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# Syndicate 1996

## Underwriting Year Distribution Accounts

2023 Closed Year of Account

31 December 2025

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## Directors and Administration

### Managing agent

Polo Managing Agency Limited (“PMA”)

### Registered office

Grange Park,  
Bishop's Cleeve,  
Cheltenham, England,  
GL52 8YQ

### Registered number

03935227

### Directors

P D Andrews  
M J Bishop (resigned 13 Mar 2025)  
I J Bremner\*  
K D Curtis\*  
J A Hummerston (resigned 19 Feb 2025)  
C E Layton (appointed 03 Jan 2025)  
S Minshall  
G H J Nokes (appointed 13 Mar 2025)  
R M Richardson-Bunbury  
M Sebold-Bender\*  
P R Smith  
Z Szalkai  
P I Wooldridge

\*Independent non-executive director

### Company Secretary

L Robinson (appointed 6 Oct 2025)  
P M Laws (resigned 15 Sep 2025)

### Syndicate

#### Active Underwriter

S Jefferys

#### Bankers

Barclays Bank – London

#### Investment manager

Payden & Rygel

#### Auditors

PKF Littlejohn LLP

#### Statement of actuarial opinion signing actuary

PKF Littlejohn LLP

## Managing Agent's Report

The Directors of PMA, the Managing Agent, present their report at 31 December 2025 for the 2023 Year of Account of Syndicate 1996 ("the Syndicate").

This report is prepared in accordance with the Lloyd's Syndicate Byelaw (No 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and applicable United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

### Review of the 2023 Closed Year of Accounts

The 2023 Year of Account closed with a profit of \$0.4m after standard members personal expenses on gross written premiums of \$11.1m for the 2023 underwriting year.

### Principal activity

The principal activity of Syndicate 1996 is the underwriting of Property Insurance in the Lloyd's market.

The Syndicate exclusively underwrites wildfire-exposed commercial property risks located in California, spanning a broad range of occupancies. Business is currently accepted by the Syndicate via a binding authority agreement with Wildfire Defense Insurance Services, Inc ("WDIS"), a Lloyd's approved coverholder. This arrangement enables efficient access to the target market and supports the Syndicate's strategic focus on wildfire-related exposures.

### Management of the Syndicate

Polo Managing Agency Limited ("PMA") is the Managing Agency for the Syndicate.

The Managing Agent is a wholly owned subsidiary of Marco Capital Holdings (UK) Limited.

### Review of financial performance

The key financial indicators for the 2023 Year of Account were as follows:

Key performance indicators	2023
	\$'000
Gross premiums written	11,103
Net premiums written	6,462
Net premiums earned	6,462
Net claims incurred	(465)
Net operating expenses	(5,626)
Profit for the underwriting year	407

Net annual accounting ratios	2023
	%
Claims ratio	7.2%
Expense ratio	87.1%
Combined ratio	94.3%

The net claims ratio is net claims incurred as a percentage of the net premium earned. The expense ratio is the net operational expense as a percentage of net premium earned. The combined ratio is the combination of the two.

### **Principal risks and uncertainties**

The Managing Agent has a Risk Management Function for the Syndicate with clear terms of reference from the Board of Directors and its committees, including the Audit and Reserving Committee. The Board approves the risk management policies and meets regularly to approve commercial, regulatory and organisational requirements of such policies. The Board reviews and approves its risk appetite annually.

The Risk Management Function has implemented a Board approved Risk Management Framework to enable the ongoing identification, assessment and management (mitigation, monitoring and reporting) of risks and is also responsible for producing the Syndicate's Own Risk and Solvency Assessment ('ORSA') recommending the assessment to the Board for approval.

The principal risks and uncertainties facing the Syndicate are set out below:

#### *Insurance risk*

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. The Syndicate purchases reinsurance as part of its risk mitigation programme.

The Syndicate Management Committee ("SMC") monitors performance against the business plan on a quarterly basis. Reserve adequacy is monitored through quarterly review by the Syndicate Actuary and the Reserving and Syndicate Management Committees.

#### *Credit risk*

Credit risk relates to the risk of default on the settlement of balances receivable by the Syndicate. The Syndicate's reinsurers represent the principal sources of this risk. This risk is actively managed by the policies, procedures and controls overseen by Management. The Syndicate has reinsurance with highly rated or reputable reinsurers.

#### *Liquidity risk*

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations due to a short-term shortfall in available funds. A number of processes are followed by the Managing Agent to further mitigate against the risk of the Syndicate being unable to settle its obligations as they fall due.

#### *Market risk*

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. Currency matching is reviewed by Management quarterly. Where there is a significant mismatch, the Managing Agent seeks to mitigate the risk through buying or selling currency, where this is appropriate.

#### *Operational risk*

This is the risk that errors caused by people, processes or systems lead to losses to the Syndicate. Risks include those from information security (including cyber) and technology related activities, legal and regulatory, financial reporting, and financial crime as well as those from operations, outsourcing and change. The Managing Agent seeks to manage this risk through its governance structure and internal control framework as well as business processes (including business continuity and resilience plans).

### *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The extent of any price fluctuation is driven by the portfolio duration and changes in interest rate spreads. The investment portfolio duration is managed so as to be slightly less than the duration of claims payments and spread risk is mitigated by investment guidelines which place limits on the amounts that can be invested with different grades of counterparty.

### *Regulatory risk*

The Managing Agent is required to comply with the requirements of the Prudential Regulation Authority (“PRA”) and Financial Conduct Authority (“FCA”) and Lloyd’s. Lloyd’s requirements include those imposed on the Lloyd’s market by overseas regulators, particularly in respect of US situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change.

The Managing Agent has a Compliance Function that monitors regulatory developments and assesses the impact on the Managing Agent’s policies. The compliance function reports regularly to the Board which has ultimate responsibility for ensuring compliance with applicable laws and regulations.

### *Conduct risk*

Conduct risk is the risk that the Syndicate fails to pay appropriate regard to the interest of its customers and/or fails to treat them fairly at all times. Conduct risk is managed through the application of strong internal controls, compliance policies and procedures, and through the monitoring of various conduct risk metrics.

### **Environmental matters**

The Syndicate is aligned to Wildfire Defense companies which follow an environmental professional services model that aligns with wildfire as an evolving environmental impact. Wildfire Defense companies work as a system to support ESG goals with respect to achieving a significant reduction of wildfire loss.

Keeping carbon from being released into the environment is a major strategic goal for leading insurance companies, reinsurance companies and syndicates. Lloyd’s continues with a clear net-zero commitment for the Corporation and a commitment to lead the market to a net-zero underwriting position through the championing of new products and services which accelerate these targets. Wildfire Defense companies and the Syndicate play a key strategic role in the achievement of that long-term objective for Lloyd’s.

The Syndicate is uniquely positioned to facilitate the transfer of wildfire risk exacerbated by climate change. As climate change leads to an increase in wildfires, the demand for protection against such events will rise. As a specialist provider of wildfire related insurance products Wildfire Defense Insurance Services, Inc. has launched a dedicated wildfire only product, which is being written in the Syndicate. Supported by Wildfire Defense Systems’ fire response and risk mitigation services, the Syndicate is well-equipped to offer both insurance coverage and physical risk protection.

### **Directors**

Details of the Directors of the Managing Agent who served during the period and up to the date of signing of the Underwriting Year Distribution Accounts are provided on page 3 in the Directors and Administration section.

### Disclosure of information to the auditors

The Directors of the Managing Agent at the time the report is approved confirm that:

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

On behalf of the Board

Signed by:  
  
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G H J Nokes

Director

17 February 2026

## Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Syndicate underwriting year report and accounts in accordance with applicable laws and regulations.

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ('the Lloyd's Regulations') require the managing agent to prepare syndicate underwriting year accounts for each syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

In preparing the underwriting year report and accounts, the Managing Agent is required to:

- Select suitable accounting policies which are applied 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 notes to the underwriting year accounts;
- Prepare the underwriting year report and 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; and

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 underwriting year report and accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for 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 underwriting year accounts may differ from legislation in other jurisdictions.

On behalf of the Board

Signed by:

A handwritten signature in black ink that reads 'Gareth Nokes'.

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G H J Nokes

Director

17 February 2026

# Independent Auditor's Report to the Members' Syndicate 1996

## 2023 CLOSED YEAR OF ACCOUNT

### Opinion

We have audited the syndicate underwriting year accounts of Syndicate 1996 (the 'syndicate') for the 2023 Year of Account for the three years ended 31 December 2025 which comprise the Statement of profit or loss and other comprehensive income, the Balance Sheet, the Statement of changes in members' balances, the Statement of cash flows and notes to the Syndicate Underwriting Year Accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate underwriting year accounts:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2025 and of its profit for the 2023 closed year of account for the three years 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 and the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005).

### 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 underwriting year accounts section of our report. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year 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.

### Emphasis of Matter – Closure of 2023 Year of Account

We draw attention to the Basis of Preparation and Statement of Compliance at Note 1 which explains that the 2023 year of account of Syndicate 1996 has closed and all assets and liabilities transferred to the 2024 year of account by reinsurance to close at 31 December 2025.

As a result, the 2023 year of account of Syndicate 1996 is no longer a going concern. The reinsurance to close occurs in the normal course of business for a syndicate year of account at the 36-month stage of development and the syndicate underwriting year accounts have been prepared on the basis that the recorded assets and liabilities will be realised and discharged in the normal course of business.

Our opinion is not modified in respect of this matter.

### Other information

The other information comprises the information included in the report and accounts, other than the syndicate underwriting year accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the report and accounts. Our opinion on the syndicate underwriting year accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate underwriting year accounts, or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the syndicate underwriting year accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) requires us to report to you if, in our opinion:

- the managing agent has not kept adequate accounting records in respect of the syndicate; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

### Responsibilities of the managing agent

As explained more fully in the statement of managing agent's responsibilities, the managing agent is responsible for the preparation of the syndicate underwriting year accounts and for being satisfied that they give a true and fair view and for such internal control as the managing agent determines is necessary to enable the preparation of syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual accounts, the managing agent is responsible for assessing the syndicate's ability to continue to write new business, disclosing, as applicable, matters related to its ability to continue as a going concern and using the going concern basis of accounting, unless the managing agent intends to cease to operate the syndicate or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the syndicate underwriting year accounts

Our objectives are to obtain reasonable assurance about whether the syndicate underwriting year 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 underwriting year accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the syndicate and the insurance sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the underwriting year accounts. We obtained our understanding in this regard through discussions with management and the application of our cumulative audit knowledge and experience of the insurance sector. We determined the principal laws and regulations relevant to the syndicate in this regard to be those arising from Insurance Accounts Directive (Lloyd's Syndicate Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005), the Financial Conduct Authority ('FCA'), Prudential Regulation Authority ('PRA') and the financial reporting framework (UK GAAP).
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the syndicate with those laws and regulations. These procedures included, but were not limited to:
  - agreement of the syndicate underwriting year accounts disclosures to regulatory requirements;
  - enquiries of management and review of minutes of Board and management meetings throughout the period;
  - understanding the syndicate's policies and procedures in monitoring compliance with laws and regulations;
  - inspection of correspondence with Lloyd's, the PRA and FCA; and
  - reviewing compliance reports and internal audit reports relating to the syndicate.
- We also identified possible risks of material misstatement of the syndicate underwriting year accounts due to fraud. We considered in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the reporting of events and transactions in the syndicate underwriting year accounts relating to the valuation of the Reinsurance to Close and premium income. To address this, we challenged the assumptions and judgements made by management when auditing those significant accounting estimates.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to, the testing of journals, reviewing accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the syndicate underwriting year accounts or non-compliance with laws and regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the syndicate underwriting year accounts, as we will be less likely to become aware of instances of non-compliance. This risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the syndicate underwriting year accounts is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with the Regulation 6(4) of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No.8 of 2005). 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 auditor's 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 and the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:  
  
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Cheryl Mason  
(Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor

15 Westferry Circus  
Canary Wharf  
London E14 4HD

17 February 2026

## Statement of profit or loss: Technical account – general business

2023 Closed Year of Account for the year ended 31 December 2025

	Note	\$000
<b>Syndicate allocated capacity</b>		<b>29,700</b>
Gross premiums written	4	11,103
Outward reinsurance premiums		(4,641)
<b>Earned premiums, net of reinsurance</b>		<b>6,462</b>
<b>Allocated investment return transferred from the non-technical account</b>		<b>65</b>
Claims paid		
Gross amount		(465)
<b>Net claims paid</b>		<b>(465)</b>
<b>Reinsurance to close premium payable net of reinsurance</b>	5	<b>(28)</b>
<b>Net operating expenses</b>	6	<b>(5,627)</b>
<b>Balance on the technical account – general business</b>		<b>407</b>

## Statement of profit or loss and other comprehensive income: Non-technical account – general business

2023 Closed Year of Account for the year ended 31 December 2025

	Note	\$000
<b>Balance on the technical account – general business</b>		<b>407</b>
Investment income	9	53
Realised gains on investments		1
Unrealised gains on investments		11
<b>Total investment return</b>		<b>65</b>
Allocated investment return transferred to general business – technical account		(65)
<b>Total income for the 2023 Closed Year of Account</b>		<b>407</b>

The accompanying notes from page 17 to 26 form an integral part of these financial statements.

## Balance Sheet

2023 Closed Year of Account as at 31 December 2025

	Note	\$000
<b>Assets</b>		
Investments	10	16
<b>Debtors</b>		
Debtors arising out of direct insurance operations	11	7
Other debtors	11	37
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the account	5	4
<b>Other assets</b>		
Cash at bank and in hand	14	3,002
<b>Total assets</b>		<b>3,066</b>
<b>Liabilities</b>		
Amount due to members	12	407
Reinsurance to close premiums payable to close the account – gross amount	5	32
Creditors	13	2,620
Accruals and deferred income		7
<b>Total liabilities</b>		<b>3,066</b>

The 2023 Closed Year of Accounts on pages 12 to 26 were approved by the Board of Polo Managing Agency Limited on 16 February 2026 and were signed on its behalf by:

Signed by:  
  
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Gareth Nokes

Director

17 February 2026

## Statement of changes in members' balances

2023 Closed Year of Account for the year ended 31 December 2025

	\$000
Profit for the Closed Year of Account	407
<b>Members' balances carried forward at 31 December</b>	<b>407</b>

## Statement of Cash Flows

2023 Closed Year of Account for the year ended 31 December 2025

	Note	\$000
<b>Profit for the Year of Account</b>		<b>407</b>
Increase in gross technical provisions		32
Increase in reinsurers' share of gross technical provisions		(4)
Increase in debtors		(44)
Increase in creditors		1,673
Increase in other assets/(liabilities)		2
Investment return		(65)
<b>Net cash flows from operating activities</b>		<b>2,001</b>
<b>Cash flows from investing activities</b>		
Purchase of equity and debt instruments		(2,403)
Sale of equity and debt instruments		431
Investment income received		2,025
<b>Net cash flows from investing activities</b>	9	<b>53</b>
<b>Cash flows from financing activities</b>		
Loan proceeds		3,448
Loan repayments		(2,500)
<b>Net cash flows from financing activities</b>		<b>948</b>
<b>Cash and cash equivalents at the end of the year</b>	14	<b>3,002</b>

The accompanying notes from page 17 to 26 form an integral part of these financial statements.

## Notes to the accounts

2023 Closed Year of Account for the year ended 31 December 2025

### **1. Basis of preparation and Statement of Compliance**

The Syndicate is managed by Polo Managing Agency Limited which is incorporated in the United Kingdom. The address of the Syndicate's managing agent is shown in the Directors and Administration section on page 3 and the company registration number of the managing agent is 02845397.

This report is prepared in accordance with the Lloyd's Syndicate Byelaw (No 8 of 2005). These financial statements are prepared on an underwriting year basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and applicable United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss.

The financial statements are presented in US Dollars, the functional currency of the Syndicate is US Dollars which is the currency of the primary economic environment in which the Syndicate operates.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Members participate on a Syndicate by reference to a year of account and each Syndicate year of account is a separate annual venture. These accounts relate to the 2023 Year of Account which has been closed by reinsurance to close at 31 December 2025. Consequently, the balance sheet represents the assets and liabilities of the 2023 Year of Account at the date of closure and the profit/or loss account and statement of cash flows reflect the transactions for that Year of Account during the 36 months period until closure.

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

As each Syndicate Year of Account is a separate annual venture, there are no comparative figures.

#### **Going concern**

The Syndicate underwriting year accounts for the 2023 year of account have been prepared on a basis other than going concern.

The 2023 year of account closed on 31 December 2025 and therefore the 2023 year of account is not continuing to trade and, accordingly the Directors have not adopted the going concern basis in the preparation of these accounts. This has no effect on the amounts reported in the accounts as the 2023 year of account will be closed by payment of a reinsurance to close premium, as outlined in note 5 below, which is consistent with the normal course of business for a Lloyd's Syndicate.

Whilst the Directors of the managing agent have a reasonable expectation that the Syndicate open years have adequate resources to continue in operational existence for the foreseeable future, these financial statements represent the participation of members in 2023 year of account, cumulative to 31 December 2025.

### **2. Judgement and Key Sources of Estimation Uncertainty**

In preparing these financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses. The Syndicate makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The following significant estimates have been made in applying the Syndicate's accounting policies:

### Insurance contract technical provisions (reinsurance to close premium)

For insurance contracts, estimates of the claim provisions (referred to as Claims Outstanding in the accounts) comprise the expected cost of claims incurred and reported at the valuation date (outstanding claims), further development of these claims (incurred but not enough reported or "IBNER") and those claims that have been incurred but not yet reported ("IBNR") at the valuation date. IBNR and IBNER are commonly referred to collectively as IBNR. It can take a significant period of time before the ultimate claims cost can be established with a high degree of certainty and for some types of policies, IBNR claims form the majority of the liability in the statement of financial position.

The IBNER and IBNR provisions are estimated by using a range of standard actuarial claims projection techniques, together with benchmarking certain books of business to available market data. The main assumption underlying these techniques is that historical claims development patterns can be used to project future claims development and hence ultimate claims costs. Where this assumption is not believed to hold, judgement has been applied to estimate the expected future claims costs based on the latest available information.

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

### Written and earned premium

Written premium is recognised based on the policy inception date and then earned according to the risk profile which reflects any seasonality of exposed perils. All written premium has been earned at the balance sheet date.

## 3. Significant accounting policies

The following significant accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's financial statements.

### A. Premiums written

Gross premiums written reflect direct and inwards reinsurance business written during the period, gross of commission payable to intermediaries, and exclude any taxes or duties based on premiums.

### B. Acquisition costs

Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies.

All acquisition costs have been fully earned at the Balance Sheet date.

### C. Reinsurance

The Syndicate cedes reinsurance in the normal course of business. Reinsurance premiums ceded and reinsurance recoveries on claims incurred are included in the respective expense and income accounts. Premiums ceded and claims reimbursed are presented on a gross basis in the technical account and balance sheet as appropriate.

All reinsurance premiums have been fully earned at the Balance Sheet date.

Reinstatement premiums on both inwards and outwards business are accreted to the technical account on a pro-rata basis over the term of the original policy to which they relate.

### D. Claims provisions and related reinsurance recoveries

Claims incurred comprise claims and claims handling expenses (both internal and external) paid in the period and the provision for outstanding claims and settlement expenses. The Syndicate does not discount its liability for outstanding claims nor the reinsurance share of outstanding claims.

Outstanding claims include an allowance for the cost of claims incurred by the balance sheet date but not reported until after the period end (IBNR). The liability for outstanding claims is estimated using the input of

assessments for individual cases reported to the Syndicate and widely accepted actuarial techniques for the claims incurred but not reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by actuaries. These techniques generally involve projecting using Lloyd's market statistics, 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. The provision for claims also includes amounts in respect of internal and external claims handling costs.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the period and the current security rating of the reinsurance companies involved. A number of statistical techniques are used to assist in making these estimates.

Reinsurance assets are assessed for impairment at the balance sheet date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Syndicate may not recover all amounts due, and that event has a reliably measurable impact on the amount that the Syndicate will receive from the reinsurer. Impairment losses are recognised within the profit.

### Unexpired risks provision

There are no unexpired risks at the Balance Sheet date.

## E. Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of transaction.

At each period end, foreign currency monetary items are translated using the closing rate. For this purpose, all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs, and unexpired risk provisions) are monetary items.

Monetary items - Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account.

Non-monetary items measured at historical cost and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

## F. Financial assets and liabilities

The full provisions of FRS 102 have been applied to the treatment of financial instruments. The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the profit or loss or other comprehensive income. These classifications are made at initial recognition, and subsequent reclassification is only permitted in restricted circumstances.

### i. Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the statement of profit or loss and other comprehensive income. Financial assets and liabilities are classified on their initial recognition.

The initial classification of a financial instrument shall take into account contractual terms including those relating to future variations. Once the classification of a financial instrument is determined at initial recognition, re-assessment is only required subsequently when there has been a modification of contractual terms that is relevant to an assessment of the classification.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities designated as such on initial recognition. Investments in shares and other variable yield securities, units in unit trusts, and debt and other fixed income securities are designated as at fair value through

profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

The Syndicate does not hold any derivatives.

#### *ii. Recognition*

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Syndicate transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

Purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Syndicate commits itself to purchase or sell the asset.

#### *iii. Measurement*

A financial asset or financial liability is measured initially at fair value, plus, for a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Subsequently, financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest.

Impairment losses and foreign exchange gains or losses are reported in profit or loss. Other fair value changes are recognised in other comprehensive income ("OCI"). Any gain or loss recognised in OCI will be recycled to profit and loss on derecognition of the asset.

Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method.

#### *iv. Identification and measurement of impairment*

At each reporting date the Syndicate assesses whether there is objective evidence that financial assets not at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of an asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Syndicate about any significant financial difficulty of the issuer, or significant changes in the technological, market, economic or legal environment in which the issuer operates.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

#### *v. Off-setting*

Debtors/creditors arising from reinsurance operations shown in the balance sheet include the totals of all outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicate and each of its counterparty insureds, reinsurers or intermediaries as appropriate.

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Syndicate has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **G. Investment return**

Investment return comprises interest income and movements in gains and losses on financial instruments at fair value through profit or loss, less investment management expenses, interest expense, realised losses and impairment losses.

Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of previously recorded unrealised investment gains.

Investment return is initially recorded in the non-technical account. The return is transferred in full to the general business technical account to reflect the investment return on funds supporting underwriting business.

## **H. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value and are used by the Syndicate in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Bank overdrafts that are repayable on demand and form an integral part of the Syndicate's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## **I. Overseas deposits**

Overseas deposits, which are lodged as a condition of underwriting business in certain countries, are included within other investments.

## **J. 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 during the period 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.

## **K. Pension costs**

No explicit charge is made for pension contributions relating to staff who act on behalf of the Syndicate.

## **L. Prepayments and accrued income**

Prepayments are payments made in advance for services to be received in future periods. These are initially recognised as assets in the balance sheet and are amortised over the period to which they relate. The expense is recognised in the income statement as the benefits are received.

Accrued income represents income that has been earned but not yet received by the end of the accounting period. This is recognised as an asset in the balance sheet and the corresponding investment income is recorded in the income statement for the period in which it is earned.

## **M. Operating expenses**

Where expenses are incurred by the Managing Agent for the administration of the Syndicate, these expenses are apportioned appropriately based on type of expense and allocated to the year of account for which they are incurred.

#### N. Debtors and creditors

Insurance debtors and creditors include amounts due to and from agents, brokers and insurance contract holders. Reinsurance debtors and creditors include amounts due to and from reinsurers. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Insurance and reinsurance debtors are measured at amortised cost less any provision for impairments. Insurance and reinsurance creditors are stated at amortised cost. The Syndicate does not have any debtors directly with policyholders, all transactions occur via an intermediary. Reinsurance creditors are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. Reinsurance debtors principally relate to claims recoveries where the underlying claim has been settled, and the recovery is due.

Other debtors principally consist of amounts due from members and sundry debtors and are carried at amortised cost less any impairment losses.

Other creditors principally consist of amounts due to other related entities and other sundry payables. These are stated at amortised cost determined using the effective interest rate method.

#### O. Classification of insurance and reinsurance contracts

Insurance and reinsurance contracts are classified as insurance contracts where they transfer significant insurance risk. If a contract does not transfer significant insurance risk it is classified as a financial instrument. All of the Syndicates written contracts and purchased reinsurance contracts transfer significant insurance risk and therefore are recognised as insurance contracts.

#### P. Reinsurance to Close Premium

The underwriting accounts for each Year of Account are normally kept open for three years before the result on that year is determined. At the end of that three-year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the Year of Account to be closed by payment of a RITC premium to the successor Year of Account.

The RITC premium is determined by reference to the outstanding technical provisions (including those for outstanding claims and unearned premiums, net of deferred acquisition costs and unexpired risks and annual reinstatement premiums) relating to the closed year. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The RITC premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year to the members of the successor Year of Account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

### 4. Analysis of Underwriting result

An analysis of the underwriting result before investment return is presented in the table below:

2023 Year of Account	Gross premiums written \$000	Gross premiums earned \$000	Gross claims incurred \$000	Gross operating expenses \$000	Reinsurance balance \$000	Underwriting result \$000
<i>Direct insurance</i>						
Fire and other damage to property	11,103	11,103	(496)	(5,628)	(4,637)	342
<b>Total direct insurance</b>	<b>11,103</b>	<b>11,103</b>	<b>(496)</b>	<b>(5,628)</b>	<b>(4,637)</b>	<b>342</b>

1. All premiums are concluded in the UK. All protected risks are located in California, USA.
2. Gross claims incurred comprise gross claims paid and movement in gross technical provisions.

3. Gross operating expenses include acquisition costs, administrative expenses and members' standard personal expenses.

4. The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries retained to meet all known and unknown outstanding liabilities.

#### 5. Reinsurance to close premium payable, net of reinsurance

	Reported \$000	IBNR \$000	Total \$000
Gross outstanding losses	17	15	32
Reinsurance recoveries anticipated	-	(4)	(4)
<b>Net outstanding losses</b>	<b>17</b>	<b>11</b>	<b>28</b>

#### 6. Net operating expenses

	\$000
Acquisition costs	2,777
Administrative expenses	1,913
Members' standard personal expenses	937
<b>Net operating expenses</b>	<b>5,627</b>

Members' standard personal expenses comprise of managing agent's fees, Lloyd's subscriptions and central fund contributions.

Administrative expenses include:

	\$000
Fees for the audit of the Syndicate	172
Audit related assurance	24
<b>Total</b>	<b>196</b>

Audit related assurance includes reporting required by law and regulation, reviews of financial information and reporting on regulatory returns.

#### 7. Staff numbers and costs

The Syndicate and Managing Agent have no employees. Staff costs are not charged directly to the Syndicate and consequently no meaningful disclosure can be made.

#### 8. Key management personnel compensation

No emoluments of the directors of PMA were directly charged to the Syndicate and consequently no meaningful disclosure can be made.

No staff of PMA were directly charged to the Syndicate. The emoluments of the Active Underwriter are borne by the Syndicate.

	\$000
Emoluments – Active Underwriter	190

No other compensation was payable to key management personnel.

### 9. Investment return

	\$000
<b>Interest and similar income</b>	
<i>From financial instruments designated at fair value through profit or loss</i>	
Interest and similar income	53
<b>Other income from investments</b>	
<i>From financial instruments designated at fair value through profit or loss</i>	
Gains on the realisation of investments	1
Unrealised gains on investments	14
Unrealised losses on the investments	(3)
<b>Total investment return</b>	<b>65</b>
<b>Transferred to the technical account from the non-technical account</b>	<b>65</b>

An investment return of \$65k was wholly allocated to the technical account.

### 10. Investments

	Carrying Value \$000	Cost \$000
Debt securities and other fixed income securities	11	11
Other investments	5	5
<b>Total investments</b>	<b>16</b>	<b>16</b>

The table below presents an analysis of financial investments by their measurement classification.

	Carrying Value \$000	Cost \$000
Financial assets measured at fair value through profit or loss	11	11
Other investments	5	5
<b>Total investments</b>	<b>16</b>	<b>16</b>

The Syndicate classifies its financial instruments held at fair value in its balance sheet using a fair value.

All financial assets are classified as Level 1 Investments. These financial assets are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### 11. Debtors

	\$000
Arising out of direct insurance operations	7
Other debtors	37
<b>Total</b>	<b>44</b>

Other debtors mainly include claims float.

### 12. Amounts due to Members

	\$000
Profit for the 2023 closed year of account due to members at 31 December 2025	407

### 13. Creditors

	\$000
Arising out of reinsurance operations	1,673
Other creditors	947
<b>Total</b>	<b>2,620</b>

Other creditors comprise of a loan due to WDS. This fixed rate loan accrues at a rate of 8% repaid in full each quarter.

### 14. Cash and cash equivalents

	\$000
Cash at bank and in hand	3,002
<b>Total cash and cash equivalents</b>	<b>3,002</b>

### 15. Related parties

Polo Managing Agency Limited's immediate parent undertaking is Marco Capital Holdings (UK) Limited, a company incorporated in England and Wales. Registered address is 4th Floor, 24 Monument Street, London EC3R 8AJ. Managing agency fees of \$0.6m were paid by the Syndicate to PMA.

The Managing Agent's ultimate parent undertaking is Marco Capital Holdings Limited, a company incorporated in Malta. Registered address is 171 Old Bakery Street, Valletta, VLT1455, Malta.

The Managing Agent's ultimate controlling party is Brookfield Oaktree Holdings, LLC (formerly known as Oaktree Capital Group, LLC).

During 2023 the Syndicate entered into an unsecured loan facility with WDS, which is related to Wildfire Defense Corporate Member Limited by virtue of common control. Wildfire Defense Corporate Member Limited participates on the Syndicate as one of the corporate members. At the balance sheet date the outstanding loan from WDS is \$0.9m and all interest accrued has been repaid at the end of 2025.

#### **16. Off-balance sheet items**

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

#### **17. Post balance sheet events**

There have been no material subsequent events from the balance sheet date until the date of approval of the financial statements.

The 2023 underwriting year profit, after standard members personal expenses, equates to \$0.4m. This will be distributed to members in US Dollars in May 2026.