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CATLIN SYNDICATE 2003

SYNDICATE ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

CATLIN SYNDICATE 2003

SYNDICATE INFORMATION

MANAGING AGENT:

Managing agent	Catlin Underwriting Agencies Limited ("CUAL")	
Directors	S. Catlin	
	P. Jardine	
	R. Clapham	
	N. Burkinshaw	
	S. Long	
	R. Callan	
	O. Whelan	
	C. Robinson	(Non-Executive)
	R. Cowdell	(Non-Executive)
Company secretary	A. Gray	
Registered number	01815126	
Registered office	20 Gracechurch Street London EC3V 0BG	

SYNDICATE:

Active underwriter	N. Burkinshaw
Bankers	Barclays Bank PLC The Bank of New York Mellon Corporation Citibank International Plc Royal Bank of Canada
Investment managers:	BlackRock Investment Management (UK) Limited Conning Investment Products, Inc Tricadia Capital Management LLC Catlin Group Limited
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

CATLIN SYNDICATE 2003

CONTENTS

STRATEGIC REPORT OF THE DIRECTORS OF THE MANAGING AGENT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors of the managing agent present their strategic report for the year ended 31 December 2014.

Business review
The principal activity of the Syndicate remains the transaction of general insurance and reinsurance business.

The result for the year is a profit of $306.4m (*2013: profit of $209.1m*).

The result is primarily attributable to the underwriting profit (net earned premiums minus net claims incurred and net operating expenses) for 2014 of $202.1m against an underwriting profit of $148.0m in 2013. The underwriting performance was driven by disciplined underwriting with low levels of attritional losses and a favourable prior year development. There were also reduced claims for natural catastrophes as compared with recent years. The favourable underwriting contribution against the prior year is supplemented by an increase in the investment performance with a total investment return of $104.3m (*2013: $61.0m*).

Key performance indicators
The syndicate's key financial performance indicators during the year were as follows:

	2014 **$m's**	*2013* *$m's*
Gross written premiums	**3,274.7**	*2,997.7*
Underwriting result	**202.1**	*148.0*
Profit for the financial year	**306.4**	*209.1*
Net loss ratio	**49.0%**	*52.8%*
Combined ratio	**90.8%**	*93.0%*
Investment return	**2.7%**	*1.6%*
Solvency result	**198.8**	*47.1*

Note: The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned. A lower combined ratio represents better performance.

Results
During the year, the syndicate wrote $3,274.7m in gross premiums, a 9.24% increase over the previous year (*2013: $2,997.7m*). Whilst the syndicate's primary source of premium income is the London market, it continues to pursue underwriting opportunities through the Group's international offices, with 34.5% of gross premium income originating in these offices in 2014 (against 36.0% in 2013). As part of an overall Group strategic initiative to manage capital the Syndicate has continued its arrangements to purchase whole account quota share reinsurance from the three existing Special Purpose Syndicates (SPS), as well as one additional SPS and two new whole account quota share reinsurers. The four SPSs provided a 12.64% whole account quota share in total for the 2014 year of account (*2013 year of account: 11.00%*). The two whole account quota share reinsurers provided a 1.36% quota share in 2014 *(2013 year of account 0%).*

The reduction in the combined ratio is primarily as a result of the reduction in the loss ratio which was 49.0% in 2014 (*2013: 52.8%*), as a result of the lower level of attritional losses and lower claims from catastrophe losses in the year. The net loss ratio also benefited from a favourable run-off deviation (prior accident year release) of $169.1m across various lines of business (*2013: favourable run-off deviation of $129.9m*).

Investment returns increased during 2014. The net investment return for 2014 was 2.7% (*2013: 1.6%*). The performance was primarily impacted by unrealised mark to market gains to the fixed income portfolio and strong performance in the equities portfolio.

STRATEGIC REPORT OF THE DIRECTORS OF THE MANAGING AGENT FOR THE YEAR ENDED 31 DECEMBER 2014

Business environment
Overall, most classes across the portfolio saw rate decreases in 2014. The exception to this was the Casualty business, which saw a general increase in average weighted premium rates, with a more modest increase for US Casualty business written in London and the US. The most significant fall in rates was seen in the natural catastrophe exposed business, particularly in the reinsurance book.

Despite improvements in rates on Airline business during renewals in the second half of the year following significant losses in the sector, overall rates for Aerospace business continued to decrease year on year as pricing trends early in 2014 were based on the benign loss experience in recent years. The combination of increased capacity for catastrophe risks – both from traditional and non-traditional sources – and several years of relatively benign large loss experience caused rates for Property Treaty Excess of Loss reinsurance and other catastrophe classes to generally decrease.

Weighted average premium rates for Energy/Marine business decreased by 3 per cent in 2014. This was largely due to decreasing rates on Upstream Energy risks. Marine rates saw only slight reductions across all sub-sectors (Cargo, Hull and Specie).

Principal risks and uncertainties
The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The syndicate has developed a risk and control framework in line with the wider Catlin Group which is built on an Enterprise Risk Management Model that aims to integrate existing risk programmes into a more holistic, embedded Group-wide risk and capital management framework.

All policies are approved by management and subject to ongoing review by the risk management and internal audit teams. Compliance with regulation, legal and ethical standards is a high priority for the syndicate and the compliance team and the finance department take on an important oversight role in this regard. The Board of the agency is responsible for satisfying itself that a proper internal control framework exists to manage all risks and ensuring the controls operate effectively.

Key risks are considered both within the control framework and within the assessment of capital requirements. The syndicate conducts in-depth stochastic modelling across all insurance risk categories.

The principal risks from the general insurance and reinsurance business arise from the following:

<u>Insurance risk</u>
Insurance risk includes the risks of inappropriate underwriting, inadequate pricing and ineffective management of underwriting delegated to third parties. The insurance risks are mitigated by a robust underwriting control framework and through underwriting and reinsurance plans, which are approved by the Board and communicated clearly throughout the business.

<u>Reserving risk</u>
Reserves for unpaid losses represent the largest single component of the syndicate liabilities. Loss reserve estimates are inherently uncertain. Actual losses that differ from the provisions, or revisions in the estimates, can have a material impact on future earnings and the balance sheet.

Catlin has a large, experienced team of actuaries and other actuarial staff. They work closely with the underwriting and claims staff to ensure understanding of the syndicate exposures and loss experience.

Analysis of the reserve requirements are initially developed by actuaries embedded within the business with close knowledge of local underwriting activities. Final reserves are produced by the actuarial team, supported by an independent Statement of Actuarial Opinion, and reviewed and approved by the Board.

Other risk categories
Market risk including interest rate risk, currency risk, credit risk and liquidity risk are discussed further in note 2.

The strategy for managing other business and operational risks includes:

- Identifying and analysing risk through a disciplined risk assessment process;
- Mitigating or avoiding risks that do not fit the syndicate's business objectives; and
- Retaining risk within an agreed risk appetite with appropriate levels of capital.

Future developments and strategy
The syndicate will continue to transact the current classes of general insurance and reinsurance business. Growth and development of the business will continue to be encouraged and supported by the Board.

Depending upon prevailing market conditions, premium income levels are under continuous review as the syndicate aims to develop its relationships with distributors and generate new business through the Group's international offices while continuing to meet the needs of its clients. The syndicate will continue to selectively focus on growth opportunities with the emphasis on bottom line profitability.

The positive rate environment that prevailed from 2011 to 2013 appears to have run its course, partly due to the increase in capacity offered by both traditional and non-traditional capital providers, and improved loss experience across a number of business classes.

For the 2015 underwriting year, the syndicate will continue to purchase whole account quota share reinsurance from the four Special Purpose Syndicates (SPS) with an expected increase in aggregate cession to 12.99% from 12.64% in 2014. For 2015, an additional SPS arrangement has been put in place that will increase the overall aggregate cession to 14.25%. The Syndicate will continue to purchase reinsurance from one of the two additional whole account quota share reinsurers with a cession of 0.92% for the 2015 year of account.

The 2012 and prior years of account have Reinsured to Close ("RITC") into the syndicate's 2013 year of account for an RITC premium of $2,055m.

The syndicate continues to purchase a Whole Account Stop Loss reinsurance contract from another Catlin group entity, namely Catlin Re Switzerland Limited (Bermuda branch).

On the 9th January 2015, the board of Catlin Group Limited ("Catlin"), the ultimate parent of CUAL, announced that it had agreed a recommended cash and share acquisition of the entire issued and to be issued share capital of Catlin by XL Group plc. The deal is subject, among other things, to shareholder approval and regulatory clearances. The acquisition is expected to complete in mid-2015.

This report was approved by the Board and signed on its behalf by:

R. Callan
Director
17 March 2015

REPORT OF THE DIRECTORS OF THE MANAGING AGENT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors of the managing agent present their report together with the audited annual accounts for the year ended 31 December 2014.

The annual accounts are prepared using the annual basis of accounting as required by Regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

The managing agent has received, in writing, agreement from Catlin Syndicate Limited, the sole member of Syndicate 2003, that no underwriting year accounts need to be prepared in respect of Syndicate 2003. This is in accordance with Section 4, Paragraph 1b of Statutory Instrument 2004 No 3219.

Future developments and strategy are discussed within the strategic report.

Profit distribution and solvency

Profits will continue to be distributed by reference to the results of individual underwriting years. Under Lloyd's accounting rules, the syndicate's 2012 year of account was closed at the end of 2014 with a return equal to 9.3% of capacity.

The member's balance as at 31 December 2014 is $372.6m *(2013: $221.2m).*

The solvency result, allowable assets less liabilities as stipulated under the directives of the PRA Prudential Standards, shows a capital surplus for 2014 of $198.8m (*2013: surplus of $47.1m*) reflecting an increase in the member's balance in 2014.

Directors

The directors of CUAL who held office during the year and up to the date of signing the annual accounts were:

S. Catlin		
P. Jardine		
N. Sinfield		(Resigned 17 August 2014)
R. Clapham		
N. Burkinshaw		(Resigned 17 March 2015)
S. Long		
R. Callan		
O. Whelan		(Appointed 7 November 2014)
C. Robinson	(Non-Executive)	
T. Burrows	(Non-Executive)	(Resigned 26 November 2014)
R. Cowdell	(Non-Executive)	

Financial instruments and risk management

Information on the use of financial instruments by the syndicate and its management of financial risk and in particular its exposure to interest rate risk, equity price risk, currency risk, credit risk and liquidity risk is disclosed in note 2 to the financial statements.

Disclosure of information to the auditors

Each of the persons who are directors at the date of this report confirms that:

- so far as each director is aware, there is no relevant audit information for which the syndicate's auditors are unaware; and
- each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of managing agent's responsibilities
The directors of the managing agent are responsible for preparing the managing agent's report and the annual accounts in accordance with applicable law and regulations.

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. Under that law, the directors are required to prepare the syndicate annual accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires that the directors must not approve the annual accounts unless they are satisfied that they give a true and fair view of the state of affairs of the syndicate and of the profit or loss of the syndicate for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- 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 directors of the managing agent confirm that they have complied with the above requirements in preparing the syndicate annual accounts.

The directors of the managing agent are responsible for keeping proper accounting records that are sufficient to show and explain the syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Managing Agent is responsible for the maintenance and integrity of the corporate and financial information included on the business' website. Legislation in the United Kingdom governing the preparation and dissemination of annual accounts may differ from legislation to other jurisdictions.

This report was approved by the Board and signed on its behalf by:

R. Callan
Director
17 March 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CATLIN SYNDICATE 2003

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 profits 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 5, the Managing Agent is responsible for the preparation of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CATLIN SYNDICATE 2003

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 into 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 syndicate annual accounts 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.

MNichols

Matthew Nichols (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 March 2015

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 $000's	2013 $000's
TECHNICAL ACCOUNT - GENERAL BUSINESS			
Earned premium, net of reinsurance			
Gross premiums written	3	3,274,688	2,997,674
Outward reinsurance premiums		(1,002,699)	(914,259)
Net premiums written		2,271,989	2,083,415
Change in the gross provision for unearned premiums		(166,408)	(10,346)
Change in the provision for unearned premiums, reinsurers' share		94,613	34,204
Change in the net provision for unearned premiums		(71,795)	23,858
Earned premiums, net of reinsurance		2,200,194	2,107,273
Allocated investment return transferred from the non-technical account	8	100,512	61,007
Total technical income		2,300,706	2,168,280
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(1,451,740)	(1,508,348)
Reinsurers' share		373,901	313,415
		(1,077,839)	(1,194,933)
Change in the provision for claims			
Gross amount		88,852	207,900
Reinsurers' share		(89,982)	(126,090)
		(1,130)	81,810
Claims incurred, net of reinsurance		(1,078,969)	(1,113,123)
Net operating expenses	7	(919,081)	(846,132)
Balance on the technical account for general business		302,656	209,025

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

NON-TECHNICAL ACCOUNT	Note	**2014** **$000's**	*2013* *$000's*
Balance on the technical account for general business		**302,656**	*209,025*
Investment income	8	**112,028**	*114,086*
Unrealised gains on investments	8	**22,036**	*-*
Investment expenses and charges	8	**(29,787)**	*(21,853)*
Unrealised losses on investments		**-**	*(31,178)*
		104,277	*61,055*
Allocated investment return transferred to the general business technical account	8	**(100,512)**	*(61,007)*
Profit for the financial year		**306,421**	*209,073*

All amounts above relate entirely to continuing activities as defined by Financial Reporting Standard (FRS) 3.

No Statement of Total Recognised Gains and Losses has been disclosed as all gains and losses have been included within the Profit and Loss Account.

There are no differences between the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 13 to 44 form part of these annual accounts.

CATLIN SYNDICATE 2003

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 $000's	2013 $000's
ASSETS			
Investments			
Other financial investments	9	**3,352,799**	*3,383,283*
Deposits with ceding undertakings		**609**	*731*
Reinsurers' share of technical provisions			
Provision for unearned premiums		**470,846**	*380,280*
Claims outstanding	5	**805,879**	*830,180*
		1,276,725	*1,210,460*
Debtors - amounts falling due within one year			
Debtors arising out of direct insurance operations	10	**1,160,226**	*1,162,776*
Debtors arising out of reinsurance operations		**128,274**	*186,302*
Other debtors	11	**52,948**	*37,793*
		1,341,448	*1,386,871*
Debtors - amounts falling due after one year			
Debtors arising out of direct insurance operations	10	**834**	*737*
Debtors arising out of reinsurance operations		**132,260**	*628*
Other debtors	12	**52,296**	*56,321*
		185,390	*57,686*
Other assets			
Cash at bank		**189,790**	*91,473*
Overseas deposits	13	**353,009**	*401,169*
		542,799	*492,642*
Prepayments and accrued income			
Accrued interest		**16,479**	*16,996*
Deferred acquisition costs		**419,959**	*352,167*
Other prepayments and accrued income		**5,627**	*2,153*
		442,065	*371,316*
TOTAL ASSETS		**7,141,835**	*6,902,989*

CATLIN SYNDICATE 2003

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	2014 $000's	2013 $000's
LIABILITIES			
Member's balance	17	**372,594**	*221,243*
Technical provisions			
Provision for unearned premiums		**1,648,609**	*1,482,201*
Claims outstanding	5	**3,985,091**	*4,195,241*
		5,633,700	*5,677,442*
Deposits received from reinsurers		**2,636**	*2,636*
Creditors - amounts falling due within one year			
Creditors arising out of direct insurance operations	14	**12,963**	*11,092*
Creditors arising out of reinsurance operations		**415,216**	*869,672*
Other creditors	15	**100,516**	*91,066*
		528,695	*971,830*
Creditors - amounts falling due after one year			
Creditors arising out of direct insurance operations	14	**416**	*70*
Creditors arising out of reinsurance operations		**514,182**	*145*
Other creditors	16	**1,335**	*-*
		515,933	*215*
Accruals and deferred income		**88,277**	*29,623*
TOTAL LIABILITIES		**7,141,835**	*6,902,989*

The annual accounts on pages 8 to 44 were approved by the Board of Directors of Catlin Underwriting Agencies Limited on 17 March 2015 and were signed on its behalf by:

P. Jardine
Director

R. Callan
Director

The notes on pages 13 to 44 form part of these financial statements.

CATLIN SYNDICATE 2003

CASH FLOW STATEMENT
AS AT 31 DECEMBER 2014

	Note	**2014 $000's**	*2013 $000's*
Net cash inflow from operating activities	18	**237,519**	*323,349*
Transfer to members of underwriting participations	17	**(155,070)**	*(181,040)*
Financing:			
Funds in Syndicate		-	*70,079*
Net cash flow	19	**82,449**	*212,388*
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings	20	**101,857**	*(130,995)*
Decrease in overseas deposits	20	**(19,567)**	*(146,234)*
Net portfolio investment	21	**159**	*489,617*
Net investment cash flows		**82,449**	*212,388*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES

1.1 Basis of presentation

The annual accounts have been prepared in accordance with Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable Accounting Standards in the United Kingdom. The syndicate has adopted all applicable recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") in December 2005 (as amended in December 2006).

The directors of the managing agent have prepared the annual accounts on the basis that the syndicate will continue to write future business.

The ability of the syndicate to meet its obligations as they fall due is underpinned by the support provided by the Lloyd's solvency process and its chain of security for any members who are unable to meet their underwriting liabilities. Funds at Lloyd's are further explained in note 22.

1.2 Insurance and investment contracts - classification

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

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The syndicate has not issued any investment contracts, as set out above, in this or prior years and has only issued insurance contracts.

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

(i) Premiums written

Premiums written represent premiums on business incepting during the year together with adjustments to premiums written in previous accounting periods. They include estimates for pipeline premiums and are stated before deduction of commissions and other related acquisition costs but net of taxes & duties levied on premiums.

The full estimate of gross premiums written is recognised at inception for general insurance contracts that are of a duration greater than one year.

(ii) Outward reinsurance premiums ceded

Outward reinsurance premiums ceded represents premiums for contracts incepting during the financial year together with adjustments to outwards reinsurance premiums ceded in previous years. They are allocated to the appropriate accounting period on bases which fairly reflect the allocation of the underlying business being protected.

1 ACCOUNTING POLICIES (continued)

1.2 Insurance and investment contracts - classification (continued)

(iii) Unearned premiums written

Premiums written are recognised as earned income over the period of the policy on a time apportionment basis, having regard, where appropriate, to the incidence of risk. The provision for unearned premiums represents the portion of premiums written that relate to unexpired terms of policies in force at the Balance Sheet date.

(iv) Claims incurred

Claims incurred comprise claims and related expenses paid during the year and changes in the provisions for outstanding claims, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

(v) Claims provisions and related reinsurance recoveries

Provision is made at the year end for the estimated cost of claims incurred but not settled at the Balance Sheet date, including the cost of claims incurred but not yet reported to the syndicate. The estimated cost of claims includes expenses to be incurred in settling claims. The syndicate takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Any differences between provisions and subsequent settlements are dealt with in the general business technical account of later years.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the syndicate, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the syndicate uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in syndicate processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

1 ACCOUNTING POLICIES (continued)

1.2 Insurance and investment contracts - classification (continued)

(v) Claims provisions and related reinsurance recoveries (continued)

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the syndicate has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distorting effect of the development and incidence of these large claims.

Where possible the syndicate adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

The amount of any salvage and subrogation recoveries is separately identified and where material, reported as an asset.

(vi) Reinsurance to close (RITC)

Each Lloyd's syndicate underwriting account is normally closed at the end of the third year by means of reinsurance into the following year, which reinsures all future liabilities for the closed year and all previous years in return for a premium which is approved by the managing agent.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring syndicate was unable to meet its obligations, and other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle the outstanding claims.

The directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle liabilities outstanding at the closure of an underwriting account.

(vii) Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned. For this purpose acquisition costs include administrative expenses connected with the procurement, processing and issuance of policies.

1 ACCOUNTING POLICIES (continued)

1.2 Insurance and investment contracts - classification (continued)

(viii) Unexpired risks provision

Provisions are made for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses after taking into account future investment return on the investments supporting the unearned premiums provision and unexpired risks provision. The expected claims are calculated having regard to events that have occurred prior to the Balance Sheet date.

Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises.

1.3 Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges. Dividends are recognised on the date on which the shares go ex-dividend and include the imputed tax credits. Interest income is accrued up to the Balance Sheet date.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and original cost. Unrealised gains and losses on investments represent the difference between the valuation at the Balance Sheet date and their purchase price, or if they have been previously valued, their valuation at the last Balance Sheet date. Unrealised gains and losses are unwound at the disposal of an investment.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the technical account on investments supporting the insurance technical provisions and related member funds.

1.4 Foreign currencies

Items included in the annual accounts are measured using the currency of the primary economic environment in which the syndicate operates (the functional currency). The annual accounts are presented in US Dollars, which is the syndicate's functional currency.

Transactions in foreign currencies are revalued into the functional currency using average rates of exchange as a proxy for the transactional rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Technical Account. Non-monetary assets and liabilities, including deferred acquisition costs and unearned premiums, are revalued at the exchange rate prevailing at the time of the original transaction and are not revalued at each year end.

1.5 Overseas deposits

Overseas deposits are stated at fair value. Any movements in fair value during the year are recognised in the Profit and Loss Account.

1 ACCOUNTING POLICIES (continued)

1.6 Financial assets designated at fair value

Financial assets designated as at fair value through Profit or Loss at inception are those that are managed and whose performance is evaluated on a fair value basis. The syndicate's investment strategy is to invest in listed and unlisted equity securities and fixed interest rate debt securities, and derivatives designated upon initial recognition at fair value through Profit or Loss.

1.7 Shares and other variable yield securities, at fair value through Profit or Loss

The syndicate's shares and other variable yield securities comprise hedge funds, equity funds, equity securities and money market funds.

The syndicate has designated hedge funds, equity funds, equity securities and money market funds at fair value through Profit or Loss.

The fair values of hedge funds, equity funds and unquoted equity securities are based on fund manager statements. The fair values of quoted equity securities are obtained from independent pricing services.

Net gains or losses arising from changes to the fair value are presented in the Profit and Loss Account within 'unrealised gains on investments' or 'unrealised losses on investments' in the period in which they arise.

1.8 Derivative financial instruments, at fair value through Profit or Loss

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the Profit and Loss Account. Fair values are obtained from independent pricing services which provide quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

1.9 Debt securities and other fixed-income securities, at fair value through Profit or Loss

The syndicate has designated debt securities and other fixed-income securities at fair value through Profit or Loss. The fair value is based on the quoted market prices provided by either independent pricing services, or, when such prices are not available, by reference to broker or underwriter bid indications.

1.10 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the syndicate has designated at fair value through Profit or Loss. Loans and receivables are measured at amortised cost using the effective interest method. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. This basis of valuation is viewed by the directors as having prudent regard to the likely realisable value.

1 ACCOUNTING POLICIES (continued)

1.11 Financial liabilities

Creditors are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost, using the effective interest method.

1.12 Pension costs

Catlin Holdings Limited, a fellow group company, operates a defined contribution scheme. Pension contributions relating to staff working on the affairs of the syndicate are charged to the syndicate and included within net operating expenses.

1.13 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.

It remains the responsibility of the member to agree its corporation tax liabilities with HM Revenue & Customs.

The syndicate is required to fund on account assessments of US Dollar and Canadian Dollar source income and these amounts are then recovered by reimbursements from the MSU (Members' Services Unit). At the Balance Sheet date such syndicate fundings are included within other debtors. The final assessments are charged direct to the underwriting member by the MSU.

1.14 Equity method investments

Investments over which the Syndicate exercises significant influence but not a controlling interest are carried at cost adjusted for the syndicate's share of earnings or losses and distributions.

The syndicate has elected to apply the valuation basis for these investments as established by the alternative accounting rules in SI 410 2008. This permits valuation to be determined on any appropriate basis. Amounts relating to these investments are reported within shares and other variable yield securities in note 9.

2 MANAGEMENT OF FINANCIAL RISK

Financial risk management objectives

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

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the syndicate primarily faces due to the nature of its investments and liabilities are interest rate, equity price risk and currency risk.

The syndicate's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the syndicate's financial performance. It manages these positions within a risk management framework ("the framework") that has been developed to ensure that investment proceeds and returns are in excess of obligations under insurance contracts. The syndicate produces regular reports that are circulated to the management of the Managing Agency. The principal technique of the syndicate's framework is to match assets and liabilities from insurance contracts by reference to the type of benefits payable to contract holders. The syndicate's framework is also integrated with the management of the financial risks associated with the syndicate's other financial assets and liabilities not directly associated with insurance liabilities.

The notes that follow explain how financial risks are managed using the categories utilised in the syndicate's framework.

(a) Market risk

(i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk.

The syndicate monitors interest rate risk on a monthly basis by calculating the impact of changes in interest rate on the value of investments and the net present value of liabilities against a risk appetite that has been agreed with the Board.

The syndicate purchases interest rate swaption contracts to manage its interest rate risk.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of an interest bearing financial asset will fluctuate because of changes in market interest rates at the reporting date.

A 10bps increase/(decrease) in interest rates would lead to a $7.6m loss/($7.6m gain) (2013: $6.8m loss/($6.8m gain)) on the investment portfolio.

A 10bps increase/(decrease) in interest rates would lead to a $0.5m loss/($0.9m gain) (2013: $0.1m loss/($0.1m gain)) on the interest rate swaptions contract.

2 MANAGEMENT OF FINANCIAL RISK (continued)

(a) Market risk (continued)

(ii) Equity price risk

The syndicate is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets at fair value through Profit or Loss. Exposures to individual companies and to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes.

The syndicate has a defined investment policy which sets limits on the syndicate's exposure to equities both in aggregate terms and by geography, industry and counterparty. This policy of diversification is used to manage the syndicate's price risk arising from its investments in equity securities.

As at 31 December 2014 the syndicate had $187.6m of equity investments of which 92% were listed securities *(2013: $250.8m and 56% respectively)*. If the fair value of the syndicate's equity instruments had increased/decreased by 5%, with all other variables held constant, the profit for the year would increase/decrease by $9.4m *(2013: $12.5m)*.

(iii) Currency risk

The syndicate manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the syndicate's functional currency.

The syndicate is primarily exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than US Dollars. The most significant currencies to which the syndicate is exposed are Pounds Sterling, Canadian Dollar and Euro. The syndicate seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. The syndicate also uses currency forward deals which have the economic effect of converting certain Sterling exposures at floating rates to fixed rates, during the period the syndicate held foreign currency forward contracts to manage currency risk associated with specific fixed income securities.

At 31 December 2014, in considering the syndicate's material currency exposures, if the US Dollar had strengthened by 5% against the following currencies, with all other variables held constant, the profit for the year would have increased/(decreased) by the following amounts: Pounds Sterling: $26.2m *(2013: $(31.8)m)*, Euros $7.1m *(2013: $3.8m)* and Canadian Dollars $9.0m *(2013: $10.4m)*, as a result of foreign exchange gains/losses on the translation of foreign currency profits. The impact would have been equal and opposite had the US Dollar weakened by 5%.

(b) Credit risk

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

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- amounts due from issuers of debt securities; and
- counterparty risk with respect to derivative transactions.

2 MANAGEMENT OF FINANCIAL RISK (continued)

(b) Credit risk (continued)

The syndicate manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and monitoring its exposure to regions, countries and industries. Such risks are subject to regular review.

Changes to the limits on the level of credit risk by category and territory are approved annually by the managing agency Board of Directors. Reinsurance is used to manage insurance risk. This does not, however, discharge the syndicate's liability as primary insurer. If a reinsurer fails to pay a claim, the syndicate remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an ongoing basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. In certain circumstances, deposits from reinsurers are also held as collateral.

Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2 MANAGEMENT OF FINANCIAL RISK (continued)

(b) Credit risk (continued)

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

At 31 December 2014	Sovereign Debt and Government Agency	AAA	AA	A	BBB or below	Not readily available / not rated	Total
	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Debt securities and other fixed income securities	780,529	800,735	846,555	426,584	97,828	41,902	2,994,133
Deposits with ceding undertakings	-	-	-	-	-	609	609
Cash at bank	-	-	-	189,790	-	-	189,790
Overseas deposits	-	-	-	353,009	-	-	353,009
Other debtors	-	-	-	7,145	-	98,099	105,244
Shares and other variable yield securities and units in unit trusts	-	-	-	-	4,944	351,420	356,364
Derivative financial instruments	-	-	-	-	-	2,302	2,302
Total	780,529	800,735	846,555	976,528	102,772	494,332	4,001,451

Within Shares and other variable yield securities and units in unit trusts are equities of $128.5m (*2013: $196.5m*) that are not subject to credit risk but are included here for the purposes of compliance with FRS 29.

Credit ratings for debtors arising out of insurance operations are not readily available. The syndicate manages the risk of default through quality control procedures to ensure the management of credit risk in relation to brokers and other relevant counterparties.

The Syndicate has no direct exposure to sovereign holdings in peripheral European countries (specifically Portugal, Ireland, Italy, Greece and Spain).

2 MANAGEMENT OF FINANCIAL RISK (continued)

(b) Credit risk (continued)

At 31 December 2013	*Sovereign Debt and Government Agency*	*AAA*	*AA*	*A*	*BBB or below*	*Not readily available / not rated*	*Total*
	$000's	*$000's*	*$000's*	*$000's*	*$000's*	*$000's*	*$000's*
Debt securities and other fixed income securities	*787,893*	*733,839*	*583,526*	*332,563*	*182,315*	*20,970*	*2,641,106*
Deposits with ceding undertakings	-	-	-	-	-	*731*	*731*
Cash at bank	-	-	-	*91,473*	-	-	*91,473*
Overseas deposits	-	-	-	*401,169*	-	-	*401,169*
Other debtors	-	-	-	*908*	-	*93,206*	*94,114*
Shares and other variable yield securities and units in unit trusts	-	*399,384*	-	*6,283*	*3,500*	*332,616*	*741,783*
Derivative financial instruments	-	-	-	*394*	-	-	*394*
Total	*787,893*	*1,133,223*	*583,526*	*832,790*	*185,815*	*447,523*	*3,970,770*

2 MANAGEMENT OF FINANCIAL RISK (continued)

(b) Credit risk (continued)

The concentration of credit risk is substantially unchanged compared to prior year. There were no material unapproved breaches of credit limits during the year. The syndicate maintains strict control limits on open derivative positions, by both amount and term. The amount subject to credit risk at any one time is limited to the current fair value of derivative financial assets.

(c) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the syndicate is the obligation to pay claims as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The syndicate manages this risk by maintaining sufficient liquid assets to meet expected cash flow requirements.

2 MANAGEMENT OF FINANCIAL RISK (continued)

(c) Liquidity risk (continued)

The following tables analyse the financial assets and financial liabilities by maturity date. Advantage has been taken of the exemption under FRS 29 to exclude financial assets and liabilities under insurance contracts for the purpose of this note.

At 31 December 2014	No contractual maturity date $000's	Less than one year on demand $000's	Between 1 and 3 years $000's	Between 3 and 5 years $000's	Over 5 years $000's	Total $000's	Carrying value $000's
Financial liabilities							
Other creditors	-	(100,516)	(1,335)	-	-	(101,851)	(101,851)
Financial liabilities	-	(100,516)	(1,335)	-	-	(101,851)	(101,851)
Financial assets							
Shares and other variable-yield securities and units in unit trusts	356,364	-	-	-	-	356,364	356,364
Derivative financial instruments	-	2,302	-	-	-	2,302	2,302
Debt securities and other fixed-income securities	7,605	314,621	1,059,892	566,423	1,045,592	2,994,133	2,994,133
Deposits with ceding undertakings	-	609	-	-	-	609	609
Cash at bank	189,790	-	-	-	-	189,790	189,790
Overseas deposits	353,009	-	-	-	-	353,009	353,009
Other debtors	-	52,948	52,296	-	-	105,244	105,244
Financial assets	906,768	370,480	1,112,188	566,423	1,045,592	4,001,451	4,001,451

2 MANAGEMENT OF FINANCIAL RISK (continued)

(c) Liquidity risk (continued)

At 31 December 2013	No contractual maturity date $000's	Less than one year on demand $000's	Between 1 and 3 years $000's	Between 3 and 5 years $000's	Over 5 years $000's	Total $000's	Carrying value $000's
Financial liabilities							
Other creditors	-	(91,066)	-	-	-	(91,066)	(91,066)
Financial liabilities	-	(91,066)	-	-	-	(91,066)	(91,066)
Financial assets							
Shares and other variable-yield securities and units in unit trusts	562,515	179,268	-	-	-	741,783	741,783
Derivative financial instruments	-	394	-	-	-	394	394
Debt securities and other fixed-income securities	8,837	235,681	1,101,371	502,354	792,863	2,641,106	2,641,106
Deposits with ceding undertakings	-	731	-	-	-	731	731
Cash at bank	91,473	-	-	-	-	91,473	91,473
Overseas deposits	401,169	-	-	-	-	401,169	401,169
Other debtors	-	28,520	-	-	-	28,520	28,520
Financial assets	1,063,994	444,594	1,101,371	502,354	792,863	3,905,176	3,905,176

2 MANAGEMENT OF FINANCIAL RISK (continued)

(c) Liquidity risk (continued)

The nature of insurance is that the requirements of funding cannot be predicted with absolute certainty and therefore the theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement.

(d) Capital management

The syndicate maintains a capital structure in holdings of Funds at Lloyd's (FAL) consistent with the syndicate's risk profile and the regulatory and market requirements of its business.

The syndicate's objectives in managing its capital are:

- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to maintain financial strength; and
- to match the profile of its assets and liabilities, taking account of the risks inherent in the business.

The syndicate is regulated by Lloyd's and the Prudential Regulation Authority (PRA) and the syndicate is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities.

The level of capital required by the syndicate is determined by the Individual Capital Assessment (ICA) process under the PRA's regime which has been adopted by Lloyd's.

The ICA process involves undertaking a comprehensive assessment of the risks faced by the syndicate and then quantifying the amount and composition of capital the syndicate needs to hold to mitigate these risks to a 99.5% level of confidence. The ICA process uses a stochastic model, where distributions of possible outcomes are specified, giving the relative probability of occurrence of certain events. The model is based on regulatory requirements and the Lloyd's guidance.

The managing agent oversees the process of deriving and challenging the capital assessment computations and maintenance of the optimal capital structure.

Through its unique capital structure, the Corporation of Lloyd's provides financial security to policyholders and capital efficiency to members. The Corporation is responsible for setting both member and central capital to achieve a level of capitalisation that is robust and allows members the potential to earn high returns.

2 MANAGEMENT OF FINANCIAL RISK (continued)

(e) Fair value estimation

The syndicate adopts FRS 29. This requires, for financial instruments held at fair value in the Balance Sheet, disclosure of fair value measurements by level of the fair value measurement hierarchy:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the syndicate has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Assets utilising Level 1 inputs comprise US government securities and exchange-traded instruments.

Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data. Assets and liabilities utilising Level 2 inputs include: US agency securities; non-US government obligations, corporate and municipal bonds, residential mortgage-backed securities ('RMBS'), commercial mortgage-backed securities ('CMBS') and asset-backed securities ('ABS') to the extent that they are not identified as Level 3 items; over-the-counter ('OTC') derivatives (e.g. foreign exchange contracts and interest rate contracts); fixed-term cash deposits classified as short-term investments; and private debt and equity with readily available prices.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect our own assumptions about assumptions that market participants might use.

Assets utilising Level 3 inputs comprise investments in funds with significant redemption restrictions; unquoted private equity and debt not qualifying as Level 2 financial instruments; collateralised debt obligations ('CDO'); and sub-prime securities, Alt-A securities and securities rated CCC and below, where the unobservable inputs reflect individual assumptions and judgements regarding ultimate delinquency rates and estimates regarding the likelihood and timing of events and defaults.

The availability of observable inputs can vary from financial instrument to financial instrument and is affected by a wide variety of factors, including, for example, whether the financial instrument is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires significantly more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorised in Level 3. The syndicate uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified between levels.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2 MANAGEMENT OF FINANCIAL RISK (continued)

(e) Fair value estimation (continued)

The following tables present the company's holdings of assets measured at fair value:

As at 31 December 2014	**Level 1 $000's**	**Level 2 $000's**	**Level 3 $000's**	**Total $000's**
Assets				
Fair value through Profit and Loss:				
Shares and other variable yield securities and units in unit trusts	**107,888**	**101,510**	**125,065**	**334,463**
Derivative financial instruments	**-**	**2,302**	**-**	**2,302**
Debt securities and other fixed income securities	**204,715**	**2,747,980**	**41,438**	**2,994,133**
	312,603	**2,851,792**	**166,503**	**3,330,898**

As at 31 December 2013	*Level 1 $000's*	*Level 2 $000's*	*Level 3 $000's*	*Total $000's*
Assets				
Fair value through Profit and Loss:				
Shares and other variable yield securities and units in unit trusts	*154,344*	*403,604*	*133,018*	*690,966*
Derivative financial instruments	*-*	*394*	*-*	*394*
Debt securities and other fixed income securities	*17,895*	*2,528,093*	*95,118*	*2,641,106*
	172,239	*2,932,091*	*228,136*	*3,332,466*

Fair value estimates included in Level 3 are hedge funds with significant redemption restrictions, collateralised debt obligations ("CDO"), sub-prime securities, Alt A securities and securities rated CCC and below.

2 MANAGEMENT OF FINANCIAL RISK (continued)

(e) Fair value estimation (continued)

There were no assets transferred into or out of Level 3 during 2014. In 2013, $12.9m of securities were transferred from Level 3 to Level 2. These related to securities classified as sub-prime at 31 December 2012 but not at 31 December 2013.

The following table presents the changes in Level 3 instruments during the year.

	Shares & other variable yield securities & units in unit trusts		**Debt securities and other fixed income securities**	
	2014	*2013*	**2014**	*2013*
	$000's	*$000's*	**$000's**	*$000's*
Opening balance	**133,018**	*103,981*	**95,118**	*93,625*
Total net gains included in income	**604**	*17,487*	**938**	*10,101*
Net (disposals)	**(8,557)**	*11,550*	**(54,617)**	*4,339*
Level 3 transfers (out)	**-**	*-*	**-**	*(12,947)*
Closing balance	**125,065**	*133,018*	**41,439**	*95,118*
Amounts of net (losses)/gains relating to balances still held at year end	**(4,849)**	*13,450*	**(379)**	*1,243*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3 SEGMENTAL ANALYSIS

Gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balances by class of business are as follows:

2014	Gross Premiums Written $000's	Gross Premiums Earned $000's	Gross Claims Incurred $000's	Gross Operating Expenses $000's	Reinsurance Balance $000's	Total $000's
Fire and other damage to property	631,546	601,154	(245,868)	(191,352)	(129,634)	34,300
Accident and health	84,490	71,424	(26,301)	(32,587)	(4,971)	7,565
Third-party liability	305,717	275,699	(113,283)	(79,222)	(59,019)	24,175
Marine, aviation and transport	396,595	388,843	(202,412)	(97,612)	(77,243)	11,576
Motor (third party liability)	48,173	45,122	(22,668)	(16,922)	(8,462)	(2,930)
Miscellaneous	53,577	45,130	(20,557)	(12,447)	(9,320)	2,806
	1,520,098	1,427,372	(631,089)	(430,142)	(288,649)	77,492
Reinsurance	1,754,590	1,680,908	(731,799)	(550,016)	(274,441)	124,652
Total	3,274,688	3,108,280	(1,362,888)	(980,158)	(563,090)	202,144

3 SEGMENTAL ANALYSIS (continued)

2013	*Gross Premiums Written $000's*	*Gross Premiums Earned $000's*	*Gross Claims Incurred $000's*	*Gross Operating Expenses $000's*	*Reinsurance Balance $000's*	*Total $000's*
Fire and other damage to property	*560,146*	*531,836*	*(228,444)*	*(163,074)*	*(120,563)*	*19,755*
Accident and Health	*36,883*	*40,163*	*(13,560)*	*(15,216)*	*(1,834)*	*9,553*
Third-party liability	*235,244*	*231,649*	*(100,932)*	*(64,616)*	*(39,649)*	*26,452*
Marine, aviation and transport	*375,113*	*393,126*	*(141,719)*	*(108,421)*	*(109,173)*	*33,813*
Motor (third party liability)	*53,190*	*49,224*	*(28,310)*	*(17,976)*	*(6,147)*	*(3,209)*
Miscellaneous	*58,172*	*53,207*	*(22,775)*	*(16,967)*	*(3,420)*	*10,045*
	1,318,748	*1,299,205*	*(535,740)*	*(386,270)*	*(280,786)*	*96,409*
Reinsurance	*1,678,926*	*1,688,123*	*(764,708)*	*(512,751)*	*(359,055)*	*51,609*
Total	*2,997,674*	*2,987,328*	*(1,300,448)*	*(899,021)*	*(639,841)*	*148,018*

The reinsurance balance represents the charge to the technical account from the aggregate of all items relating to outwards reinsurance.

For the purposes of SSAP 25 'Segmental Reporting', the Lloyd's insurance market has been treated as one geographical segment. All business is signed and concluded in the UK.

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

	Attributable to all business		Attributable to direct business	
	2014 $000's	*2013 $000's*	**2014 $000's**	*2013 $000's*
United Kingdom	**383,138**	*345,932*	**177,851**	*152,184*
Other EU Countries	**370,040**	*356,723*	**171,771**	*156,931*
US	**1,686,464**	*1,516,523*	**782,850**	*667,155*
Oceania	**288,173**	*262,896*	**133,769**	*115,654*
Other	**546,873**	*515,600*	**253,856**	*226,824*
	3,274,688	*2,997,674*	**1,520,097**	*1,318,748*

4 PROFIT FOR THE FINANCIAL YEAR

Profit for the financial year is stated after charging:

	2014 $000's	*2013 $000's*
Auditor's remuneration		
Audit services:		
Fees payable to the syndicate's auditor for the audit of the syndicate annual accounts	**595**	*570*
Other services		
Fees payable to the syndicate's auditor and its associates for other services:		
Other services pursuant to legislation, including the audit of the regulatory return	**154**	*149*

The auditors remuneration has been borne by another group company.

5 MOVEMENT IN PRIOR YEAR'S PROVISION FOR CLAIMS OUTSTANDING

A favourable run off deviation (prior accident year release) of $169.1m (*2013: favourable run off deviation of $129.9m*) was experienced during the year in respect of various lines of business, most significantly within aviation ($12.4m), marine ($21.7m), liability ($62.6m) and reinsurance ($60.1m). This is mainly due to a reduction in the ultimate loss estimates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

6 EMPLOYEES & DIRECTORS

The syndicate and its managing agent have no employees.

The syndicate did not directly incur staff costs during the year *(2013: $nil)*. Total staff costs of $141m *(2013: $130m)* were recharged by other group companies. These amounts include non-salary related costs such as staff training.

The following salary and related costs were recharged during the year.

	2014 $000's	*2013 $000's*
Salaries	**88,066**	*91,150*
Social security	**12,549**	*11,379*
Pension	**11,835**	*10,954*
	112,450	*113,483*

Directors' emoluments for the year are as follows:

	2014 $000's	*2013 $000's*
Aggregate emoluments and other benefits	**2,850**	*2,588*
Pension Contributions	**153**	*273*
	3,003	*2,861*
Emoluments of the highest paid director are:		
Aggregate emoluments and other benefits	**715**	*623*
Pension contributions	**-**	*-*
	715	*623*
Emoluments of the active underwriter are:		
Aggregate emoluments and other benefits	**464**	*387*
Pension contributions	**-**	*46*
	464	*433*

Directors' emoluments are the share of the total emoluments charged to the syndicate for services provided to the syndicate. Directors' emoluments are paid by other group companies and recharged by way of a management fee based on a best estimate of the time spent on the syndicate's activities. Pension contributions relate to 6 directors (*2013: 6 directors*).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

7 NET OPERATING EXPENSES

	2014 $000's	*2013 $000's*
Acquisition costs	737,107	*743,353*
Change in deferred acquisition costs	(16,615)	*(11,030)*
	720,492	*732,323*
Administration expenses	230,191	*140,591*
Realised exchange loss	29,475	*26,107*
Reinsurance commissions and profit participation	(61,077)	*(52,889)*
	919,081	*846,132*

Included within acquisition costs are amounts relating to commissions on direct insurance business of $296.1m *(2013: $250.7m)*.

8 INVESTMENT RETURN

	2014 $000's	*2013 $000's*
Investment income		
Income from other financial investments:		
Income from financial assets at fair value through Profit and Loss	67,893	*67,195*
Gain on realisation of investments	44,135	*46,891*
	112,028	*114,086*
Net unrealised gains/(losses) on investments	22,036	*(31,178)*
Investment expenses and charges		
Other investment management expenses	(15,249)	*(14,294)*
Losses on the realisation of investments	(14,538)	*(7,559)*
	(29,787)	*(21,853)*
Total investment return	104,277	*61,055*

Investment return is analysed between:

	2014 $000's	*2013 $000's*
Allocated investment return transferred to the general business technical account	100,512	*61,007*
Net investment return included in the non-technical account	3,765	*48*
Total investment return	104,277	*61,055*

Included in the above is a return of $3.8m *(2013: $48k)* of investment income earned on Funds in Syndicate deposited by Catlin Syndicate Limited into the syndicate's Premium Trust Fund (see note 23).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

9 INVESTMENTS

	Carrying value		Purchase price	
	2014	*2013*	**2014**	*2013*
	$000's	*$000's*	**$000's**	*$000's*
Financial assets				
Shares and other variable yield securities and units in unit trusts				
- designated at fair value through Profit or Loss upon initial recognition	**356,364**	*741,783*	**344,359**	*735,040*
Derivative financial instruments				
- at fair value through Profit or Loss	**2,302**	*394*	**8,851**	*7,185*
Debt securities and other fixed income securities				
- at fair value through Profit or Loss	**2,994,133**	*2,641,106*	**2,977,648**	*2,639,091*
Financial assets at fair value through Profit or Loss	**3,352,799**	*3,383,283*	**3,330,858**	*3,381,316*
Total financial assets	**3,352,799**	*3,383,283*	**3,330,858**	*3,381,316*

Included in the above are Funds in Syndicate of $176m *(2013:$172m)* placed by Catlin Syndicate Limited (see notes 17 and 23).

a) Listed investments

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

	2014	*2013*
	$000's	*$000's*
Shares and other variable yield securities and units in unit trusts	**172,210**	*619,478*
Debt securities and other fixed income securities	**2,924,287**	*2,632,268*
	3,096,497	*3,251,746*

b) Derivative financial instruments, at fair value through Profit and Loss

The investment portfolio is predominantly invested in cash and fixed income securities and so is exposed to interest rate risk. Interest rate option contracts are purchased to manage the market risk associated with holding cash and fixed income securities.

	Fair value asset		Contract/notional amount	
	2014	*2013*	**2014**	*2013*
	$000's	*$000's*	**$000's**	*$000's*
Interest rate option contract	**1,086**	*389*	**200,000**	*200,000*
Credit default option contract	**-**	*5*	**-**	*300,000*
Equity market option contract	**1,216**	*-*	**117,011**	*-*
	2,302	*394*	**317,011**	*500,000*

10 DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2014 $000's	2013 $000's
Due from intermediaries within one year	1,160,226	1,162,776
Due from intermediaries after one year	834	737
	1,161,060	1,163,513

11 OTHER DEBTORS: Amounts falling due within one year

	2014 $000's	2013 $000's
Amounts owed from group undertakings	7,145	908
Overseas taxation including federal excise tax	20,646	17,582
Salvage and subrogation recoveries	9,970	9,274
Investment settlements	8,282	8,833
Other debtors	6,905	1,196
	52,948	37,793

12 OTHER DEBTORS: Amounts falling due after one year

	2014 $000's	2013 $000's
Salvage and subrogation recoveries	36,623	56,321
Other debtors	15,673	-
	52,296	56,321

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

13 OVERSEAS DEPOSITS

Overseas deposits include the following trust fund balances:

	2014 $000's	*2013 $000's*
Illinois deposit - LDTF	**7,365**	*9,703*
South Africa deposit	**4,523**	*6,539*
ASL deposits	**59,195**	*67,408*
Kentucky trust funds	**9,474**	*11,629*
Australian trust fund	**183,283**	*219,168*
Joint Asset Trust Fund - SLTF	**7,157**	*8,032*
Joint Asset Trust Fund - CRTF	**14,054**	*12,067*
Canadian Mutualised Margin Fund	**67,958**	*66,623*
	353,009	*401,169*

14 CREDITORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2014 $000's	*2013 $000's*
Due to intermediaries within one year	**12,963**	*11,092*
Due to intermediaries after one year	**416**	*70*
	13,379	*11,162*

15 OTHER CREDITORS: Amounts falling due within one year

	2014 $000's	*2013 $000's*
Amounts owed to group undertakings	**59,844**	*68,164*
Outstanding investment balances	**34,909**	*21,450*
Other creditors	**5,763**	*1,452*
	100,516	*91,066*

16 OTHER CREDITORS: Amounts falling due after one year

	2014 $000's	*2013 $000's*
Other creditors	**1,335**	-
	1,335	-

17 RECONCILIATION OF MOVEMENTS IN MEMBER'S BALANCE

	2014 $000's	*2013 $000's*
Opening member's balance	**49,019**	*21,034*
Profit for the year	**302,656**	*209,025*
Payment of profit to member's personal reserve funds	**(155,070)**	*(181,040)*
	147,586	*27,985*
Closing member's balance	**196,605**	*49,019*
Funds deposited by Catlin Syndicate Limited:		
Opening balance	**172,224**	*102,097*
Profit in year	**3,765**	*48*
Funds deposited in the year	**-**	*70,079*
Amounts owed to Catlin Syndicate Limited (see note 23).	**175,989**	*172,224*
Total closing member's balance	**372,594**	*221,243*

Members participate in 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 $000's	2013 $000's
Profit for the financial year	306,421	209,073
Realised and unrealised investments losses/(gains), including FX	62,898	(25,298)
Decrease in net technical provisions	(110,007)	(153,885)
(Increase)/decrease in debtors	(153,030)	141,990
Increase in creditors	131,237	151,469
Net cash inflow from operating activities	237,519	323,349

19 MOVEMENT IN OPENING AND CLOSING PORTFOLIO INVESTMENTS NET OF FINANCING

	2014 $000's	2013 $000's
Increase/(decrease) in cash holdings	101,857	(130,995)
Cash flow:		
Outflow on overseas deposits	(19,567)	(146,234)
Inflow on portfolio investments	159	489,617
Movement arising from cashflows	82,449	212,388
Changes in market value and exchange rates	(62,898)	25,298
Total increase on portfolio investments	19,551	237,686
Portfolio at 1 January	3,876,656	3,638,970
Portfolio at 31 December	3,896,207	3,876,656

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

20 MOVEMENT IN CASH, PORTFOLIO INVESTMENTS AND FINANCING

	1 January 2014	Cash flow	Changes to market value and currencies	**31 December 2014**
	$000's	$000's	$000's	**$000's**
Cash at bank	*91,473*	101,857	(3,540)	**189,790**
Overseas deposits	*401,169*	(19,567)	(28,593)	**353,009**
	492,642	82,290	(32,133)	**542,799**
Portfolio investments:				
Shares and other variable yield securities	*741,783*	(444,433)	59,014	**356,364**
Debt securities and other fixed income securities	*2,641,106*	436,004	(82,977)	**2,994,133**
Deposits with ceding undertakings	*731*	(88)	(34)	**609**
Derivative financial instruments	*394*	8,676	(6,768)	**2,302**
Total portfolio investments	*3,384,014*	159	(30,765)	**3,353,408**
Total cash, portfolio investments and financing	*3,876,656*	82,449	(62,898)	**3,896,207**

21 NET CASH FLOWS ON PORTFOLIO INVESTMENTS

	2014 $000's	*2013 $000's*
Purchases of share and other variable yield securities	**(2,917,614)**	*(6,028,945)*
Purchases of debt securities and other fixed income securities	**(3,612,787)**	*(1,790,283)*
Purchases of derivative financial instruments	**(12,529)**	*(411)*
Deduction of deposits with ceding undertakings	**88**	*355*
Sales of shares and other variable yield securities	**3,362,047**	*5,919,551*
Sales of debt securities and other fixed income securities	**3,176,783**	*1,407,653*
Sales of derivative financial instruments	**3,853**	*2,463*
Net cashflow on portfolio investments	**(159)**	*(489,617)*

22 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). As at 31 December 2014, the value of assets supporting FAL for the 2015 year of account is $960.4m. These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities.

Since FAL is not under the management of the managing agent, no amount has been shown in these financial statements by way of such capital resources. However, the managing agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses.

23 FUNDS IN SYNDICATE

Catlin Syndicate Limited, the sole corporate member of the syndicate, holds investments in the syndicate to be used as collateral to support the syndicate's capital requirements, or Funds at Lloyd's. These investments give the syndicate the ability to manage these funds under the same Investment Management Agreement as the other funds of the syndicate that are held in the premium trust funds.

At 31 December 2014, $176.0m of investments were held as funds in the syndicate (*31 December 2013: $172.2m*).

The investments realised a profit of $3,765k for the year to 31 December 2014 *(2013: $48k)*. The balance of $172m is included within member's balances on the Syndicate Balance Sheet and is owed exclusively to Catlin Syndicate Limited.

24 RELATED PARTY TRANSACTIONS

Catlin Underwriting Agencies Limited ("CUAL") is the managing agent for Catlin Syndicate 2003. Under the standard managing agents' agreement, CUAL receives an annual fee of 1% of stamp capacity. In 2014 this amounted to $26.3m *(2013: $23.3m)*. The balance due to CUAL as at 31 December 2014 was $9.5m *(2013: $5.8m)*

Catlin Syndicate Limited is the sole member of Catlin Syndicate 2003.

The Catlin Group wholly owns a number of cover holders which underwrite on behalf of Catlin Syndicate 2003 and these are listed below:

Catlin Canada Inc
Catlin Insurance Company Inc US
Catlin Specialty Insurance Company
Catlin Inc
Catlin Insurance Services Inc
Catlin Underwriting Inc
Catlin France SAS
Catlin Schweiz AG
Catlin Hong Kong Limited
Catlin Guernsey Limited
Catlin Brasil Servicos Tecnicos Ltda
Catlin Australia Pty Limited
Catlin Singapore Pte Limited
Catlin Labuan Limited
Catlin (BB) Ltd
Catlin Ecosse Insurance Limited
Catlin Risk Solutions Limited
Catlin Re Switzerland Ltd
Catlin Europe SE

Commissions and administrative expenses relating to the provision of insurance underwriting by other Group companies are charged to Syndicate 2003 by the respective offices. These amounts are charged to acquisition costs in the Profit and Loss Account. The total effect of these on the Profit and Loss Account in 2014 totalled $101.5m *(2013: $105.4m)*. The amounts receivable in respect of insurance business and commission payable was $124.1m *(2013: $152.9m)*.

The syndicate participates in reinsurance contracts with other parts of the Catlin Group, including Catlin Re Switzerland Limited and Catlin Insurance Company Ltd. The effect of these contracts on the Profit and Loss account in 2014 is a charge of $113.4m *(2013: a charge of $167.0m)*. Amounts relating to these contracts of $156.8m *(2013: $326.1m)* were payable as at the Balance Sheet date. Commencing 2012, Catlin Syndicate 6112 was created to provide quota share reinsurance cover to Syndicate 2003. The sole corporate member of Syndicate 6112 is Catlin Syndicate 6112 Limited, a Catlin group company. The effect of these contracts on the Profit and Loss account in 2014 is a charge of $12.5m (*2013: charge of $4.9m*); the balance payable at the Balance Sheet date totalled $38.0m (*2013: $23.0m*).

The syndicate participated in an intra group reinsurance contract with Catlin Insurance Company (UK) Ltd to normalise the loss ratios across specified lines of business between the two Catlin platforms. The effect of this contract on the Profit and Loss account in 2014 was a credit of $28.3m *(2013: a charge of $13.8m)*. Amounts relating to these contracts of $29.4m were payable *(2013: $1.4m payable*) as at the Balance Sheet date. This contract was not renewed since the 2012 year of account, so this relates wholly to the previous years of account.

The syndicate is serviced in terms of accommodation, staff and other overhead costs by Catlin Holdings Limited and other Catlin group companies. The syndicate is charged its share of these central costs. In 2014 the total recharge from Catlin Holdings Limited and other group companies was $265.4m *(2013: $246.5m)*. At 31 December 2014 the balance payable to Catlin Holdings Limited and other group companies in relation to this recharge was $52.7m (*2013: payable of $67.3m*).

25 ULTIMATE PARENT UNDERTAKING

Catlin Syndicate Limited is the sole member of Catlin Syndicate 2003.

Catlin Insurance Company Ltd, a company registered in Bermuda, is the parent undertaking of the smallest group to consolidate the financial statements of Catlin Syndicate Limited. Copies of the Catlin Insurance Company Ltd consolidated financial statements can be obtained from The Secretary, Catlin Insurance Company Ltd, Washington House, 5th Floor, 16 Church Street, Hamilton, Bermuda HM11.

The ultimate parent undertaking and controlling party is Catlin Group Limited, a company registered in Bermuda, which is the parent undertaking of the largest group to consolidate the financial statements of Catlin Syndicate Limited. Copies of the Catlin Group Limited consolidated financial statements can be obtained from The Secretary, Catlin Insurance Company Ltd, Washington House, 5th Floor, 16 Church Street, Hamilton, Bermuda HM11.