assumed aggregate exposure to produce gross loss estimates. The damage factors may prove to be inadequate.

- The reinsurance programme as purchased is applied – a provision for reinsurer counterparty failure is analysed but may prove to be inadequate.

- Reinstatement premiums both payable and receivable are included.

There is no guarantee that the assumptions and techniques deployed in calculating these event loss estimate figures are accurate. Furthermore, there could also be a loss which exceeds these figures. The likelihood of such a catastrophe is considered to be remote but the most severe scenarios modelled are simulated events and these simulations could prove to be unreliable.

Claims reserves

Claims reserves established can be more or less than adequate to meet eventual claims arising. The level of uncertainty varies significantly from class to class but can arise from inadequate case reserves for known large losses and catastrophes or from inadequate provision for IBNR. The impact on profit of a 1% variation in the total net claims reserves would be £12.3 million (2013: £11.4 million).

Large loss case reserves are determined through careful analysis of the individual claim, often with the advice of legal advisers. Liability claims arising from events such as the 11 September 2001 terrorist attacks in the US and, more recently, the 2010 and 2011 New Zealand earthquakes, are examples of cases where there continues to be some uncertainty over the eventual value of claims.

Property catastrophe claims such as earthquake, hurricane or flood losses can take several months, or years, to develop as adjusters visit damaged property and agree claim valuations. Until all the claims are settled it requires an analysis of the area damaged, contracts exposed and the use of models to simulate the loss against the portfolio of exposure in order to arrive at an estimate of ultimate loss to the Syndicate. There may be uncertainty over the adequacy of information and modelling of major losses for a period of several months or years after a catastrophe loss. Account should also be taken of factors which may influence the size of claims such as increased inflation or a change in law.

The long tail liability classes, for which a large IBNR provision has to be established, represent the most difficult classes to reserve because claims are notified and settled several years after the expiry of the policy concerned. This is particularly the case for US liability business.

The use of historical development data, adjusted for known changes to wordings or the claims environment, is fundamental to reserving these classes. It is used in conjunction with the advice of lawyers and third party claims adjusters on material single claims.

The allocation of IBNR to the reinsurance programme is an uncertain exercise as there is limited knowledge of the size or number of future claims advices. The assumption over future reinsurance recoveries may be incorrect and unforeseen disputes could arise which would reduce recoveries made.

Credit risk

Credit risk is the risk that the Syndicate becomes exposed to loss if a counterparty fails to perform its contractual obligations, including failure to perform them in a timely manner. Credit risk could therefore have an impact upon the Syndicate's ability to meet its claims as they fall due. Credit risk can also arise from underlying causes that have an impact upon the creditworthiness of all counterparties of a particular description or geographical location. The Syndicate's credit risk is mitigated by the collateral received from counterparties. Syndicate 2001 is exposed to credit risk in its investment portfolio and with its premium and reinsurance debtors.

As well as actual failure of a counterparty to perform its contractual obligations, the price of corporate bond holdings will be affected by investors' perception of a borrower's ability to perform these duties in a timely manner. Credit risk within the investment funds is managed through the credit research carried out by the investment managers. The Syndicate's investment guidelines are designed to mitigate credit risk by ensuring diversification of the holdings. For each portfolio there are limits to the exposure to single issuers and to the total amount that can be held in each credit quality rating category, as determined by reference to credit rating agencies. At 31 December 2014, investments amounted to £1,664.8 million (2013: £1,538.4 million). Directly held short-dated bonds accounted for 27.1% of the portfolio (2013: 28.5%). The residual of the portfolio was held mostly in collective investment schemes and shares. The bond portfolio remains high quality, as illustrated by the asset allocation table shown below. The credit ratings on debt securities are State Street composite ratings based on Standard & Poor's, Moody's and Fitch.

The credit risk in respect of reinsurance debtors, including reinsurers' share of outstanding claims, is primarily managed by review and approval of reinsurance security, by the Syndicate's Reinsurance Security Committee, prior to the purchase of the reinsurance contract. Guidelines are set, and monitored, that restrict the purchase of reinsurance security based on rating agency review and the Syndicate's own ratings for each reinsurer. The Syndicate holds collateral from certain reinsurers including those that are non-rated as security against potential default. Provisions are made against the amounts due from certain reinsurers, depending on the age of the debt and the current rating assigned to the reinsurer.

Credit risk in respect of premium debt is overseen by the Syndicate's Broker Committee. The key controls include broker approval, annual financial review and internal rating of brokers and regular monitoring of premium settlement performance.

The table below shows the breakdown at 31 December 2014 of the exposure of the bond portfolio, liquidity funds and insurance and reinsurance receivables by credit quality.

31 December 2014	**Debt securities £m**	**%**	**Participation in investment pools £m**	**%**	**Insurance and reinsurance receivables £m**	**%**	**Reinsurers' share of outstanding claims £m**	**%**
AAA	**361.3**	**80.1**	**85.4**	**100.0**	**–**	**–**	**1.9**	**0.4**
AA	**28.2**	**6.3**	**–**	**–**	**1.0**	**0.2**	**39.6**	**9.2**
A	**47.9**	**10.6**	**–**	**–**	**72.2**	**10.8**	**384.8**	**89.3**
BBB	**11.9**	**2.6**	**–**	**–**	**–**	**–**	**0.4**	**0.1**
Other	**1.8**	**0.4**	**–**	**–**	**593.4**	**89.0**	**4.1**	**1.0**
	451.1	**100.0**	**85.4**	**100.0**	**666.6**	**100.0**	**430.8**	**100.0**

31 December 2013	Debt securities £m	%	Participation in investment pools £m	%	Insurance and reinsurance receivables £m	%	Reinsurers' share of outstanding claims £m	%
AAA	322.7	73.7	108.7	100.0	3.6	0.6	6.8	1.7
AA	21.1	4.8	–	–	1.3	0.2	48.0	12.1
A	85.3	19.5	–	–	74.2	11.7	334.3	84.5
BBB	3.4	0.8	–	–	–	–	–	–
Other	5.3	1.2	–	–	554.8	87.5	6.8	1.7
	437.8	100.0	108.7	100.0	633.9	100.0	395.9	100.0

Valuation risk
The Syndicate's earnings are directly affected by changes in the valuations of the investments held in the portfolios. These valuations vary according to the movements in the underlying markets. The Syndicate's assets are marked to market at bid price. Prices are supplied by the custodians, whose pricing processes are covered by their published annual audits. In accordance with their pricing policies, prices are sourced from market recognised pricing vendor sources. These pricing sources use closing trades, or where more appropriate in illiquid markets, pricing models. Property funds are based on the most recent price available, which in some instances may be a quarter in arrears. Where a property transaction has taken place the transaction price is used if it is the most recent price available.

The valuation of investments is sensitive to equity risk. The impact on profit before tax of a 1% improvement/deterioration in the total market value of shares and other variable yield securities would be a £3.6 million gain/loss (2013: £2.7 million).

Interest rate risk
Investors' expectations for interest rates will impact bond yields. The value of the Syndicate's bond holdings is therefore subject to fluctuation as bond yields rise and fall. If the yield falls the capital value will rise, and vice versa. The sensitivity of the price of a bond is indicated by its duration. The greater the duration of a security the greater its price volatility. Typically the longer the maturity of a bond the greater its duration.

An indication of the potential sensitivity of the value of the bond and cash funds to changes in yield is shown below.

Shift in yield (basis points)	Sterling%	US$%	CAN$%	Euro%	NZD%	JPY%	Capital Sterling%
100	**(0.6)**	**(2.0)**	**(0.6)**	**(0.9)**	**1.4**	**1.4**	**(0.7)**
75	**(0.4)**	**(1.5)**	**(0.4)**	**(0.7)**	**1.0**	**1.1**	**(0.5)**
50	**(0.3)**	**(1.0)**	**(0.3)**	**(0.4)**	**0.7**	**0.7**	**(0.3)**
25	**(0.1)**	**(0.6)**	**(0.1)**	**(0.2)**	**0.3**	**0.4**	**(0.2)**
-25	**0.1**	**0.5**	**0.1**	**0.2**	**(0.4)**	**(0.4)**	**0.2**
-50	**0.2**	**0.9**	**0.3**	**0.5**	**(0.7)**	**(0.7)**	**0.3**
-75	**0.3**	**1.4**	**0.4**	**0.7**	**(1.1)**	**(1.1)**	**0.5**
-100	**0.4**	**1.8**	**0.6**	**0.9**	**(1.4)**	**(1.4)**	**0.7**

Foreign exchange risk

Policyholders' assets are held in the base currencies of Sterling, Euros, US dollars and Canadian dollars, and additional currencies of New Zealand dollars, Japanese yen and Australian dollars, which represent the majority of the Syndicate's liabilities by currency. This limits the underlying foreign exchange risk.

Foreign exchange exposure also arises when business is written in non-base currencies. These transactions are converted into Sterling at the prevailing spot rate once the premiums are received. Consequently there is exposure to currency movements between the exposure being written and the premiums being converted. Payments in non-base currencies are converted back into the underlying currency at the time a claim is to be settled; therefore the Syndicate is exposed to exchange rate risk between the claim being made and the settlement being paid.

Foreign exchange risk arises until non-Sterling profits are converted into Sterling. It is Amlin Underwriting Limited's policy to mitigate foreign exchange risk by systematically converting non-Sterling profits into Sterling. Given the inherent volatility in some of our business a cautious approach is adopted on the speed and level of sales, but we seek to extinguish all currency risk on earned profit during the second year after the commencement of any underwriting year. The intention is to time the currency transactions in order to optimise the conversion rates. This approach is part of risk management strategy as it avoids the inherent dangers of lumpier sales. It is not the intention to take speculative currency positions in order to make currency gains.

The Syndicate will also occasionally transact currencies on a forward basis particularly when trust fund requirements of a particular country require the value of the currency held to be in excess of the liabilities denominated in that currency. Such forward contracts are designated as fair value hedges following an assessment that they will be highly-effective on an ongoing basis in accordance with FRS 26 (Financial Instruments: Recognition and Measurement). All forward contracts are carried out with a selection of well-rated banks, so as to limit the counterparty risk. The investment managers also held forward foreign exchange contracts in their portfolios at the year-end in order to hedge non-base currency investments. These are marked to market in their valuations.

The table below presents the Syndicate's net assets by currency. The amounts are stated in the sterling equivalent of the local currency using the exchange rates as disclosed above.

	31 December 2014							
Currency risk	**Sterling £m**	**US$ £m**	**CAN$ £m**	**Euro £m**	**AU$ £m**	**NZ$ £m**	**JPY £m**	**Total £m**
Net assets	**730.1**	**254.9**	**58.9**	**14.0**	**49.3**	**1.4**	**4.4**	**1,113.0**

	31 December 2013							
Currency risk	Sterling £m	US$ £m	CAN$ £m	Euro £m	AU$ £m	NZ$ £m	JPY £m	Total £m
Net assets	601.3	267.5	58.3	28.7	37.8	15.4	4.3	1,013.3

If the foreign currencies were to strengthen/weaken by 10% against Sterling, the movement in the monetary net assets and liabilities of the Syndicate would result in the following gains/(losses) in the profit and loss account at 31 December 2014:

	31 December 2014	
Currency	**10% strengthening of currency against GBP £m**	**10% weakening of currency against GBP £m**
US dollars	**28.3**	**(23.2)**
Canadian dollars	**0.7**	**(1.1)**
Euro	**1.6**	**(1.3)**
Australian dollars	**4.7**	**(2.7)**
New Zealand dollars	**0.2**	**(0.1)**
Japanese yen	**0.5**	**(0.4)**
	36.0	**(28.8)**

Liquidity risk

It is important to ensure that claims are paid as they fall due. Levels of cash are therefore managed on a daily basis. Buffers of liquid assets are also held in excess of the immediate requirements to avoid us having to be forced sellers of any of our assets, which may result in prices below fair value being realised, especially in periods of below normal investment market activity. The policy of limiting the extent of duration divergence between the policyholders' assets and the liabilities helps to reduce the risk of a cashflow mismatch.

Liquidity in the event of a major disaster is tested regularly using internal cashflow forecasts and realistic disaster scenarios. In addition, the policyholders' funds investment guidelines require at least 25% of the funds to be held in government bonds and/or cash equivalents, which are highly liquid. If a major insurance event occurs the investment strategy is reviewed to ensure that sufficient liquidity is also available in the corporate funds.

The following table indicates the contractual timing of cash flows arising from assets and liabilities for management of insurance contracts at 31 December 2014:

	Contractual cash flows (undiscounted)					
31 December 2014 Financial assets	**No stated maturity £m**	**0-1 yr £m**	**1-3 yrs £m**	**3-5 yrs £m**	**>5 yrs £m**	**Carrying amount £m**
Debt and other fixed income securities	–	63.4	230.8	152.7	31.1	451.1
Shares and other variable yield securities	357.2	0.2	–	–	–	357.4
Participation in investment pools	85.4	–	–	–	–	85.4
Holdings in collective investment schemes	771.8	–	–	–	–	771.8
Derivative financial instruments	–	2.7	–	–	–	2.7
Other investments	1.1	–	–	–	3.1	3.5
Total financial assets	**1,215.5**	**66.3**	**230.8**	**152.7**	**34.2**	**1,671.9**
Financial liabilities						
Derivative financial instruments	–	(7.1)	–	–	–	(7.1)
Total financial liabilities	**–**	**(7.1)**	**–**	**–**	**–**	**(7.1)**
Net financial assets	**1,215.5**	**59.2**	**230.8**	**152.7**	**34.2**	**1,664.8**

	Expected cash flows (undiscounted)					
Insurance liabilities	**No stated maturity £m**	**0-1 yr £m**	**1-3 yrs £m**	**3-5 yrs £m**	**>5 yrs £m**	**Carrying amount £m**
Outstanding claims	–	631.0	555.9	235.5	235.3	1,657.7
Less reinsurers' share of outstanding claims	–	(152.4)	(154.5)	(67.3)	(56.5)	(430.8)
Total	**–**	**478.6**	**401.4**	**168.2**	**178.8**	**1,226.9**
Difference in contractual cash flows	**1,215.5**	**(419.4)**	**(170.6)**	**(15.5)**	**(144.6)**	**437.9**

	Contractual cash flows (undiscounted)					
31 December 2013 Financial assets	No stated maturity £m	0-1 yr £m	1-3 yrs £m	3-5 yrs £m	>5 yrs £m	Carrying amount £m
Debt and other fixed income securities	–	48.5	208.7	167.4	33.9	437.8
Shares and other variable yield securities	271.0	0.2	–	–	–	271.2
Participation in investment pools	108.7	–	–	–	–	108.7
Holdings in collective investment schemes	702.7	–	–	–	–	702.7
Derivative financial instruments	–	15.7	–	–	–	15.7
Other investments	2.4	–	–	–	–	2.4
Total financial assets	1,084.8	64.4	208.7	167.4	33.9	1,538.5
Financial liabilities						
Derivative financial instruments	–	(0.1)	–	–	–	(0.1)
Total financial liabilities	–	(0.1)	–	–	–	(7.1)
Net financial assets	1,084.8	64.3	208.7	167.4	33.9	1,538.4

	Expected cash flows (undiscounted)					
Insurance liabilities	No stated maturity £m	0-1 yr £m	1-3 yrs £m	3-5 yrs £m	>5 yrs £m	Carrying amount £m
Outstanding claims	–	581.1	519.2	219.9	216.8	1,537.0
Less reinsurers' share of outstanding claims	–	(146.0)	(137.6)	(60.1)	(52.2)	(395.9)
Total	–	435.1	381.6	159.8	164.6	1,141.1
Difference in contractual cash flows	1,084.8	(370.8)	(172.9)	7.6	(130.7)	397.3

Fair Value

For financial instruments carried at fair value the Group has categorised the measurement basis into a fair value hierarchy as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the asset occur with sufficient frequency and volume to provide readily and regularly available quoted prices.

Level 2 – Inputs to a valuation model other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs to a valuation model for the asset or liability that are not based on observable market data (unobservable inputs) and are significant to the overall fair value measurement. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions it is considered that market participants would use in pricing the asset.

There were no changes to the valuation techniques during the year.

	Fair value hierarchy				Fair value hierarchy			
31 December 2014	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total 2014 £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total 2013 £m
Assets								
Financial assets held for trading at fair value through profit or loss								
Debt and other fixed income securities	**331.1**	**120.0**	**–**	**451.1**	189.3	248.5	–	437.8
Shares and other variable yield securities	**254.8**	**–**	**102.6**	**357.4**	200.4	–	70.8	271.2
Derivative instruments	**–**	**1.6**	**–**	**1.6**	–	8.5	–	8.5
Other financial assets at fair value through profit or loss								
Participation in investment pools	**85.4**	**–**	**–**	**85.4**	108.7	–	–	108.7
Holdings in collective investment schemes	**771.8**	**–**	**–**	**771.8**	702.7			702.7
Other	**1.1**	**–**	**2.4**	**3.5**	0.6	–	1.8	2.4
Other								
Derivative instruments in designated hedge accounting relationships	**–**	**1.1**	**–**	**1.1**	–	7.2	–	7.2
Total assets	**1,444.2**	**122.7**	**105.0**	**1,671.9**	1,201.7	264.2	72.6	1,538.5
Liabilities								
Financial liabilities held for trading at fair value through profit or loss								
Derivative instruments	**–**	**(6.4)**	**–**	**(6.4)**	–	(0.1)	–	(0.1)
Other								
Derivative instruments in designated hedge accounting relationships	**–**	**(0.7)**	**–**	**(0.7)**	–	–	–	–
Total liabilities	**–**	**(7.1)**	**–**	**(7.1)**	–	(0.1)	–	(0.1)
Net financial assets	**1,444.2**	**115.6**	**105.0**	**1,664.8**	1,201.7	264.1	72.6	1,538.4

There has been no significant transfer between the different levels during the year.

The table below analyses the movements in assets and liabilities classified as Level 3 investments during 2014:

	Debt and other fixed income securities £m	Property funds £m	Derivative instruments £m	Other £m	Unlisted equities £m	Total £m
At 1 January 2014	–	64.9	–	1.7	6.0	72.6
Total net gains/(losses) recognised in investment return in profit or loss	–	6.0	–	–	(0.2)	5.8
Sales	–	(7.5)	–	–	–	(7.5)
Purchases	–	27.1	–	0.7	6.3	34.1
Settlements	–	(0.1)	–	–	–	(0.1)
Foreign exchange losses	–	–	–	–	–	–
At 31 December 2014	–	90.4	–	2.4	12.1	104.9
Total gains for the period included in profit or loss for assets and liabilities held at the end of the reporting period						4.3

	Debt and other fixed income securities £m	Property funds £m	Derivative instruments £m	Other £m	Unlisted equities £m	Total £m
At 1 January 2013	12.1	43.4	–	–	–	55.5
Total net gains/(losses) recognised in investment return in profit or loss	0.1	0.5	–	–	(0.1)	0.5
Sales	(10.7)	(8.6)	–	–	–	(19.3)
Purchases	–	29.6	–	1.7	6.1	37.4
Settlements	(1.5)	–	–	–	–	(1.5)
Foreign exchange losses	–	–	–	–	–	–
At 31 December 2013	–	64.9	–	1.7	6.0	72.6
Total gains for the period included in profit or loss for assets and liabilities held at the end of the reporting period						–

Regulatory risk

Regulatory risk is the risk that the Syndicate fails to meet the regulatory requirements of the Financial Conduct Authority, Prudential Regulation 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. Amlin Underwriting Limited, the managing agency, has a Compliance Officer who monitors regulatory developments and assesses the impact on agency policy.

Operational risk

Operational risk is the risk that failure of people, systems or processes leads to losses to the Syndicate. The Syndicate manages these risks through internal compliance monitoring and the use of detailed procedure manuals. In addition, the Amlin Group has both a Corporate Centre Risk department and an Internal Audit department which assist Amlin Underwriting Limited to meet the strategic and operational objectives of the Syndicate through the provision of independent appraisal of the adequacy and effectiveness of internal controls in operation and to provide reasonable assurance as to the adequacy of systems and procedures to enable compliance with all relevant regulatory and legal requirements.

3. Segmental analysis

An analysis of the underwriting result before investment return and net technical provisions is set out below:

2014	Gross written premiums £m	Gross earned premiums £m	Gross claims incurred £m	Net operating expenses £m	Reinsurance balance £m	Total £m	Net technical provisions £m	Commissions on gross premiums earned £m
Direct insurance								
Accident and health	20.0	19.1	(8.8)	(4.3)	(4.6)	1.4	19.3	(3.9)
Motor (third party liability)	46.9	44.1	(29.5)	(13.0)	(0.4)	1.2	55.9	(9.8)
Motor (other classes)	203.8	195.0	(130.8)	(54.5)	(5.2)	4.5	243.1	(43.0)
Marine, aviation and transport	155.8	148.5	(63.3)	(44.4)	(33.4)	7.4	151.4	(30.7)
Fire and other damage to property	271.3	270.6	(135.5)	(86.8)	(40.0)	8.3	291.3	(57.2)
Third party liability	115.5	115.3	(39.4)	(39.6)	(23.4)	12.9	130.9	(24.7)
Miscellaneous	97.4	87.2	(28.3)	(27.7)	(18.8)	12.4	91.2	(18.0)
	910.7	879.8	(435.6)	(270.3)	(125.8)	48.1	983.1	(187.3)
Reinsurance	627.2	620.0	(371.9)	(145.5)	(69.8)	32.8	693.3	(128.1)
Total	1,537.9	1,499.8	(807.5)	(415.8)	(195.6)	80.9	1,676.4	(315.4)

2013	Gross written premiums £m	Gross earned premiums £m	Gross claims incurred £m	Net operating expenses £m	Reinsurance balance £m	Total £m	Net technical provisions £m	Commissions on gross premiums earned £m
Direct insurance								
Accident and health	19.3	30.3	(24.2)	(4.2)	(0.8)	1.1	35.4	(6.1)
Motor (third party liability)	40.5	53.1	(31.5)	(14.1)	(4.5)	3.0	66.4	(10.2)
Motor (other classes)	187.0	140.6	(94.4)	(44.4)	(3.8)	(2.0)	175.1	(28.7)
Marine, aviation and transport	156.5	190.6	(88.4)	(47.8)	(39.3)	15.1	201.1	(39.7)
Fire and other damage to property	265.2	272.5	(140.8)	(83.6)	(47.7)	0.4	298.3	(57.4)
Third party liability	114.4	130.2	(54.8)	(39.4)	(22.3)	13.7	151.8	(27.0)
Miscellaneous	93.8	93.8	(33.3)	(27.3)	(22.6)	10.6	100.5	(19.0)
	876.7	911.1	(467.4)	(260.8)	(141.0)	41.9	1,028.6	(188.1)
Reinsurance	595.0	519.8	(205.7)	(150.8)	(125.8)	37.5	537.8	(105.2)
Total	1,471.7	1,430.9	(673.1)	(411.6)	(266.8)	79.4	1,566.4	(293.3)

All premiums are concluded in the UK.

The geographical analysis of gross written premiums by location of client, as a proxy for risk location, is as follows:

	2014 £m	2013 £m
UK	504.0	451.8
Other EU countries	123.2	116.5
USA	652.8	634.0
Other	257.9	269.4
Total	1,537.9	1,471.7

4. Prior periods' claims provisions
The movement in the net provision for claims includes a release of £8.2 million (2013: £52.4 million) in respect of claims outstanding at the previous year end.

5. Net operating expenses

	2014 £m	2013 £m
Acquisition costs	329.8	303.8
Change in deferred acquisition costs	(14.3)	(10.5)
Administrative expenses	95.1	91.7
Reinsurance commission and profit participation	(28.8)	(23.1)
Managing agent's fees	33.8	33.0
Lloyd's charges	9.6	12.6
Foreign exchange (gains)/losses	(9.4)	4.1
	415.8	411.6
Administrative expenses include:		
Fees payable to the Syndicate's auditor for:		
– Audit of the Syndicate's annual report	(0.3)	(0.3)
– Other audit-related services	(0.1)	(0.1)

6. Staff numbers and costs
All staff are employed by Amlin Corporate Services Limited, a wholly owned subsidiary of Amlin plc and the immediate parent company of the managing agency. The following amounts were recharged to the Syndicate in respect of salary costs:

	2014 £m	2013 £m
Wages and salaries	38.3	36.6
Social security costs	4.6	4.4
Other pension costs	3.9	3.7
	46.8	44.7

The average number of employees employed by Amlin Corporate Services Limited and provided services to the Syndicate during the year was as follows:

	2014 Number	2013 Number
Underwriting divisions		
Underwriting, claims and reinsurance	532	504
Administration and support	323	342
Central functions		
Operations	240	214
Finance and administration	38	44
Internal audit and compliance	16	15
	1,149	1,119

7. Directors' emoluments
The directors of Amlin Underwriting Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2014 £'000	2013 £'000
Executive and non-executive directors' emoluments	2,841	2,389
Accrued defined benefit scheme pension	78	85
Defined contribution scheme	175	141
Fees to non-executive directors	101	11
	3,195	2,626

Payments were made to six directors (2013: six) in respect of defined benefit pension schemes and to ten directors (2013: eleven) in respect of defined contribution schemes. Five directors exercised share options during the year (2013: five) and ten directors were members of long-term incentive schemes (2013: eleven).

7. Directors' emoluments continued

The highest paid director of Amlin Underwriting Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2014 £'000	2013 £'000
Executive directors' emoluments	**484**	403
Accrued defined benefit scheme pension	**18**	22
Defined contribution scheme	**21**	4
	523	429

The highest paid director has (2013: has) exercised share options during the year and amounts under long-term incentive schemes were not (2013: were) receivable.

The five (2013: two) active underwriters during the year received the following remuneration charged as a Syndicate expense for the period they were appointed:

	2014 £'000	2013 £'000
Executive directors' emoluments	**423**	726
Accrued defined benefit scheme pension	**23**	31
Defined contribution scheme	**35**	42
	481	799

8. Investment return

	2014 £m	2013 £m
Investment income	**13.2**	22.7
Cash and cash equivalents interest income	**0.9**	0.9
	14.1	23.6
Net realised gains on financial assets	**17.8**	9.4
Net unrealised gains on financial assets	**8.4**	21.3
Investment expenses and charges	**(1.4)**	(4.2)
	38.9	50.1

The above figures include investment return of £20.7 million (2013: £38.5 million) on cash, bonds, equity and property investments deposited by Amlin Corporate Member Limited (see note 12) into the Syndicate's Premium Trust Fund.

Calendar year investment yield

	2014 £m	2013 £m
Average Syndicate funds available for investment during the year		
Sterling	**176.9**	137.2
Euro	**104.8**	121.1
US dollars	**647.9**	623.5
Canadian dollars	**85.6**	84.2
Australian dollars	**65.5**	95.0
New Zealand dollars	**44.1**	70.0
Japanese yen	**9.6**	7.6
Combined	**1,134.4**	1,138.6
Aggregate gross investment return on Syndicate investments for the year (excludes expenses and charges)	**17.8**	18.8
Gross calendar year investment yield:		
Sterling	**0.3%**	1.0%
Euro	**2.0%**	1.5%
US dollars	**1.5%**	0.0%
Canadian dollars	**1.3%**	1.2%
Australian dollars	**6.0%**	4.3%
New Zealand dollars	**2.9%**	7.3%
Japanese yen	**(0.1)%**	3.6%
Combined	**1.6%**	1.2%

The average amount of Syndicate funds available for investment has been calculated as the monthly average balance of investments and overseas deposits. The yield percentages exclude immaterial sources of income.

9. Financial investments

	Market value		Cost	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Debt securities and other fixed income securities	**451.1**	437.8	**452.1**	439.6
Shares and other variable yield securities	**357.4**	271.2	**321.0**	253.3
Participation in investment pools	**85.4**	108.7	**85.4**	108.7
Holdings in collective investment schemes	**771.8**	702.7	**760.4**	689.1
Derivative financial instruments	**(4.4)**	15.6	**–**	–
Other investments	**3.5**	2.4	**3.5**	2.4
	1,664.8	1,538.4	**1,622.4**	1,493.1
Listed investments included above:				
Debt securities and other fixed income securities	**451.1**	437.8	**452.1**	439.6
Shares and other variable yield securities	**254.8**	200.4	**218.7**	178.5

Policy holders funds are matched by bonds, investment pools, collective investment schemes and cash. Other more volatile assets, including equities, represent capital. Included above are amounts of £584.2 million (2013: £547.3 million) owed to Amlin Corporate Member Limited (see notes 12 and 16).

10. Debtors arising out of direct insurance operations

	2014 £m	2013 £m
Due from policyholders	**0.6**	0.7
Due from intermediaries	**115.5**	117.0
	116.1	117.7

11. Overseas deposits

Overseas deposits represent balances held with overseas regulators to permit underwriting in certain territories. These assets are managed by Lloyd's on a pooled basis and are predominantly invested in debt and other fixed income securities.

12. Members' balances

	2014 £m	2013 £m
At 1 January	**40.7**	59.9
Profit for the financial year	**99.1**	91.0
Transfer to member in respect of underwriting participations	**(60.6)**	(110.2)
At 31 December	**79.2**	40.7
Funds deposited by Amlin Corporate Member Limited		
At 1 January	**547.3**	509.1
Profit for the financial year	**20.7**	38.5
Funds deposited/(withdrawn) in financial year	**16.2**	(0.3)
Amounts owed to Amlin Corporate Member Limited (note 17)	**584.2**	547.3
At 31 December	**663.4**	588.0

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. Amlin Corporate Member Limited is a wholly owned subsidiary of Amlin plc.

13. Reconciliation of technical account balance to net cash inflow from operating activities

	2014 £m	2013 £m
Technical account balance for the financial year	**99.1**	91.0
Increase/(decrease) in net technical provisions	**124.3**	(0.5)
(Increase)/decrease in debtors, prepayments and accrued income	**(45.7)**	101.7
Decrease in creditors and funds deposited by Amlin Corporate Member Limited	**(17.8)**	(99.6)
Changes to market value and exchange rates	**(49.2)**	28.7
Net cash inflow from operating activities	**110.7**	121.3

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

	2014 £m	2013 £m
Net cash inflow/(outflow) for the year	**2.0**	(17.6)
Cashflow		
– Decrease in overseas deposits	**(27.5)**	(12.4)
– Increase in portfolio investments	**75.6**	41.1
Movement arising from cashflows	**50.1**	11.1
Changes in market value and exchange rates	**49.2**	(28.7)
Total movement in portfolio investments	**99.3**	(17.6)
Portfolio at 1 January	**1,681.8**	1,699.4
Portfolio at 31 December	**1,781.1**	1,681.8

Movement in cash, portfolio investments and financing

	At 1 January 2014 £m	Cashflow £m	Changes to market value and exchange rates £m	At 31 December 2014 £m
Cash at bank and in hand	**2.8**	**2.0**	**(0.1)**	**4.7**
Overseas deposits	**140.6**	**(27.5)**	**(1.5)**	**111.6**
Portfolio investments:				
– Debt securities and other fixed income securities	**437.8**	**(8.0)**	**21.3**	**451.1**
– Shares and other variable yield securities	**271.2**	**71.9**	**14.3**	**357.4**
– Participations in investment pools	**108.7**	**(29.3)**	**6.0**	**85.4**
– Holdings in collective investment schemes	**702.7**	**64.2**	**4.9**	**771.8**
– Derivative financial instruments	**15.6**	**(20.0)**	**–**	**(4.4)**
– Other investments	**2.4**	**(3.2)**	**4.3**	**3.5**
Total cash, portfolio investments and financing	**1,681.8**	**50.1**	**49.2**	**1,781.1**

15. Net cashflow on portfolio investments

	2014 £m	2013 £m
Purchase of debt securities and other fixed income securities	**(560.2)**	(412.0)
Purchase of shares and other variable yield securities	**(241.8)**	(178.1)
Sale of debt securities and other fixed income securities	**568.2**	488.8
Sale of shares and other variable yield securities	**169.9**	93.7
Decrease in participation in investment pools	**29.3**	381.8
Net purchase of holdings in collective investment schemes	**(64.2)**	(400.3)
Decrease/(increase) in derivative financial instruments	**20.0**	(14.5)
Decrease/(increase) in other investments	**3.2**	(0.5)
Net cash inflow on portfolio investments	**(75.6)**	(41.1)

16. Capital

Amlin Corporate Member Limited, which supports Syndicate 2001, is required to hold regulatory capital in compliance with the prudential rules issued by the UK's Prudential Regulation Authority (PRA) and is also subject to Lloyd's capital requirements, including maintaining Funds at Lloyd's (FAL).

Under PRA rules, the corporate member must hold capital in excess of the higher of two amounts. The first is the Minimum Capital Requirement (MCR), as prescribed by EU directives, calculated by applying fixed percentages to premium and claims and allowing for historic reinsurance recoveries.

The second is an Individual Capital Assessment (ICA) calculated internally under the Individual Capital Adequacy Standards (ICAS) regime. The ICA is defined as the level of capital that is required to contain the probability of insolvency, over a one year timeframe, to no greater than 0.5% (1:200).

Lloyd's require the preparation of a Lloyd's Capital Return (LCR), including a statement of financial position prepared under Solvency II principles and the calculation of an ultimate Solvency Capital Requirement (uSCR). The uSCR takes account of one year of new business in full attaching to the next underwriting year and the risks over the lifetime of the liabilities ('to ultimate'). The requirements include risks for all business attaching to the next underwriting year. This is an equivalent recognition of risks and exposures at a 1:200 confidence level as required under ICAS at Lloyd's.

For the final capital requirement, the Economic Capital Assessment (ECA), Lloyd's take the 'to ultimate' LCR and apply an uplift currently at 35%. This is then subject to a minimum of 40% (2013: 40%) of the Syndicate's agreed premium capacity limit. At 31 December 2014, the agreed ECA as a percentage of the agreed underwriting capacity for the following underwriting year was 50.0% (2013: 46.4%).

The Syndicate also benefits from mutualised capital within the Lloyd's Central Fund, for which a variable annual levy, for 2014 of 0.5% (2013: 0.5%) of Syndicate gross premium, is payable.

The LCR is expected to be reviewed annually by Lloyd's (as was the ICA previously) and periodically by the PRA. The PRA expects management to apply their rules continuously. If a firm's capital falls below its ECA, steps must be taken to restore capital adequacy. Due to the nature of the Lloyd's capital setting process, FAL requirements are formally assessed and funded twice yearly at discrete periods and must be met for the Syndicate to continue underwriting.

At 31 December 2014, Amlin Corporate Member Limited funded the agreed FAL requirement of £700.0 million (2013: £649.6 million) to support underwriting for the 2015 underwriting year. The increase of £50.4 million is largely driven by changes in underlying risk profile reflecting softening market conditions coupled with planned growth.

The Group does not seek to retain any assets in excess of the Lloyd's capital requirement within the Lloyd's framework and any surplus is paid to the corporate entities in the Group.

17. Related parties

The largest and the smallest group of undertakings for which Group accounts are prepared and the results of the Syndicate are included, is Amlin plc, a company incorporated in Great Britain and registered in England and Wales. Amlin plc is the ultimate parent company and controlling party of Amlin Underwriting Limited (the managing agency). A copy of the consolidated accounts is available from the Registered Office of Amlin plc at St Helen's, 1 Undershaft, London EC3A 8ND.

Amlin Corporate Member Limited

From October 2007, Amlin Corporate Member Limited has satisfied Lloyd's capital requirements by holding investments within the Syndicate as Funds in Syndicate (FIS). During 2014, £16.2 million was deposited by Amlin Corporate Member Limited as its capital requirements changed (2013: £0.3 million funding withdrawn). The investments realised a profit of £20.7 million for the period to 31 December 2014 (2013: £38.5 million). The balance of £584.2 million (2013: £547.3 million) is included within capital and reserves on the Syndicate balance sheet and is owed exclusively to Amlin Corporate Member Limited.

Distributions of profit to the member's personal reserve funds of £60.6 million (2013: £110.2 million) were made during the year.

Amlin Underwriting Limited

Managing agent's fees of £33.8 million (2013: £33.0 million) were earned by the Syndicate during the year.

There have been no transactions entered into or carried out during the year by the managing agency on behalf of the Syndicate in which it or any of its executives had directly or indirectly a material interest other than by way of their shareholding in Amlin plc or participation in Syndicate 2001.

Amlin Corporate Services Limited

Amlin Corporate Services Limited was paid £113.2 million during the year (2013: £113.9 million) for expenses incurred directly and indirectly on behalf of the Syndicate. This included a management charge of £49.5 million (2013: £48.7 million) for central costs of the Amlin Group that are attributable to the Syndicate. These expenses are shown in administrative expenses net of the allocation to claims handling costs. There is no profit element in the amounts paid to Amlin Corporate Services Limited.

17. Related parties continued

Amlin Bermuda

Syndicate 2001 placed twelve (2013: ten) proportional treaty reinsurance contracts and thirty eight (2013: eighteen) excess of loss reinsurance contracts with Amlin Bermuda (AB), a branch of Amlin AG, for a variety of classes of business. The Syndicate also placed a whole account quota share reinsurance contract of 17.5% with AB for the 2014 year of account (17.5% for 2013).

During 2014, the Syndicate was reinsured by AB as a following market, through eleven (2013: nine) programmes protecting a variety of classes of business. In addition, AB placed one (2013: one) facultative excess of loss reinsurance contract with Syndicate 2001. With effect from 1 January 2012 there is a 36 month Weighted Industry Loss reinsurance agreement between Syndicate 2001 and Amlin Bermuda providing cover for US Hurricane, US Earthquake and European Windstorm. With effect from 1 July 2013 there is a 48 month Weighted Industry Loss reinsurance agreement between Syndicate 2001 and Amlin Bermuda providing cover for US and Canadian Earthquake.

All reinsurance contracts are agreed on an arm's length basis with terms that are consistent with those negotiated with third parties. The total premiums (less commissions retained) payable to AB in respect of 2014 were £211.1 million (2013: £214.6 million), of which £93.6 million (2013: £62.0 million) were outstanding as at 31 December 2014. Premiums receivable from AB in respect of 2014 were £nil million (2013: £nil million), of which £nil (2013: £nil) were outstanding as at 31 December 2014.

Amlin AG

The international treaty variable quota share between Amlin AG and Syndicate 2001 has been renewed in 2014. All cessions are subject to the prior approval of Syndicate 2001. Total premiums receivable from Amlin AG in respect of 2014 were £1.0 million (2013: £1.0 million) of which £0.3 million were outstanding as at 31 December 2014.

Amlin Europe N.V.

Amlin Europe N.V. (AE) renewed its involvement in the Syndicate's variable quota share arrangements in 2014 which include all classes written by the Syndicate's Marine business unit. AE also renewed its participation on the hull and cargo prior submit facilities and there is a new prior submit treaty for builders risks. Total premiums (less commissions retained) payable to AE in respect of 2014 were £19.3 million (2013: £18.9 million) of which £4.9 million (2013: £3.8 million) were outstanding at 31 December 2014. Premiums receivable from AE in respect of 2014 were £2.0 million (2013: £0.1 million) of which £nil million (2013: £nil million) were outstanding as at 31 December 2014.

Amlin Insurance (UK) Limited

Amlin Insurance UK Limited cedes a 75% (2013: 75%) quota share of its whole account to Syndicate 2001. Total premiums receivable from AIUKL in respect of 2014 were £1.1 million (2013: £2.3 million) of which £0.5 million (2013: £0.8 million) were outstanding as at 31 December 2014.

Special Purpose Syndicate 6106

Amlin Underwriting Limited also acts as managing agent for Special Purpose Syndicate 6106 (Syndicate 6106). Syndicate 6106 began operating from 1 January 2009 to write a 15% proportional treaty reinsurance contract covering the marine, aviation, property catastrophe, property per risk and terrorism excess of loss accounts for the 2009 underwriting year of account. Syndicate 6106 did not underwrite for the 2014 underwriting year of account. Syndicate 2001 retains a 5% overriding commission on premiums ceded to Syndicate 6106 and is entitled to 20% profit commission on the settlement of the contract, subject to a two-year deficit clause. During 2014 the Syndicate earned overriding commission of £0.1 million (2013: £1.8 million) with £0.9 million profit commission earned (2013: £2.1 million). Syndicate 2001 paid Syndicate 6106 £8.2 million in 2014 for the commutation of the 2011 year of account.

Until the contract is concluded the premiums and other income of the business, less the claims and other liabilities related to the contract, will be retained within Syndicate 2001's trust funds. At 31 December 2014 the amount due to Syndicate 6106 retained in Syndicate 2001 under the terms of the contract was £29.5 million (31 December 2013: £31.7 million due to Syndicate 6106). For the 2015 underwriting year, Syndicate 2001 will not cede any business to Syndicate 6106.

Leadenhall Capital Partners LLP

Amlin Group has a financial interest of 75.0% in Leadenhall Capital Partners LLP (LCP). Syndicate 2001 has written a limited number of excess of loss reinsurance policies in conjunction with LCP. These policies are ceded 100% to Horseshoe Re, Bermuda and the Syndicate receives an overriding commission (normally 4.5% of gross premium). During 2014, Syndicate 2001 wrote £21.0 million (2013: £13.7 million) of gross premium and received £0.9 million (2013: £0.6 million) of commission through this arrangement. As at 31 December 2014, the Syndicate had £4.8 million (2013: £4.9 million) receivable from Horseshoe Re.

Manchester Underwriting Management Limited

Syndicate 2001 has a financial interest of 30.0% in Manchester Underwriting Management Limited (MUM). The company acts as a distribution vehicle for smaller UK Professional Indemnity risks to the Property & Casualty business unit. At 31 December 2014, MUM owed £2.2 million (2013: £2.7 million) to the Syndicate.

Miles Smith Insurance Group

Syndicate 2001 also has a financial interest of 25.8% in Miles Smith Insurance Group. The company is a London Market wholesale broker who transacts high volumes of Fleet and other Commercial business with the Amlin UK business unit of Syndicate 2001. Miles Smith owed the Syndicate £4.5 million at 31 December 2014 (2013: £4.8 million).

17. Related parties continued

Service companies and brokers

Amlin Underwriting Limited has a number of subsidiaries which introduce business to, or provide specialist services on behalf of, Syndicate 2001. In addition, Amlin plc indirectly owns Amlin Underwriting Services Limited which also introduces business to Syndicate 2001.

The service companies and brokers and the income received and expenses incurred by the Syndicate are summarised below.

Service company	Insurance class of business introduced	**2014 Gross written premiums £m**	2013 Gross written premiums £m	**2014 Commission/ brokerage paid £m**	2013 Commission/ brokerage paid £m	**2014 Profit commission paid £m**	2013 Profit commission paid £m	**2014 Management charge paid £m**	2013 Management charge paid/ £m
Amlin Plus Limited	Equine insurance	**10.3**	11.5	**1.3**	1.3	**–**	–	**0.7**	0.5
Amlin Underwriting Services Limited	Dinghy, yacht and livestock insurance	**17.0**	18.2	**2.8**	2.8	**0.3**	0.3	**1.8**	1.2
Amlin Singapore Pte Limited	General insurance and reinsurance	**21.1**	9.5	**–**	–	**–**	–	**2.8**	2.3
Amlin Labuan Limited	General insurance and reinsurance	**2.3**	1.3	**–**	–	**–**	–	**0.1**	0.1
JR Clare Underwriting Agencies Limited	UK household and commercial insurance	**(0.2)**	(0.1)	**–**	0.1	**–**	–	**–**	–
Lead Yacht Underwriters Limited	Super-yacht insurance	**10.0**	7.0	**0.6**	0.5	**0.4**	0.4	**–**	–
AUA Insolvency Risk Services Limited	Insolvency practitioners' insurance	**15.8**	9.5	**2.5**	3.1	**–**	–	**0.1**	–
Amlin Reinsurance Managers Inc	Casualty and professional liability reinsurance	**3.9**	6.3	**1.0**	1.6	**–**	–	**1.9**	1.8
RaetsMarine	Marine liability protection and indemnity insurance	**0.1**	0.2	**–**	–	**–**	–	**–**	–
		80.3	63.4	**8.2**	9.4	**0.7**	0.7	**7.4**	5.9

Service company	Service provided	**2014 Fees paid £m**	2013 Fees paid £m
Serviceline (UK) Limited	Motor and legal expenses	**–**	0.2
Amlin UK Limited	Claims adjusting and administration	**1.5**	4.6
		1.5	4.8

The entire share capital of these companies is held by Amlin plc and its subsidiaries. Amlin Underwriting Limited and Lycetts Holdings Limited (the owners of Lycett, Browne-Swinburne and Douglass Limited) owned 60% and 40% respectively of the share capital of Amlin Plus Limited until 16 December 2014 when Amlin Underwriting Limited acquired the remaining 40% of share capital. The business of Amlin Plus Limited is written under a binding authority agreement with Syndicate 2001, some of which is sourced through Lycett, Browne-Swinburne and Douglass Limited.

All transactions between Amlin Plus Limited and Syndicate 2001 are conducted on an arm's length basis.

No fees are paid by these companies to any of the directors of Amlin Underwriting Limited.

Transactions with directors

Certain directors of the managing agent are also directors of other Group companies. In all cases transactions between the Syndicate and with the Amlin Group are carried out on normal arm's length commercial terms without any involvement by the director concerned on either side of the transaction.

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