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Amlin Underwriting
Limited Syndicate 6106
2013 Year of Account
closed at 31 December
2015

MS  *Amlin*



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Directors and administration

Managing agent Amlin Underwriting Limited

Directors

S C W Beale
Non-executive

G A M Bonvarlet
Independent non-executive

N J C Buchanan
Independent chairman

P J Calnan
Independent non-executive

T C Clementi
Interim Chief Executive Officer

M R Clements

E C Graham

W A McKee
Independent non-executive

D G Peters

M B Rodden

H Smeets-Flier
Chief Financial Officer

M J Taffs

D Thornton
Independent non-executive

D G Turner

Company Secretary

T H Vero

Managing agent's registered office

The Leadenhall Building
122 Leadenhall Street
London EC3V 4AB

Managing agent's registered number

2323018

Report of the directors of the managing agent

The directors of the managing agent, Amlin Underwriting Limited (“the Company”), present their report for Syndicate 6106 (“the Syndicate”) as at 31 December 2015.

The report comprises the cumulative result to 31 December 2015 for the closed 2013 account of Syndicate 6106.

The Syndicate underwriting year accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008, the Lloyd’s Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom, comprising Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS102”) as modified by the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd’s Syndicate Accounting Byelaw (No. 8 of 2005).

1. Strategic report

Principal activity and review of the business

The principal activity of the Syndicate is the transaction of reinsurance business in the United Kingdom. The Syndicate was first established for the 2009 underwriting year to write a 15% proportional treaty reinsurance contract covering Syndicate 2001. For the 2013 underwriting year the quota share percentage was 10% to keep premiums within the Syndicate’s capacity. The contract covers the following excess of loss classes: marine, aviation, property catastrophe, property per risk and terrorism.

The total premium income capacity for the 2013 year of account was £38.8 million.

The 2013 year of account has closed by means of commutation with Syndicate 2001 using the position at 31 December 2015.

Review of the 2013 closed year of account

The 2013 account has closed with a profit of £15.2 million (39.1%) on a capacity of £38.8 million after taking account of operating expenses, foreign exchange and investment income.

The Syndicate wrote £33.0 million of gross premiums utilising 85.0% of capacity. Claims incurred amounted to £13.5 million.

Future developments

The 2013 account was the Syndicate’s last year of underwriting.

2. Directors’ report

Directors

Each director at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Syndicate’s auditors are unaware; and
- the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Syndicate’s auditors are aware of that information.

The current directors of the managing agent are shown on page 2. Since 1 January 2015, the following changes to the Board of Directors have occurred:

Name	Date of appointment
H Smeets-Flier	9 April 2015
M B Rodden	7 January 2016
T C Clementi	11 January 2016
P J Calnan	14 January 2016
W A McKee	2 March 2016

Name	Date of resignation
D F Overall	18 February 2015
A J Golding	27 February 2015
T A Bowles	18 September 2015
A P Springett	8 January 2016

Independent auditors

In accordance with the Syndicate Meetings (Amendment No. 1) Byelaw (No. 18 of 2000) the managing agent does not propose holding a Syndicate annual meeting this year; objections to this proposal can be made by Syndicate members in writing to the Company Secretary within 21 days of this notice. There are no further audit requirements and therefore the auditors will not be reappointed.

3. Statement of managing agents’ responsibilities

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

The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 (“the 2008 Regulations”) require the managing agent to prepare Syndicate underwriting year accounts at 31 December in respect of any underwriting year which is being closed at the end of the financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard FRS 102 “The Financial Reporting Standard applicable in the UK and Ireland”, FRS103 “Insurance Contracts” and applicable law). These underwriting year accounts are required by law to give a true and fair view of the result of the underwriting year at closure. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd’s Syndicate Accounting Byelaw (No. 8 of 2005).

In preparing the Syndicate underwriting year accounts, Amlin Underwriting Limited is required to:

- select suitable accounting policies which are applied consistently and, where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the Syndicate affected;
- make judgements and estimates that are reasonable and prudent; and
- follow applicable UK accounting standards, subject to any material departures disclosed and explained in the annual report.

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

By order of the Board

T C Clementi
Interim Chief Executive Officer

15 March 2016

Independent auditors' report to the members of Syndicate 6106 – 2013 closed year of account

Report on the syndicate underwriting year accounts

Our Opinion

In our opinion, Syndicate 6106's syndicate underwriting year accounts for the 2013 year of account for the 3 years ended 31 December 2015 (the "syndicate underwriting year accounts"):

- give a true and fair view of the state of the syndicate's profit/loss for the 2013 closed year of account; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

What we have audited

The syndicate underwriting year accounts, included within Syndicate 6106 2015 Annual Report (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2015;
- the Profit and Loss account for the 3 years then ended;
- the accounting policies; and
- the notes to the syndicate underwriting year accounts, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the syndicate underwriting year accounts is applicable law and United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") as modified by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

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

Other matters on which we are required to report by exception

Under the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) we are required to report to you if, in our opinion:

- the Managing Agent in respect of the syndicate has not kept proper accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Responsibilities for the syndicate underwriting year accounts and the audit

Our responsibilities and those of the Managing Agent

As explained more fully in the Statement of managing agent's responsibilities set out on page 3, the Managing Agent is responsible for the preparation of the syndicate underwriting year accounts in accordance with the financial reporting framework described above and for being satisfied that they give a true and fair view of the result for the 2013 closed year of account.

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

This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and part C of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of syndicate underwriting year accounts involves

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

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

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

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

James Bichard (Senior statutory auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 March 2016

2013 underwriting account
Closing for the period ended 31 December 2015

	Note	At 36 months £'000
Technical account – general business		
Syndicate allocated capacity		38,847
Earned premiums, net of reinsurance		
Gross written premiums	3	33,025
Gross earned premiums		33,025
Allocated investment return transferred from the non-technical account	9	91
Total technical income		33,116
Gross claims incurred	4	(13,478)
Balance on the technical account before net operating expenses and loss on exchange		19,638
Net operating expenses	5	(5,036)
Balance on the technical account for general business	10	14,602

	Note	At 36 months £'000
Non-technical account		
Balance on the general business technical account		14,602
Investment income	9	91
Profit on exchange		591
Allocated investment return transferred to general business technical account		(91)
Profit for the 2013 closed year of account		15,193

The notes to the financial statements form an integral part of these underwriting year accounts.

Statement of financial position
2013 account as at 31 December 2015

	Note	2015 £'000
Debtors		
Debtors arising out of reinsurance operations	14	32,153
Accrued income		93
Total assets		32,246
Capital and reserves		
Amounts due to members		14,861
Technical provisions		
Commutation to close the 2013 account	4	13,667
		13,667
Creditors		
Other creditors	15	3,718
Total liabilities		32,246

The notes to the financial statements form an integral part of these underwriting year accounts.

The financial statements on pages 5 to 13 were approved and authorised for issue by the Board of Directors of Amlin Underwriting Limited. They were signed on its behalf by:

H Smeets-Flier
Chief Financial Officer

15 March 2016

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

	At 36 months £'000
Profit for the 2013 closing year of account	15,193
Members' agent fees advances	(332)
	14,861

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

No statement of cash flow has been presented as the syndicate holds no cash balances and has no bank account.

Notes to the financial statements

For the year ended 31 December 2015

1. Basis of preparation

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

The Syndicate transitioned to FRS 102 and FRS 103 on the 1 January 2014. This is the first set of financial statements in which the Syndicate has applied FRS 102 and FRS 103.

Members participate on a Syndicate by reference to a year of account and each Syndicate year of account is a separate annual venture. These financial statements relate to the 2013 year of account which has been closed by commutation, as at 31 December 2015. Consequently the balance sheet represents the assets and liabilities of the 2013 year of account at the date of closure. The underwriting account reflects the transactions for that year of account during the three-year period until closure. These financial statements cover the three years from the date of inception of the 2013 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

The Syndicate operates on a non-cash basis, no Statement of cash flows has been prepared.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Syndicate's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates are based on management's best knowledge of current events and actions. All balances have subsequently been commuted at the amounts stated in these financial statements and in doing so all uncertainty associated with the estimates has been removed.

Insurance contract liabilities

The most significant estimate made in the financial statements relates to unpaid insurance claim reserves and related loss adjustment expenses of the Syndicate.

Syndicate 6106 has few significant estimates, as it represents a set percentage of Syndicate 2001's premiums and reserves.

Unpaid claims reserves are estimated on an undiscounted basis. Provisions are subject to a detailed quarterly review where forecast future cash flows and existing amounts provided are reviewed and reassessed. Any changes to the amounts held are adjusted through the statement of profit or loss.

The Syndicate applies an actuarial-led reserving process, based on an actuarial best estimate plus an explicit management margin, which reflects the risk premium relating to the uncertainty of the actual level of claims incurred.

Accounting policies

The principal accounting policies are summarised below. They have been applied consistently from 1 January 2009 in dealing with items which are considered material in relation to the Syndicate underwriting year accounts. These have been unchanged on adoption of FRS 102 and FRS 103

The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium or by commutation.

Insurance contracts premiums

Gross written premiums comprise premiums on insurance contracts allocated to the year of account. The estimated premium income in respect of facility contracts is deemed to be written in full at the inception of the contract. Premiums are disclosed before the deduction of overriding commission. Estimates are included for premiums receivable after the period end but not yet notified.

Premiums written are treated as fully earned at the balance sheet date.

Acquisition costs comprise overriding commission incurred on insurance contracts written during the financial year.

Profit commission related to the reinsured contract is accrued based on the ultimate return and incorporated within net operating expenses.

Insurance contracts liabilities: claims

6106 is a cashless syndicate with claims settlement initially being funded by the host syndicate and subsequently being settled on closure of the contract.

Commutation to close the 2013 account

The net commutation to close the 2013 account is determined on the basis of estimated outstanding liabilities and related claims settlement costs including claims incurred but not reported (IBNR), relating to the closed year of account.

The provision for outstanding claims is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date.

The commutation also includes the estimated costs of claims incurred but not reported at the balance sheet date based on statistical methods.

In calculating the estimated cost of unpaid claims a variety of estimation techniques are used by management, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made for changes or uncertainties which may create distortions in the underlying statistics or which may cause the cost of unsettled claims to vary when compared with the cost of previously settled claims.

Where appropriate, large claims are assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

The directors consider that the estimates of gross claims are fairly stated on the basis of information currently available to them.

Notes to the financial statements continued

For the year ended 31 December 2015

The commutation contract ends the liability in respect of all claims and other payments in respect of the closing 2013 year of account for Syndicate 6106.

Investment return

The investment return is calculated based on the net underwriting cash flow of the reinsured business, taking account of the timing of cash received based on the experience recorded for the reinsured business in Syndicate 2001. The monthly investment return percentage received by Syndicate 2001 on the cash and cash equivalent funds is then applied to the cash flow to calculate an investment return for the Syndicate. All of the investment return arising in the year is reported initially in the non-technical account.

A transfer is then made from the non-technical account to the technical account.

Taxation

No provision has been made in respect of UK income tax on trading income. It is the responsibility of members to settle their tax liabilities.

Overseas taxation comprises US Federal Income tax and Canadian Federal Income tax. The amounts charged to members are collected centrally through Lloyd's Members' Services Unit as part of the members' distribution process. The ultimate tax liability is the responsibility of each individual underwriting member.

Foreign currencies

The Syndicate transacts business in four separate currencies, namely Sterling, US dollars, Euros and Canadian dollars.

Functional and presentation currency

Items included in the financial statements of the Syndicate are measured using the currency of the primary economic environment

in which the Syndicate operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Syndicate's functional currency.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the rates of exchange at the reporting date. Non-monetary assets and liabilities are translated at the rate prevailing in the year in which the asset or liability first arose. Differences arising on translation of foreign currency amounts in the Syndicate are included on the non-technical account.

Insurance debtors and creditors

Insurance debtors and creditors represent balances outstanding with Syndicate 2001.

Syndicate operating expenses

Syndicate operating expenses comprise acquisition costs (being a 5% overriding commission on the gross net premium income due to Syndicate 2001), profit commission due to Syndicate 2001 under the terms of the contract and differences arising from translation of foreign currency amounts.

2. Principal risks and uncertainties

Under the terms of the reinsurance contract, Syndicate 6106's 2013 year of account is to be closed by way of commutation at 36 months of development. The 2013 year of account is the last year that Syndicate 6106 underwrote, the commutation to close contract ends the liability in respect of all claims and other payments in respect of the closing 2013 year of account for Syndicate 6106. The only remaining uncertainty relates to Syndicate 2001's ability to settle at the agreed amount, the likelihood of default is considered remote.

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

3. Technical account analysis

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

2013	Gross written premiums £'000	Gross earned premiums £'000	Gross claims incurred £'000	Net operating expenses £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
Reinsurance	33,025	33,025	(13,478)	(5,036)	-	14,511	13,667
Total	33,025	33,025	(13,478)	(5,036)	-	14,511	13,667

Overriding commissions paid on gross premiums earned for the 2013 account were £1,651,000.

All premiums are written in the UK.

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

	At 36 months £'000
UK	3,460
Other EU countries	2,286
USA	18,104
Australia	1,568
Japan	2,050
Other	5,557
Total	33,025

4. Commutation to close the 2013 account

	Gross claims incurred £'000	Exchange to closing rate £'000	Closing commutation £'000
Gross notified outstanding claims	12,830	189	13,019
Provision for gross claims incurred but not reported (IBNR)	648	-	648
Commutation to close the 2013 account	13,478	189	13,667

These are the only underwriting year of account accounts for the 2013 year of account and there can be no claims development following commutation, therefore no claims development tables are produced.

5. Net operating expenses

The cumulative expenses charged in the 2013 underwriting account were made up as follows:

	At 36 months £'000
Acquisition costs	1,651
Profit commission	3,385
	5,036

Profit on exchange has been included in the non-technical account.

Acquisition costs are overriding commissions paid to Syndicate 2001 for the administrative services provided to the Syndicate.

Audit fees of £5,500 have been borne by Syndicate 2001. No non-audit fees were incurred.

Profit commission of £3,385,000 is payable to Syndicate 2001 under the terms of the contract.

6. Staff numbers and costs

All staff are employed by Amlin Corporate Services Limited, a wholly owned subsidiary of MS Amlin plc (formerly Amlin plc) and the immediate parent company of the managing agency. The cost of these staff is borne by Syndicate 2001.

7. Directors' emoluments

The Syndicate was not recharged any expenses during the year relating to the remuneration of the directors of Amlin Underwriting Limited.

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

8. Foreign exchange risk

The Syndicate's functional and reporting currency is Sterling. Through the reinsurance contract with Syndicate 2001 the Syndicate had exposure to asset and liability balances in major base currencies of Sterling, Euros, US dollars and Canadian dollars which represent the majority of the Syndicate's liabilities by currency.

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

The contract with Syndicate 2001 was commuted at 31 December 2015 and all exposure to non-sterling currencies, and therefore further foreign exchange gains and losses, ceased.

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

Currency risk	31 December 2015					Total £'000
	Sterling £'000	US\$ £'000	CAN\$ £'000	Euro £'000		
Net assets	(763)	15,427	(307)	504		14,861

If the foreign currencies were to have strengthened/weakened by 10% against Sterling, the movement in the monetary net assets and liabilities of the Syndicate would have resulted in the following gains/(losses) in the statement of profit or loss at 31 December 2015:

Currency	31 December 2015	
	10% strengthening of currency against GBP £m	10% weakening of currency against GBP £m
US dollars	1,714	(1,403)
Canadian dollars	(34)	28
Euro	56	(46)
	1,736	(1,421)

9. Investment return

	At 36 months £'000
Interest on balances due from Syndicate 2001	91

Investment return for the 2013 year of account is recognised in the 2013, 2014 and 2015 calendar years. The investment income and yield for these calendar years is disclosed in the investment return notes in each of the respective Syndicate annual accounts.

10. Balance on the technical account for general business

	At 36 months £'000
Technical account balance before net operating expenses and allocated investment return	19,547
Acquisition costs	(1,651)
	17,896
Net operating expenses other than acquisition costs	(3,385)
Allocated investment return transferred from the non-technical account	91
Balance on technical account	14,602

11. Market risk

The Syndicate had no assets or liabilities subject to market risks but there was exposure under the contract with Syndicate 2001, the underlying foreign exchange risk is disclosed in note 8.

Notes to the financial statements continued

For the year ended 31 December 2015

12. Liquidity risk

The Syndicate does not consider there to be any significant liquidity risk. The Syndicate has net current assets and all its receivables and payables are due from and to Syndicate 2001.

13. Credit risk

The only credit risk the Syndicate has is with Syndicate 2001. The Syndicate considers it remote that Syndicate 2001 will be unable to settle its liabilities with the Syndicate when they fall due.

14. Debtors arising out of reinsurance operations

	2015 £'000
Due from Syndicate 2001	32,153

The Syndicate's debtors are all due within one year and none are considered overdue or impaired. The carrying value of the Syndicate's debtors approximates their fair value.

15. Other creditors

	2015 £'000
Profit commission due to Syndicate 2001	3,386
Members' agent fees advances funded by Syndicate 2001	332
	3,718

Other creditors are all due within one year.

16. Related parties

Amlin Underwriting Limited (AUL)

AUL's ultimate parent company and controlling party at 31 December 2015 was Amlin plc, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of MS Amlin plc (formerly Amlin plc) are available to the public and may be obtained from the Company Secretary at The Leadenhall Building, 122 Leadenhall Street, London, EC3A 4AG. On 1 February 2016, all of the shares of Amlin plc were transferred to Mitsui Sumitomo Insurance Company Limited, a wholly owned subsidiary of MS&AD Insurance Group Holdings, Inc. incorporated in Japan.

Certain directors of the managing agent are also directors of other companies, which may, and in some cases do, conduct business with Syndicate 2001. None of this business is subsequently reinsured into Syndicate 6106. In all cases transactions between the Syndicate and Syndicate 2001 are carried out on normal arm's length commercial terms without any involvement by the director concerned on either side of the transaction.

Syndicate 2001

AUL also acts as the managing agent of Syndicate 2001, the entity which the Syndicate reinsures. Syndicate 2001 has accepted the commutation to close the 2013 account of the Syndicate. Transactions between the Syndicate and Syndicate 2001 are disclosed where applicable within these financial statements.

17. Funds at Lloyd's

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

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

18. Capital

Capital framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to the supervision of the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000.

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

Although, as described below, 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 2001 is not disclosed in these financial statements.

18. Capital continued

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(s) on which it participating 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 members' balances reported on the statement of financial position on page 6, represent resources available to meet members' and Lloyd's capital requirements. Syndicate 2001 has only one member, Amlin Corporate Member Limited, and all its capital is provided as FIS.

19. Events after the reporting period

Acquisition by Mitsui Sumitomo Insurance Company, Limited

On 8 September 2015, the Boards of Directors of Amlin plc and of Mitsui Sumitomo Insurance Company, Limited ("MSI"), a wholly owned subsidiary of MS&AD Insurance Group Holdings, Inc., announced that they had reached agreement on the terms of a recommended cash offer for the entire issued and to be issued share capital of Amlin plc by MSI, to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "Scheme").

On 28 January 2016, the High Court of Justice made an order sanctioning the Scheme under section 899 of the Companies Act 2006. On 1 February all the shares in the Company were acquired by MSI and on 2 February 2016 the Amlin plc delisted from the London Stock Exchange as part of the Scheme. On 29 February 2016 the Amlin plc changed its name to MS Amlin plc.

Seven year summary (unaudited)
At 31 December 2015

Year of account	2013	2012	2011	2010	2009
Syndicate allocated capacity in £000	38,847	35,172	42,906	49,825	49,884
Number of underwriting members	1,365	1,314	1,416	1,473	1,500
Gross premiums in £000	33,025	34,896	42,906	45,694	44,081
Capacity utilised	85%	99%	100%	92%	88%
Underwriting ratio	59%	52%	24%	-37%	69%

Results for an illustrative share of £10,000

Gross premiums	8,501	9,921	10,000	9,171	8,837
Net premiums	8,501	9,921	10,000	9,171	8,837
Reinsurance to close from an earlier account	-	-	-	-	-
Net claims paid	-	-	-	-	-
Net claims incurred	(3,469)	(4,745)	(7,556)	(12,538)	(2,734)
Underwriting profit/(loss)	5,032	5,176	2,444	(3,367)	6,103
Syndicate operating expenses	(1,297)	(496)	(500)	(459)	(1,499)
Names personal expenses	-	-	-	-	-
Balance on technical account before investment return	3,735	4,680	1,944	(3,826)	4,604
Investment return	24	31	30	10	51
Profit/(loss) on exchange	152	(24)	(55)	(278)	13
Profit/(loss) after personal expenses	3,911	4,687	1,919	(4,094)	4,668

Notes to the seven year summary

1. The seven year summary has been prepared from the audited accounts of the Syndicate. Only five years are shown in this summary, as the Syndicate commenced underwriting in 2009.
2. 'Capacity utilised' represents gross premiums as a percentage of the allocated capacity.
3. 'Underwriting ratio' represents underwriting result as a percentage of gross premium.

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