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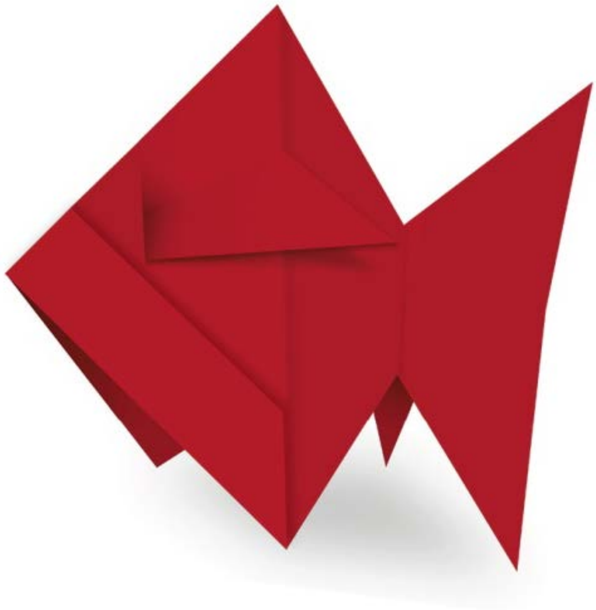

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Fish (Sakana)

Financial strength

Syndicate 6115 Annual Report & Accounts

31 December 2015

Contents

Syndicate 6115

Directors and Professional Advisors

MANAGING AGENT:

Managing Agent	Canopius Managing Agents Limited ("CMA")
Directors	I B Owen *Independent Non-Executive Chairman* J D Birney *Independent Non-Executive Director* D Broome *Independent Non-Executive Director (appointed 1 January 2016)* P D Cooper *Finance Director* S R Davies *Chief Executive Officer (appointed 20 August 2015)* M P Duffy *Chief Underwriting Officer & Active Underwriter, Syndicates 4444 and 958* S J Gargrave *CEO, Global Specialty* P F Hazell *Independent Non-Executive Director* S T Manning *Chief Operating Officer* G E Moss *Chief Risk Officer* T P Rolfe *CEO, UK Specialty (resigned 27 January 2016)* M C Watson *Non-Executive Director*
(Interim) Company Secretary	M O'Connell
Managing Agent's Registered Office	Gallery 9, One Lime Street, London EC3M 7HA
Managing Agent's Registered Number	1514453

SYNDICATE:

Active Underwriter	M P Duffy (w.e.f. February 2016) (S J Gargrave at 31 December 2015)
Investment Managers	Schroder Investment Management ("Schroders") 31, Gresham Street, London, EC2V 7QA SYZ & Co Asset Management LLP ("SYZ & Co") Buchanan House, 3 St James's Square, London, SW1Y 4JU
Independent Auditors	PricewaterhouseCoopers LLP ("PwC") 7 More London, Riverside, London, SE1 2RT

Report of the Directors of the Managing Agent

The directors of CMA, the managing agent for Syndicate 6115, present the annual report and audited financial statements for the syndicate for the year ended 31 December 2015.

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS102”), Financial Reporting Standard 103, “Insurance Contracts” and The Companies Act 2006. Furthermore, these financial statements comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

Strategic Report

The directors present their strategic report on Syndicate 6115 for the year ended 31 December 2015.

Review of the business

Syndicate 6115 is a Special Purpose Syndicate established with effect from the 2013 year of account. The principal activity of Syndicate 6115 is to provide whole account quota share treaty reinsurance to Syndicate 4444.

Syndicate 6115 last underwrote for the 2014 year of account.

Results and performance

The results of the syndicate for the year are set out on pages 9 and 10. In 2015, Syndicate 6115 recorded a profit of £6.9m (2014: £8.6m restated) with a combined ratio of 80.5% (2014: 85.9% restated). The main drivers of the syndicate’s performance are:

- reduction in gross premiums written;
- positive contributions from both the 2013 and 2014 years of account in calendar year 2015; and
- reduction in operating costs.

With no new business written in 2015, gross written premiums dropped to £5.8m (2014: £64.6m) with net premiums earned in 2015 of £33.9m (2014: £66.8m). The syndicate’s performance in 2015 has been driven by better than expected development of incurred claims on the run-off years of account.

Concerns over an economic slowdown in China, collapsing oil prices and the ability of the US economy to withstand higher short rates, adversely impacted the performance of all assets and, as a consequence, Syndicate 6115’s investment portfolios achieved a return of £0.3m, (2014: £0.6m). With the syndicate in run-off, net operating expenses decreased as Syndicate 6115 took a reduced share of operating costs.

The 2013 year of account of Syndicate 6115 closed with a reported profit of £10.2m. The 2014 year of account is forecast to make a profit in the range 2.7% to 7.7% of managed capacity.

Business environment

The Lloyd’s insurance market is highly competitive. A surfeit of capacity, a protracted period of low catastrophe incidents and on going reserve releases have combined to impact adversely already depressed market conditions.

Strategy

During 2016, the 2014 year of account quota share arrangements were novated from Syndicate 6115 to Sompo Japan Canopius Reinsurance AG (“SCRe”), a Zurich based reinsurance company.

Report of the Directors of the Managing Agent

Key performance indicators ('KPIs')

The CMA Board monitors the progress of the syndicate by reference to the following KPIs:

	2015 £000	2014 Restated £000
Gross premiums written	5,752	64,618
Earned premiums, net of reinsurance	33,924	66,832
Investment return	282	618
Profit for the year	6,881	8,550
Gross claims ratio	49.1%	48.7%
Net claims ratio	49.1%	48.7%
Expenses ratio	31.4%	37.2%
Combined operating ratio	80.5%	85.9%

Transition to FRS 102

This is the first year that Syndicate 6115 has presented its results under FRS 102. 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.

The impact of the transition to FRS 102 is set out in Note 14 'Transition to FRS 102'. The impact of transition on profit was a decrease of £1.7m for the comparative period and the impact on members' balances at 1 January 2014 was a decrease of £1.0m.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit. The Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

CMA's governance structure ensures a clear definition of responsibility for the management and oversight of the many risks faced by the business. CMA has established an enterprise risk management process that is designed to identify, assess, measure and mitigate risk.

A description of the principal risks and uncertainties facing the syndicate is set out in Note 5 to the financial statements (management of risk).

Future developments

During 2016, the 2014 year of account quota share arrangements will be novated from Syndicate 6115 to SCRe. As a consequence, Syndicate 6115 will cease to trade. Its 2014 year of account will be reinsured to close as at 31 December 2016.

The functional currency is the currency of the primary economic environment in which the syndicate operates and this has historically been considered to be sterling. In recent years the nature of the business written by Syndicate 6115 has become increasingly international, such that the primary economic environment is no longer so well defined. US dollars now exert an increasing influence and, as a consequence, with effect from 1 January 2016, Syndicate 6115 changed its functional currency from sterling to the US dollar.

Directors

The directors of the managing agent who served from 1 January 2015 to the date of this report are shown on page 3. None of the directors had an allocated premium limit on the syndicate, on either an unlimited or limited liability basis, for either of the 2013 or 2014 years of account.

Report of the Directors of the Managing Agent

Statement of disclosure of information to auditors

Each director of the managing agent has confirmed at the date of this report that in fulfilling their duties as a director:

- they have taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information; and
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

Post Balance Sheet Events

There are no material post balance sheet events that require disclosure in the annual report and accounts.

Statement of Managing Agent's Responsibilities

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the directors of the managing agent to prepare syndicate annual accounts each year which give a true and fair view, in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the syndicate and of the profit or loss of the syndicate for that period. In preparing those financial statements, 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 disclosed and explained in the syndicate accounts; and
- Prepare the syndicate accounts on the basis that the syndicate will continue to write future business unless it is inappropriate to do so.

The managing agent confirms that it has complied with the above requirements in preparing the syndicate accounts. The directors of the managing agent are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate accounts comply with the 2008 Regulations. The managing agent 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.

Independent Auditors

The syndicate's auditors are PwC. PwC was appointed auditor of the syndicate in accordance with clause 14.(2) of Schedule 1 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Annual general meeting

The managing agent proposes not to hold in 2016 an annual general meeting of the members of the syndicate, provided that no objection is received from any member of the syndicate within 21 days of the date of issue of these syndicate reports and accounts.

By order of the Board of the managing agent

Paul Cooper
Finance Director
London
15 March 2016

Independent Auditors' Report

To the members of Syndicate 6115

Report on the syndicate annual accounts

Our Opinion
In our opinion, Syndicate 6115's annual accounts (the "syndicate annual accounts"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

What we have audited
The syndicate annual accounts for the year ended 31 December 2015, included within the Syndicate 6115 Annual Report and Accounts (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2015;
- the statement of income and retained earnings for the year then ended;
- the statement of cash flows; and
- the notes to the syndicate annual 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 annual accounts is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

We have no exceptions to report arising from this responsibility.

Responsibilities for the syndicate annual accounts and the audit

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

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

Our responsibilities and those of the Managing Agent (continued)

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 for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of syndicate annual accounts involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the syndicate annual accounts sufficient to give reasonable assurance that the syndicate annual accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Managing Agent; and
- the overall presentation of the syndicate annual accounts.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited syndicate annual accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andrew Moore (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 March 2016

Statement of Income and Retained Earnings: Technical Account – General Business

for the year ended 31 December 2015

	Notes	2015 £000	2015 £000	2014 Restated £000	2014 Restated £000
Earned premiums, net of reinsurance					
Gross premiums written	7		5,752		64,618
Net premiums written			5,752		64,618
Change in the provision for unearned premiums:					
Gross amount			28,172		2,214
Change in the net provision for unearned premiums			28,172		2,214
Earned premiums, net of reinsurance			33,924		66,832
Allocated investment return transferred from the non-technical account	13		282		618
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(21,431)		(18,633)	
Net claims paid		(21,431)		(18,633)	
Change in the provision for claims					
Gross amount		4,767		(14,490)	
Change in the net provisions for claims		4,767		(14,490)	
Claims incurred, net of reinsurance			(16,664)		(33,123)
Net operating expenses	10, 11		(11,835)		(26,595)
Balance on the technical account for general business			5,707		7,732

All of the above amounts are derived from continuing operations.

Statement of Income and Retained Earnings: Non-technical Account

for the year ended 31 December 2015

	Notes	***2015*** ***£000***	*2014* *Restated* *£000*
Balance on the general business technical account		5,707	7,732
Investment income	13	282	618
Allocated investment return transferred to the general business technical account		(282)	(618)
Profit on exchange	10	1,174	818
Total comprehensive income		6,881	8,550
Members' balances at 1 January	15	6,426	(2,124)
Total comprehensive income for financial year	15	6,881	8,550
Members' balances at 31 December	15	13,307	6,426

All of the above amounts are derived from continuing operations.

Statement of Financial Position

at 31 December 2015

Assets

	Notes	2015 £000	2015 £000	2014 Restated £000	2014 Restated £000
Other assets					
Other assets	19		48,565		63,984
Prepayments and accrued income					
Deferred acquisition costs		1,357		10,752	
			1,357		10,752
Total assets			49,922		74,736

Liabilities

	Notes	2015 £000	2015 £000	2014 Restated £000	2014 Restated £000
Capital and reserves					
Members' balances	2, 15		13,307		6,426
Technical provisions					
Provision for unearned premiums		3,566		31,430	
Claims outstanding	9	32,929		36,880	
			36,495		68,310
Creditors					
Other creditors	17	120		-	
			120		-
Total liabilities			49,922		74,736

The financial statements on pages 9 to 26 were approved by the Board of CMA on 15 March 2016 and were signed on its behalf by:

Paul Cooper
Finance Director
15 March 2016

Statement of Cash Flows

for the year ended 31 December 2015

	2015		*2014*	
	£000	***£000***	*£000*	*£000*
Cash flows from operating activities				
Total comprehensive income	6,881		8,550	
(Decrease)/increase in gross technical provisions	(31,815)		12,953	
Decrease/(increase) in debtors	15,420		(22,555)	
Increase in creditors	120		-	
Movement in other assets/liabilities	9,394		1,052	
Net cash flows from operating activities		-		-

Notes to the Financial Statements

for the year ended 31 December 2015

1. Basis of preparation

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102"), Financial Reporting Standard 103, "Insurance Contracts" and The Companies Act 2006. Furthermore, these financial statements comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations"). The directors of the managing agent have prepared the financial statements on the basis that the syndicate will not write future business.

The single contract that the syndicate has written is on a funds withheld basis. The associated cash flows are expected to occur following the closure of the year of account at 36 months. There have been no cash flows in the year.

The effects of the transition to FRS102 are discussed in Note 14.

2. Members' balances and Funds at Lloyd's ("FAL")

The members' balances on the balance sheet shows a surplus of £13.3m (2014: surplus of £6.4m). The ability of the syndicate to meet its obligations as they fall due is underpinned by the members' Funds at Lloyd's and the support provided by the Lloyd's chain of security for any members who are unable to meet their underwriting liabilities. FAL is further explained in Note 21.

3. Summary of significant accounting policies

a. Insurance contracts

Insurance contracts (including inwards reinsurance contracts) are defined as those that transfer significant insurance risk. Insurance risk is considered significant if, and only if, an insured event could cause an insurer to pay significant additional benefits above the premiums received and interest earned thereon, excluding scenarios that lack commercial substance. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Contracts that do not transfer significant insurance risk are accounted for as financial transactions. The syndicate adopts an annual basis of accounting for insurance contracts whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance.

Gross premiums written, stated gross of acquisition costs and exclusive of premium taxes, relates to business incepted during the year and adjustments to premiums booked in prior years and includes estimates, based on underwriting estimates or past experience, of premiums due but not yet receivable or notified to the syndicate by intermediaries.

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated by reference to the expected incidence of risk over the period of cover.

There are a number of different types of business written by the syndicate, including property, liability and marine business, broadly categorised as either "short tail" or "long tail" business. The syndicate also writes reinsurance business. The characteristics of this business mirror those of the underlying business ceded to the syndicate.

The accounting policies for insurance claims and claims settlement expenses are considered in Note 4, Critical accounting judgements and estimation uncertainty.

3. Summary of significant accounting policies (continued)

a. Insurance contracts (continued)

Short Tail Business

Property and accident and health business is generally "short tail", whereby there is not a significant delay between the occurrence of the claim and the claim being reported. The costs of claims notified at the balance sheet date are estimated on a case-by-case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims, including provisions for claims incurred but not reported ("IBNR"), is projected from this data by reference to statistics, which show how estimates of claims incurred in previous periods have developed over time.

Longer tail business

Liability and marine claims are generally longer tail than for those of the other classes of business described above and so a larger element of the claims provision relates to IBNR claims. Claims estimates for business in this category are derived from a combination of loss ratio based estimates and estimates based upon actual claims experience, using a predetermined formula whereby greater weight is given to actual claims experience as time passes. The initial estimates of the claims provisions are based on the experience of previous years and benchmarks adjusted for factors such as premium rate changes and claims inflation. For liability claims, the assessment of claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. The liability classes of business are also subject to the emergence of new types of latent claims.

b. Unexpired risk reserves

At each balance sheet date tests are performed to ensure the adequacy of the unearned premium reserve, net of associated deferred acquisition costs, to cover future claims liabilities. In performing these tests, estimates of future premiums and claims cash flows, claims handling expenses and investment income from the assets backing such liabilities are considered and compared to the balances in the unearned premium reserve and deferred acquisition costs. Provision is made for any deficiencies by establishing an unexpired risk reserve.

Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises. Unexpired risk reserves, where relevant, are included within "claims outstanding" in the balance sheet.

c. Deferred acquisition costs

Deferred acquisition costs, representing a proportion of commission and other acquisition costs that relate to policies in force at the period-end, are amortised over the period in which the related premiums are earned.

d. Reinsurance to close ("RITC")

Each syndicate's underwriting year of account is normally closed after the end of the third year by means of reinsurance into the following underwriting year of account, which reinsures all liabilities for the closed year in return for a premium determined by the syndicate managing agent.

Where the syndicate accepts an RITC from another syndicate, it is a net recipient of premium which is recognised as income in the financial year that the RITC contract is signed, together with related claims liabilities. RITCs are represented in the balance sheet by the related share of assets and liabilities transferred from the ceding syndicates.

e. Receivables and payables related to insurance contracts

Receivables and payables include amounts due to and from agents, brokers and insurance contract holders. If there is evidence that the insurance receivable is impaired, the syndicate reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit and loss account.

Notes to the Financial Statements

for the year ended 31 December 2015

3. Summary of significant accounting policies (continued)

f. Foreign currencies

In accordance with FRS102, the functional currency is the currency of the primary economic environment in which the syndicate operates. The functional currency for Syndicate 6115 is sterling. FRS 102 requires all foreign currency transactions to be translated into the functional currency at the transactional rate of exchange. Transactions in US dollars, Canadian dollars and euros are translated at the average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

At the period end, the monetary foreign currency items are translated at the closing rate with any difference being allocated to the profit and loss account. For the purposes of applying the requirements of Section 30 Foreign Currency Translation of FRS 102, all assets and liabilities arising from insurance contracts are treated as monetary items.

g. 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 is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States federal income tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year have been included in the balance sheet under the heading “other debtors”.

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

4. Critical accounting judgements and estimation uncertainty

Insurance claims and claims settlement expenses

Insurance claims and claims settlement expenses comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for IBNR and related expenses, together with any other adjustments to claims from prior years.

Provision is made at the period-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the syndicate. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. There is inherent uncertainty in establishing claims provisions and it is likely that the final outcome will prove to be different from the original estimate of the liability. Adjustments to the amounts of claims provisions established in prior years are included in the financial statements in the period in which the adjustments are made. The claims provisions are reviewed regularly.

Estimating claims IBNR is inherently more uncertain than the cost of claims notified, for which more information about the claim event is generally available.

Classes of business where the IBNR proportion of the total claims provisions is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility in the claims provisions.

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

4. Critical accounting judgements and estimation uncertainty (continued)

Insurance claims and claims settlement expenses (continued)

Allowance is made for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

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

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

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

Claims provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers. An assessment is also made of the recoverability of reinsurance recoveries having regard to available data on the financial strength of each of the reinsurance companies.

Claims provisions are not discounted for the investment earnings that may be expected to arise in the future on funds retained to meet the future liabilities.

5. Management of risk

Insurance risk

The managing agent manages insurance risks on behalf of the syndicate, including the following:

- inappropriate underwriting activities and cycle management;
- inadequate or insufficient reinsurance protection.

The underwriters use their expertise and experience to determine the likely claims cost and, therefore, the premium that should be sufficient (across a portfolio of risks) to cover claims costs, expenses and to produce an acceptable profit in line with the agreed business plan. Due to the nature of insurance risk, however, the premium charged may not be sufficient to cover the cost of claims. The shortfall may result from insufficient premium being calculated and charged or from an unexpected or unprecedented high level of claims.

A number of controls are employed to limit insurance exposures. Each year a business plan is prepared and agreed by the Board which sets the premium income targets and exposures to be written in total and for each class of business. Progress against this plan is monitored by the Board during the year.

The syndicate is also exposed to the risk of:

- inappropriate claims reserves;
- inappropriate payment of claims.

Notes to the Financial Statements

for the year ended 31 December 2015

5. Management of risk (continued)

Insurance risk (continued)

All claims arising are reserved upon notification. The entire portfolio of business is subject to a quarterly reserving process whereby levels of paid and outstanding claims are reviewed. Potential future claims are assessed with a provision for IBNR claims being made. The quarterly review process is overseen by the reserving committee. The position is reviewed at the year end by the syndicate's external actuary. Whilst a detailed and disciplined reserving exercise is carried out, known claims can develop beyond the level of reserves held. Furthermore, there is increased uncertainty around the provision for IBNR claims. Consequently, there is a possibility that claims may arise which in aggregate exceed the reserve provision established. In the event that claims do not develop in line with expectations, the reserving committee will seek to release any redundant reserves.

Concentrations of insurance risk

Insurance risk is defined as the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations. Syndicate 6115's exposure to insurance risk arises from underwriting/pricing, insurance concentrations, reserving and reinsurance. The Board of CMA seeks to mitigate insurance risk by analysing historical pricing and claims experience, setting a tolerance to concentration risk, monitoring performance, and conducting in-house and external actuarial review of claims provisions, independent of the underwriting teams.

The syndicate has formal controls in place to ensure that business is underwritten in a controlled environment by reference to both the annual business plan and in line with underwriting policy. Preventative controls include underwriting authority limits which are agreed and signed off by the Active Underwriter, divisional and Group underwriting guidelines and benchmark ratings for all underwriting divisions. Detection controls include exception reports where authority limits are exceeded, expert review procedures, peer reviews and internal audit reviews. The underwriting controls team monitors compliance with these controls and reports to senior management as necessary.

CMA's capital setting methodology enables modelling to be performed in a sophisticated, but practical, manner particularly in determining the correlations between catastrophe exposed classes of business. Stochastic models use event tables which capture directly the different geographic distributions of risk in the various lines of business.

Effective risk management in non core areas and from non modelled perils is ensured using a suite of exposure accumulation and aggregation monitoring techniques and proprietary deterministic models.

Development of claims

The claims provisions established can be more or less than adequate to meet eventual claims. The level of uncertainty varies from class to class but can arise from inadequate case reserves for known large losses and catastrophes or from inadequate provision for IBNR. The impact on profit of a 1% improvement/deterioration in the total gross claims reserves would be a £0.3m gain/loss (2014: £0.4m).

Claims development table

The development of insurance liabilities provides a measure of the syndicate's ability to estimate the ultimate value of claims.

Notes to the Financial Statements

for the year ended 31 December 2015

5. Management of risk (continued)

The table below is presented at the exchange rates prevailing at 31 December 2015.

At 31 December 2015 **Gross of reinsurance**	***2013*** ***£'000***	***2014*** ***£'000***	***Total*** ***£'000***
Estimate of cumulative claims			
At end of underwriting year	26,156	16,827	
One year later	43,929	32,767	
Two years later	44,113		
	44,113	32,767	76,880
Cumulative payments	29,567	14,384	43,951
Estimated balance to pay	14,546	18,383	32,929

Market risk

Market risk arises from fluctuations in values of, or income from, assets or in interest rates and is derived primarily from the syndicate's investment of trust fund monies. The Board has agreed an investment strategy commensurate with the syndicate's risk appetite.

Credit risk within the investment portfolios is managed through research performed by the syndicate's investment managers whose activities are monitored by the Investment team and the investment committee. The investment committee establishes the investment guidelines. The investment guidelines are designed to mitigate risk by ensuring appropriate diversification of holdings.

Policyholders' assets are held in the four principal Lloyd's settlement currencies (Sterling, euros, US dollars and Canadian dollars) which represent the vast majority of the syndicate's liabilities by currency. This limits the underlying foreign exchange risk. Foreign exchange risk also arises when non-sterling profits are converted into sterling. A significant proportion of the syndicate's business is transacted in US dollars. CMA has a policy to mitigate foreign exchange risk and this policy is managed by the finance team and the finance committee.

Syndicate 6115 is not sensitive to market risk by virtue of its other assets comprising only amounts owed by Syndicate 4444 under the quota share arrangement.

For the avoidance of doubt, the syndicate is not positioned to take speculative currency positions to make gains; the purpose of its foreign exchange risk policy is to protect against the downside.

Regulatory risk

Regulatory risk is the risk that the syndicate fails to meet the regulatory requirements of the Prudential Regulation Authority ("PRA"), the Financial Conduct Authority ("FCA"), Lloyd's and those of overseas regulators in jurisdictions where Lloyd's syndicates are licensed to trade.

Regulatory risk is managed by the risk and compliance teams to ensure legislative and regulatory changes are understood and observed.

Operational risk

Operational risk is the risk that the failure of inadequate or failed internal processes, people and systems, or from external events has an adverse impact on the business. The syndicate manages these risks through a framework of robust systems and controls. CMA's objective for operational risk management is to identify, assess and manage risks and to prevent or reduce any failures or inadequacies in systems and controls.

Notes to the Financial Statements

for the year ended 31 December 2015

5. Management of risk (continued)

Operational risk (continued)

To this end, CMA has established key policies and controls that include:

- regular meetings of the Board of directors at which key aspects of the managing agent's and syndicate's businesses are reviewed, including review of reports from various sub-committees of the Board
- underwriting guidelines and controls that cover, inter-alia, aggregate and individual limits on exposure by territory and risk, adequacy of premium for insured risks, and reinsurance programmes
- claims management policies and guidelines
- risk registers which are reviewed and signed off by the risk and control owners on a regular basis
- a suite of risk policies for major risk categories relating to the activities of the syndicate
- an internal audit function whose audit plan is aligned with CMA's risk framework
- human resources policies and guidelines designed to ensure that the operations are adequately resourced by sufficiently skilled and trained people, who are appropriately remunerated
- financial policies and controls that cover:
  - maintaining segregated funds for the syndicate's assets
  - investment of funds
  - expense management
  - establishing adequate provisions for unpaid claims
  - credit risk, including debt collection and managing counter-party exposures
  - cash flow and other financial projections
  - regular review and reconciliation of the entity's financial records.

In addition, the managing agent has an established and integrated capital and planning cycle. This provides an assessment of the significant financial and non-financial risks, as identified by the managing agent's risk management framework. The capital requirement is assessed in accordance with applicable requirements through the use of deterministic and stochastic modelling and further challenged using a comprehensive validation process which includes the use of stress and scenario tests. This process assesses the capital required to meet a 1 in 200 level extreme outcome from the aggregation of all recognised sources of insurance, market, credit and operational risk.

Group risk

Group risk arises from the potential impact of risk events, of any nature, arising in or from membership of a corporate group. SCAG is the global specialty lines platform of Sompo Japan Nipponkoa Holdings Inc. ("Sompo Holdings") which has total assets of c.$90 billion. SCAG is wholly owned by the principal subsidiary of Sompo Holdings, Sompo Japan Nipponkoa Insurance Inc. ("SJNK"), an A+ rated company and one of the top three Japanese property and casualty insurers.

Sompo Holdings engages in strategic risk management (SRM) with the aim of maximising Group corporate value. It is used to identify significant risks from a variety of sources throughout the group, which has established an integrated risk control system to analyse, assess, and control risks while maintaining the ability to accurately respond to risks when they occur.

Financial risks

The syndicate is exposed to a wide range of financial risks, the key financial risk being that the proceeds from its assets are not sufficient to fund the obligations arising from its insurance contracts.

5. Management of risk (continued)

Financial risks (continued)

Syndicate 6115 is exposed to market risk i.e. fluctuations in values of, or income from, assets, interest rates or exchange rates. It is exposed to interest rate risk: to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk. The syndicate is also exposed to foreign exchange risk as a consequence of writing international business and settling insurance transactions in US dollar, Canadian dollar and euro. The syndicate mitigates this risk by endeavouring to match assets and liabilities in foreign currency.

Syndicate 6115 is also exposed to credit risk by virtue of trading only with Syndicate 4444. This exposure is mitigated by the comprehensive enterprise risk management framework managed by CMA on behalf of all its syndicates.

Syndicate 6115 is not exposed to liquidity risk as the quota share arrangements with Syndicate 4444 are maintained on a funds withheld basis.

6. Capital setting, capital management policies and objectives

The syndicate's objectives in managing its capital are to:

- satisfy the requirements of its policyholders and regulators; and
- allocate capital efficiently to support growth.

The Society of Lloyd’s applies capital requirements at member level and in aggregate to ensure that Lloyd’s complies with Solvency II, whilst meeting 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 6115 is not disclosed in these financial statements.

The PRA and Lloyd’s oversee the capital setting regime that requires syndicates to calculate their own capital requirements through a Solvency Capital Requirement (“SCR”). The SCR 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 share of underwriting liabilities on the syndicate(s) 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’.

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 11, represent resources available to meet members’ and Lloyd’s capital requirements.

6. Capital setting, capital management policies and objectives (continued)

The syndicate maintains models in accordance with this regime, and also prepares an annual own risk & solvency assessment ("ORSA") report.

There are seven key elements to CMA's capital methodology namely:

- risk identification;
- the articulation of risk bearing capacity and establishment of risk appetite;
- identification of capital requirement for all significant risks;
- sensitivity analysis and 'reasonableness checks';
- aggregation and correlation of risks;
- comparison with other benchmarks e.g. prior years' SCRs; syndicate quantitative impact study ("QIS") results, the PRA published calculations based on industry SCR submissions and market surveys/studies; and
- Board review and challenge.

The SCR represents the equivalent of minimum regulatory capital, as is required by the PRA and Lloyd's, and does not represent the amount of economic capital required to support and maintain Lloyd's ratings. The SCR process produces a result that is uplifted by Lloyd's to the capital required to maintain their rating, currently 'A+ (strong)' by Standard & Poor's.

To improve the risk management capability, and the assessment of capital requirements, CMA has developed a stochastic model to analyse the potential performance of its main underwriting operations. Stress and scenario analysis is also performed for those risks that cannot be easily modelled quantitatively and where more subjective judgement is required (for example, operational risk) as well as to challenge the output of the stochastic model.

Using its detailed measurement of risk exposures, the syndicate allocates capital to support the business according to the risk appetite and expected returns. The syndicate has complied with all capital requirements during the year.

CMA has developed and implemented documentation, procedures and controls to ensure compliance with Solvency II, the fundamental overhaul of the capital adequacy regime for the European insurance industry. Solvency II introduces a new, harmonised EU-wide insurance regulatory regime to:

- Improve consumer protection by ensuring a uniform and enhanced level of policyholder protection across the European Union. A more robust system will give policyholders greater confidence in the products of insurers.
- Modernise supervision. The "Supervisory Review Process" will shift supervisors' focus from compliance monitoring and capital to evaluating insurers' risk profiles and the quality of their risk management and governance systems.
- Deepen EU market integration through the harmonisation of supervisory regimes.
- Increase international competitiveness of EU insurers.

Solvency II was implemented on 1 January 2016.

CMA implemented a programme of initiatives to engage proactively with the challenges and opportunities that arise from the preparation for Solvency II. CMA has continued to enhance its risk management processes and their enabling governance structures to ensure that CMA is compliant with the Solvency II deadlines set by Lloyd's and the PRA.

Notes to the Financial Statements

for the year ended 31 December 2015

7. Segmental analysis

All business for Syndicate 6115 relates to the whole account quota share treaty reinsurances of Syndicate 4444 attaching to the 2013 and 2014 years of account.

All premiums were written and concluded in the United Kingdom.

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

	2015	*2014*
	£000	*£000*
UK	1,719	18,473
Other EU countries	255	3,590
US	2,334	26,909
Other	1,444	15,646
Total	5,752	64,618

8. Currency rates of exchange

	31 Dec 15	***Average for 2015***	*31 Dec 14*	*Average for 2014*
US $	1.47	1.53	1.56	1.65
Euro	1.36	1.38	1.29	1.24
Canadian $	2.05	1.95	1.81	1.82

9. Gross claims outstanding

The gross outstanding claims balance at year end represents claims outstanding, including IBNR, of £32.9m (2014: £36.9m). This balance is the net claims ceded by Syndicate 4444.

A positive run-off deviation was experienced during the year of £4.0m (2014: negative £(0.6)m).

10. Net operating expenses

	2015	*2014*
	£000	*£000*
Commissions on inwards reinsurance business	1,328	19,722
Other acquisition costs	442	3,407
Change in deferred acquisition costs	9,475	(916)
Profit on exchange	(1,174)	(818)
Administrative expenses	498	3,414
Total expenses	10,569	24,809

Administrative expenses include:

	2015	*2014*
	£000	*£000*
Auditors' remuneration		
Audit of syndicate accounts	23	31
Audit related assurance	7	10
Total audit and assurance	30	41
Other non-audit services	15	21
Total audit and non-audit fees	45	62

Notes to the Financial Statements

for the year ended 31 December 2015

11. Personal Expenses

	2015	*2014*
	£000	*£000*
Members' standard personal expenses	87	495
Managing Agent's fee	5	473
Total personal expenses	92	968

12. Staff numbers and costs

The syndicate has no employees. The syndicate did not incur staff costs directly during the year.

The syndicate was not recharged any expenses during the year relating to the remuneration of the directors of CMA.

13. Net investment income recognised in profit or loss

	2015 ***£000***	*2014* *£000*
Other income from investments designated at fair value through profit or loss		
Unrealised gains and losses on investments	282	618
Total other income	282	618
Net investment return transferred to the general business technical account	282	618

Investment income is income from interest on funds withheld balances on the whole account quota share treaty reinsurance contract with Syndicate 4444. The balance relates to a share of Syndicate 4444 investment income.

14. Transition to FRS102

This is the first year that the syndicate has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and members' balances as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

During the year, the Syndicate has made an amendment to its foreign exchange accounting policy to ensure compliance with FRS 102 Section 30 'Foreign Currency Translation' and amendment to the treatment of insurance assets and liabilities included in FRS 103, section 2.26 with respect to:

- the use of monthly average rates as a proxy for transaction rates when determining the prevailing foreign exchange rate for non-monetary assets and liabilities where these items are held at transactional rates of exchange; and
- treating all insurance assets and liabilities (including DAC and UPR) as monetary items.

In accordance with FRS 102 section 3.12, the applicable comparative figures in the primary statements and notes have been restated to reflect the uniform application of the new policy outlined above.

Notes to the Financial Statements

for the year ended 31 December 2015

14. Transition to FRS102 (continued)

The financial effect of restating the prior year amounts for the changes in accounting policy is as follows:

Profit for the financial year	*2014* *£000*
UK GAAP – As previously reported	10,205
Adjustments to profit	
Change in provision for unearned premiums	(1,140)
Change in deferred acquisition costs	250
(Profit) on exchange	(765)
Total adjustments to profits for financial year	(1,655)
Profit for the 2014 financial year (FRS102)	8,550

Members' balances	1 January 2014 *£000*	*£000*	31 December 2014 *£000*
UK GAAP – As previously reported	(3,176)		
Adjustments to members' balances			
Provision for unearned premiums	346		
Deferred acquisition costs	706		
Total adjustments to members' balances	1,052		
FRS102	(2,124)		
Profit for the 2014 financial year (FRS102)		8,550	
Members' balances at 31 December 2014 (FRS102)	(2,124)	8,550	6,426

15. Reconciliation of members' balances

	2015 ***£000***	*2014* *(Restated)* *£000*
Members' balances at 1 January	6,426	(2,124)
Profit for the financial year	6,881	8,550
Members' balances at 31 December	13,307	6,426

16. Deferred acquisition costs

The reconciliation of opening and closing deferred acquisition costs is as follows:

	2015 ***£000***	*2014* *Restated* *£000*
At 1 January 2015	10,752	9,589
Change in deferred acquisition costs	(9,475)	914
Foreign exchange	80	249
At 31 December 2015	1,357	10,752

17. Reconciliation of insurance balances

The reconciliation of opening and closing unearned premium provision is as follows:

	Gross	
	2015 £000	*2014 Restated £000*
At 1 January 2015	31,430	35,349
Increase in provision	(28,172)	2,214
Foreign exchange	308	(6,133)
At 31 December 2015	3,566	31,430

The reconciliation of opening and closing provision for claims is as follows:

	Gross	
	2015 £000	*2014 Restated £000*
At 1 January 2015	36,880	21,367
(Decrease) in provision	(4,767)	14,490
Foreign exchange	816	1,023
At 31 December 2015	32,929	36,880

18. Post balance sheet events

There are no material post balance sheet events that require disclosure in the annual report and accounts.

19. Related parties

Transactions between the Managing Agent/Service Company and the Syndicate

CMA is the managing agent of Syndicate 6115 and its immediate parent is Canopius Holdings UK Limited ("CHUKL"). Managing agency fees of £5,000 were paid by the syndicate to CMA during 2015 (2014: £473,000).

At 31 December 2015, an amount of £62,000 was owed to Canopius Services Limited (2014: £nil) and an amount of £58,000 was owed to Syndicate 4444 (2014: £nil).

At 31 December 2015, Syndicate 6115 was owed a net sum of £48,490,000 by Syndicate 4444 (2014: £63,984,000) representing the balance of underwriting transactions under the whole account quota share reinsurance treaty contract. In addition, Syndicate 6115 owed CSL a net amount of £45,000 (2014: £nil).

Canopius Capital Fourteen Limited ("CC14L") is a subsidiary of CHUKL and provides capacity to the 2013 and 2014 years of account. For the 2013 year of account, the capacity of Syndicate 6115 has been shared equally between Flectat Limited, a wholly-owned subsidiary of CGL and CC14L.

	2013		***2014***	
	£m		£m	
CC14L	70.0	100%	35.0	50%
Flectat Limited	n/a	n/a	35.0	50%

Notes to the Financial Statements

for the year ended 31 December 2015

20. Immediate and ultimate parent undertaking and controlling party

Syndicate 6115 is managed by CMA and CMA's immediate UK parent is CHUKL, which is registered in England and Wales. CHUKL is part of SCAG which is registered in Switzerland. CMA's registered office is Gallery 9, One Lime Street, London EC3M 7HA.

SCAG is wholly-owned by SJNK which itself is a wholly-owned direct subsidiary of Sompo Holdings, incorporated in Japan.

Sompo Holdings is the ultimate parent undertaking and controlling party of CMA. Copies of the consolidated financial statements for Sompo Holdings are available from 26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan.

21. Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as 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 a member is required to maintain is determined by CMA and Lloyd's based on compliance with PRA requirements. The determination of the FAL requirement has regard to a number of factors including the nature and amount of insurance contracts to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since the assets in FAL are not owned by the syndicate, 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.