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Syndicate 3334

Syndicate Annual Report and Accounts

31 December 2017

Syndicate 3334 information

Managing agent
Hamilton Underwriting Limited

Registered office at:
St Helen's, 1 Undershaft
London EC3P 3DQ

Registered in England number 06684157

Active underwriter
Trevor Carvey

Syndicate auditors
Ernst & Young LLP
25 Churchill Place
London E14 5EY

Syndicate bankers
Barclays Bank PLC
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Canary Wharf
London E14 5HP

Citibank N.A.
Citigroup Centre
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London E14 5LB

Royal Trust Corporation of Canada
Royal Trust Tower
Toronto
Ontario M5W 1P9
Canada

Syndicate external actuaries
Willis Towers Watson Limited
Watson House
London Road
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Report of the Managing Agent

Introduction
The Syndicate's managing agent is a company registered in England and Wales. The directors of the managing agent, Hamilton Underwriting Limited (the Company or HUL), present their report for the year ended 31st December 2017. The managing agent is responsible for managing the affairs of Syndicate 3334. During 2017 the Syndicate comprised three open years and three run-off years.

HUL is a wholly owned subsidiary of Hamilton UK Holdings Limited (HUK), which is in turn wholly owned by a Bermudian company Hamilton Insurance Group Limited. Hamilton Corporate Member Limited, a fellow subsidiary of HUK, is the sole capital provider to the three open years 2015, 2016 and 2017. The capital for the three Syndicate run-off years comprising 2012, 2013 and 2014 is provided by SCI Capital Limited together with names for the years 2012 and 2013.

Principal activity
The Syndicate's principal activity is the transaction of general insurance and reinsurance business at Lloyd's of London (Lloyd's). There have been no changes during the year under review.

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

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the Regulations") require the managing agent to prepare syndicate annual accounts for Syndicate 3334 at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The syndicate annual accounts are required by law to give a true and fair view of the state of affairs of the syndicate as at that date and of its profit or loss for that year.

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

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material differences disclosed and explained in the notes to 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 presume that the syndicate will do so.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate annual accounts comply with the Regulations. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Report of the Managing Agent *continued*

Status of run-off years of account

In September 2016 the Board of Directors voted to keep the 2013 and 2012 years of account in run-off due to on-going uncertainty over the final loss arising from a combination of factors, the most material being continuing assessment of the reserving position due to volatility experienced, and to place the 2014 year of account in to run-off for the same reasons. For the 2014 year of account the reserving uncertainty was compounded by the slow earning profile of this year of account with some residual exposure live in to 2017.

In 2017 the Board of Directors agreed that the risks which led to the years of account being left in run-off were suitably reduced and approved an independently managed competitive tender process be undertaken to facilitate an external reinsurance to close (RITC) of the three years of account effective as at 31 December 2017. This competitive process conducted on Quarter 3 (30 September 2017) data resulted in two independent quotes being received in early December 2017. On 14 February 2018 HUL entered in to a RITC agreement for each run-off year to transfer the assets and liabilities to Syndicate 3330's 2018 year of account managed by Coverys Managing Agency Limited (formerly R&Q Managing Agents Limited).

Underwriting year accounts

Final underwriting accounts have been prepared for each of the 2014, 2013 and 2012 run-off years of account which were closed as at 31 December 2017, as detailed above, and will be made available to syndicate members. The corporate member of the 2015 underwriting year of account, which closed as at 31 December 2017, has opted not to receive underwriting year accounts and accordingly no accounts have been prepared for this year.

Functional and presentational currency

On 1 January 2017 HUL changed the functional currency of the open years to US Dollars. The functional currency for the run-off years remained Sterling. The presentational currency for all years in this report and accounts is Sterling.

Directors

The names of the persons who were directors of the managing agent at any time during the year and to the date of signing of this report are set out below:

Dermot O'Donohoe – Chief Executive Officer
Simon Barrett – Chief Financial Officer
Dominic Ford – Compliance Director and Company Secretary
Belinda Taylor – Finance Director
Peter Haynes – Chairman and Non-executive Director
Malcolm Beane – Non-executive Director
Jonathan Reiss – Non-executive Director
Adrian Walker – Non-executive Director

Brian Duperreault – Non-executive Director – resigned 15 May 2017
Peter Skerjl – Non-executive Director – appointed 5 December 2017

Report of the Managing Agent

Review of the business

Background

Under the initial ownership structure from inception of the Syndicate in August 2006 to change of control on 1 April 2015, Syndicate 3334 was a specialist insurer of sport and leisure risks providing liability, personal accident, property and contingency cover. During 2015 the majority of the previous sports and leisure business was placed into run-off. This management action post change of control of the managing agency arose as a consequence of the consistently unprofitable nature of the previous business portfolio and a lack of strategic fit going-forward with the Hamilton group strategy. After change of control the managing agency put forward new plans to Lloyd's for 2016 which saw the implementation of the Hamilton group strategy to provide a diversified Lloyd's platform for the group's international business, benefiting from the Lloyd's brand, international licenses and strong ratings. The managing agency actively recruited specialist insurance and reinsurance underwriters to write this business with effect from 1 January 2016 across a core base of five specialist areas covering treaty reinsurance, casualty/professional, speciality, property and space business. The subsequent plan for 2017 built on this new structure and was supplemented with an additional class underwriter employed to write marine business.

Capacity/Gross written premium

The capacity of the 2017 year of account is £98.8m supporting planned gross written premiums of £122.5m. The directors monitor business on a gross basis. Gross written premium for the first calendar year of the 2017 underwriting year of account was £91.2m (2016 year of account at 12 months: £61.9m).

Review of activities in the year

Overview

The results for the year are set out on pages 15 and 16. On an annually accounted basis the result for the calendar year 2017 is a loss of £38.9m (2016: loss of £21.0m). This is made up of a loss on the technical account of £37.8m (2016: loss of £19.1m), an investment return of £0.3m (2016: return of £0.7m) and exchange loss of £1.1m (2016: loss of £1.9m).

The split of the result for the calendar year between open years and run-off years is a loss of £30.9m for the open years and a loss of £8.0m for the run-off years. The two defining events in the calendar year have been the CAT losses arising from three major hurricanes Harvey, Irma and Maria (the 'HIM' losses) impacting the open years and the external RITC premium attaching to the run-off years. Each year of account is analysed separately within this section.

The key performance indicators for the calendar year are set out below:

Key performance indicators	2017 (Calendar Year)	2016 (Calendar Year)
Gross premiums written	£109.4 million	£61.8 million
Gross premiums, net of acquisition costs	£88.3 million	£50.9 million
Total comprehensive income	£(37.1) million	£(21.0) million
Combined ratio	161.9%	181.1%
Cash and investments including overseas deposits	£54.5 million	£28.8 million

Review of activities in the year *continued*

As reported last year the high combined ratio was driven by the continued loss exposure of the syndicate run-off years with no premiums against which to offset these losses and the incurred administrative expense base for the new Hamilton years exceeding the low earned premium base at an early stage in development. This remained the case in 2017, with the additional factor of the hurricane losses (see year of account positions below) contributing to a higher than planned combined ratio for the 2017 year of account but overall the open years combined ratio saw a modest improvement due to the favourable impact of the earn out of premiums.

Significant investment has been made by the Hamilton Insurance Group to build-out and support the 2016 and 2017 year of accounts and future Hamilton years, with headcount in the managing agency having risen from 48 to 72 between the 2016 and 2017 year-ends.

The key features of the results for the year ended 31st December 2017 are considered in the analysis by year of account, set out below.

Year of account positions

2017 year of account

- *Cumulative GAAP loss of £26.4m;*
- *Gross written premiums of £91.2m;*
- *Net earned premiums of £18.9m.*

This was the second year of account writing business under the new Hamilton at Lloyd's platform. The Directors are pleased that despite the Syndicate years under Hamilton's ownership being at a very early stage of development we were able to withstand the combined impact of the global losses in 2017, mainly arising from the HIM losses, without recourse to our secured borrowing facilities.

Lloyd's have estimated that the global industry insured net losses for HIM losses in the second half of 2017 could be as high at $130 billion. For historical perspective, this is second only to the $137 billion recorded in 2011 for the loss events in that calendar year.

The HIM losses devastated regions of Texas, Florida, the Caribbean and Puerto Rico in the third quarter of 2017 and caused considerable human suffering. Harvey was the wettest tropical cyclone on record in the United States. The resulting floods inundated hundreds of thousands of homes and businesses. Shortly thereafter, Irma and Maria became the first two category five hurricanes on record to strike the Leeward Islands. Irma went on to hit Florida, while Maria caused catastrophic damage and a major humanitarian crisis in Puerto Rico.

The net loss impact of the HIM losses booked in the 2017 year of account is £14.6m. In addition a further £1.5m of net claims arose from the Mexico earthquake in September 2017. Excluding these losses, the result for the year becomes £10.3m which is in line with the 12 months forecast in the 2017 plan.

Similar to 2016 year of account the 2017 year of account will continue to write premium in to the second year of underwriting, with calendar year 2018 declarations under binders and lineslips incepting in the 2017 calendar year still to be accounted for.

Report of the Managing Agent *continued*

Review of activities in the year *continued*

2016 year of account

- *Cumulative GAAP loss of £9.5m (at 31 December 2016: £7.0m);*
- *Gross written premiums of £79.2m (at 31 December 2016: £61.9m);*
- *Net earned premiums of £60.1m (at 31 December 2016: £17.8m).*

This was the first year of account writing business under the new Hamilton at Lloyd's platform. The Directors are pleased with the progress of the year, which has written premiums in line with plan.

The 2016 year of account also had exposure to the HIM losses, with net losses recorded of £2.4m, as well as net losses of £1.8m arising from the Peruvian floods in March 2017. In the calendar year ended 31 December 2017 net claims of £1.1m were able to be released from the 2016 CAT event Hurricane Matthew as claims developed more favourably than anticipated.

2015 year of account

- *Cumulative closing loss of £4.0m (movement in CY 2017: profit of £0.2m);*

The 2015 business plan was compiled by the managing agency pre change of control on 1 April 2015. The only business written to this year of account comprised a Canadian sports binder incepting February 2015, a small open market contingency book of business and business written via the Lloyd's China reinsurance platform. As a consequence of the very limited business written together with start-up costs in respect of the Hamilton business, the year will close with a loss of £4.0m, which is in line with our expectations.

Run-off years of account

- *2014: cumulative closing loss of £12.6m (movement in CY 2017: loss of £1.3m);*
- *2013: cumulative closing loss of £8.4m (movement in CY 2017: loss of £2.2m);*
- *2012: cumulative closing loss of £21.6m (movement in CY 2017: loss of £4.4m).*

The 2012 underwriting year of account had accepted a reinsurance to close of the prior years of account 2006-2011.

As detailed earlier in this report each of these years has been subject to an external RITC agreement. Each agreement specified the RITC premium to be paid by year of account, as calculated by the bidder based on reserve valuation following a detailed due diligence exercise and associated unallocated expense uplift. Separate underwriting year accounts for each of these years have been prepared for the members of each year of account and a detailed review of the results of each year are included therein.

Report of the Managing Agent *continued*

Future developments

Overview
The Syndicate continues to transact in the classes of general insurance and reinsurance business that it has transacted in during 2017. The agency continues with its strategy to write profitable business, and not to grow the top line at the expense of profitably. Notwithstanding this, it is also recognised that the Syndicate needs to get to a scale such that it can absorb the costs of a full service Lloyd's Syndicate and as such it is expected that 2018 will also run at a net loss position. We continue to build out the infrastructure needed to support a fully-fledged Lloyd's syndicate, whilst ensuring we keep to a simple and relatively low-cost operating model.

Whilst the risks to UK economic growth remain significant not least because of the UK's decision to leave the European Union ("EU") ("Brexit"), it should be noted that the proportion of business arising from the EU is not material to Syndicate 3334. The Syndicate is committed to putting in place the necessary systems and processes at be able to participate in the Lloyd's Brexit solution, i.e. the proposed Lloyd's Insurance Company, based in Belgium.

Solvency II
Effective 1 January 2016, all insurers including Lloyd's are subject to the Solvency II capital regime. Although the capital regime changed, this had not significantly impacted the Solvency Capital requirement of the syndicate, since this has been previously calculated based on Solvency II principles.

2018 year of account
The Hamilton Group has provided the Funds at Lloyd's for the 2018 year of account. As business is predominantly written in US Dollars the capital base has been put up in US Dollars to avoid currency mismatching. The forecast gross written premium for this year of account is £149.5m, which builds on the 2017 year of account underwriting base (plan for 2017: £122.5m). Growth enhancements include the addition of a cyber class and recruitment of a political violence underwriter.

Post balance sheet events
Post balance sheet events are discussed in Note 16 to the accounts.

Principal risks and uncertainties
The Managing Agent has established a risk management function for the syndicate with clear terms of reference from the board of directors (the Board), its committees and the associated executive management committees. The Board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies.

The Board sets risk appetite annually as part of the syndicate's business planning and capital setting process. The risk management function is also responsible for reviewing the syndicate's Own Risk and Solvency Assessment (ORSA), recommending the assessment to the Board for approval.

Report of the Managing Agent *continued*

Principal risks and uncertainties *continued*

The principal risks and uncertainties facing the syndicate are set out below, including references to Note 18 where additional information relating to these risks are provided in the financial statements:

Regulatory risk

The agency is required to comply with the requirements of the PRA and FCA and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The agency has a compliance officer who monitors regulatory developments and assesses the impact on agency policy. The compliance team carry out a compliance monitoring programme, the progress against which is reported to the Board on a quarterly basis.

Insurance risk (Note 18(c))

The principal risk the Syndicate faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. The objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities.

The Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Syndicate purchases reinsurance as part of its risks mitigation programme and the agency uses catastrophe modelling software to model maximum probable losses from catastrophe-exposed business.

The Board monitors performance and exposures against the business plan on a rolling monthly basis. Reserve adequacy is monitored through quarterly review by the syndicate actuary and the reserving committee.

Credit risk (Note 18(d) (1))

The key aspect of credit risk is the risk of default by one or more of the syndicate's reinsurers or other counterparties. Compliance with the credit risk policy is monitored and exposures and breaches are reported to the Syndicate's finance and operations committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Liquidity risk (Note 18(d) (2))

Liquidity risk is the risk that the syndicate will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

A number of policies are implemented by the agency to mitigate against the risk of the syndicate being unable to settle its obligations as they fall due.

Market risk (Note 18(d) (3))

The key aspect of market risk is that the syndicate incurs losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The agency's finance committee reviews currency matching quarterly. Where there is a significant mismatch, the agency seeks to mitigate the risk through forward foreign currency contracts, where this is appropriate.

Report of the Managing Agent *continued*

Principal risks and uncertainties *continued*

Interest rate risk
The syndicate does not hold any investment assets that would be subject to interest rate risk.

Operational risk
This is the risk that errors caused by people, processes or systems lead to losses to the syndicate. The agency seeks to manage this risk through the use of detailed procedures manuals and a structured programme of testing of processes and systems by internal audit.

Research and development
The syndicate has not participated in any research and development activity during the period.

Financial instruments and risk management
The syndicate does not hold any financial instruments.

Statement as to disclosure of information to auditors
In the case of each of the persons who are directors of the managing agent at the date this report is approved:

- so far as the director is aware, there is no relevant audit information, being information needed by the syndicate auditors in connection with the auditor's report, of which the auditor is unaware; and
- having made enquiries of fellow directors of the managing agent and the syndicate's auditor, each director has individually taken all the necessary steps to make themselves aware, as a director, of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

Auditors
Under the 2008 Regulations, the auditor is deemed to be reappointed in subsequent years if there is no objection. Ernst & Young LLP have indicated their willingness to continue in office as the independent auditor to the Syndicate and it is proposed that the appointment remains in force.

Annual general meeting of the syndicate members
In accordance with the provisions of the 2008 Regulations, it is not intended to hold an annual general meeting with the members of Syndicate 3334, unless objections to this proposal or to the deemed reappointment of the auditor are received from the syndicate members. Any such objection should be made in writing to the registered office of the Managing Agent within 21 days of receipt of this statement.

Dominic Ford
Director & Company Secretary

Approved by the board of Hamilton Underwriting Limited on 13th March 2018

Report of the Independent Auditor
to the Members of Syndicate 3334

Opinion
We have audited the syndicate annual accounts of syndicate 3334 ('the syndicate') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the syndicate annual accounts:
- give a true and fair view of the syndicate's affairs as at 31 December 2017 and of its loss 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.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the syndicate annual accounts section of our report below. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the managing agent's use of the going concern basis of accounting in the preparation of the syndicate annual accounts is not appropriate; or
- the managing agent has not disclosed in the syndicate annual accounts any identified material uncertainties that may cast significant doubt about the syndicate's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the syndicate annual accounts are authorised for issue.

Report of the Independent Auditor
to the Members of Syndicate 3334 *continued*

Other information
The other information comprises the information included in the annual report, other than the syndicate annual accounts and our auditor's report thereon. The managing agent is responsible for the other information.

Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the syndicate annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the syndicate annual accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.
We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit

- the information given in the managing agent's report for the financial year in which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts, and
- the managing agent's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we have not identified material misstatements in the managing agent's report.

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

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- certain disclosures of the managing agents' emoluments specified by law are not made.

Responsibilities of the managing agent
As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 4, the managing agent is responsible for the preparation of the syndicate annual accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate annual accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Auditor's responsibilities for the audit of the syndicate annual accounts

Our objectives are to obtain reasonable assurance about whether the syndicate annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these syndicate annual accounts.

A further description of our responsibilities for the audit of financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Angus Millar
(Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

15th March 2018

Income Statement
Technical account – General business
for the year ended 31st December 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Gross premiums written	2	**109,360**		61,833	
Outward reinsurance premiums		**(35,939)**		(14,173)	
Change in the provision for unearned premiums					
Gross amount		**(22,945)**		(28,942)	
Reinsurers' share		**11,139**		5,703	
Earned premiums, net of reinsurance	4		**61,615**		24,421
Allocated investment return, transferred from the non-technical account			**301**		661
Claims paid – Gross amount		**(29,215)**		(21,722)	
– Reinsurers' share		**3,197**		7,230	
		(26,018)		(14,492)	
Change in claims outstanding:					
Gross amount		**(57,532)**		(19,681)	
Reinsurers' share		**21,260**		7,034	
Change in claims outstanding		**(36,272)**		(12,647)	
Claims incurred, net of reinsurance	3		**(62,290)**		(27,139)
Net operating expenses	6		**(37,465)**		(17,080)
Balance on the technical account for general business			**(37,839)**		(19,137)

Income Statement
Non-technical account – General business
for the year ended 31st December 2017

	Notes	*2017*	*2016*
		£'000	*£'000*
Balance on technical account general business		(37,839)	(19,137)
Investment income	9	301	661
Allocated investment return transferred to the general business technical account		(301)	(661)
Exchange gains and losses		(1,096)	(1,861)
Loss for the financial year		(38,935)	(20,998)

Statement of Other Comprehensive Income

for the year ended 31st December 2017

	2017	*2016*
	£'000	*£'000*
Loss for the financial year	(38,935)	–
Effect of foreign exchange translation	1,872	–
Total comprehensive income for the year	(37,063)	–

Statement of Changes in Members' Balances

for the year ended 31st December 2017

	2017	*2016*
	£'000	*£'000*
Members' balances brought forward at 1st January	(31,228)	(19,910)
Loss for the financial year	(38,935)	(20,998)
Effect of foreign exchange translation	1,872	–
Members' agents' fees	(20)	(20)
Transfers from members' personal reserves funds	15,300	9,700
Other	(180)	–
Members' balances carried forward at 31st December	(53,191)	(31,228)

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.

Statement of Financial Position

as at 31st December 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Assets					
Financial investments					
Other financial investments	10		14,934		6,283
Reinsurers' share of technical provisions					
Provision for unearned premiums	4	17,403		7,002	
Claims outstanding	3	32,608		11,383	
			50,011		18,385
Debtors					
Debtors arising out of direct insurance operations	11	46,952		32,541	
Debtors arising out of reinsurance operations		3,727		2,738	
Other debtors		268		1,197	
			50,947		36,476
Other assets					
Cash at bank and in hand	13	31,689		10,671	
Overseas deposits		7,912		11,802	
			39,601		22,473
Prepayments and accrued income					
Deferred acquisition costs	5	12,626		7,620	
Other		1,144		1,191	
			13,770		8,811
Total assets			169,263		92,428

Statement of Financial Position *continued*

as at 31st December 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Members' balances and liabilities					
Members' balances					
Members' balances			(53,191)		(31,228)
Liabilities					
Technical provisions					
Provision for unearned premiums	4	60,685		40,443	
Claims outstanding	3	116,773		62,137	
			177,458		102,580
Creditors					
Creditors arising out of direct insurance operations	12	6,737		2,475	
Creditors arising out of reinsurance operations	12	30,260		12,016	
Amount due to credit institutions	13	–		2,120	
Other creditors including taxation and social security		7,706		4,085	
			44,703		20,696
Accruals and deferred income			293		380
Total liabilities			222,454		123,656
Total members' balances and liabilities			169,263		92,428

The financial statements on pages 15 to 52 were approved by the Board of Hamilton Underwriting Limited on 13th March 2018 and were signed on its behalf by:

Belinda Taylor
Finance Director

Statement of Cash Flows

for the year ended 31st December 2017

	Notes	2017 £'000	2016 £'000
Loss for the financial year		(38,935)	(20,998)
Movement in general insurance unearned premiums and outstanding claims		74,878	56,467
Movement in reinsurer's share of unearned premiums and outstanding claims		(31,626)	(13,596)
Investment return		(301)	(661)
Movements in other assets/liabilities		13,077	(18,289)
Net cash inflow from operating activities		17,093	2,923
Investing activities			
Investment income received		301	661
Purchase of financial investments		(8,957)	(1,886)
Sales of financial investments		30	1,030
Net cash (outflow) from investing activities		(8,626)	(195)
Financing activities			
Cash call		15,300	9,700
Members' agents' fee advances		(20)	(20)
Net cash inflow from financing activities		15,280	9,680
Increase in cash and cash equivalents		23,747	12,408
Cash and cash equivalents at 1 January		8,551	(395)
Exchange differences on opening cash		(609)	(3,462)
Cash and cash equivalents at 31 December	13	31,689	8,551

Notes to the Accounts

1. Accounting policies

Statement of compliance

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

The financial statements are prepared under the historical cost convention.

Basis of preparation

The financial statements for the year ended 31 December 2017 were approved for issue by the Board of Directors on 13 March 2018. The functional currency of the open years changed to US Dollars effective 1 January 2017. The functional currency of the run-off years remains Sterling and as a consequence the financial statements are prepared in Sterling as the presentation currency of the syndicate and rounded to the nearest £'000.

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key uncertainty relates to claims provisions, the policy for which is set out in Note 1(a)(v).

Significant accounting policies

(a) *Basis of accounting*

The financial statements have been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

(i) *Premiums written*

Premiums written comprise premiums on contracts incepted during the financial year. They also include estimates for pipeline premiums, representing amounts due to the syndicate not yet notified.

Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

(ii) *Unearned premiums*

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Notes to the Accounts *continued*

1. Accounting policies *continued*

(iii) *Reinsurance premium ceded*
Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured.

(iv) *Claims incurred*
Claims incurred comprise claims and settlement expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end.

(v) *Claims provisions and related recoveries*
The provision for claims comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Notified claims are estimated on a case by case basis with regard to the circumstances as reported, any information available from loss adjusters and previous experience of the cost of settling claims with similar characteristics.

The amount included in respect of IBNR is based on informed by estimates from internal and external actuaries, who have applied statistical techniques of estimation and judgement applied by the syndicate's staff and reviewed by external consulting actuaries. These techniques generally involve projecting future claims development patterns using relevant benchmark data, and the Syndicate's own claims from past experience where relevant, for the relevant classes of business the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where there is no prior history in the Syndicate's own books, estimates may also be informed in part on output from rating and other models of the business accepted and assessments of underwriting conditions. Provisions for claims include amounts in respect of internal and external claims handling costs.

Reinsurers' shares of gross claims are based on gross claims paid and calculated amounts of gross outstanding claims and projections for gross IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business and the claims experience for the year and the current security rating of the reinsurance companies involved. The syndicate uses a number of statistical techniques to assist in making these estimates. The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Notes to the Accounts *continued*

1. Accounting policies *continued*

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

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

(c) *Technical provisions*
Technical provisions comprise claims outstanding, provisions for unearned premiums and provisions for unexpired risks.

(d) *Unexpired risks provision*
A provision for unexpired risks is made where claims and related expenses likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together. No account is taken of any future investment return. At 31 December 2017 and 31 December 2016 the syndicate did not have an unexpired risks provision.

(e) *Cash and cash equivalents and overseas deposits*
Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash as defined above, net of outstanding bank overdrafts. Short term deposits which are held in collective investment schemes are recognised as Financial Investments in the Statement of Financial Position. The fair value of these short term deposits are valued using FRS 102 Level 2 hierarchy, being inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Financial assets are also held in overseas deposit funds which are valued using either Level 2 hierarchy or Level 1 being quoted (unadjusted) prices in active markets for identical assets or liabilities.

1. **Accounting policies** *continued*

(f) *Derecognition of financial assets*

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- the rights to the cash flows from the asset have expired; or
- the syndicate retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either (a) the syndicate has transferred substantially all the risks and rewards of the asset; or (b) the Syndicate has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the syndicate has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the syndicate's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the syndicate could be required to repay. In that case, the syndicate also recognises an associated liability.

(g) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Accounts *continued*

1. Accounting policies *continued*

(h) *Financial liabilities*

The Syndicate's financial liabilities include trade and other payables, borrowings, insurance payables and derivative financial instruments, where applicable. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Trade and other payables and loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in investment return in the profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective amounts is recognised in profit or loss.

(i) Deferred acquisition costs

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include both direct costs, such as intermediary commissions or the cost of drawing up the insurance document or including the insurance contract in the portfolio, and indirect costs, such as the advertising costs or the administrative expenses connected with the processing of proposals and the issuing of policies.

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

The deferred acquisition costs are amortised over the period in which the related premiums are earned.

1. Accounting policies *continued*

(j) Reinsurance assets

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

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

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. There were no such gains recognised in 2017 or 2016.

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

(k) *Insurance receivables*

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement. Insurance receivables are derecognised when the de-recognition criteria for financial assets have been met.

(l) *Insurance payables*

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

Notes to the Accounts *continued*

1. Accounting policies *continued*

(m) *Foreign currencies*

The syndicate's functional currency is US Dollars for the open years and Sterling for the run-off years. The presentation currency is Sterling.

Transactions denominated in currencies other than the functional currency are recorded at the average rates of exchange for the period.

Monetary assets and liabilities (which includes all assets and liabilities arising from insurance contracts including deferred acquisition costs and unearned premiums) denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet dates unless contracts to sell currency for US Dollars or Sterling as applicable have been entered into prior to the year end, in which case the contracted rates have been used.

Differences arising on the translation of foreign currency amounts are included in the non-technical account.

Amounts transferred to members are translated at the rate of exchange ruling at the date of payment except for the payment of closed year profits which are translated at the rate of exchange ruling at the previous balance sheet date.

(n) *Investments*

Investments are stated at current value at the balance sheet date. For this purpose listed investments and overseas deposits are stated at mid-market value and deposits with credit institutions are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they were traded on the balance sheet date or the last trading day before that date.

(o) *Investment return*

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

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting underwriting business. All investment return is considered to arise on such funds.

Notes to the Accounts *continued*

1. Accounting policies *continued*

(p) Operating expenses

Where expenses are incurred by or on behalf of the managing agent on the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicates are apportioned between the agency company and the syndicates on bases depending on the amount of work performed, resources used and the volume of business transacted. Syndicate operating expenses are allocated to the year of account for which they are incurred. There has been no change in the basis of allocation in the year ended 31 December 2017 compared to the prior year.

(q) Taxation

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

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

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

(r) Pension costs

HUL operates a defined contribution pension scheme and its recharges to the syndicate in respect of staff costs include an element for pension costs. These pension costs are expensed in full in the period to which the recharge relates.

(s) Profit commission

Profit commission is charged by the managing agent at a rate of 15% of profit subject to the operation of a deficit clause.

Notes to the Accounts *continued*

2. Particulars of business written

Type of business

An analysis of the technical account balance before investment return is set out below:

2017	*Gross premiums written*	*Gross premiums earned*	*Gross claims incurred*	*Gross operating expenses**	*Re-Insurance balance*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Direct insurance:						
Accident and health	13,760	10,260	(7,152)	(4,448)	(944)	(2,284)
Aviation	18,067	11,467	(5,685)	(4,971)	(1,484)	(673)
Energy - Non Marine	4,747	3,886	(1,854)	(1,685)	(597)	(250)
Fire and other damage of property	17,110	16,910	(23,110)	(7,331)	1,611	(11,920)
Third party liability	35,343	24,525	(23,185)	(10,633)	(576)	(9,869)
Pecuniary loss	4,536	4,218	(4,575)	(1,829)	69	(2,117)
	93,563	71,266	(65,561)	(30,897)	(1,921)	(27,113)
Reinsurance	15,797	15,149	(21,186)	(6,568)	1,578	(11,027)
	109,360	86,415	(86,747)	(37,465)	(343)	(38,140)

Notes to the Accounts *continued*

2. Particulars of business written *continued*

2016	*Gross premiums written £'000*	*Gross premiums earned £'000*	*Gross claims incurred £'000*	*Gross operating expenses* £'000*	*Re-insurance balance £'000*	*Total £'000*
Direct insurance:						
Accident and health	4,911	2,283	(976)	(42)	(261)	1,004
Aviation	4,523	1,280	(1,139)	(524)	(287)	(670)
Energy - Non Marine	129	36	0	(14)	(14)	8
Fire and other damage of property	2,794	2,412	(1,752)	(1,413)	100	(653)
Third party liability	13,547	10,089	(26,439)	(5,064)	8,231	(13,183)
Pecuniary loss	4,025	2,860	(2,721)	(3,079)	43	(2,897)
	29,929	18,960	(33,027)	(10,136)	7,812	(16,391)
Reinsurance	31,904	13,931	(8,376)	(6,944)	(2,018)	(3,407)
	61,833	32,891	(41,403)	(17,080)	5,794	(19,798)

Notes to the Accounts *continued*

2. Particulars of business written *continued*

Geographical analysis by origin

	Gross premiums written		*Loss*		*Net technical provisions*	
	2017	*2016*	***2017***	*2016*	***2017***	*2016*
	£'000	*£'000*	***£'000***	*£'000*	***£'000***	*£'000*
UK						
Direct/reinsurance accepted	**109,360**	61,833	**(38,140)**	(19,798)	**(84,165)**	(50,754)

* *Gross operating expenses are the same as net operating expenses shown in the income statement, as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2017.*

Geographical analysis by destination

	2017	*2016*
	£'000	*£'000*
UK	**46,424**	21,979
EU	**5,210**	5,041
Other European	**2,984**	623
North America	**32,207**	15,248
Australasia	**4,244**	2,651
Other	**18,291**	16,291
	109,360	61,833

Notes to the Accounts *continued*

3. Claims outstanding

2017	*Gross*	*Reinsurer's share*	*Net*
	£'000	*£'000*	*£'000*
At 1 January 2017	62,137	(11,383)	50,754
Claims incurred in current underwriting year	18,857	(5,147)	13,710
Claims incurred in prior underwriting years	67,890	(19,310)	48,580
Claims paid during the year	(29,215)	3,197	(26,018)
Foreign exchange	(2,896)	35	(2,861)
As at 31 December 2017	**116,773**	**(32,608)**	**84,165**

2016	*Gross*	*Reinsurer's share*	*Net*
	£'000	*£'000*	*£'000*
At 1 January 2017	37,456	(3,855)	33,601
Claims incurred in current underwriting year	15,581	(3,571)	12,010
Claims incurred in prior underwriting years	25,822	(10,693)	15,129
Claims paid during the year	(21,722)	7,230	(14,492)
Foreign exchange	5,000	(494)	4,506
As at 31 December 2017	**62,137**	**(11,383)**	**50,754**

Notes to the Accounts *continued*

4. Provision for unearned premiums

2017	*Gross*	*Reinsurer's share*	*Net*
	£'000	*£'000*	*£'000*
At 1 January 2017	40,443	(7,002)	33,441
Premiums written in the year	109,360	(35,939)	73,421
Premiums earned in the year	(86,415)	24,800	(61,615)
Foreign exchange	(2,703)	738	(1,965)
As at 31 December 2017	**60,685**	**(17,403)**	**43,282**

2016	*Gross*	*Reinsurer's share*	*Net*
	£'000	*£'000*	*£'000*
At 1 January 2017	8,657	(934)	7,723
Premiums written in the year	61,833	(14,173)	47,660
Premiums earned in the year	(32,891)	8,470	(24,421)
Foreign exchange	2,844	(365)	2,479
As at 31 December 2017	**40,443**	**(7,002)**	**33,441**

Notes to the Accounts *continued*

5. Deferred acquisition costs

	2017 £'000	2016 £'000
At 1 January	7,620	2,855
Change in deferred acquisition costs	5,538	4,173
Foreign exchange	(532)	592
As at 31 December	12,626	7,620

6. Net operating expenses

	2017 £'000	2016 £'000
Acquisition costs	26,656	12,664
Change in deferred acquisition costs	(5,538)	(4,173)
Administrative expenses	16,347	8,589
	37,465	17,080

Administrative expenses include:

	£'000	£'000
Auditor's remuneration		
Audit of Syndicate annual accounts	263	206
Other services pursuant to Regulations & Lloyd's Byelaws	42	37
Standard personal expenses	2,603	617

Fees charged to HUL for the statutory audit of the Company were £21,000 (2016: £21,000).

Total commissions for direct insurance accounted for in the year amounted to £21,560,000 (2016: £6,270,000).

Notes to the Accounts *continued*

7. Staff numbers and costs

a) All staff are employed by the managing agency. The following amounts were recharged to the syndicate in respect of salary costs:

	2017	*2016*
	£'000	*£'000*
Salary costs	6,476	4,834
Pensions	711	380
	7,187	5,214

b) The average numbers of employees employed by the managing agency but working for the syndicate during the year was as follows:

	2017	*2016*
	No.	*No.*
Administration, compliance and finance	48	29
Underwriting and claims	19	19
	67	48

8. Directors' emoluments

a) Emoluments of the directors of Hamilton Underwriting Limited.

HUL charged the syndicate the following amounts in respect of emoluments paid to its directors:

	2017	2016
	£'000	£'000
Emoluments	770	750

b) Emoluments of the Active Underwriter

The emoluments of the Active Underwriter as charged to the syndicate are shown below:

	2017	2016
	£'000	£'000
Emoluments	272	261

Notes to the Accounts *continued*

9. Investment return

	2017	*2016*
	£'000	*£'000*
Income from investments	**366**	839
Losses on the realisation of investments	**(65)**	(178)
	301	661

	2017	2016
Average amount of syndicate funds available for investment during the year ("average funds")	£33.1 million	£21.3 million
Split:		
Sterling/Euros	£ 11.6 million	£3.3 million
Dollars*	£ 27.9 million	£18.0 million
Investment return	£301,180	£660,499
Calendar year investment yield:	*%*	*%*
Sterling/Euros	0.2	0.1
Dollars*	1.0	3.7

* Primarily US dollars in 2017 and Australian dollars in 2016

Notes to the Accounts *continued*

10. Financial investments

	2017		2016	
	Cost	***Market value***	*Cost*	*Market value*
	£'000	***£'000***	*£'000*	*£'000*
Holdings in collective investment schemes	**14,934**	**14,934**	6,283	6,283
	14,934	**14,934**	6,283	6,283

Under the amended FRS 102.11.27 the fair value hierarchy of the above investments are all included in the level 2 category). The cost, fair value and market value of these investment schemes are the same and are set out by currency below:

	2017	
	CAD	***USD***
	'000	***'000***
Holdings in collective investment schemes	**7,543**	**14,170**
	7,543	**14,170**

	2016	
	CAD	***USD***
	'000	***'000***
Holdings in collective investment schemes	6,704	2,738
	6,704	2,738

Notes to the Accounts *continued*

11. Debtors arising out of direct insurance operations

	2017	2016
	£'000	£'000
Intermediaries	**46,952**	32,541

Of which £1,603,000 falls due after one year (31 December 2016: £nil).

12. Creditors arising out of direct insurance and reinsurance operations

	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Direct insurance operations	**6,737**	2,475
Reinsurance operations	**30,260**	12,016
	36,997	14,491

13. Cash and cash equivalents

	2017	2016
	£'000	£'000
Cash at bank and in hand	**31,689**	10,671
Overdraft in current liabilities	**–**	(2,120)
	31,689	8,551

14. Borrowings

During the period to 31st December 2017, the syndicate renewed unsecured overdraft facilities with Barclays Bank plc (Barclays), as a buffer against any timing differences between premium receipts and claims and other expense payments being made. This facility was available for use against the Sterling, Euro, US and Australian dollar accounts. The gross and net balances outstanding at Barclays as at 31st December 2017 across all years of account were £nil. Balances overdrawn as at 31st December 2016 across all years of account were £4,988,000 gross and £555,000 net positive.

15. Related parties

Hamilton Underwriting Limited (HUL) is the managing agent of the syndicate and is a wholly owned subsidiary of Hamilton UK Holdings Limited. The ultimate parent company is Hamilton Insurance Group, Limited, a private company registered in Bermuda.

Other than directorship fees, salaries and other related remuneration and any potential future investment earnings or growth in capital value arising from shareholdings in these or related companies, no personal benefit is derived by any of the directors from the related party arrangements that exist. All arrangements have been conducted at an arms-length basis.

Transactions between the managing agent and the syndicate

Total fees payable to HUL in respect of services provided to the syndicate for the 2017 year of account which incepted on 1 January 2017 amounted to £1,684,000 with the fee being denominated in US Dollars (USD 2,099,000) and converted to Sterling (2016: £1,033,000 denominated and paid in Sterling). All amounts were paid during the year. From the 2010 year of account onwards the managing agent has been entitled to a 15% profit commission on the closing profits. The 2010 and 2011 year of accounts closed with losses therefore there is no profit commission payable to HUL from these years of account. The run-off and 2015 open years of account have all closed at losses and as the open years 2016 and 2017 are also loss-making no profit commission will be payable on any of these years of account.

In addition the managing agent recharged £14,972,000 of administrative expenses and other expenses paid on behalf of the syndicate in the year ended 31st December 2017 (2016: £3,406,000), 92% of which was charged for managing the Hamilton supported years 2017, 2016 and 2015 (2016: 85%) and 8% for managing the run-off years of account 2014, 2013 and 2012 (2016: 15%). Amounts recharged for salary costs are disclosed in Note 7. As at 31 December 2017 HUL was owed £3,343,000 (2016: £1,283,000) for expenses charged but not yet reimbursed by the syndicate and £3,500,000 for monies loaned to the 2017 YOA (2016: £1,000,000 for monies loaned to the 2016 YOA and £500,000 for monies loaned to the 2015 YOA). These creditors in the syndicate's accounts are repayable on demand and no interest is charged by the managing agent on the amounts due.

15. Related parties *continued*

In the year ended 31 December 2016 the parent company of the managing agency recharged £71,000 of costs to the syndicate. All costs during the year ended 31 December 2017 were recharged via HUL.

Business transactions

Hamilton Re Limited, a company based in Bermuda, participated on the syndicate's 2017 YOA reinsurance program, charging a premium of £1,176,000 (2016: £1,336,000). As at 31 December 2017 a technical provision for reinsurance IBNR balances of £103,000 owing from Hamilton Re Limited was included on the balance sheet (2016: £392,000) together with a debtor of £53,000 for amounts owing on paid claims (2016: £nil). In addition from 1 January 2017 the syndicate entered in to a whole account quota share arrangement with Hamilton Re Limited, resulting in a net premiums ceded of £12,296,000, less claims recoverable of £6,829,000 and overriding commissions of £4,304,000.

From 1 January 2017 the syndicate entered in to a service company arrangement with Hamilton Insurance Services (Bermuda) Limited. The total of premiums written through the service company in the year ended 31 December 2017 were £835,000.

Mr Jonathan Reiss and Mr Peter Skerjl are directors of Hamilton Re Limited and Hamilton Insurance Services (Bermuda) Limited. Other than directorship fees, salaries and other related remuneration, no personal benefit is derived by the individuals concerned from these arrangements.

Capital support for Syndicate 3334

Hamilton Corporate Member Limited, has provided capital for the 2015 and subsequent years of account. Prior to that capital was provided by SCI Capital Limited, owned by Wild Goose Holdings Pty Ltd, supplemented by names capital. Mr Dermot O'Donohoe, Mr Malcolm Beane, Mr Dominic Ford, Mr Simon Barrett and Ms Belinda Taylor are directors of Hamilton Corporate Member Limited which participates on Syndicate 3334 for the 2017, 2016 and 2015 years of account, together with Mr Trevor Carvey, the Active Underwriter. Other than directorship fees, salaries and other related remuneration and any potential future investment earnings or growth in capital value arising from shareholdings in the Lloyd's Corporate Member, no personal benefit is derived by the individuals concerned from these arrangements.

There are no other transactions or arrangements to be disclosed.

16. Post balance sheet events

The 2012, 2013 and 2014 run-off years of account all closed as at 31 December 2017 and are being transferred via an external reinsurance to close arrangement to Syndicate 3330 effective 1 January 2018. After the year end date the net assets and liabilities of these years of account, including cash and cash equivalents held in the premium trust funds and Lloyd's overseas deposit and regulated funds, will transfer to Syndicate 3330. This syndicate will receive the final cash calls arising from the distribution process.

The 2015 year of account closed on 31 December 2017 and the 2016 year of account which has accepted the reinsurance to close of this year will receive the uncalled losses of this year of account on or before the Lloyd's distribution date of 15th June 2018.

17. Funds at Lloyd's

In case syndicate assets prove insufficient to meet members' underwriting liabilities, every member is required to hold additional capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL).

The level of FAL Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. FAL is not hypothecated to any specific syndicate participation by a member. Therefore there are no specific funds available to a syndicate which can be precisely identified as its capital.

18. Risk management

a) Governance framework

HUL's Risk Governance framework follows a three lines of defence approach with the Internal Model and risk management at the centre of its business as usual activity. HUL's governance structure was designed to provide robust assurance to the Board and to support effective risk based capital management and decision making.

HUL's Board retains ownership of risk management policies, the ORSA process, the Internal Model and business planning processes and delegates operational responsibility for using the Internal Model to monitor the evolution of Syndicate 3334's risk profile to the first line committees. First line committees compare Key Risk Indicators against Board approved risk appetites and management tolerances, which enables the senior management to make effective decisions to ensure Syndicate 3334's strategic goals are achieved. Deviations from risk appetites and management tolerances are escalated to the Board. The Risk Management Function challenges HUL's first line of defence and provides assurance to the Board with regards the integrity of Internal Model and proportionality of control environment.

Risk profile monitoring informs the ORSA process, which in turn feeds the business planning and the strategy setting process.

18. Risk management *continued*

b) Capital management objectives, policies and approach

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.

Effective 1 January 2017, Lloyd's is subject to the Solvency II capital regime and the Solvency 1 figures are no longer applicable from that date. Although the capital regime has changed, this does not significantly impact the Solvency Capital Requirement of the syndicate, since this has been previously calculated based on Solvency II principles.

Within the supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II capital requirements, and beyond that to meet its own financial strength, licencing 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 3334 is not disclosed in these financial statements.

Lloyd's capital setting process

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

A Syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicate on which it 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 2017 was 35% of the member's SCR 'to ultimate'.

18. Risk management *continued*

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 20, represent resources available to meet members' and Lloyd's capital requirements.

Capital resources

HUL currently holds the ECA requirement as FAL. Currently there is no Group-wide strategy for the level of capital to be held and HUL's risk appetite is to hold ECA with no excess.

The syndicate is backed by two corporate members: SCI Capital Ltd and Hamilton Corporate Member Ltd (previously named SCI Capital Number 2 Ltd). SCI Capital Ltd supports the 2014 and prior years of account and is owned by Wild Goose Holdings Pty Ltd, the previous owners of the managing agency. Hamilton Corporate Member Ltd (HCM) was elected as a corporate member in late 2014 to support the 2015 and future years of account.

The Hamilton Insurance Group (HIG) wholly owns HCM. For the 2015 year of account, HCM was largely capitalised by funds from within HIG via a letter of credit on a quota share basis. For the 2016 and 2017 years of account all funding comes from within HIG.

HIG has committed to support growth of the platform to reach a meaningful and relevant size. There is extensive surplus capital available with facilities in place to draw down further funds at short notice should there be an appropriate acquisition opportunity.

c) Insurance risk

Insurance risk is the risk that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities.

HUL has an insurance risk policy that sets out the approach to managing insurance risk. Compliance with the policy is monitored via defined management tolerances. Any deviations are highlighted to the Underwriting and Claims Committee. The policy is reviewed regularly as part of the overall documentation review process and for changes to the risk profile.

The risk exposure is further mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

18. Risk management *continued*

c) Insurance risk continued

The Syndicate purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Syndicate's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Syndicate has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Syndicate's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations substantially dependent upon any single reinsurance contract.

The Syndicate principally issues the following types of general insurance contracts: accident and health, third-party liability, marine, fire and peril. Risks usually cover twelve months.

The most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

The Syndicate has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage).

As a guide to the level of catastrophe exposure the syndicate is exposed to, the table below shows our key RDS exposure scenarios that are in force from 2017:

RDS ($m)	ESTIMATED GROSS CLAIMS	ESTIMATED NET CLAIMS
North America Windstorm	56	8
North America Earthquake	61	11
Japanese Earthquake	22	8

18. Risk management *continued*

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Syndicate. The Syndicate further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities. However, in general, the uncertainty associated with the ultimate claims experience in an underwriting year is greatest when the underwriting year is at an early stage of development. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin should decrease. However, due to the uncertainty inherent in the estimation process, the overall claim provision may not always be in surplus. The tables below summarise the development pattern of the open years of account and run-off years of account at a gross and net level:

Gross insurance contract outstanding claims provision as at 31 December 2017 £'000:

Gross									
Underlying Pure Year	At end of underwriting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Cumulative payments	Oustanding Reserves
2011	4,527	22,856	28,127	29,608	32,480	34,199	34,734	27,394	**7,340**
2012	12,097	18,363	38,315	38,498	43,855	44,904		40,015	**4,889**
2013	18,265	35,835	39,668	47,161	48,952			36,193	**12,759**
2014	18,731	34,266	42,978	44,989				31,995	**12,994**
2015	1,202	2,293	2,036					1,494	**542**
2016	15,716	45,552						10,787	**34,765**
2017	48,807							5,324	**43,483**
ALL YOAs									**116,772**

Net insurance contract outstanding claims provision as at 31 December 2017 £'000:

Net									
Underlying Pure Year	At end of underwriting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Cumulative payments	Oustanding Reserves
2011	4,527	18,162	22,498	29,464	31,233	33,047	33,677	27,128	**6,549**
2012	12,097	18,179	37,594	36,334	39,499	40,928		36,231	**4,697**
2013	16,970	33,929	37,742	40,372	41,723			34,230	**7,493**
2014	15,527	30,608	37,453	39,099				27,112	**11,987**
2015	1,202	2,151	1,902					1,359	**543**
2016	12,129	40,945						9,168	**31,777**
2017	32,990							5,324	**27,666**
ALL YOAs									**90,712**

The sensitivity of the loss reserves has been tested by applying a 10% adverse movement in net ultimate loss ratios to the earned premiums booked to the 2017 year of account. This would result in an increase in net technical provisions of £2.1m. For the years closed as at 31 December 2017 no sensitivity analysis has been performed as the run-off years have been reserved at the premium they are transferring to the external RITC provider at and the 2015 year of account reserves are not material. For the 2016 year of account we have applied a 10% uplift to total net technical provisions which would increase net technical provisions by £3.2m.

18. Risk management continued

d) Financial risk

1) Credit risk

Credit risk is the risk that one party to a financial obligation will cause a financial loss to the other party by failing to meet its obligation. HUL aims to mitigate credit risk in the following ways:

- A credit risk policy exists that sets out the approach to managing credit risk. Compliance with the policy is monitored via defined management tolerances. Any deviations are highlighted to the Finance and Operations Committee.
- The policy is reviewed regularly as part of the overall documentation review process and for changes to the risk profile.
- Dealing with counterparties with strong credit ratings along with appropriate due diligence as per HUL's compliance procedures.

The following tables provide information relating to the credit risk exposure of the syndicate at 31 December 2017. The assets are classified according to Standard & Poor's credit ratings of counterparties. The current credit risk ratings and those for the prior year are included as a comparative, where appropriate.

Credit risk exposure £'000

Credit Risk Ratings - As at December 2017	AAA	AA	A	BBB	BBB or less	Not rated	Total
Shares and other variable yield securities and unit trusts		4,944	9,990				14,934
Overseas deposits as investments	4,497	1,252	668	939	158	398	7,912
Reinsurer' share of claims outstanding		826	24,178			1,058	26,062
Reinsurer debtors		17	3,710				3,727
Cash at bank and in hand			31,689				31,689
Insurance Debtors						46,952	46,952
Total credit risk	**4,497**	**7,039**	**70,235**	**939**	**158**	**48,408**	**131,276**

Credit Risk Ratings - As at December 2016	AAA	AA	A	BBB	BBB or less	Not rated	Total
Shares and other variable yield securities and unit trusts		4,264	2,020				6,283
Overseas deposits as investments	7,561	2,612	1,150	420		59	11,802
Reinsurer' share of claims outstanding		41	11,342				11,383
Reinsurer debtors		40	713				752
Cash at bank and in hand			10,671				10,671
Insurance Debtors						32,541	32,541
Total credit risk	**7,561**	**6,957**	**25,896**	**420**		**32,600**	**73,432**

18. Risk management *continued*

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

Credit risk aging and impairment £'000

GBP - as at December 2017	Neither due nor impaired	Up to three months	Three to six months	Six months to one year	Greater than one year	Financial assets that have been impaired	Total
Shares and other variable yield securities and unit trusts	14,934						14,934
Overseas deposits as investments	7,912						7,912
Reinsurer' share of claims outstanding	26,062						26,062
Reinsurer debtors	3,727						3,727
Cash at bank and in hand	31,689						31,689
Insurance debtors	12,357	28,413	3,761	817	1,604		46,952
Other debtors	7,957						7,957
Total credit risk	**104,638**	**28,413**	**3,761**	**817**	**1,604**		**139,233**

GBP - as at December 2016	Neither due nor impaired	Up to three months	Three to six months	Six months to one year	Greater than one year	Financial assets that have been impaired	Total
Shares and other variable yield securities and unit trusts	6,283						6,283
Overseas deposits as investments	11,802						11,802
Reinsurer' share of claims outstanding	11,383						11,383
Reinsurer debtors	753						753
Cash at bank and in hand	10,671						10,671
Insurance debtors	27,772	3,086	1,244	439	-		32,541
Other debtors	18,996						18,996
Total credit risk	**87,660**	**3,086**	**1,244**	**439**	-		**92,429**

18. Risk management *continued*

2) Liquidity Risk

Liquidity risk is the risk that the Syndicate will be unable to meet its financial obligations. In paying claims, there is a liquidity risk associated with timing differences between gross cash out-flows and expected reinsurance recoveries. HUL aims to mitigate liquidity risk in the following ways:

- A liquidity risk policy exists that sets out the approach to managing liquidity risk. Compliance with the policy is monitored via defined management tolerances. Any deviations are highlighted to the Finance and Operations Committee.
- The policy is reviewed regularly as part of the overall documentation review process and for changes to the risk profile.
- An overdraft facility has been set-up and is utilised to close any short-term funding gaps.

Due to all funds under the control of the managing agency being held in instant access cash and cash equivalent accounts there are no stated maturity profiles. The maturity profiles of claims outstanding are below stated in £'000:

Liquidity risk - Maturity profiles - As at December 2017	No stated maturity	0-1 Year	1-3 Years	3-5 Years	>5 Years	Total
Claims outstanding		45,138	43,006	14,076	14,553	116,773
Creditors	44,637	67				44,704
Total credit risk	**44,637**	**45,205**	**43,006**	**14,076**	**14,553**	**161,477**

18. Risk management *continued*

3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is made up of three types of risk:

a) Currency risk;

b) Interest rate risk; and

c) Equity price risk

HUL does not hold any assets that would be subject to interest rate or equity price risk.

HUL aims to mitigate market risk in the following ways:

A market risk policy exists that sets out the approach to managing market risk. Compliance with the policy is monitored via defined management tolerances. Any deviations are highlighted to the Finance and Operations Committee. The policy is reviewed regularly as part of the overall documentation review process and for changes to the risk profile.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. HUL's functional currency is Sterling and its exposure to foreign exchange risk arises from transactions and assets held in non-sterling currencies. Primarily these are the US, Canadian and Australian Dollars, Euro and Japanese Yen. The following tables show the exposure of the financial assets and liabilities to foreign exchange risk for the various reporting years along with prior years for comparison.

Notes to the Accounts *continued*

18. Risk management *continued*

Currency analysis (currency totals are converted to £'000)

At December 2017 - Currency Code	GBP	USD	EUR	CAD	AUD	Total
Financial investments		10,497		4,437		14,934
Overseas deposits	957	269		616	6,070	7,912
Reinsurer's share of technical provisions	10,296	36,448	1,620	860	787	50,011
Insurance and reinsurance receivables	9,916	33,959	3,637	1,495	1,672	50,679
Cash and cash equivalents	10,984	14,047	5,709	59	890	31,689
Other assets	3,140	8,809	1,027	530	531	14,037
Total Assets	**35,293**	**104,029**	**11,993**	**7,997**	**9,950**	**169,262**
Technical Provisions	(46,458)	(96,523)	(16,449)	(4,878)	(13,150)	(177,458)
Insurance and reinsurance payables	(5,392)	(28,474)	(2,004)	(537)	(590)	(36,997)
Other creditors	(7,586)	(1)	(270)		(142)	(7,999)
Total Liabilities	**(59,436)**	**(124,998)**	**(18,723)**	**(5,415)**	**(13,882)**	**(222,454)**

At December 2016 - Currency Code	GBP	USD	EUR	CAD	AUD	Total
Financial investments		2,208		4,075		6,283
Overseas deposits	159	187		607	10,849	11,802
Reinsurer's share of technical provisions	8,982	5,530	528	2,379	966	18,385
Insurance and reinsurance receivables	9,897	19,514	2,630	602	2,635	35,279
Cash and cash equivalents	764	7,869	1,178	3	858	10,671
Other assets	3,892	4,658	493	280	685	10,008
Total Assets	**23,693**	**39,967**	**4,829**	**7,947**	**15,993**	**92,428**
Technical Provisions	(34,415)	(35,883)	(11,228)	(4,802)	(16,252)	(102,580)
Insurance and reinsurance payables	(4,741)	(6,237)	(311)	(869)	(2,333)	(14,491)
Other creditors	(349)	109	172		(6,518)	(6,586)
Total Liabilities	**(39,505)**	**(42,011)**	**(11,367)**	**(5,671)**	**(25,102)**	**(123,656)**

Interest Rate Risk: The syndicate does not hold any investment assets that would be subject to interest rate risk.

Equity Price Risk: The syndicate does not hold any investment assets that would be subject to equity price risk.