Important information about Syndicate Reports and Accounts

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

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

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



RenaissanceRe Syndicate 1458

Syndicate Annual Report and Accounts For the year ended 31 December 2015



Table of contents

	Page
Managing agent's report	1
Statement of managing agent's responsibilities	5
Independent auditors' report	6
Income Statement	8
Statement of comprehensive income	10
Statement of changes in member's balances	11
Statement of financial position	12
Statement of cash flows	14
Notes to the financial statements	15



The Syndicate's managing agent, RenaissanceRe Syndicate Management Limited ("RSML" or the "Agency"), is a company registered in England and Wales. The directors of RSML present their report for the year ended 31 December 2015.

This 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 ("Lloyd's Regulations 2008").

Principal activity

There have not been any significant changes to the Syndicate's principal activity during the year. The Syndicate's principal activity continued to be the transaction of general insurance and reinsurance business across property, casualty and specialty lines.

The Syndicate has continued to show gradual growth over the years and the capacity increased to £211.8m for the 2015 year of account up from £169.3m for the 2014 year of account. The approved capacity for the 2016 year of account is £293.3m.

Results

During the year ended 31 December 2015, the Syndicate generated an underwriting profit before deduction of administrative expenses and addition of investment return of £28.0m (2014 - £35.6m). However, after the inclusion of administrative expenses, profits/losses on exchange and investment income, the overall result is a profit of £1.8m (2014 - £13.1m).

Business Review

Review of the business of the Syndicate

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

	2015	2014	Change
	£M	£M	%
Gross premiums written	244.3	164.8	48.2 %
Profit for the financial year	1.8	13.1	(86.3)%
Total comprehensive income	1.1	10.6	(89.6)%
Combined ratio	100.8%	91.9%	8.9 %
Investment return	0.5%	0.4%	0.1 %

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.

Gross premiums written for the year was £244.3m and represented a 48.3% increase on 2014 gross premiums written. The growth in gross premiums written is evident across most lines of business the Syndicate writes, but most notable in the property and casualty lines.

Outward reinsurance premiums for the year was £64.4m and represented a 174.4% increase on 2014. The growth in outward reinsurance premiums is primarily driven by a casualty quota share reinsurance contract that was in place for the full year (as the first contract incepted on 1 July 2014). This contract provides coverage for 27.5% and 35.0% of the Syndicate's assumed casualty book, insurance and reinsurance, for deals incepting from 1 July 2014 and 2015, respectively, onwards. The Syndicate's outward reinsurance spend is largely made up of its ceded property and casualty programmes. The Syndicate's ceded property programme includes treaty Ultimate Net Loss and risk cover as well as facultative reinsurance purchases. The Syndicate recorded £14.4m of reinsurance recoveries in the year.



2015 was a relatively benign year in terms of large loss events. The Syndicate's losses for the year largely comprise attritional claims and claim expenses, principally as IBNR, on the Syndicate's non-property catastrophe reinsurance and insurance business. Notable losses incurred in the year related to the Volkswagen emissions scandal, US crop hail and the Tianjin blast in China. During the year, the Syndicate recognised gross unfavourable development on prior accident year losses of £0.7m. The impact of these losses together with a higher administrative expense ratio have resulted in a worsening in the combined ratio. The administrative expense ratio has been impacted by the change in the basis of calculation of earnings for non-proportional risk-attaching contracts.

Review of financial position

Financial investments increased to £246.5m from £169.9m in line with the growth in the business.

Gross technical provisions have increased to £371.3m from £248.4m. This includes an increase in unearned premiums which is attributed both to increased gross premiums written in the year, particularly with increased weighting of the proportional book, and impact of the adoption of the change in the basis of calculation of earnings for non-proportional risks-attaching contracts, which are earned over the term of the underlying policies (previously earned over the term of the contract). The increase in claims outstanding is in line with the increase in gross premiums written in the year.

Transition to FRS 102 and FRS 103

This is the first year that the Syndicate has presented its results under FRS 102 'The Financial Reporting Standard, applicable in the UK and Republic of Ireland'. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. In accordance with FRS 102, the Syndicate has identified its insurance contracts and accounted for them in accordance with FRS 103 'Insurance Contracts'. The impact of the transition to FRS 102 and FRS 103 is set out in Note 20. The impact of transition is to reduce profit by £1.7m in 2014.

Principal risks and uncertainties

RSML's risk strategy is based on the integrated management of capital and risk. The risk management tools utilised by RSML allow for the determination of capital to support the risks assumed on an individual basis. The Syndicate's risk tolerance is set by the RSML Board and is reviewed on an ongoing basis as part of the risk management process. RSML has an established Risk Management Function ("RMF") that coordinates the execution of risk management processes across the company by ensuring RSML has an effective and efficient risk management framework which enables risks to be captured, measured and managed appropriately. The RMF is one element of RSML's governance structure that, as a whole, is designed to provide for clear ownership and accountability for risk throughout the company. Material risk related matters are reported to the Executive Committee and Board of RSML, whilst the controls in place to mitigate these risks are monitored for ongoing effectiveness.

The principal risks and uncertainties facing the Syndicate are set out below, including reference to the Notes where additional information relation to these risks are provided in the financial statements:

Regulatory risk [Note 19 (b)]

Regulatory risk is the risk of loss and / or damaging of reputation owing to a breach of regulatory requirements or failure to respond to regulatory change. The Agency is required to comply with the requirements of the Prudential Regulation Authority ("PRA"), Financial Conduct Authority ("FCA") and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. RSML has a Compliance team that monitors regulatory developments and assesses the impact on RSML policy. Further, those responsible for satisfying regulatory requirements are well-versed in those requirements.



Underwriting risk [Note 19 (a)-(c)]

Underwriting risk is the risk that is assumed into or ceded from the Syndicate as a result of its underwriting activities during the time period of interest, in particular the risk of incurring claims in excess of expectations and the associated reduction in profits and/or erosion of capital. Risk related to previously earned premium, including that on expired underwriting contracts, is considered as part of reserve risk. Underwriting and reserve risks are the most material components of RSML's risk management framework. RSML has articulated the underwriting risk tolerance of the Syndicate as well as associated processes and policies in the Underwriting Risk Policy. Further, annually the Syndicate articulates its business plan, setting out targets for volumes, pricing, line sizes and retentions by class of business. Performance against the business plan is monitored on an ongoing basis.

Reserve risk [Note 19 (a)-(c)]

The Syndicate's claims and claim expense reserves reflect its estimates, using actuarial and statistical projections at a given point in time, of the expectations of the ultimate settlement and administration costs of claims incurred. Although the Syndicate uses actuarial and computer models as well as historical reinsurance and insurance industry loss statistics, it also relies heavily on management's experience and judgement to assist in the establishment of appropriate claims and claim expense reserves.

Reserve risk is the risk that claims and claim expense reserves subsequently prove to be insufficient to cover eventual claims. Deterioration in reserves can originate from frequency of claims being more than expected, severity of claims being higher than expected and difference between timing of claims payments versus expected. Reserving risk relates to all business earned at the valuation date. Risk relating to claims on unearned and future business is considered as part of underwriting risk. Reserve adequacy is monitored through quarterly review of reserves by the RSML Actuarial Function as well as through an annual assessment performed by the Syndicate's Independent Actuary.

Credit risk [Note 19 (d)(1)]

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet part or all of their obligations or failing to meet them in a timely manner, as well as adverse changes in the market value of assets caused by changed perceptions of the creditworthiness of counterparties. For Syndicate 1458, key counterparties with whom it is exposed to credit risk include reinsurers, brokers, insureds, reinsureds and coverholders. Credit risk on the investment portfolio is discussed under market risk below. RSML has articulated the credit risk appetite of the Syndicate as well as associated processes and policies in the Credit Risk Policy. Further, the Syndicate has established counterparty credit rating guidelines providing a suggested maximum limit to be exposed to individual reinsurers based on their credit rating. The guidelines also provide some perspective which should facilitate the reinsurance purchasing process and credit risk management and monitoring process. Aged receivable reports are produced on a regular basis and monitored by the Finance Committee.

Liquidity risk [Note 19 (d)(2)]

Liquidity risk is the risk that the Syndicate, although solvent, might not have sufficient available liquid resources to enable it to meet its obligations as they fall due, or could secure them only at excessive cost. The liquidity objective is to preserve capital and provide adequate liquidity to support the Syndicate's underwriting and day-to-day operations. RSML has articulated the liquidity risk appetite of the Syndicate as well as associated processes and policies in the Liquidity Risk Policy. Also, Syndicate liquidity is formally reviewed quarterly by the Finance Committee, as well as on an ongoing basis by the Finance Director.

Market risk [Note 19 (d) (3)]

Market risk is the risk of financial loss due to movements in market factors. For the Syndicate, this could manifest itself through investment market movements, including movements in interest rates, movements in foreign exchange rates, resulting in mismatches between currencies in which assets and liabilities are denominated, and changes in credit ratings or investment prices. Credit risk on the investment portfolio is deemed largely immaterial given the makeup of that portfolio. RSML has articulated the market risk appetite of the Syndicate as well as associated processes and



policies in the Market Risk Policy. In addition the RSML Finance Committee is responsible for reviewing, among other things, investment performance and currency matching on a quarterly basis.

Future developments

The Syndicate will continue to underwrite insurance and reinsurance business seeking opportunities to grow a diversified portfolio with ongoing focus on bottom line profitability, and to further develop key strategic relations and the brand. During 2016 the Syndicate expects to grow across the property, casualty and specialty portfolios and in particular the specialty treaty book which will be led by a new underwriter. The Syndicate business plan for the 2016 year of account based on syndicate capacity (gross premium net of acquisition costs) is forecast to be £293.3m, a projected increase of 38.5% on the 2015 business plan capacity.

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency 1 figures are no longer applicable from that date. Although the capital regime has changed, this has not significantly impacted the Solvency Capital requirements of the Syndicate, since this has been previously calculated based on Solvency II principles.

Directors

Details of the Directors of RSML that served during the year and up to the date of signing of the Syndicate annual accounts are as follows:

P M Billingham

HRT Brennan

S Creedon

R A Curtis

K T Fox

D A Heatherly

J R Hustler (resigned with effect from 1 January 2016)

G W Lynch (resigned with effect from 1 January 2016)

C S McMenamin

R M Merrett (appointed 11 November 2015)

R J Murphy

Disclosure of information to the auditors

In the case of each of the persons who are directors of the managing agent at the time the report is approved:

- So far as the director is aware, there is no relevant audit information, being information needed by the Syndicate auditor in connection with the auditor's report, of which the auditor is unaware; and
- Having made enquiries of fellow directors of the Agency and the Syndicate's auditor, each director has taken all
 the steps that he or she ought to have taken as a director to become aware of any relevant audit information and
 to establish that the Syndicate's auditor is aware of that information.

Reappointment of auditors

Ernst & Young LLP have indicated their willingness to continue in office as the Syndicate's auditors.

On behalf of the Board

HRT Brannan Director

10 March 2016

RenaissanceRe>

Statement of managing agent's responsibilities

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

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires 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 Syndicate 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, the managing agent is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the notes to the Syndicate annual accounts; and
- Prepare the Syndicate annual accounts on the basis that the Syndicate will continue to write future business unless
 it is inappropriate to presume that the Syndicate will do so.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to comply with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 in other jurisdictions.



Independent auditors' report to the member of Syndicate 1458

We have audited the syndicate annual accounts of syndicate 1458 ('the syndicate') for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Member's Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'.

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

Respective responsibilities of the managing agent and the auditor

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 which 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the syndicate annual accounts

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. In addition, we read all the financial and non-financial information in the Syndicate Annual Report and 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.

Opinion on syndicate annual accounts

In our opinion the syndicate annual accounts:

- Give a true and fair view of the syndicate's affairs as at 31 December 2015 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'; and
- Have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

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

In our opinion the information given in the Managing Agent's Report for the financial year in which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts.



Independent auditors' report to the member of Syndicate 1458

Matters on which we are required to report by exception

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

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

Michael Purrington (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Enst & Yang Ul

London 10 March 2016

Income Statement Technical account - General business For the year ended 31 December 2015

	Notes	2015 £	2014 £
Gross premiums written	2	244,279,251	164,755,086
Outward reinsurance premiums Net premiums written		(64,435,434) 179,843,817	(23,485,199) 141,269,887
Change in provision for unearned premiums - Gross amount - Reinsurers' share Change in the net provision for unearned premiums	4	(51,997,272) 17,711,480 (34,285,792)	(12,742,575) 5,483,375 (7,259,200)
Earned premiums, net of reinsurance		145,558,025	134,010,687
Allocated investment return transferred from the non-technical account		1,073,530	851,227
Claims paid - Gross amount - Reinsurers' share Net claims paid		(35,791,487) 645,923 (35,145,564)	(30,096,691) 3,367,803 (26,728,888)
Change in claims outstanding - Gross amount - Reinsurers' share Change in the net provision for claims		(61,700,862) 13,757,455 (47,943,407)	(45,353,848) 2,475,847 (42,878,001)
Claims incurred, net of reinsurance	3	(83,088,971)	(69,606,889)
Net operating expenses	6	(63,594,425)	(53,583,520)
Balance on technical account - general business		(51,841)	11,671,505

Income Statement Non-technical account - General Business For the year ended 31 December 2015

	Notes	2015 £	2014 £
Balance on technical account - general business		(51,841)	11,671,505
Investment income	10	2,117,505	1,089,195
Unrealised losses on investments	10	(854,064)	(61,373)
Investment expenses and charges	10	(189,911)	(176,595)
Allocated investment return transferred to the general business technical account Exchange gains and losses		(1,073,530) 1,816,741	(851,227) 1,465,431
Exchange gains and losses		1,010,741	1,400,401
Profit for the financial year	_	1,764,900	13,136,936

Statement of comprehensive income For the year ended 31 December 2015

	Notes	2015 £	2014 £
Profit for the financial year		1,764,900	13,136,936
Currency translation differences		(660,649)	(2,490,250)
Total comprehensive income for the year	_	1,104,251	10,646,686

Statement of changes in member's balances For the year ended 31 December 2015

		Member's balances
	Notes	£
At 1 January 2015		(11,877,326)
Profit for the financial year		1,764,900
Currency translation differences		(660,649)
		2,315,684
2012 year of account collection of loss		
At 31 December 2015		(8,457,391)
		Member's balances
	Notes	£
At 1 January 2014		(16,904,848)
Profit for the financial year		13,136,936
Currency translation differences		(2,490,250)
2011 year of account payment of profit		(5,619,164)
At 31 December 2014		(11,877,326)

Statement of financial position As at 31 December 2015

	Notes	2015	2014
		£	£
ASSETS			
Investments	3.1	0.40.400.000	100 070 000
Financial investments	11	246,489,336	169,876,962
Deposits with ceding undertakings		479,792	392,845
		246,969,128	170,269,807
Reinsurers' share of technical provisions			
Provision for unearned premiums	4	26,203,269	7,537,755
Claims outstanding	3	18,778,160	3,582,289
		44,981,429	11,120,044
Debtors			
Debtors arising out of direct insurance operations		3,562,335	3,606,998
Debtors arising out of reinsurance operations	12	76,941,123	45,062,032
Other debtors		6,152,058	406,723
	,	86,655,516	49,075,753
Cash and other assets			
Cash at bank and in hand	14	20,781,624	8,162,882
Other assets	13	8,984,212	6,249,332
		29,765,836	14,412,214
Prepayments and accrued income			
Accrued interest		547,395	409,972
Deferred acquisition costs	5	21,401,172	13,670,524
	,	21,948,567	14,080,496
Total assets		430,320,476	258,958,314

Statement of financial position (cont'd) As at 31 December 2015

	Notes	2015	2014
	770100	£	£
MEMBER'S BALANCES AND LIABILITIES Member's balances			
Profit and loss account		(8,457,391)	(11,877,326)
Total member's balances		(8,457,391)	(11,877,326)
Liabilities			
Technical provisions			
Provision for unearned premiums	4	120,801,739	67,875,935
Claims outstanding	3	250,456,691	180,539,980
		371,258,430	248,415,915
Creditors			
Creditors arising out of direct insurance operations		615,947	425,897
Creditors arising out of reinsurance operations		33,151,846	13,146,599
Other creditors	15	33,670,183	8,764,831
		67,437,976	22,337,327
Accruals and deferred income		81,461	82,398
Total liabilities		438,777,867	270,835,640
Total member's balances and liabilities		430,320,476	258,958,314

The financial statements on pages 8 to 44 were approved by the board of directors on 9 March 2016 and were signed on its behalf by:

R T Brennan

Director

10 March 2016

Statement of cash flows For the year ended 31 December 2015

		2015	2014
	Votes		
		£	£
Profit on ordinary activities		1,764,900	13,136,936
Movement in general insurance unearned premiums and outstanding claims		122,842,515	70,878,786
Movement in reinsurers' share of unearned premiums and outstanding claims		(33,861,385)	(8,834,483)
Investment return		(1,073,530)	(851,227)
Movements in other assets/liabilities		(447,670)	(15,432,549)
Realised/unrealised gains on cashflow		(7,136,284)	(4,556,354)
Currency exchange differences		(660,649)	(2,490,250)
Net cash inflow from operating activities		81,427,897	51,850,859
		N N =	
Investing activities			
Investment income received		1,927,594	912,600
Purchase of debt and equity instruments		(361,888,889)	(348,363,711)
Sales of debt and equity instruments		314,766,184	304,240,305
Increase in overseas deposits		(1,962,513)	(1,442,399)
Net cash outflow from investing activities		(47,157,624)	(44,653,205)
Financing activities			
Collection of loss from/(payments of profit) to member's personal reserve funds		2,315,684	(5,619,164)
Foreign exchange on cash at bank and in hand		(253,168)	(212,895)
Unrealised losses on investments		(854,064)	9 V-12 (1990) 10 (1990)
Net cash inflow/(outflow) from financing activities		1,208,452	(5,832,059)
Increase in cash and cash equivalents		35,478,725	1,365,595
Cash and cash equivalents at 1 January		59,657,136	58,291,541
Cash and cash equivalents at 31 December	14	95,135,861	59,657,136
*			



1. Accounting policies

1.1 Statement of compliance

The financial statements have been prepared in compliance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and FRS 102 and FRS 103, being applicable UK GAAP accounting standards, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

The financial statements are prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

The Syndicate transitioned from previously extant UK GAAP to FRS 102 and FRS 103 as at 1 January 2015. An explanation of how transition to FRS 102 and FRS 103 has affected the reported financial position and financial performance is given in Note 20.

1.2 Basis of preparation

The financial statements for the year ended 31 December 2015 were approved for issue by the Board of Directors on 9 March 2016.

The financial statements are prepared in Sterling which is the presentational currency of the Syndicate. The Syndicate's functional currency is US dollars.

As permitted by FRS 103 the Syndicate continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

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 meets 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 explained further in note 17.

1.3 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Syndicate's key sources of estimation uncertainty, discussed below, are claims provisions and related recoveries and future premiums.

1.4 Significant accounting policies

Financial investments

As permitted by FRS 102, the Syndicate has elected to apply the recognition and measurement provisions of IAS 39 - Financial Instruments (as adopted for use in the EU) to account for all of its financial instruments.

The Syndicate classifies its financial investments as financial assets at fair value through profit or loss. The Syndicate determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value.

The classification depends on the purpose for which the investments were acquired or originated. In general, financial assets are classified as fair value through profit or loss as the Syndicate's documented investment strategy is to manage financial investments acquired on a fair value basis.



All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date the Syndicate commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial assets at fair value through profit or loss has a sub category namely those designated at fair value through profit or loss at inception. For these investments, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value at each reporting date. Fair value adjustments and realised gains and losses are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Fair value of financial assets

The Syndicate uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

See Note 11 for details of financial instruments classified by fair value hierarchy.

Financial liabilities

The Syndicate's financial liabilities include trade and other payables and insurance payables. All financial liabilities are recognised initially at fair value.

Investment return

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

Unrealised and realised gains and losses on financial investments are recognised based on the appropriate classification of financial investments and are covered in detail under the accounting policy for financial investments.

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



Insurance contracts - Product classification

Insurance contracts are those contracts when the Syndicate (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholder/reinsured) by agreeing to compensate the policyholder if a specified uncertain future event (the re/insured event) adversely affects the policyholders. As a general guideline, the Syndicate determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Gross Premiums

Premiums written comprise premiums on contracts incepted during the financial year or reported during the year in the case of bordereau reported business. Premiums are shown gross of commissions, brokerage and taxes / duties levied on them. Premiums include estimates for pipeline premiums, being premiums written during the period but for which the Syndicate has yet to receive signed line message confirmation from XIS. Reinstatement premiums are estimated after the occurrence of a significant loss and are recorded in accordance with the contract terms based upon paid losses and case reserves.

For proportional contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates are judgemental and could result in a misstatement of revenue recorded in the financial statements. The main assumption underlying these estimates is that past premium development can be used to project future premium development.

Reinsurance premiums

Outwards reinsurance premiums comprise ceded premiums on contracts incepted during the financial year. The provision for ceded unearned premiums represents the portion of ceded premiums written that relate to unexpired terms of policies in force at the balance sheet date.

Profit commission

Profit commission is charged by the managing agent at a rate of 5% of the profit on a year of account basis. This is charged to the Syndicate as it is incurred but does not become payable until after the appropriate year closes, normally at 36 months.

Claims provisions and related recoveries

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

The provision for claims and claim expenses includes estimates for unpaid claims and claim expenses on reported losses as well as an estimate of losses incurred but not reported ("IBNR"). The provision is based on individual claims, case reserves and other reserve estimates reported by insureds and ceding companies as well as management estimates of ultimate losses. Inherent in the estimates of ultimate losses are expected trends in claims severity and frequency and other factors which could significantly vary as claims are settled.

The directors of RSML consider that the provision for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate losses may vary materially from the amounts provided in the financial statements. Ultimate loss estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are reflected in the financial statements in the period in which they become known and are accounted for as changes in estimates.



In terms of reserving for attritional losses on our property, casualty and specialty reinsurance and insurance lines of business the Syndicate has elected to use the Bornhuetter-Ferguson actuarial method because this method is appropriate for our lines of business where there is a lack of historical claims experience. This method allows for greater weight to be applied to expected results in periods where little or no actual experience is available, and, hence, is less susceptible to the potential pitfall of being excessively swayed by one year or one quarter of actual paid and/or reported loss data. This method uses initial expected loss ratio expectations to the extent that losses are not paid or reported, and it assumes that past experience is not fully representative of the future. As the Syndicate's reserves for claims and claim expenses age, and actual claims experience becomes available, this method places less weight on expected experience and places more weight on actual experience. This experience, which represents the difference between expected reported claims and actual reported claims is reflected as a change in estimate. The Syndicate re-evaluates its actuarial reserving techniques on a periodic basis.

The utilisation of the Bornhuetter-Ferguson actuarial method requires the Syndicate to estimate an expected ultimate claims and claim expense ratio and select an expected loss reporting pattern. The Syndicate selects its estimates of the expected ultimate claims and claim expense ratios and expected loss reporting patterns by reviewing industry results for similar business and adjusting for the terms of the coverages it offers. The estimated expected claims and claim expense ratio at a given point in time may differ to what would be expected based on the selected loss reporting pattern due to reported losses. The estimate of IBNR is the product of the premium we have earned, the initial expected ultimate claims and claim expense ratio and the percentage of estimated unreported losses.

Reserving for most of the Syndicate's property catastrophe insurance and reinsurance business does not involve the use of traditional actuarial techniques. Rather, claims and claim expense reserves are estimated by management after a catastrophe occurs by completing an in-depth analysis of the individual contracts which may potentially be impacted by the catastrophe event.

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policies. These amounts recoverable from reinsurers are recorded net of a bad debt provision for estimated uncollectable recoveries, if applicable.

Provision for unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. In respect of general insurance business, written premiums are recognised and earned over the period of the policy on a time apportionment basis having regard where appropriate, to the incidence of the risk. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts. Reinstatement premiums are earned when written.

Unexpired risks provision

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial year in respect of contracts incepted before that date, are expected to exceed the unearned premiums and premium receivable under these contracts, after the deduction of any acquisition costs deferred.

The provision for unexpired risks is calculated by reference to years of account.



Deferred acquisition costs

Acquisition costs comprise costs arising from the conclusion of insurance contracts.

Deferred acquisition costs are costs arising from conclusion of insurance contracts that are incurred during the reporting period but which relate to a subsequent reporting period and which are carried forward to subsequent reporting periods.

Deferred acquisition costs and reinsurers' share of deferred acquisition costs are amortised over the period in which the related premiums are earned.

Reinsurance assets

The Syndicate cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Syndicate may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Syndicate will receive from the reinsurer. The impairment loss is recorded in the income statement.

Ceded reinsurance arrangements do not relieve the Syndicate from its obligations to policyholders.

Foreign currencies

The Syndicate's functional currency is US dollars and the presentational currency is Sterling.

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the relevant transactional rates of exchange in effect on the date in which the related transaction occurred. Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisition costs) denominated in foreign currencies are retranslated into the functional currency at the rate of exchange at the reporting date. Non-monetary assets and liabilities in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently retranslated. Exchange differences arising from the retranslation to functional currency are recorded in the non-technical account.

The functional currency is translated into presentational currency at the reporting date. Transactions are translated at the relevant transactional rates of exchange in effect on the date in which the related transaction occurred. Where practical, the Syndicate uses a rate that approximates the historical exchange rates (e.g. average rate). Assets and liabilities are retranslated at the rate of exchange at the reporting date. Exchange differences arising from the retranslation to presentational currency are recorded in comprehensive income.



Taxation

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

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate are included in the statement of financial position under the heading 'other debtors'.

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

Pension costs

RSML operates a defined contribution pension scheme. Pension contributions relating to Syndicate staff are charged to the Syndicate and included within net operating expenses.



2. Segmental analysis

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

	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£	£	£	£	£	£
2015						
Direct insurance						
Fire and other damage to property	33,022,762	24,964,098	(8,649,008)	(9,636,076)	(3,847,496)	2,831,518
Third party liability	80,490,045	56,242,155	(39,941,016)	(22,220,916)	8,019	(5,911,758)
Miscellaneous	13,432,451	7,515,737	(5,188,167)	(3,118,718)	(339,847)	(1,130,995)
	126,945,258	88,721,990	(53,778,191)	(34,975,710)	(4,179,324)	(4,211,235)
Reinsurance	117,333,993	103,559,989	(43,714,158)	(33,705,001)	(23,054,966)	3,085,864
	244,279,251	192,281,979	(97,492,349)	(68,680,711)	(27,234,290)	(1,125,371)
	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£	£	£	£	£	£
2014						
Direct insurance						
Fire and other damage to property	22,278,057	21,753,908	(9,399,319)	(7,782,270)	(1,348,320)	3,223,999
Third party liability	45,360,994	36,720,304	(26,143,712)	(14,563,439)	(70,060)	(4,056,907)
Miscellaneous	7,087,870	8,295,128	(5,427,491)	(3,626,981)	(24,302)	(783,646)
	74,726,921	66,769,340	(40,970,522)	(25,972,690)	(1,442,682)	(1,616,554)
Reinsurance	90,028,165	85,243,171	(34,480,017)	(28,072,234)	(10,254,088)	12,436,832
	164,755,086	152,012,511	(75,450,539)	(54,044,924)	(11,696,770)	10,820,278

Commissions on direct insurance gross premiums earned during 2015 were £22.3m (2014 - £11.4m).

The reinsurance balance is the aggregate total of all those items included in the technical account which relate to reinsurance outwards transactions including items recorded as reinsurance commissions and profit participation. The reinsurance balance includes reinsurance commission receivable.

All premiums were concluded in the UK.



6,777,433

231,678,531

Notes to the financial statements For the year ended 31 December 2015

The geographical analysis of premiums by destina	ation (or by situs of th	ne risk) is as follows:	
		2015	2014
		£	£
UK		548,893	492,841
Other EU countries		7,547,809	4,178,979
US and Canada		220,474,435	145,608,236
Other		15,708,114	14,475,030
	_	244,279,251	164,755,086
3. Claims outstanding			
	Gross	Reinsurers' share	Net
	£	£	£
At 1 January 2015	180,539,980	(3,582,289)	176,957,691
Claims incurred in current underwriting year	61,226,964	(9,715,675)	51,511,289
Claims incurred in prior underwriting years	36,265,385	(4,687,703)	31,577,682
Claims paid during the year	(35,791,487)	645,923	(35,145,564)

Gross	Reinsurers' share	Net
£	£	£
128,321,031	(883,964)	127,437,067
55,115,187	(4,617,994)	50,497,193
20,335,352	(1,225,656)	19,109,696
(30,096,691)	3,367,803	(26,728,888)
6,865,101	(222,478)	6,642,623
180,539,980	(3,582,289)	176,957,691
	£ 128,321,031 55,115,187 20,335,352 (30,096,691) 6,865,101	£ £ 128,321,031 (883,964) 55,115,187 (4,617,994) 20,335,352 (1,225,656) (30,096,691) 3,367,803 6,865,101 (222,478)

8,215,849

250,456,691

(1,438,416)

(18,778,160)



Foreign exchange

At 31 December 2015

4. Provision for unearned premiums

	Gross	Reinsurers' share	Net
	£	£	£
At 1 January 2015	67,875,935	(7,537,755)	60,338,180
Premiums written in the year	244,279,251	(64,435,434)	179,843,817
Premiums earned in the year	(192,281,979)	46,723,954	(145,558,025)
Foreign exchange	928,532	(954,034)	(25,502)
At 31 December 2015	120,801,739	(26,203,269)	94,598,470
	,		
	Gross	Reinsurers' share	Net
	£	£	£
At 1 January 2014	49,216,098	(1,401,597)	47,814,501
Premiums written in the year	164,755,086	(23,485,199)	141,269,887
Premiums earned in the year	(152,012,511)	18,001,824	(134,010,687)
Foreign exchange	5,917,262	(652,783)	5,264,479
At 31 December 2014	67,875,935	(7 E27 7EE)	60,338,180
At 51 December 2014	07,070,930	(7,537,755)	00,336,160

During the year, the Syndicate adopted a change in the basis of calculation of earnings for non-proportional risksattaching contracts. These contracts are now earned over the term of the underlying policies whereas they were previously earned over the term of the contract. The impact of this is to increase provision for unearned premiums and decrease earned premiums by £15.1m on a gross basis and £9.5m on a net of reinsurance basis.

5. Deferred acquisition costs

2015	2014
£	£
13,670,524	10,137,322
7,711,945	2,429,876
18,703	1,103,326
21,401,172	13,670,524
	£ 13,670,524 7,711,945 18,703



6. Net operating expenses

	Technical account - General business		
	2015		
	£	£	
Acquisition costs	52,302,721	32,814,264	
Change in deferred acquisition costs	(7,711,945)	(2,429,876)	
Administrative expenses	29,140,145	24,756,046	
Reinsurance commissions and profit participation	(10,136,496)	(1,556,914)	
	63,594,425	53,583,520	

Member's standard personal expenses amounting to £4.2m (2014 - £2.7m) are included in administrative expenses. Member's standard personal expenses include Lloyd's subscriptions, New Central Fund contributions, managing agent fees and profit commission.

7. Staff costs

The following amounts were recharged to the Syndicate in respect of salary costs:

2015	2014
£	£
11,611,599	10,183,801
1,431,269	1,076,189
666,848	577,482
13,709,716	11,837,472
	1,431,269 666,848

The average monthly number of employees of the managing agent but working during the year for the Syndicate were as follows:

	2015	2014
Administration and finance	55	53
Underwriting	19	15
Claims	4	4
	78	72

8. Auditors' remuneration

	2015	2014
	£	£
Audit of the Syndicate annual accounts	122,000	95,000
Other services pursuant to Regulations and Lloyd's Byelaws	62,000	61,000
	184,000	156,000

Auditors' remuneration is included as part of the administrative expenses in Note 6 to the financial statements.



0044

DOAF

9. Emoluments of the directors of RSML and active underwriter role

5 directors (2014 - 6) of RSML received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

within thet operating expenses.		
	2015	2014
	£	£
Aggregate remuneration in respect of qualifying services	2,427,467	2,552,340
The following aggregate remuneration pertaining to the active und included within net operating expenses:	derwriter role was charged	to the Syndicate and is
	2015	2014
	£	£
Emoluments	1,285,794	1,195,571
10. Investment return		
	2015	2014
	£	£
Income from other financial investments	1,831,076	946,743
Net gains on realisation of investments		
- Fair value through profit or loss designated upon initial		
recognition	286,429	142,452
Net unrealised losses on investments		
- Financial investments at fair value through profit and loss	(854,064)	(61,373)
Investment expenses and charges	(189,911)	(176,595)
Total investment return	1,073,530	851,227

Average amount of funds available for investment during the year:	2015	2014
Average amount of funds available for investment during the year.	2015 £	2014 £
		Z.
Sterling	8,821,248	9,391,803
US dollars	189,888,187	120,287,258
Canadian dollars	22,805,367	16,451,595
Euro	6,141,069	5,080,829
Combined in sterling	227,655,871	151,211,485
·		
Gross calendar year investment yield:		
Sterling	-%	—%
US dollars	0.5%	0.4%
Canadian dollars	0.5%	0.8%
Euro	—%	—%
Combined	0.5%	0.4%

[&]quot;Average fund" is the average of bank balances, overseas deposits and investments held at the end of each month during the calendar year. For this purpose, investments are revalued at month-end market prices, which include accrued income where appropriate.

11. Financial Investments

$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$			2015	
Shares and other variable yield securities and units in unit trusts 73,420,284 73,420,284 1,737,113 Debt securities and other fixed income securities 173,069,052 164,221,561 95,304,484 246,489,336 237,641,845 97,041,597 Carrying value Purchase price Listed £ £ £ Shares and other variable yield securities and units in unit trusts 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities 118,538,532 117,098,857 68,534,302		Carrying value	Purchase price	Listed
unit trusts - Designated at fair value through profit or loss 73,420,284 73,420,284 1,737,113 Debt securities and other fixed income securities 173,069,052 164,221,561 95,304,484 - Designated at fair value through profit or loss 173,069,052 164,221,561 95,304,484 246,489,336 237,641,845 97,041,597 Carrying value £ £ £ £ £ £ £ Shares and other variable yield securities and units in unit trusts 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities 51,338,532 117,098,857 68,534,302 - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302		£	£	£
Debt securities and other fixed income securities 173,069,052 164,221,561 95,304,484 - Designated at fair value through profit or loss 246,489,336 237,641,845 97,041,597 - Carrying value Purchase price Listed £ £ £ Shares and other variable yield securities and units in unit trusts 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities 51,338,532 117,098,857 68,534,302				
- Designated at fair value through profit or loss 173,069,052 164,221,561 95,304,484 246,489,336 237,641,845 97,041,597 - Carrying value Purchase price £ £ Shares and other variable yield securities and units in unit trusts - Designated at fair value through profit or loss 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302	- Designated at fair value through profit or loss	73,420,284	73,420,284	1,737,113
246,489,336 237,641,845 97,041,597 Carrying value Purchase price Listed £ £ £ £ Shares and other variable yield securities and units in unit trusts - Designated at fair value through profit or loss 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302	Debt securities and other fixed income securities			
Carrying value £ £ £ £ £ Shares and other variable yield securities and units in unit trusts - Designated at fair value through profit or loss - Designated at fair value through profit or loss - Designated at fair value through profit or loss - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302	- Designated at fair value through profit or loss	173,069,052	164,221,561	95,304,484
Carrying value Purchase price Listed £ £ £ £ £ Shares and other variable yield securities and units in unit trusts - Designated at fair value through profit or loss 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302		246,489,336	237,641,845	97,041,597
Carrying value Purchase price Listed £ £ £ £ £ Shares and other variable yield securities and units in unit trusts - Designated at fair value through profit or loss 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302			<u></u>	
Shares and other variable yield securities and units in unit trusts - Designated at fair value through profit or loss - Designated at fair value through profit or loss - Designated at fair value through profit or loss - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302			2014	
Shares and other variable yield securities and units in unit trusts - Designated at fair value through profit or loss 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302		Carrying value	Purchase price	Listed
unit trusts - Designated at fair value through profit or loss 51,338,430 51,338,430 436,140 Debt securities and other fixed income securities - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302		£	£	£
Debt securities and other fixed income securities - Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302				
- Designated at fair value through profit or loss 118,538,532 117,098,857 68,534,302	- Designated at fair value through profit or loss	51,338,430	51,338,430	436,140
	Debt securities and other fixed income securities			
400 070 000 400 107 007 00 070 110	- Designated at fair value through profit or loss	440 500 500	117 000 057	68 534 302
169,876,962 168,437,287 68,970,442	9 · - · - · - · · · · · · · · · ·	118,538,532	117,090,037	00,004,002

The following table shows financial investments recorded at fair value analysed between the three levels in the fair value hierarchy.

	Level 1 £	Level 2 £	Level 3 £	Total £
31 December 2015	T.	L	£	L
Shares and other variable yield securities and units in unit trusts	1,737,113	71,683,171		73,420,284
Debt securities and other fixed income securities	95,304,484	77,764,568	_	173,069,052
Loans and deposits with credit institutions	6,984,995	1,999,217		8,984,212
	104,026,592	151,446,956		255,473,548
•				
31 December 2014				
Shares and other variable yield securities and units in unit trusts	436,140	50,902,290	(Second)	51,338,430
Debt securities and other fixed income securities	68,534,302	50,004,230	() ()	118,538,532
Loans and deposits with credit institutions	4,992,065	1,257,267	Parameter (6,249,332
_	73,962,507	102,163,787	10	176,126,294

12. Debtors arising out of reinsurance operations

	2015	2014
	£	£
Due from ceding insurers and intermediaries under reinsurance business	75,580,508	44,800,928
Due from reinsurers and intermediaries under reinsurance contracts ceded	1,360,615	261,104
	76,941,123	45,062,032
-		

13. Other assets

Other assets comprise overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

14. Cash and cash equivalents

	2015	2014
	£	£
Cash at bank and in hand	20,781,624	8,162,882
Short term deposits with financial institutions	74,354,237	51,494,259
	95,135,861	59,657,141

Short term deposits with financial institutions are reported within financial investments on the statement of financial position.



15. Creditors

Amounts due within one year

	2015	2014
	£	£
Amounts due to RenaissanceRe Ltd	6,141,975	_
Amounts due to RenaissanceRe Services Ltd	5,474,727	5,143,933
Amounts due to RenaissanceRe Specialty US Ltd	2,518,033	-
Amounts due to RSML (Recharges)	7,441,063	3,197,631
Amounts due to RSML (Profit Commission)	332,669	1/ 555 4
Amounts due to RenaissanceRe Underwriting Managers Ltd	67,514	=
Amounts due to RenaissanceRe Underwriting Managers U.S	370,646	272,812
Unsettled investment trades	11,092,433	N
	33,439,060	8,614,376
Amounts due after one year		
Amounts due to RSML (profit commission)	231,123	150,455
Total creditors	33,670,183	8,764,831

16. Related parties

Platinum Underwriters Re Inc US

Platinum Underwriters Re Inc US ("PURE") is a wholly owned subsidiary of Renaissance Reinsurance Ltd which is a wholly owned subsidiary of RenaissanceRe Holdings Ltd, the ultimate parent company. PURE was acquired by the parent in the fourth quarter of 2014 and full integration took place on 2 March 2015.

The Syndicate has an intercompany debtor balance from PURE relating to a group crop reinsurance contract of £0.4m (2014 - £nil), whereby settlements to counterparties are transacted by the Syndicate on behalf of the group and subsequently settled internally. There were no charges during the year (2014 - £nil).

Renaissance Reinsurance Ltd

Renaissance Reinsurance Ltd ("RRL") is a wholly owned subsidiary of RenaissanceRe Holdings Ltd, the ultimate parent company.

The Syndicate has a facultative reinsurance agreement in place with RRL whereby premium is ceded to the Syndicate from RRL. Premium income in 2015 from the RRL agreement was £nil (2014 - £2.0m). The Syndicate has an intercompany creditor balance to RRL of £nil (2014 - £0.8m).

The Syndicate has an intercompany creditor balance to RRL relating to the group casualty quota share reinsurance contract of £6.1m (2014 - £nil), whereby settlements to counterparties are transacted by RRL on behalf of the group and subsequently settled internally. There were no charges during the year (2014 - £nil).



RenaissanceRe Services Ltd

RenaissanceRe Services Ltd ("RSL") is a wholly owned subsidiary of RenaissanceRe Holdings Ltd, the ultimate parent company.

During the year, the Syndicate was charged £5.2m (2014 - £4.8m) by RSL for its share of global expenses incurred centrally by the group at cost. The Syndicate has an intercompany creditor balance to RSL of £5.5m (2014 - £5.1m).

RenaissanceRe Specialty US Ltd

RenaissanceRe Specialty US Ltd ("RSUSL") is a wholly owned subsidiary of Platinum Underwriters Finance Inc which is a wholly owned subsidiary of RenaissanceRe Holdings Ltd, the ultimate parent company.

The Syndicate has an intercompany creditor balance to RSUSL relating to the receipt of funds pertaining to a RSUSL insurance contract of £2.5m (2014 - £nil). There were no charges in the year (2014 - £nil).

RenaissanceRe Syndicate Management Limited

RSML is a wholly owned subsidiary of Spectrum Partners Limited, which is a wholly owned subsidiary of RenaissanceRe Holdings Ltd, the ultimate parent company.

Under the terms of the managing agency agreement between RSML and the Syndicate, RSML is entitled to charge the Syndicate a management fee based on the Syndicate capacity and a flat management fee. In 2015 RSML charged management fees of £1.7m to the Syndicate (2014 - £1.4m).

In addition, the Syndicate was charged by RSML for expenses incurred on behalf of the Syndicate which have been recharged at cost totalling £19.0m (2014 - £16.6m). The Syndicate has an intercompany creditor balance to RSML of £7.4m (2014 - £3.2m).

During the year, the Syndicate was charged £0.2m and £0.3m by RSML for profit commission in respect of profits for the 2014 and 2013 years of account (2014 - £0.2m for the 2012 year of account). Profit commission is not actually paid until the year of account closes, normally at 36 months.

RenaissanceRe Underwriting Managers Ltd

RenaissanceRe Underwriting Managers Ltd ("RUML") is a wholly owned subsidiary of RenaissanceRe Holdings Ltd, the ultimate parent company.

During the year, the Syndicate was charged £0.2m (2014 - £nil) by RUML for its share of global expenses incurred centrally by the group. The Syndicate has an intercompany creditor balance to RUML of £0.1m (2014 - £nil).

RenaissanceRe Underwriting Managers U.S. LLC

RenaissanceRe Underwriting Managers U.S. LLC ("RUM US") is a wholly owned subsidiary of RenaissanceRe Finance Inc, which is a wholly owned subsidiary of RenaissanceRe Holdings Ltd, the ultimate parent company.

During the year, the Syndicate was charged £0.1m (2014 - £0.2m) relating to a 5% override commission on a binder book of business. The Syndicate has an intercompany creditor balance to RUM US of £0.4m (2014 - £0.3m).



17. Funds at Lloyd's

Underwriting capacity of a member of Lloyd's must be supported by providing a deposit in the form of cash, securities or letters of credit, which are referred to as Funds at Lloyd's ("FAL"). This amount is determined by Lloyd's and is based on the Syndicate's solvency and capital requirement as calculated through the Syndicate's internal model. In addition, if the FAL are not sufficient to cover all losses, the Lloyd's Central Fund provides an additional level of security for policyholders. At 31 December 2015, the FAL requirement set by Lloyd's for Syndicate 1458 is £319.4m based on its business plan, approved in November 2015 (2014 - £232.0m based on its business plan, approved November 2014). Actual FAL posted for Syndicate 1458 at 31 December 2015 by RenaissanceRe Corporate Capital (UK) Limited ("RRCCL") is \$360.0m and £85.0m supported 100% by letters of credit (2014 - \$300.0m and £70.0m). 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.

18. Off-balance sheet items

The Syndicate has not been party to an arrangement, which is not reflected in its statement of financial position, where material risks and benefits arise for the Syndicate.

19. Risk management

Insurance risk

(a) Governance framework

The primary objective of the Syndicate's risk and financial management framework is to protect the Syndicate's member from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The managing agent has established a risk management function with clear terms of reference from the board of directors. This is supported by a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a risk policy framework which sets out the risk appetite, risk management processes and control framework for the Syndicate's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Syndicate.

The board of directors delegates approval of the risk management policies to the relevant committee regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the identification of risk and its interpretation to ensure there is a constant understanding of risk which assists the alignment of the underwriting and reinsurance strategy to the Syndicate goals, and they also specify reporting requirements. Significant emphasis is placed on assessment and documentation of risks and controls, including the articulation of 'risk appetite'.

(b) Capital management objectives, policies and approach

Capital framework at Lloyd's

Lloyd's is a regulated undertaking and subject to the supervision of the PRA under the Financial Services and Markets Act 2000.



Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency 1 figures are no longer applicable from that date. Although the capital regime has changed, this has not significantly impacted the Solvency Capital requirement of the Syndicate, since this has been previously calculated based on Solvency II principles, as described below.

Within the supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II capital requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although Lloyd's capital setting processes use a capital requirement set at Syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at Syndicate level. Accordingly the capital requirement in respect of Syndicate 1458 is not disclosed in these financial statements.

Lloyd's capital setting process

In order to meet Lloyd's requirements, each Syndicate is required to calculate its Solvency Capital Requirement ("SCR") for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR 'to ultimate'). The Syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each Syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

A Syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment ("ECA"). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2016 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (funds at Lloyd's), held within and managed within a Syndicate (funds in Syndicate) or as the member's share of the members' balances on each Syndicate on which it participates.

Accordingly all of the assets less liabilities of the Syndicate, as represented in the member's balances reported on the statement of financial position represent resources available to meet the member's and Lloyd's capital requirements.

(c) Insurance risk

Underwriting risk is the risk that is assumed into or ceded from the Syndicate as a result of its underwriting activities during the time period of interest, in particular the risk of incurring claims in excess of expectations and the associated reduction in profits and/or erosion of capital. Risk related to previously earned premium, including that on expired underwriting contracts, is considered as part of reserve risk. Underwriting and reserve risks are the most material components of RSML's risk management framework. RSML has articulated the underwriting risk tolerance of the Syndicate as well as associated processes and policies in the Underwriting Risk Policy. Further, annually the Syndicate articulates its business plan, setting out targets for volumes, pricing, line sizes and retentions by class of business. Performance against the business plan is monitored on an ongoing basis.



The Syndicate's claims and claim expense reserves reflect its estimates, using actuarial and statistical projections at a given point in time, of its expectations of the ultimate settlement and administration costs of claims incurred. Although the Syndicate uses actuarial and computer models as well as historical reinsurance and insurance industry loss statistics, it also relies heavily on management's experience and judgement to assist in the establishment of appropriate claims and claim expense reserves.

Reserve risk is the risk that claims and claim expense reserves subsequently prove to be insufficient to cover eventual claims. Deterioration in reserves can originate from frequency of claims being more than expected, severity of claims being higher than expected and difference between timing of claims payments versus expected. Reserving risk relates to all business earned at the valuation date. Risk relating to claims on unearned and future business is considered as part of underwriting risk. Reserve adequacy is monitored through quarterly review of reserves by the RSML Actuarial Function as well as through an annual assessment performed by the Syndicate's Independent Actuary.

The above risk exposures are mitigated by diversification across a large portfolio of (re)insurance contracts and geographical areas. The variability of risks, including exposure to catastrophic events, is also mitigated by the use of reinsurance arrangements.

As a further guide to the level of catastrophe exposure written by the Syndicate, the following table shows top five hypothetical claims arising for various realistic disaster scenarios based on the Syndicate's average risk exposures during 2015.

Realistic disaster scenarios	Industry loss	Estimated gross claims	Estimated net claims
	£M	£M	£M
Two events (North East Windstorm, followed by Carolinas Windstorm)	72,611	193.3	83.8
Gulf of Mexico Windstorm - Galveston, Texas	68,153	151.4	57.7
Florida Windstorm - Pinellas	79,618	143.6	49.8
California Earthquake - San Francisco	49,682	137.7	24.3
Florida Windstorm - Miami Dade	79,618	132.0	23.6

The geographical analysis of claims outstanding by destination (or by situs of risk) is noted below.

		31 December 20	015		31 December 20	014
	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
	£	£	£	£	£	£
United Kingdom	126,578		126,578	73,658). 1 4	73,658
EU	5,698,966	00 - 10 A	5,698,966	6,802,100	V 	6,802,100
US and Canada	225,685,610	18,778,160	206,907,450	156,977,709	3,582,289	153,395,420
Other	18,945,537	0/ 1/ 8	18,945,537	16,686,513	0	16,686,513
Total	250,456,691	18,778,160	231,678,531	180,539,980	3,582,289	176,957,691



The table below sets out the concentration of outstanding claim liabilities by type of contract:

		31 December 2	015		31 December 2	014
	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
	£	£	£	£	£	£
Direct insurance						
Fire and other damage to property	15,517,099	190,818	15,326,281	12,990,388	1,407	12,988,981
Third party liability	97,871,609	9,355,730	88,515,879	63,460,796	697,551	62,763,245
Miscellaneous	12,004,013	567,837	11,436,176	9,383,481	11,999	9,371,482
	125,392,721	10,114,385	115,278,336	85,834,665	710,957	85,123,708
Reinsurance	125,063,970	8,663,775	116,400,195	94,705,315	2,871,332	91,833,983
Total	250,456,691	18,778,160	231,678,531	180,539,980	3,582,289	176,957,691

Sensitivities

Property catastrophe reinsurance claim liabilities sensitivity analysis

The table below shows the impact on the Syndicate's ultimate claims and claim expenses, profit and member's balances as of and for the year ended 31 December 2015 of reasonably likely changes to its estimates of ultimate losses for claims and claim expenses incurred from catastrophic events associated with property catastrophe reinsurance business. The reasonably likely changes are based on a historical analysis of the period-to-period variability of its ultimate costs to settle claims from catastrophic events, giving due consideration to changes in its reserving practices over time.

31 December 2015

	Ultimate claims incurred	£ Impact on ultimate claims incurred	% Impact on claims outstanding	% Impact on profit	% Impact on member's balances
Higher	27,610,738	3,135,790	1.3 %	(177.7)%	(37.1)%
Recorded	24,474,948	7	— %	— %	— %
Lower	21,339,158	(3,135,790)	(1.3)%	177.7 %	37.1 %
31 December 2014					
	Ultimate claims incurred	£ Impact on ultimate claims incurred	% Impact on claims outstanding	% Impact on profit	% Impact on member's balances
Higher	25,526,996	3,167,568	1.8 %	(24.1)%	(26.7)%
Recorded	22,359,428	_	— %	— %	— %
Lower	19,191,860	(3,167,568)	(1.8)%	24.1 %	26.7 %

Attritional claim liabilities sensitivity analysis

31 December 2015

	or December 2010					
		Estimated loss reporting pattern	£ Impact on claims outstanding	% Impact on claims outstanding	% Impact on profit	% Impact on member's balances
	Increase expected claims and claim expense ratio by 10%	Slower reporting	47,711,984	19.0 %	(2,703.4)%	(564.1)%
	Increase expected claims and claim expense ratio by 10%	Expected reporting	17,733,069	7.1 %	(1,004.8)%	(209.7)%
	Increase expected claims and claim expense ratio by 10%	Faster reporting	(12,972,026)	(5.2)%	735.0 %	153.4 %
	Expected claims and claim expense ratio by 10%	Slower reporting	27,253,559	10.9 %	(1,544.2)%	(322.2)%
	Expected claims and claim expense ratio by 10%	Expected reporting	% <u></u> %	— %	— %	— %
	Expected claims and claim expense ratio by 10%	Faster reporting	(27,913,722)	(11.1)%	1,581.6 %	330.1 %
1	Decrease expected claims and claim expense ratio by 10%	Slower reporting	6,795,134	2.7 %	(385.0)%	(80.3)%
1	Decrease expected claims and claim expense ratio by 10%	Expected reporting	(17,733,069)	(7.1)%	1,004.8 %	209.7 %
1	Decrease expected claims and claim expense ratio by 10%	Faster reporting	(42,855,419)	(17.1)%	2,428.2 %	506.7 %
	31 December 2014					
,	31 December 2014	Estimated loss reporting pattern	£ Impact on claims outstanding	% Impact on claims outstanding	% Impact on profit	% Impact on member's balances
	31 December 2014 Increase expected claims and claim expense ratio by 10%	loss reporting	claims	claims		member's
	Increase expected claims and	loss reporting pattern Slower	claims outstanding	claims outstanding	profit	member's balances
	Increase expected claims and claim expense ratio by 10% Increase expected claims and	loss reporting pattern Slower reporting Expected	claims outstanding 33,160,946	claims outstanding 18.4 %	profit (252.4)%	member's balances (279.2)%
	Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Increase expected claims and	loss reporting pattern Slower reporting Expected reporting Faster	claims outstanding 33,160,946 13,017,139	claims outstanding 18.4 % 7.2 %	(252.4)% (99.1)%	(279.2)% (109.6)%
	Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Expected claims and claim	loss reporting pattern Slower reporting Expected reporting Faster reporting Slower	claims outstanding 33,160,946 13,017,139 (8,231,592)	claims outstanding 18.4 % 7.2 % (4.6)%	(252.4)% (99.1)% 62.7 %	(279.2)% (109.6)% 69.3 %
	Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Expected claims and claim expense ratio by 10% Expected claims and claim	loss reporting pattern Slower reporting Expected reporting Faster reporting Slower reporting Expected	claims outstanding 33,160,946 13,017,139 (8,231,592)	claims outstanding 18.4 % 7.2 % (4.6)% 10.1 %	(252.4)% (99.1)% 62.7 % (139.4)%	member's balances (279.2)% (109.6)% 69.3 % (154.2)%
	Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Expected claims and claim	loss reporting pattern Slower reporting Expected reporting Faster reporting Slower reporting Expected reporting Expected reporting Faster Faster	claims outstanding 33,160,946 13,017,139 (8,231,592) 18,312,552	claims outstanding 18.4 % 7.2 % (4.6)% 10.1 % — %	(252.4)% (99.1)% 62.7 % (139.4)% — %	member's balances (279.2)% (109.6)% 69.3 % (154.2)% — %
	Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Decrease expected claims and	loss reporting pattern Slower reporting Expected reporting Faster reporting Slower reporting Expected reporting Expected reporting Faster reporting Faster reporting Slower	claims outstanding 33,160,946 13,017,139 (8,231,592) 18,312,552 — (19,317,028)	claims outstanding 18.4 % 7.2 % (4.6)% 10.1 % — % (10.7)%	(252.4)% (99.1)% 62.7 % (139.4)% — % 147.0 %	member's balances (279.2)% (109.6)% 69.3 % (154.2)% — % 162.6 %
	Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Increase expected claims and claim expense ratio by 10% Decrease expected claims and claim expense ratio by 10% Decrease expected claims and claim expense ratio by 10%	loss reporting pattern Slower reporting Expected reporting Faster reporting Slower reporting Expected reporting Faster reporting Faster reporting Faster reporting Faster reporting Slower reporting Slower reporting Slower reporting	claims outstanding 33,160,946 13,017,139 (8,231,592) 18,312,552 — (19,317,028) 3,464,158	claims outstanding 18.4 % 7.2 % (4.6)% 10.1 % — % (10.7)% 1.9 %	(252.4)% (99.1)% 62.7 % (139.4)% — % 147.0 % (26.4)%	member's balances (279.2)% (109.6)% 69.3 % (154.2)% — % 162.6 % (29.2)%



The Syndicate believes that ultimate claims and claim expense ratios 10.0 percentage points above or below its estimated assumptions constitute reasonably likely outcomes based on its experience to date and future expectations. In addition, the Syndicate believes that the adjustments it made to speed up or slow down its estimated loss reporting patterns by 6 months are reasonably likely changes.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The cumulative claims estimates and cumulative payments are translated at the current year-end rate.



Gross insurance contract outstanding claims provision as at 31 December 2015:

	2009	2010	2011	2012	2013	2014	2015	Total
Underwriting year	47	£	Ħ	£	Ή	£	Ŧ	Ŧ
Estimate of cumulative claims incurred								
At end of underwriting year	856,398	10,570,642	27,276,892	44,771,045	47,119,354	60,169,800	62,357,201	
12 months later	7,407,277	30,277,635	34,162,233	58,357,608	72,215,912	99,897,656		
24 months later	7,969,231	29,662,006	31,882,541	54,893,243	71,164,170			
36 months later	8,632,526	29,335,466	30,858,899	53,573,969				
48 months later	8,242,170	28,876,835	32,881,758					
60 months later	7,898,717	28,211,312						
72 months later	7,799,103							
Current estimate of cumulative claims incurred	7,799,103	28,211,312	32,881,758	53,573,969	71,164,170	99,897,656	62,357,201	
Cumulative claims paid								
At end of underwriting year	(45,047)	(89,455)	(1,867,563)	(2,642,634)	(1,551,575)	(9,391,168)	(4,990,354)	
12 months later	(4,647,356)	(4,072,789)	(3,487,073)	(9,910,729)	(10,825,903)	(19,052,756)		
24 months later	(5,460,914)	(9,114,661)	(5,762,762)	(14,807,178)	(19,423,598)			
36 months later	(5,539,258)	(13,947,892)	(10,744,374)	(21,395,615)				
48 months later	(6,367,958)	(16,740,127)	(14,247,434)					
60 months later	(6,568,433)	(18,954,649)						
72 months later	(7,364,072)							
Cumulative payments to date	(7,364,072)	(18,954,649)	(14,247,434)	(7,364,072) (18,954,649) (14,247,434) (21,395,615) (19,423,598) (19,052,756)	(19,423,598)	(19,052,756)	(4,990,354)	
Total gross outstanding claims provision per the statement of financial position	435,031	9,256,663	18,634,324	32,178,354	51,740,572	80,844,900	57,366,847 250,456,691	50,456,691



Net insurance contract outstanding claims provision as at 31 December 2015:

	2009	2010	2011	2012	2013	2014	2015	Total
Underwriting year	£	41	47	Н	Ð	4	Ŧ	41
Estimate of cumulative claims incurred								
At end of underwriting year	856,398	10,570,642	27,276,892	44,091,587	47,062,329	54,795,461	52,090,352	
12 months later	7,407,277	26,567,029	34,162,233	58,318,036	71,256,351	89,184,657		
24 months later	7,969,231	26,558,916	31,882,541	54,241,106	70,062,673			
36 months later	8,632,526	26,383,981	30,858,899	52,912,616				
48 months later	8,242,170	26,159,809	32,881,758					
60 months later	7,898,717	25,540,979						
72 months later	7,799,103							
Current estimate of cumulative claims incurred	7,799,103	25,540,979	32,881,758	52,912,616	70,062,673	89,184,657	52,090,352	
Cumulative claims paid								
At end of underwriting year	(45,047)	(89,455)	(1,867,563)	(2,642,634)	(1,551,575)	(6,063,839)	(4,754,731)	
12 months later	(4,647,356)	(4,072,789)	(3,487,073)	(9,871,921)	(10,825,903)	(15,540,024)		
24 months later	(5,460,914)	(8,015,829)	(5,762,762)	(14,364,581)	(19,233,602)			
36 months later	(5,539,258)	(11,912,999)	(10,744,374)	(20,923,984)				
48 months later	(6,367,958)	(14,575,028)	(14,247,434)					
60 months later	(6,568,433)	(16,729,760)						
72 months later	(7,364,072)							
Cumulative payments to date	(7,364,072)	(16,729,760)	(14,247,434)	(7,364,072) (16,729,760) (14,247,434) (20,923,984) (19,233,602) (15,540,024)	(19,233,602)	(15,540,024)	(4,754,731)	
:								
otal net outstanding claims provision per the statement of financial position	435,031	8,811,219	18,634,324	8,811,219 18,634,324 31,988,632	- 11	50,829,071 73,644,633 47,335,621 231,678,531	47,335,621	231,678,531



(d) Financial risk

(1) Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet part or all of their obligations or failing to meet them in a timely manner, as well as adverse changes in the market value of assets caused by changed perceptions of the creditworthiness of counterparties. For Syndicate 1458, key counterparties with whom we are exposed to credit risk include reinsurers, brokers, insureds, reinsureds, coverholders and investment counterparties.

The Syndicate has a graded tolerance for accepting credit risk associated with its outwards reinsurance activities. As part of the underwriting decision to purchase outwards reinsurance, the creditworthiness of the reinsurer is one of the many variables that is considered.

The Syndicate has established counterparty credit rating guidelines which assist in this process by providing a suggested maximum limit to be exposed to individual reinsurers based on their credit rating. The guidelines are mostly aimed at core, strategic reinsurance purchases and are not aimed at more tactical, facultative reinsurance transactions entered into occasionally, on an opportunistic basis.

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position.

31 December 2015	Neither past due nor impaired	Past due	Impaired	Total
	£	£	£	£
Other financial investments				
- Debt securities	173,069,052	-	_	173,069,052
Shares and other variable yield securities	73,420,284		()	73,420,284
Overseas deposits as investments	8,984,212	_	()	8,984,212
Deposits with ceding undertakings	479,792		12 2	479,792
Reinsurers' share of claims outstanding	18,778,160	-	(1	18,778,160
Debtors arising out of direct insurance operations	3,518,800	43,535	_	3,562,335
Debtors arising out of reinsurance operations	75,038,493	1,902,630	—	76,941,123
Other debtors	6,152,058	(1	6,152,058
Cash at bank and in hand	20,781,624	-	% %	20,781,624
	380,222,475	1,946,165	1)5——45	382,168,640



31 December 2014	Neither past due nor impaired £	Past due £	Impaired £	Total £
Other financial investments				
- Debt securities	118,538,532	* <u></u> *	S	118,538,532
Shares and other variable yield securities	51,338,430	_	S	51,338,430
Overseas deposits as investments	6,249,332	-	-	6,249,332
Deposits with ceding undertakings	392,845	(2,	£	392,845
Reinsurers' share of claims outstanding	3,582,289	, 	S 	3,582,289
Debtors arising out of direct insurance operations	3,224,212	382,786	-	3,606,998
Debtors arising out of reinsurance operations	43,425,902	1,636,130		45,062,032
Other debtors	406,723	83 <u></u> 76	· ·	406,723
Cash at bank and in hand	8,162,882	·	_	8,162,882
	235,321,147	2,018,916	: 	237,340,063

The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2015 by classifying assets which are neither due nor impaired, according to Standard & Poor's and A M Best credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated. Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated.

31 December 2015	AAA	AA	Α	BBB	BBB or less	Not readily available/not rated	Total
	£	£	£	£	£	£	£
Shares and other variable yield securities and unit trusts	73,420,284	3 	-	× 4	_	· ·	73,420,284
Other financial investments							
- Debt securities	18,954,586	104,641,541	36,316,925	12,901,376		254,624	173,069,052
Overseas deposits as investments	6,095,059	1,411,742	1,120,199	341,452	2,659	13,101	8,984,212
Deposits with ceding undertakings	-		367,995	=	5-3	111,797	479,792
Reinsurers' share of claims outstanding	_	-	18,664,330	-	-	113,830	18,778,160
Debtors arising out of reinsurance operations	-	8,229,347	19,431,717	6,931,950	2,636,135	37,809,344	75,038,493
Cash at bank and in hand	-	·—-	20,781,624	:— :		-	20,781,624
	98,469,929	114,282,630	96,682,790	20,174,778	2,638,794	38,302,696	370,551,617



31 December 2014	AAA	AA	Α	BBB	BBB or less	Not readily available/not rated	Total
	£	£	£	£	£	£	£
Shares and other variable yield securities and unit trusts	51,338,430	=	1 <u>411114</u> 1111114		(h - /) (j - k)	-	51,338,430
Other financial investments							
- Debt securities	2,432,431	86,064,840	28,030,745	2,010,516	_	-	118,538,532
Overseas deposits as investments	2,576,173	2,911,793	744,156	11,852	_	5,358	6,249,332
Deposits with ceding undertakings	_	· -	297,593		_	95,252	392,845
Reinsurers' share of claims outstanding	-		3,582,289	-	-	-	3,582,289
Debtors arising out of reinsurance operations		2,219,894	14,079,740	2,778,282	1,076,370	23,271,616	43,425,902
Cash at bank and in hand	<u> </u>	-	8,162,882			-	8,162,882
	56,347,034	91,196,527	54,897,405	4,800,650	1,076,370	23,372,226	231,690,212

(2) Liquidity risk

Liquidity risk is the risk that the Syndicate, although solvent, might not have sufficient available liquid resources to enable it to meet its obligations as they fall due, or could secure them only at excessive cost. The liquidity objective is to preserve capital and provide adequate liquidity to support the Syndicate's underwriting and day-to-day operations.

The Syndicate has no tolerance to be operationally illiquid for any time period. Operational illiquidity does not include illiquidity after large loss events, which is addressed below.

To ensure the liquidity requirements of the Syndicate are satisfied, an Investment Policy Statement ("IPS") has been adopted. The IPS suggests the investment portfolio will be positioned in very high quality fixed income securities, which will allow a strong platform for the Syndicate to assume insurance related exposure. The Syndicate's philosophy of generating strong risk adjusted returns in the investment portfolio will be balanced by liquidity, credit quality, market volatility as well as other considerations to accommodate present and future insurance underwriting.

The investment portfolio is subject to a set of tight guidelines, as set out in the Syndicate's IPS, with a largely high quality and short term focus thereby providing sufficient liquidity for prompt payment of claims and short term obligations.

In addition, RRCCL has agreed a short term funding arrangement with RenaissanceRe Holdings Ltd, whereby the latter Company will make available funds on a short-term basis, in loan format. The arrangement has been agreed by both parties in principle to expedite its execution following the occurrence of any large loss event which might materially increase the liquidity risk faced by the Syndicate. It is expected that such an increase in liquidity risk would be temporary in nature and would arise due to the need to potentially fund situs fund reserves and related claims payments (effectively, in duplicate) over any 3 month period.



Maturity profiles

The table below summarises the maturity profile of the Syndicate's creditors balances.

	Carrying amount	Up to a year	1-3 years	Total
*	£	£	£	£
31 December 2015				
Creditors	67,437,976	67,206,853	231,123	67,437,976
	Carrying amount	Up to a year	1-3 years	Total
	A SAME OF THE CONTROL	#1 #1	V min	
	£	£	£	£
31 December 2014				
Creditors	22,337,327	22,186,872	150,455	22,337,327

(3) Market risk

Market risk is the risk of financial loss due to movements in market risk factors. For the Syndicate, this can manifest through movements in securities' prices, interest rates, or foreign exchange rates.

In terms of the Syndicate's risk tolerance as it pertains to market risk and how in turn it interacts with other risk categories, the Syndicate has identified a set of capital and risk constraints, which are expressed as a series of risk tests. For each test, a ratio is determined (Actual Capital / Current Calculated Required Capital, at various points in the distribution). The Syndicate has no tolerance for any of these ratios to be less than 100%. Market Risk is one of the determinants used in calculating the required capital.

Currently, the Syndicate holds a mix of cash (& cash equivalent) and fixed income investments (the "investment portfolio"). The investment policy of the Syndicate is to manage and maintain an investment portfolio which will be positioned in very high quality fixed income securities, which will allow a strong platform for the Syndicate to assume insurance related exposure. The Syndicate's philosophy of generating strong risk adjusted returns in the investment portfolio will be balanced by liquidity, credit quality, market volatility as well as other considerations to accommodate present and future insurance underwriting. The investment portfolio must also comply with PRA and US Situs fund asset admissibility criteria.

In terms of its investment portfolio, the Syndicate has a tolerance for holding only investment grade fixed income securities and cash. The Syndicate has no tolerance to invest in securities with a rating less than Aa3 (Moody's), A-(S&P) or AA- (Fitch). If two ratings are provided, the lower of the two ratings will apply.



Market risk comprises two types of risk:

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below summarises the exposure of the financial assets and liabilities to foreign currency exchange risk at the reporting date, as follows:

Converted £	GBP	USD	EUR	CAD	AUD	JPY	ОТН	Total
31 December 2015								
Total assets	11,968,262	375,785,118	11,689,563	27,341,396	1,004,238	140,280	2,391,619	430,320,476
Total liabilities	(24,594,475)	(369,492,974)	(11,162,458)	(24,262,808)	(4,403,983)	(711,661)	(4,149,508)	(438,777,867)
Net assets	(12,626,213)	6,292,144	527,105	3,078,588	(3,399,745)	(571,381)	(1,757,889)	(8,457,391)
31 December 2014								
Total assets	6,448,080	221,073,364	6,710,602	23,154,438	715,278	123,456	733,096	258,958,314
Total liabilities	(12,232,438)	(220,100,688)	(13,325,260)	(19,056,449)	(3,986,567)	(401,029)	(1,733,209)	(270,835,640)
Net assets	(5,784,358)	972,676	(6,614,658)	4,097,989	(3,271,289)	(277,573)	(1,000,113)	(11,877,326)

Sensitivity to changes in foreign exchange rates

The table below gives an indication of the impact on profit of a percentage change in the relative strength of Sterling against the value of the US dollar. The analysis is based on the information as at 31 December 2015.

	Impact on profit		Impact on member's balances	
	2015 2014		2015	2014
	£	£	£	£
Sterling weakens 10% against other currencies	(2,470,726)	(2,109,097)	(2,969,656)	(3,125,239)
Sterling strengthens 10% against other currencies	2,470,726	2,109,097	2,969,656	3,125,239

(b) Interest rate risk

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on profit and the member's balances of the effects of changes in interest rates on:

- · Fixed rate financial assets and liabilities; and
- · Variable rate financial assets and liabilities;

The first of these measures the impact on profit or loss for the year (for items recorded at fair value through profit or loss) and on the member's balances (for available for sale investments) that would arise from a reasonably possible change in interest rates at the reporting date on financial instruments at the period end. The second of these measures



the change in interest income or expense over the period of the year attributable to a reasonably possible change in interest rates, based on floating rate assets and liabilities held at the reporting date.

The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, the variables were altered on an individual basis. It should be noted that movements in these variables are non-linear.

Changes in variables	Impact on profit	Impact on member's balances
	£	£
31 December 2015		
+50 basis points	(974,836)	(974,836)
-50 basis points	974,836	974,836
31 December 2014		
+50 basis points	(200,469)	(200,469)
-50 basis points	200,469	200,469

20. Transition to FRS 102 and FRS 103

The Syndicate transitioned to FRS 102 and FRS 103 from previously extant UK GAAP as at 1 January 2014.

The impact from the transition to FRS 102 and FRS 103 is as follows:

Reconciliation of member's balances as at 1 January 2014

	£
Member's balances at 1 January 2014 under previous UK GAAP	(18,976,992)
Exchange gains and losses	(56,353)
Currency translation differences	2,128,497
Member's balances at 1 January 2014 under FRS 102 and FRS 103	(16,904,848)
Reconciliation of member's balances as at 31 December 2014	
	£
Member's balances at 31 December 2014 under previous UK GAAP	(9,788,317)
Exchange gains and losses	(1,727,256)
Currency translation differences	(361,753)
Member's balances at 31 December 2014 under FRS 102 and FRS 103	(11,877,326)
Reconciliation of profit and loss for the year ended 31 December 2014	
	£
Profit for the year ended 31 December 2014 under previous UK GAAP	14,807,839
Exchange gains and losses	(1,670,903)
Profit for the year ended 31 December 2014 under FRS 102 and FRS 103	13,136,936

The following were changes in accounting policies arising from the transition to FRS 102 and FRS 103:

Retranslation of provision for unearned premiums and deferred acquisition costs

Under FRS 103, provision for unearned premiums and deferred acquisition costs are treated as monetary items and subject to retranslation at the rate of exchange at the reporting date. Under previous UK GAAP, the Syndicate treated provision for unearned premiums and deferred acquisition costs as non-monetary items that were translated using the exchange rate as at the date of the initial transaction and were not subsequently retranslated. The impact of this to member's balances is an increase of £2.1m at 1 January 2014 and a decrease of £2.1m at 31 December 2014. The impact of this to profit is an increase of £0.6m in 2014.

Identification of functional currency and translation into presentational currency

Under FRS 102, the Syndicate's functional currency is US dollars and the presentational currency is Sterling. Exchange gains and losses relating to the functional currency are allocated to the profit and loss account. Currency translation differences between the functional and presentational currency are allocated to comprehensive income. Under previous UK GAAP, the Syndicate did not apply the concept of functional currency and all exchange differences relating to the Sterling presentational currency were allocated to the profit and loss account. The impact of this is to reduce profit by £1.7m in 2014, inclusive of the exchange differences relating to the retranslation of provision of unearned premiums and deferred acquisition costs.

