

Accounts disclaimer

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Markel Syndicate 3000

Annual Accounts
for the year ended 31 December 2023



Syndicate 3000
Annual Report and Financial Statements
for the year ended 31 December 2023

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Directors and Administration

Managing Agent

Markel Syndicate Management Limited

Board of Directors

John W J Spencer (Chair)

Wai-Fong Au

Andrew J Davies

Alexander W G Finn

Henry G L Gardener

Nicholas J S Line

Kalpana Shah

Anne Whitaker

Simon Wilson

Company Secretary

Lara Teesdale

Managing Agent's registered office

20 Fenchurch Street

London

EC3M 3AZ

Managing Agent's registered number

3114590

Syndicate

3000

Active Underwriter

Nicholas J S Line

Bankers

Bank of New York

Barclays Bank PLC

Citibank N.A.

Royal Bank of Canada

Royal Trust

Investment Managers

Markel Gayner Asset Management Corporation

Registered Auditor

KPMG LLP, London

Lawyers

Norton Rose Fulbright LLP, London

Directors' Interest

The Syndicate is supported 100% by Markel Capital Limited ("MCAP") and therefore no Director has any participation.

Report of the Directors of the Managing Agent

The Directors of the Managing Agent submit the annual accounts of Syndicate 3000 for the year ended 31 December 2023.

This annual report is prepared using the annual basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102') and Financial Reporting Standard 103: Insurance Contracts ('FRS103').

Review of the business

Markel Syndicate 3000 ("the Syndicate") is the Lloyd's platform for Markel International Holdings Limited ("MINT"). MINT also writes business through Markel International Insurance Company Limited ("MIICL") and Markel Insurance SE ("MISE").

The principal activity of the Syndicate remains the transaction of general insurance and reinsurance business from its offices in London and its overseas operations in Canada, Singapore, Labuan, Hong Kong, Dubai, China, India and newly opened Australia offices.

Business profile and units

The Syndicate operates five London based underwriting units, namely marine and energy, professional and financial risks and cyber, equine and livestock, trade credit, political risk and surety and reinsurance. In Canada, Markel Canada Limited ("Markel Canada"), a wholly owned subsidiary of Markel Group Inc. ("Markel" or "Markel Group") underwrites a diverse portfolio of property and casualty coverages for Canadian domiciled insureds, which is placed through the Syndicate. Markel Canada provides casualty, environmental liability, professional and financial risks, Markel Connect, property package, life sciences liability, security and protection industry liability, Markel Care and Markel Play.

The Syndicate's Singapore office operates as a regional hub, supporting the Labuan and Hong Kong offices and underwrites marine and energy, professional and financial and trade credit risks throughout the Asia Pacific region. The Syndicate is also a member of Lloyd's platforms in Dubai, Shanghai, Japan, India and Australia.

The Syndicate provides non-life reinsurance to Lloyd's Insurance Company S.A ("Lloyd's Brussels"), supporting EEA clients. Lloyd's Brussels is authorised and regulated by the National Bank of Belgium.

The five London based operating units are:

Marine and Energy

Marine coverage includes primary and excess coverage for liability, hull and war, terrorism, specie and cargo risks worldwide, handling a comprehensive range of risks for multinational companies, national industries and private individuals. Energy offers coverage on a worldwide basis for all aspects of upstream, downstream and midstream oil and gas activities. Coverage includes business interruption or loss of production income, construction of energy related structures, control of wells and physical damage to installations. The team also offers coverage for renewable energy sources including coverage for the full life-cycle of onshore and offshore wind farms and solar photovoltaic installations, from procurement to construction to the completed operations.

The cargo account comprises a broad portfolio of transit and storage risk covering most industries on a global basis. The hull and war account offers a full range of products on a worldwide basis including marine war, specialist tonnage, builders risks, mortgagees interest and port risks. The war account offers coverage for marine war across all vessel types and specialist tonnages. The marine and energy liability account offers a range of traditional marine liability cover as well as ports and terminals, marine trades, and energy offshore and onshore coverages. The terrorism account provides protection against losses directly caused by acts of war, terrorism and political violence, and losses sustained in the aftermath of an active assailant or hostage event. The specie account includes a range of cover for fine art, specie, jewellers' block, and cash in transit, on a worldwide basis.

Professional and Financial Risks and Cyber

The Professional and Financial Risks team provides cover on a worldwide basis. This team underwrites professional indemnity, entertainment, financial institutions insurance, commercial directors' and officers' liability ("D&O"), financial technology cover, technology and media cover and warranty and indemnity ("W&I"). The Markel Cyber 360 policy is a standalone primary cyber insurance product. Key coverages include, privacy breach notification, extortion costs cover, regulatory investigations and fines, cyber and privacy liability, E-media, and professional and technology services liability.

The professional indemnity account services most core, regulated and miscellaneous professions which include architects and engineers, insurance brokers, recruitment agents and more.

The entertainment team writes a broad book of film and media insurance. Advertising agents' insurance, commercial producers' insurance and film production insurance are the mainstays of the book. It also offers both employers' and public liability for companies involved in film shoots.

Financial institutions insurance can provide cover on a stand-alone basis or as a blended package to include bankers blanket bond, professional indemnity and D&O, depending on the client's requirements. The cover is provided on a worldwide basis.

Commercial D&O offer market leading products which provide a wide range of coverage to ensure protection for directors and officers of companies of all types and sizes. It covers companies in the FTSE 100 and the financial services sector along with non-financial industries as well.

Financial technology provides cover for a range of fintech companies, including those offering digital banking, money transfer, trading, investments, lending, account information services, and payment initiation services. The modular policies give clients the flexibility to choose the covers that suit them, including professional liability, D&O liability, theft and cyber liability and loss.

Technology and media provides modular cover for clients in the technology and telecommunications field, specialising in media, film, television, patent/intellectual property insurance, as well as information technology, telecommunications and cyber/privacy risks.

Warranty and indemnity provides cover to clients in mergers and acquisitions, including both funds and corporations. It covers transactions across most sectors and specialise in professional services, financial institutions, technology, media, consumer and energy.

Trade Credit, Political Risk, and Surety

Our trade credit, political risk and surety teams have extensive experience and knowledge of commercial counterparty and country risks across a wide variety of trade sectors and markets, providing support with traditional and bespoke surety solutions for our clients.

The trade credit team specialises in insurance solutions with a focus on risk management, providing insurance coverage to help protect businesses. Coverage includes prepayment cover, insolvency and default, trade finance solutions, captive reinsurance, syndicated co-insurance solutions and financial institutions.

The political risk team works with clients to manage their cross-border portfolios and overseas investments with tailored, specialist policies. The key clients include financial institutions, corporates, exporters, and traders. The account has a broad range of coverage including insolvency or default by either a public or privately owned entity, licence cancellation, aircraft and vessel repossession, mortgage rights insurance and currency inconvertibility and exchange transfer.

The surety account provides a range of bonds and guarantees that support clients with their contractual obligations. They support clients with traditional and bespoke surety solutions. While embedded within construction, surety bonds can be utilized across a wide variety of trade sector and international markets. Bonds and guarantees can provide capital-efficient solutions and assist with working capital management.

Equine and Livestock

The equine account offers a wide portfolio of products including bloodstock and equine liability to suit a broad range of risks, from large stud farms to individual horses.

The livestock account provides a wide range of cover including farm combined, mortality, disease and business interruption across farm, zoo and other animal interests.

Reinsurance

This unit includes accident and health ("A&H") treaties, international casualty treaty and specialty treaty business.

The A&H treaty account offers catastrophe reinsurance covering personal accident, life, medical and workers compensation. In most countries, full terrorism coverage can also be provided, in addition to traditional exposures.

The casualty treaty team underwrites a diversified account, including medical malpractice and transactional liability. The portfolio is worldwide, including United States domiciled business.

The speciality treaty account offers reinsurance expertise covering aviation and space.

Results and performance

The results for the year, as set out on pages 18 to 19, show a profit for the financial year of £89.5m (2022, £38.9m loss).

The underwriting result is a profit of £52.5m (2022, £1.6m loss). There was an improvement in the loss ratio during the year which was driven by favourable development on prior year claims reserves.

In March 2023 the Syndicate entered into a deal with Marco Capital Ltd for the loss portfolio transfer ("LPT") in relation to its UK Motor PPO portfolio with ceded premium totalling £77.8m. A reinsurance recoverable of £66.7m and ceded commissions of £0.4m were booked in relation to the deal, resulting in a total underwriting loss of £11.5m.

The investment return was a profit of £43.3m (2022, £50.1m loss) generating a yield of 4.1% on the investment portfolio, compared to a negative yield of 4.2% in 2022. This was primarily driven by favorable price increases for Syndicate's fixed maturity portfolio due to lower interest rates.

The profit for the financial year of £89.5m (2022, £38.9m loss) reflects the underwriting profit described above and the favourable investment return.

Events since the reporting date

There have been no material events since the reporting date.

Key Performance Indicators

Annual Accounting Data Income Statement	2019 £'m	2020 £'m	2021 £'m	2022 £'m	2023 £'m
Gross written premiums	543.1	521.9	482.6	623.6	701.5
Net written premiums	477.3	456.3	406.1	498.2	479.6
Retention rate	87.9%	87.4%	84.1%	79.9%	68.4%
Net earned premiums	458.0	464.4	409.0	465.3	452.6
Net underwriting result	(35.7)	(145.2)	20.0	(1.6)	52.5
Loss & LAE ratio	64.8%	91.3%	54.5%	61.6%	40.1%
Expense ratio	43.0%	40.0%	40.6%	38.7%	48.3%
Combined ratio	107.8%	131.3%	95.1%	100.3%	88.4%
Investment return	40.6	33.7	(9.6)	(50.1)	43.3
Investment yield	4.5%	3.6%	(0.8)%	(4.2)%	4.1%
Profit/(loss)	2.5	(114.0)	10.5	(38.9)	89.5
Statement of Financial Position	2019 £'m	2020 £'m	2021 £'m	2022 £'m	2023 £'m
Financial investments and cash	875.4	942.5	968.1	1,030.9	1,031.9
Gross claims outstanding	1,124.0	1,184.6	1,146.5	1,310.5	1,223.1
Reinsurers' share of claims outstanding	170.6	134.5	184.4	256.2	303.5
Net claims outstanding	953.4	1,050.1	962.1	1,054.4	919.6
Three Year Accounting Data	2019 £'m	2020 £'m	2021 £'m	2022 £'m	2023 £'m
Syndicate Capacity	450.0	475.0	486.0	500.0	645.5
Underwriting result	(111.0)	(60.5)	29.8		
Investment result	13.8	(17.0)	12.2		
Result on closure	(97.2)	(77.5)	42.0		
Forecast return at 12 months	1.5%	0.5%	6.3%	6.8%	12.0%
Forecast return at 24 months	(20.0)%	0.4%	9.7%	15.9%	
Return on capacity at closure	(21.6)%	(16.3)%	8.6%		

- Underwriting losses of £110.0m over the period 2019 – 2023, generated an average combined ratio of 104.9%. The 2019 year was impacted by the higher than expected losses on prior years of account. The 2020 year was impacted by £152.7m of COVID-19 losses and £18.4m of natural catastrophe losses on the Derecho storms and hurricane Laura. The 2021 year has been impacted by £8.2m of natural catastrophe losses, a £7.6m deterioration on the COVID-19 loss estimates and £4.6m of loss estimates for the South Africa Riots large loss. The 2022 year was impacted by losses on the Russia Ukraine conflict of £3.8m, losses on hurricane Ian of £0.7m and a £15.7m deterioration on the COVID-19 loss estimates. In response to the high inflation environment experienced there is also an additional £14.8m of reserve

loadings included in the losses reported. Partially offsetting the adverse experience are releases from prior year reserves of £13.6m. The 2023 year was impacted by prior year reserve releases of £42.6m as a result of more favourable claims development than originally anticipated. In addition there was a £4.4m bad debt release on the prior year reserves following a review of bad debt held in the year. Partially offsetting this were £9.4m of net catastrophe losses. Excluding COVID-19, the Russia Ukraine conflict and natural catastrophe losses there was an underwriting profit over the period 2019 – 2023 of £114.3m, generating an average combined ratio of 94.9%. The underwriting performance includes results of business lines that were exited in 2018 and 2020 (Open Market Property, Contingency) or heavily restructured (Marine).

- Losses of £50.4m over the period 2019 to 2023 were driven by the COVID-19 and natural catastrophe losses which are partially offset by the investment returns. The COVID-19 losses were predominantly driven by event cancellation impacting our Contingency book. During 2020 the decision was taken to exit this class of business as part of our underwriting assessment. The Syndicate entered into a deal with Marco Capital Ltd for the LPT in relation to its UK Motor PPO portfolio. This resulted in total underwriting loss of £11.5m and a 0.4% increase to the combined ratio.
- The increase in reinsurers' share of claims outstanding during 2023 was primarily due to the deal with Marco Capital Ltd for the LPT in relation to its UK Motor PPO portfolio.
- An average return on capacity of 5.8% for the 2002 to 2021 closed years of account.
- The investment return was a profit of £43.3m (2022, £50.1m loss) generating a yield of 4.1% (2022, 4.2%) on the investment portfolio. This was primarily driven by favorable price increases for Syndicate's fixed maturity portfolio due to lower interest rates.

Business environment and future prospects

The capital position is subject to internal stress testing and the Syndicate continues to monitor and take necessary underwriting actions on its future business. There is no intention to liquidate the Syndicate or to cease its operations. The 2024 year of account has been established and the Directors expect to establish a 2025 year of account, and are not aware of any reason why this will not be possible. They have also concluded that the Syndicate's financial position means that this is realistic. Where there are any short term liquidity requirements there is support from the Group and during 2023, Markel Group have made available a loan facility to Syndicate 3000. As a result, the Directors have concluded that there are no material uncertainties that could cast significant doubt over the Syndicate's ability to continue as a going concern for at least a year from the date of approval of the annual accounts ("the going concern period").

With disciplined underwriting and a strong asset base, inclusive of the Funds at Lloyd's supporting the Syndicate's underwriting, the Syndicate is in an excellent position to capitalise on opportunities as they arise. The Syndicate will continue to apply Markel's underwriting discipline of underwriting for profit rather than volume and, accordingly, will decline business where the rates are not acceptable.

The Syndicate will continue to look to develop new lines of business and markets, within the parameters of the overall underwriting strategy. The Syndicate invests in high-quality corporate, government and municipal bonds as well as a diverse equity portfolio and plans to continue this investment strategy in 2024.

The Syndicate capacity for the 2024 year of account has increased to £686.0m (2023, £645.5m).

Principal risks and uncertainties

MINT has a risk register detailing the risks to which it is exposed, which includes all business underwritten by the Syndicate. Risks are grouped under the following categories:

- Underwriting Risk
- Reserving Risk
- Asset Risk
- Credit Risk
- Liquidity Risk
- Capital Risk
- Operational Risk

The risk and capital management note (note 3) provides a detailed explanation of the above risk categories.

The risks arising from climate change, and Lloyd's of London's response to it, are multifaceted, occur over an extended time horizon and are dependent on the severity of the changes in the climate. These risks continue to develop and the relative impact will be dependent on a number of aspects such as industry changes, policy changes and the speed with which those changes are implemented.

The Board has ultimate responsibility for the Syndicate's approach to responsible business which includes consideration of climate risks. The Board approved the establishment of a special purpose 'Responsible Business Committee', to report directly to the Board during the 2024 calendar year. The Responsible Business Committee considers environmental matters, including the impact of these on the Syndicate's business, and the impact of the Syndicate's business on the environment.

Climate risk can be broadly divided into 3 categories: physical, transition and liability. Physical risk relates to the change in climate and weather events which have the potential to directly affect the economy. This includes the risk of higher claims as a result of more frequent and more intense natural catastrophes. Scenario analysis of differing levels of claims are included within our standard underwriting risk assessment. Transition risk can occur when moving towards a lower carbon economy and how the speed of the transition may affect certain sectors and affect financial stability. Liability risk refers to potential increased litigation against policyholders from individuals or businesses who have experienced losses because of physical or transition risk.

Potential risks are regularly reviewed by the Risk & Capital Committee and risks are addressed within the underwriting, risk and audit functions, although Responsible Business activity is not segregated from the other work of these functions, but rather embedded in their operations.

The risks arising from inflation, the impact it has on the economy and the insurance industry's response to it form a key consideration going forward. Inflation risks in the current environment are influenced by both short-to-mid term trends (e.g. the state of the economy, geopolitical events and cybercriminal activity), as well as by long-term trends (e.g. social/excess inflation, other frequency events such as the impact of new technology, safety improvements and other severity effects such as repair cost changes out of line with RPI/CPI). We have considered recent trends in inflation throughout our strategic planning and business management activities. The impacts of inflation on open years of account as well as on subsequent years are regularly assessed and considered, with actions and measures presented to the Risk & Capital Committee but equally to key committees regarding Claims, Reserving and Finance.

There are currently 30 risks in the Risk Register. Each risk has an allocated risk owner, who is required to regularly review the continuing appropriateness of their risks as detailed in the Risk Register. Key controls are identified to mitigate each risk and quarterly confirmation is sought from the control owners of these controls that they are in place and are operating effectively.

The Risk and Capital Committee meets quarterly to consider compliance with the Board's risk appetite and Key Risk Indicators and any risk issues that have arisen. These are summarised in the Chief Risk Officer's quarterly report to the Board.

An Own Risk and Solvency Assessment report is produced at least annually which is a forward-looking assessment of the risk profile and adequacy of the Syndicate's capital to meet solvency needs over the business planning time horizon. The Syndicate is in compliance with Solvency II.

Directors

The Directors of the Managing Agent who served during 2023 and up to the date of this report were as follows:

John W J Spencer	(Chair)
Wai-Fong Au	
Andrew J Davies	
Alexander W G Finn	(Appointed 11/01/2024)
Henry G L Gardener	(Appointed 18/07/2023)
Nicholas J S Line	
Kalpana Shah	
Anne Whitaker	
Simon Wilson	

Markel maintains liability insurance cover on behalf of the Directors and named officers of the Managing Agent.

The Syndicate is supported 100% by MCAP and therefore no Director has any participation.

Corporate governance

Markel Syndicate Management Limited ("MSM"), the Lloyd's Managing Agent of the Syndicate, is authorised by the Prudential Regulation Authority ("PRA"). The Board includes five non-executive Directors and meets at least quarterly. Sub-committees of the Board include the Executive Committee, Audit Committee, Risk and Capital Committee, Reserving Committee, Finance Committee, Remuneration Committee, Nominations Committee, Outsourcing Committee and Responsible Business Committee. A number of Management Committees, including Committees with a divisional focus, report to the Executive Committee.

Financial instruments and risk management

Information on the use of financial instruments by the Syndicate and its management of financial risk is disclosed in note 3 of these annual accounts. In particular, the Syndicate's exposures to price risk, credit risk and liquidity risk are separately disclosed in that note. The Syndicate's exposure to cash flow risk is addressed under the headings of 'Market risk', 'Credit risk' and 'Liquidity risk'.

Carbon policy

As set out in the "Markel Style", the Syndicate has a commitment to its communities, which we recognise includes environmental responsibilities. Our goal is to minimise our environmental impact whilst still adhering to our other principles as expressed in the "Markel Style" and our company profile. The "Markel Style" is a statement of Markel's core values which underpin how we do business, influence our behaviour, and govern our actions.

Through the development of best practices in our business, the Syndicate aims to use no more consumables than are necessary and recycle the maximum of those we do use. The Directors also believe that embedding environmental awareness throughout the organisation will be best achieved through a continuous program of employee education.

Disclosure of information to the Auditor

The Directors of the Managing Agent who held office at the date of approval of this Report of the Managing Agent confirm that, so far as they are each aware, there is no relevant audit information of which the Syndicate's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Syndicate's Auditor is aware of that information.

Auditor

Pursuant to Section 14(2) of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Annual general meeting

As permitted under the Syndicate Meetings (Amendment No 1) Byelaw (No 18 of 2000) the sole corporate member has agreed that no annual general meeting will be held for the Syndicate.

By order of the Board,

Andrew Davies

Director
London

26 February 2024

Statement of Managing Agent's Responsibilities

The Directors of the Managing Agent are 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 require the Directors of the Managing Agent to prepare Syndicate annual accounts at 31 December for each financial year. Under that law they have elected to prepare the annual accounts in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 the Directors of the Managing Agent must not approve the annual accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Syndicate and of the profit or loss of the Syndicate for that period. In preparing these annual accounts, the Directors of the Managing Agent are 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 annual accounts;
- assess the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

The Directors of the Managing Agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the Syndicate annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of Syndicate annual accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors of the Managing Agent are responsible for the maintenance and integrity of the Syndicate and financial information included on the Syndicate's website. Legislation in the UK governing the preparation and dissemination of Syndicate annual accounts may differ from legislation in other jurisdictions.

By order of the Board,

Andrew Davies

Director
London

26 February 2024

Independent Auditor's Report to the Member of Syndicate 3000

Opinion

We have audited the annual accounts of Syndicate 3000 ("the Syndicate") for the year ended 31 December 2023 which comprise the Income Statement: Technical Account, Income Statement: Non-Technical Account, Statement of Comprehensive Income and Member's Balances, Statement of Financial Position: Assets, Statement of Financial Position: Liabilities, Statement of Cash Flows, and related notes, including the accounting policies in note 2.

In our opinion the annual accounts:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Syndicate in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors of the Managing Agent ("the Directors") have prepared the Syndicate annual accounts on the going concern basis as they do not intend to cease underwriting or to cease its operations, and as they have concluded that the Syndicate's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Syndicate annual accounts ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Syndicate's business model and analysed how those risks might affect the Syndicate's financial resources or ability to continue operations over the going concern period, including reviewing correspondence with Lloyd's to assess whether there were any known impediments to establishing a further year of account.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Syndicate annual accounts is appropriate; and
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Syndicate's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Syndicate will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit, legal, risk and compliance, management and inspection of policy documentation as to the Syndicate and Managing Agent's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Syndicate and Managing Agent's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board, audit committee, and other relevant committee meeting minutes.
- Considering remuneration incentive schemes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as incurred but not reported ("IBNR") reserves. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited estimation involved in accruing premium income.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted with key words, entries with unauthorised users, entries to seldom used accounts, entries posted by users who have left the company, post-closing entries, entries posted by senior management and cash management entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the appropriateness and consistency of the methods and assumptions used for reserving. For a selection of classes of business we considered to be high risk, we performed alternative rejections to the actuarial best estimate using our own gross loss ratios and compared these to the Syndicate's results, assessing the results for evidence of bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Syndicate annual accounts from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Syndicate and Managing Agent's regulatory and legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Syndicate is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Syndicate annual accounts varies considerably.

Firstly, the Syndicate is subject to laws and regulations that directly affect the Syndicate annual accounts including financial reporting legislation (including Lloyd's Syndicate legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Syndicate annual accounts items.

Secondly, the Syndicate is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Syndicate annual accounts, for instance through the imposition of fines or litigation or the loss of the Syndicate's capacity to operate. We identified the following areas as those most likely to have such an effect: regulatory capital requirements, corruption and bribery, recognising the regulated nature of the Syndicate's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Syndicate annual accounts, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Syndicate annual accounts the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information - Report of the Directors of the Managing Agent

The Directors are responsible for the Report of the Directors of the Managing Agent. Our opinion on the Syndicate annual accounts does not cover that report and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the Report of the Directors of the Managing Agent and, in doing so, consider whether, based on our Syndicate annual accounts audit work, the information therein is materially misstated or inconsistent with the Syndicate annual accounts or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Report of the Directors of the Managing Agent;
- in our opinion the information given in the Report of the Directors of the Managing Agent is consistent with the annual accounts; and
- in our opinion the Report of the Directors of the Managing Agent has been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Matters on which we are required to report by exception

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept on behalf of the Syndicate; or
- the annual accounts are not in agreement with the accounting records; or
- certain disclosures of Managing Agent's emoluments specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Responsibilities of the Directors of the Managing Agent

As explained more fully in their statement set out on page 13, the Directors of the Managing Agent are responsible for: the preparation of the Syndicate annual accounts and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Syndicate annual accounts that are free from material misstatement, whether due to fraud or error; assessing the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Syndicate annual accounts.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 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.

**Timothy Butchart (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
15 Canada Square
London
E14 5GL

26 February 2024

Income Statement: Technical Account for the year ended 31 December 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance					
Gross written premiums	4	701,536		623,631	
Outward reinsurance premiums		<u>(221,892)</u>		<u>(125,445)</u>	
Net written premiums			479,644		498,186
Change in the gross provision for unearned premiums	17	(30,674)		(44,493)	
Change in the provision for unearned premiums, reinsurers' share	17	<u>3,657</u>		<u>11,622</u>	
Change in the provision for net unearned premiums			<u>(27,017)</u>		<u>(32,871)</u>
Net earned premiums			452,627		465,315
Allocated investment return transferred from the non-technical account	9		43,322		(50,109)
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(325,790)		(338,410)	
Reinsurers' share		<u>48,727</u>		<u>73,972</u>	
Net paid claims			(277,063)		(264,438)
Change in the provision for claims					
Gross amount	17	36,864		(72,164)	
Reinsurers' share	17	<u>59,086</u>		<u>49,936</u>	
Net change in provision			<u>95,950</u>		<u>(22,228)</u>
Net claims incurred			(181,113)		(286,666)
Net operating expenses	6		(218,979)		(180,232)
Balance on the technical account			95,857		(51,692)

All operations relate to continuing business.

The notes on pages 24 onwards form part of these annual accounts.

Income Statement: Non-Technical Account for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Balance on the technical account		95,857	(51,692)
Investment income	7	36,316	24,248
Unrealised gains on investments		10,231	2,151
Investment expenses and charges	8	(2,563)	(14,830)
Unrealised losses on investments		(662)	(61,678)
Allocated investment return transferred to technical account	9	(43,322)	50,109
(Loss)/profit on exchange		(6,385)	12,831
Profit/(loss) for the financial year		89,472	(38,861)

All operations relate to continuing business.

The notes on pages 24 onwards form part of these annual accounts.

Statement of Comprehensive Income and Member's Balances

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Profit/(loss) for the financial year		89,472	(38,861)
Net foreign exchange gains/(losses) on translation of functional currency		938	(12,958)
Total comprehensive gains/(losses) for the year		90,410	(51,819)
Member's balance brought forward at 1 January		(121,716)	(92,100)
Total comprehensive gains/(losses) for the year		90,410	(51,819)
Cash call of payments of loss from the Member's personal reserve fund on closed years of account	16	77,527	22,203
Member's balance carried forward at 31 December		46,221	(121,716)

The notes on pages 24 onwards form part of these annual accounts.

Statement of Financial Position: Assets

as at 31 December 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Investments					
Financial investments	13		923,539		908,271
Deposits with ceding undertakings	13		2,300		11,201
Reinsurers' share of technical provisions					
Provisions for unearned premiums	17	31,284		29,052	
Claims outstanding	17	303,536		256,166	
			334,820		285,218
Debtors					
Debtors arising out of direct insurance operations	14	243,933		168,919	
Debtors arising out of reinsurance operations	14	20,204		63,861	
Other debtors	15	13,568		9,505	
			277,705		242,285
Cash at bank			108,344		122,623
Prepayments and accrued income					
Accrued interest		7,537		4,389	
Deferred acquisition costs	17	54,845		50,939	
Other prepayments & accrued income		492		-	
			62,874		55,328
Total Assets			1,709,582		1,624,926

The notes on pages 24 onwards form part of these annual accounts.

Statement of Financial Position: Liabilities

as at 31 December 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Capital and reserves					
Member's balance			46,221		(121,716)
Technical provisions					
Provisions for unearned premiums	17	260,594		241,885	
Claims outstanding	17	1,223,110		1,310,517	
			1,483,704		1,552,402
Creditors					
Creditors arising out of direct insurance operations	18	25,704		(3,551)	
Creditors arising out of reinsurance operations	18	41,422		33,400	
Other creditors	19	112,082		164,391	
Accruals and deferred income		449		-	
			179,657		194,240
Total Liabilities			1,709,582		1,624,926

The notes on pages 24 onwards form part of these annual accounts.

The Syndicate annual accounts on pages 1 to 47 were approved by the Board of Directors on 26 February 2024 and were signed on behalf of Markel Syndicate Management Limited by Andrew Davies, Company Director.

Andrew Davies

Director
London

26 February 2024

Statement of Cash Flows

for the year ended 31 December 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Operating result	89,472		(38,861)	
(Decrease)/increase in gross technical provisions	(12,813)		225,472	
Increase in reinsurers' share of gross technical provisions	(62,743)		(84,776)	
Increase in debtors, prepayments and accrued income	(39,060)		(66,623)	
(Decrease)/increase in creditors, accruals and deferred income	(14,583)		24,643	
Investment return	(43,322)		50,109	
Other Foreign exchange movement	149		(92,307)	
Net cash flows from operating activities		(82,900)		17,657
Acquisitions of other financial instruments	(1,056,499)		(1,205,924)	
Proceeds from sale of other financial instruments	1,018,547		1,149,363	
Investment income received	32,888		11,388	
(Increase)/decrease in overseas deposits	(7,737)		10,448	
Movement in other deposits	9,766		(6,434)	
Net cash flows from investing activities		(3,035)		(41,159)
Transfer from the Member in respect of underwriting participation	77,527		22,203	
Net cash flow from financing activities		77,527		22,203
Net cash flows in cash and cash equivalents		(8,408)		(1,299)
Cash and cash equivalents at 1 January		122,623		112,887
Effect of exchange rate changes on cash and cash equivalents		(5,871)		11,035
Cash and cash equivalents at end of year		108,344		122,623
Cash at bank		108,344		122,623
Cash and cash equivalents at 31 December		108,344		122,623

Notes to the Annual Accounts

1 Basis of preparation

The annual accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and with Financial Reporting Standard ("FRS") 102, being the Financial Reporting Standard applicable in the UK and Republic of Ireland, and FRS 103 Insurance Contracts.

The annual accounts have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

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

Going Concern

The Directors have continued to review the capital position, business plans, liquidity and operational resilience of the Syndicate. The capital position is subject to internal stress testing and the Syndicate continues to monitor and take necessary underwriting actions on its future business. There is no intention to liquidate the Syndicate or to cease its operations. The 2024 year of account has been established and the Directors expect to establish a 2025 year of account, and are not aware of any reason why this will not be possible. They have also concluded that the Syndicate's financial position means that this is realistic. Where there are any short term liquidity requirements there is support from Markel Group and during 2023 Markel Group have made available a loan facility to Syndicate 3000. As a result, the Directors have concluded that there are no material uncertainties that could cast significant doubt over the Syndicate's ability to continue as a going concern for at least a year from the date of approval of the annual accounts ("the going concern period").

2 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's annual accounts.

a) Use of judgements and estimates

In preparing these annual accounts, 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.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Further detail on the use of judgements and estimates is detailed in the underwriting result policy.

b) Underwriting result

The underwriting result is determined using an annual basis of accounting, whereby the incurred cost of claims, commission and expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- i) Written premiums relate to business incepted during the year, together with any difference between booked premiums for prior years and those previously accrued, and include estimates of premiums not yet due or notified. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

- ii) Unearned premiums represent the proportion of premiums written in the year that relates to unexpired terms of policies in force at the reporting date, calculated on the basis of established earnings patterns or time apportionment/straight line as appropriate. In the opinion of the Directors, the resulting provision is not materially different from one based on the pattern of incidence of risk.
- iii) Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured.
- iv) Acquisition costs, which represent commission and underwriters' staff costs related to the production of business, are deferred and amortised over the period in which the related premiums are earned.
- v) A provision for unexpired risks is made where claims, related expenses and deferred acquisition costs likely to arise after the end of the financial year in respect of contracts concluded before that date were expected to exceed the unearned premiums receivable under these contracts. Provision for unexpired risks is calculated separately by class and includes an allowance for investment income. Unexpired risk surplus and deficits are offset where, in the opinion of the Directors, the business classes concerned are managed together. In such cases, a provision for unexpired risks is made only where there is an aggregate deficit.
- vi) Claims incurred comprise claims and claims handling expenses paid in the year and the change in provisions for outstanding claims, including provisions for claims incurred but not reported and claims handling expenses. The adequacy of the outstanding claims provisions is assessed by reference to projections of the ultimate development of claims in respect of each underwriting year. Management continually attempts to improve its loss estimation process by refining its ability to analyse loss development patterns, claims payments and other information, but many reasons remain for potential adverse development of estimated ultimate liabilities. The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgements. As part of the reserving process, historical data is reviewed and the impact of various factors such as trends in claim frequency and severity, changes in operations, emerging economic and social trends, inflation and changes in regulatory and litigation environments is considered. Significant delays occur in notifying certain claims and a large measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent development.

The two most critical assumptions regarding claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the models used for current business are fair reflections of the likely level of ultimate claims to be incurred. However, the Directors believe the process of evaluating past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. The estimation process has required reviewing risks and events which are expected to trigger future reported claims and assessing the potential financial loss of insureds. This has required underwriter, claims and actuarial experience and management's professional judgement. Management currently believes the Syndicate's gross and net reserves are adequate. There is no precise method, however, for evaluating the impact of any significant factor on the adequacy of reserves, and actual results are likely to differ from original estimates.

The provisions for claims outstanding, and related reinsurance recoveries, are discounted where there is a long period from incident to claims settlement and where there exists a suitable claims payment pattern from which to calculate the discount. The discount rate used is based upon an investment return expected to be earned by financial assets which are appropriate in

value and duration to match the provisions for insurance contract liabilities being discounted during the period expected before the final settlement of such claims.

Reinsurance assets are assessed for impairment at each reporting 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 in the Income Statement: Technical Account in the period in which the impairment loss is recognised.

- vii) Underwriting acquisition costs, general overheads and other expenses are charged as incurred to the Income Statement: Technical Account, net of the change in deferred acquisition costs.

c) Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of International Accounting Standard ("IAS 39") *Financial Instruments: Recognition and Measurement* (as adopted for use in the EU).

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 Income Statement. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, 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.

Recognition

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are recognised 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 de-recognised when its contractual obligations are discharged, cancelled, or expire.

Regular way 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.

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 and loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets at fair value through profit or loss are measured at fair value with changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit and loss includes foreign exchange gains/losses arising on their translation to the functional currency, but excludes interest and dividend income. Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method.

Investment Return

Investment income comprises interest and dividends receivable for the year before investment expenses. Dividends receivable are stated after adding back any withholding taxation deducted at source. Investment expenses are charged to the Income Statement: Non-Technical Account on an incurred basis.

Realised gains or losses represent the difference between net sales proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the current value of investments at the reporting date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

Dividends receivable are accounted for by reference to the date on which the price of the investment is quoted ex-dividend.

The investment return is initially recorded in the Income Statement: Non-Technical Account. A transfer is made from the Income Statement: Non-Technical account to the Income Statement: Technical Account to reflect the investment return on funds supporting underwriting business.

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.

d) Investments

Financial investments are stated at market value, based on bid price and deposits with credit institutions are stated at cost. Financial investments recorded at market value will fall into one of the three levels in the fair value hierarchy as follows:

- i) Included in the level 1 category are financial assets that 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.
- ii) Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.
- iii) Included in the level 3 category, are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, unobservable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Syndicate's own data.

e) Foreign currency translation

The Syndicate presents its accounts in sterling (the 'reporting currency') since they are subject to regulation in the United Kingdom. Items included in the annual accounts are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Syndicate is deemed to be US dollars.

Transactions in foreign currencies are translated at the average rates of exchange for the month of the transactions.

Monetary assets and liabilities are translated at the rate of exchange at the reporting date or if appropriate at the forward contract rate. Non-monetary assets and liabilities are translated at the rate of exchange prevailing on recognition.

All exchange differences arising on the translation of the results and financial position in US dollars (the functional currency) into sterling (the reporting currency) are recognised in the Statement of Comprehensive Income. Exchange differences on all other currencies are recognised in the Income Statement: Non-Technical Account.

f) 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 or Canadian Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year are included in the Statement of Financial Position under the heading 'other debtors', as the Syndicate is reimbursed by MCAP for any of the Income Taxes paid.

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

3 Risk and capital management

Financial risk management objectives

The Syndicate is exposed to financial risks primarily through its financial assets, reinsurance assets and policyholder liabilities. The Syndicate's risks are recorded on a risk register and managed through the risk management framework. Solvency II principles are used to manage the Syndicate's capital requirements and to ensure that it has the financial strength to support the growth of the business and meet the requirements of policyholders, regulators and rating agencies.

The key financial risks assessed are underwriting risk, reserving risk, asset risk, credit risk, liquidity risk, capital risk and operational risk.

a) Underwriting risk

Underwriting Risk is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the acceptance of business.

The Underwriting Risk Policy governs all underwriting at Markel, it sets out the principles and governance processes for underwriting.

Underwriting risk appetites are agreed annually by the Board and adherence to these is monitored at the Risk & Capital Committee. Any exceptions to these risk appetites are reported to the Board.

The amount of insurance risk we take on any policy is controlled by the use of prudent maximum line sizes. Each underwriter has a written underwriting authority that details maximum line sizes and maximum policy duration by class of business and is subject to the peer review processes that are in place to ensure compliance. We do not permit risks to be written for longer than 18 months without the prior written approval of the Chief Underwriting Officer ("CUO") or their delegates although we do make certain general exceptions, for example in respect of marine construction risks, where we have matching reinsurance and have agreed this in advance as part of our underwriting strategy. Compliance with linesize and policy duration is monitored.

The Actuarial Function and underwriting divisions have developed technical pricing models for many classes of business. Other classes have technical rating guides or other types of benchmark rates.

A key method of monitoring the Syndicate's aggregate exposures is the production of a quarterly "Aggregations pack" which sets out our exposures to various elemental and non-elemental perils. For example, for natural catastrophe risk we monitor and report the Syndicate's exposure, both gross and net, to each material region/peril. Underwriting divisions are given aggregate limits for catastrophe business in each zone and adherence to these is monitored within the pack. The Syndicate's aggregate underwriting exposures form part of Risk Management's quarterly assessment of risk to the Risk & Capital Committee and to the Board.

The Underwriting Committee has oversight of Underwriting Risk.

b) Reserving risk

Reserving risk is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the quantification of those liabilities.

Markel adopts a cautious approach to claims reserving, such that reserves are expected to be more likely to prove redundant than deficient. The reserving policy is to hold a margin above the Chief Actuary's estimate in order to absorb unforeseen reserve development and to give additional comfort to rating agencies, regulatory and policyholders.

Risk appetites in respect of reserving risk are agreed annually by the Board and adherence to these is monitored at the Risk & Capital Committee. Any exceptions to the risk appetites are reported to the Board.

The Claims handling procedures set out Markel's approach to claims, including:

- Claims diaries – claims adjusters must ensure that they diarise relevant dates when necessary. There are rules regarding which types of claims are subject to diary management, and targets set are monitored on a monthly basis.
- Panel of third party advisors – a panel of approved third party advisors (Attorneys and Adjusters) has been established. Third party advisors can only be appointed with sign off from a Claims Manager.
- Claims peer review – each underwriting division is subject to a periodic claims peer review of selected claims files for identifying strengths and weaknesses in the handling of claims. Senior independent claims personnel are responsible for the qualitative review of the handling of files.

An Actuarial reserving exercise occurs quarterly for the reserving basis, and bi-annually for the pricing basis. This involves internal review within the Actuarial department and discussions with relevant underwriters and claims staff, including consideration of the impact of factors such as trends in claims frequency and severity as well as inflation. Pricing basis represents the actuarial reserving "best estimate". The reserving basis reflects the Markel reserving philosophy of holding reserves that are more likely to be redundant than deficient. Combined Ratio packs are produced which contain gross and net projections for all classes of business written at Markel International. The packs are discussed in detail at the quarterly "Markel International ExCo Pack Review" meetings, which are attended by the Executive Management, the Divisional Managing Director/Managing Director from each Division/Branch and the relevant Actuaries.

The Reserving Committee has oversight of Reserving Risk.

c) Asset risk

Asset risk is the risk of loss resulting from adverse financial market movements including interest rates or exchange rates.

The Markel International Investment Plan and Strategy detail our policy with regard to different asset types and concentration limits.

Risk appetites are agreed annually by the Board to limit investment concentration. Adherence to these is monitored at the Risk & Capital Committee. Any exceptions to risk appetite are reported to the Board.

Compliance is monitored by our investment manager against the annual Investment Plan through quarterly reporting and participation in a quarterly Markel Group Investment Committee meeting at which the Quarterly Investment report is considered. Any items outside of our appetite are investigated and where appropriate an action plan is put in place to bring the investments back into compliance with the Investment Plan.

The principal market risks and how exposure to these risks is managed are as follows:

- Interest rate risk: The Syndicate works to manage the impact of interest rate fluctuations on the fixed maturity portfolio. The effective duration of the fixed maturity profile is managed with consideration given to the estimated duration of policyholder liabilities.

The table below sets out the Syndicate's sensitivity to interest rate and equity price movement.

	2023	2022
	£'000	£'000
Interest rate risk		
Impact of 50 basis point increase on result	(8,878)	(7,676)
Impact of 50 basis point decrease on result	8,880	7,813
Impact of 50 basis point increase on net assets	(8,878)	(7,676)
Impact of 50 basis point decrease on net assets	8,880	7,813
Price risk		
Impact on result of 5% increase in Stock Market Prices	1,572	1,156
Impact on result of 5% decrease in Stock Market Prices	(1,572)	(1,156)
Impact on net assets of 5% increase in Stock Market Prices	1,572	1,156
Impact on net assets of 5% decrease in Stock Market Prices	(1,572)	(1,156)

- Equity price risk: The Syndicate sets limits on the amount of equities that can be held overall and with any one issuer. The overall equity portfolio is also monitored to ensure that equity risk does not exceed the Syndicate's risk appetite.
- Foreign exchange risk: We monitor compliance regarding the matching of foreign exchange assets and liabilities in a quarterly foreign exchange meeting with the Markel Group. Where we identify currency mismatches we would consider appropriate remedial action through currency hedges or swaps. No foreign exchange forward contracts have been entered into during the year (2022, none).

The table below, as reported in converted sterling, details the matching of material currencies in the Statement of Financial Position.

2023								
Currency Code	GBP'000	USD'000	EUR'000	CAD'000	AUD'000	JPY'000	Other'000	Total'000
Financial investments	72,730	356,526	40,550	377,864	22,271	-	53,599	923,540
Reinsurers' share of technical provisions	92,501	179,226	13,153	33,789	13,705	1,742	704	334,820
Insurance and reinsurance receivables	10,767	148,415	4,708	41,793	15,715	685	42,053	264,136
Cash at bank	5,630	32,385	11,235	(161)	38,426	1,437	19,392	108,344
Other assets	22,218	16,715	3,669	28,366	5,564	28	2,182	78,742
Total assets	203,846	733,267	73,315	481,651	95,681	3,892	117,930	1,709,582
Technical provisions	(274,237)	(668,064)	(81,168)	(319,954)	(71,784)	(7,018)	(61,479)	(1,483,704)
Insurance and reinsurance payables	(6,329)	(8,447)	(12,848)	(22,481)	(13,450)	(129)	(3,441)	(67,125)
Other creditors	(1,727)	(106,999)	(28)	(8)	4	-	(3,774)	(112,532)
Total liabilities	(282,293)	(783,510)	(94,044)	(342,443)	(85,230)	(7,147)	(68,694)	(1,663,361)
2022								
Currency Code	GBP'000	USD'000	EUR'000	CAD'000	AUD'000	JPY'000	Other'000	Total'000
Financial investments	71,640	383,511	40,611	328,511	22,952	-	61,046	908,271
Reinsurers' share of technical provisions	32,340	193,092	8,261	35,989	13,309	767	1,460	285,218
Insurance and reinsurance receivables	10,387	151,357	5,197	30,079	9,608	(2,394)	28,546	232,780
Cash at bank	3,205	66,043	11,603	1	16,665	1,825	23,281	122,623
Other assets	18,705	26,149	8,009	16,787	4,389	28	1,967	76,034
Total assets	136,277	820,152	73,681	411,367	66,923	226	116,300	1,624,926
Technical provisions	(211,493)	(831,652)	(75,378)	(325,850)	(62,853)	(269)	(44,907)	(1,552,402)
Insurance and reinsurance payables	2,830	(9,179)	(4,381)	(7,210)	(12,362)	(57)	510	(29,849)
Other creditors	(439)	(160,952)	(19)	259	-	-	(3,240)	(164,391)
Total liabilities	(209,102)	(1,001,783)	(79,778)	(332,801)	(75,215)	(326)	(47,637)	(1,746,642)

The Finance Committee has oversight of Asset Risk.

d) Credit risk

Credit risk is the risk of loss arising from the inability of a counterparty to fulfil its payment obligations. The Credit Risk Policy defines our approach to managing this risk.

The Board sets risk appetites for the amount of exposure it is prepared to accept in respect of reinsurers and brokers. These are monitored through reports to the Risk & Capital Committee and any exceptions are reported to the Board.

The key areas where the Syndicate is exposed to credit risk are:

- Amounts recoverable from reinsurers
- Amounts due from insurance intermediaries and insurance contract holders
- Amounts due from debt securities and other fixed income securities

The Syndicate's securities portfolio is monitored at the Finance Committee to ensure that credit risk does not exceed the Syndicate's risk appetite. In addition, the Syndicate places limits on exposures to a single counterparty or concentrations of exposures to a specific counterparty. At 31 December 2023, 100% (2022, 100%) of the Syndicate's fixed maturity portfolio is rated 'A' or better.

The Syndicate does not hold any financial investments that are past due or impaired as at 31 December 2023.

The Syndicate maintains a robust level of bad debt provision against the possibility of non-payment from a reinsurer and takes a proactive approach to the collection of reinsurance recoveries, including the pursuit of commutations. New reinsurers may be required to post collateral depending on their size, rating and potential debt to the Syndicate. If a reinsurer is not willing to post collateral then their line size may be reduced to an acceptable level in accordance with their applicable rating and capital.

The Finance Committee has oversight of Credit Risk.

The table below provides detail of the credit rating by asset class.

2023	AAA £'000	AA £'000	A £'000	BBB £'000	BBB or less £'000	Not rated £'000	Total £'000
Shares and other variable yield securities, unit trusts and collective investment schemes	64,084	-	36,937	-	-	38,185	139,205
Debt securities	236,109	291,293	124,466	-	-	7	651,875
Overseas deposits as investments	58,564	2,930	9,689	7,485	12,461	41,330	132,459
Deposits with ceding undertakings	-	-	2,300	-	-	-	2,300
Reinsurers' share of claims outstanding	703	90,957	205,276	-	-	6,600	303,536
Cash at bank	-	-	108,344	-	-	-	108,344
Total credit risk	359,460	385,180	487,012	7,485	12,461	86,123	1,337,720

2022	AAA £'000	AA £'000	A £'000	BBB £'000	BBB or less £'000	Not rated £'000	Total £'000
Shares and other variable yield securities, unit trusts and collective investment schemes	88,711	-	162,804	-	-	29,629	281,144
Debt securities	149,679	341,160	3,713	-	-	-	494,551
Overseas deposits as investments	41,040	10,910	9,469	6,751	32,539	31,867	132,576
Deposits with ceding undertakings	-	-	11,201	-	-	-	11,201
Reinsurers' share of claims outstanding	584	99,765	144,219	-	-	11,598	256,166
Cash at bank	-	-	122,623	-	-	-	122,623
Total credit risk	280,014	451,835	454,029	6,751	32,539	73,094	1,298,261

e) Liquidity risk

Liquidity risk is the risk that sufficient liquid financial resources are not maintained to meet liabilities as they fall due. The Syndicate monitors the projected settlement of liabilities and, in conjunction with MGAM, sets guidelines on the composition of the portfolio in order to manage this risk.

Liquidity risk appetites are agreed annually by the Board and adherence to these is monitored at the Risk & Capital Committee. Any exceptions to risk appetite are reported to the Board.

The liquidity risk appetite is monitored on a quarterly basis through a series of stress tests. These stress tests are based on potential liquidity related events that could materialise over different time horizons such as a 1-in-200 year natural or non-natural catastrophe event; or a 25% increase in the expected gross operating outflows.

The duration of the Syndicate's investment portfolio is managed to match the expected cash outflows on liabilities. The average duration of liabilities is 3.6 years (2022, 4.8 years). The duration of the Syndicate's investment portfolio is managed to match the expected cash outflows on liabilities.

The table below, as reported in converted sterling, details the maturity analysis showing remaining contractual maturities.

2023	No stated Maturity £'000	0-1 year £'000	1-3 years £'000	3-5 years £'000	>5 years £'000	Total £'000
Claims Outstanding	-	364,148	407,832	214,947	236,184	1,223,110
Accruals and deferred income	-	449	-	-	-	449
Creditors	-	178,759	-	-	-	178,759
Total	-	543,356	407,832	214,947	236,184	1,402,318

2022	No stated Maturity £'000	0-1 year £'000	1-3 years £'000	3-5 years £'000	>5 years £'000	Total £'000
Claims Outstanding	-	425,339	416,535	200,765	267,878	1,310,517
Accruals and deferred income	-	-	-	-	-	-
Creditors	-	194,240	-	-	-	194,240
Total	-	619,580	416,535	200,765	267,878	1,504,757

The Finance Committee has oversight of Liquidity Risk.

f) Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Operational risk policy sets out our approach to managing this risk. Risk appetites are agreed annually by the Board and adherence to these is monitored at the Risk & Capital Committee. Any exceptions to risk appetite are reported to the Board.

Markel maintains a Risk Register which includes the key Operational Risks faced by the Syndicate. For each Operational Risk, there is a designated Risk Owner as well as details of the key controls that are in place to mitigate the risk. There is a quarterly attestation undertaken by Control Owners in order to confirm that the key controls that they are responsible for are in place and are operating effectively. A summary of the key findings from the quarterly attestation process is issued to members of Markel International's senior management.

The Risk Management team logs and records operational incidents arising from the failure of people, processes and systems and coordinate with the identified Event Owner (i.e. the person who is considered to be the key contact within the business in respect of the incident) and the Responsible Owner (i.e. the key Risk Owner in respect of the incident) in order to develop an appropriate action plan to strengthen the control environment to mitigate the likelihood and/or impact of a reoccurrence of the incident. The Risk Management team monitor the implementation of the action plan through to its completion. The CRO reports on a number of areas of Operational Risk at the quarterly Risk & Capital Committee, with material issues escalated to the Board.

The Operational Leadership Group has oversight of Operational Risk.

g) Capital risk

Capital risk is the risk of failing to hold sufficient capital to meet regulatory or rating agency requirements, inefficient allocation of capital, or a failure to obtain an adequate return on capital.

There are various policies and procedures in place which governs our approach to managing Capital Risk. A Solvency Capital Risk appetite is agreed annually by the Board and adherence to this is monitored at the Risk & Capital Committee. Any exceptions to risk appetite are reported to the Board. This risk appetite monitors the sufficiency of the level of eligible funds held to meet the board defined economic capital requirement.

The Risk and Capital Committee has oversight of Capital Risk.

Capital management

The Society of Lloyd's ("Lloyd's") is a regulated undertaking and subject to supervision by the PRA under the Financial Services and Markets Act 2000, and in accordance with Solvency II Framework.

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

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

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the

Managing Agent, no amount has been shown in these annual accounts by way of such capital resources. However, the Managing Agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

4 Segmental analysis

a) Analysis of business by class:

2023 Calendar Year	Gross Written Premiums £'000	Gross Earned Premiums £'000	Gross Claims Incurred £'000	Gross Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Direct insurance						
Accident & health	1,578	1,483	576	(709)	169	1,519
Marine, aviation and transport	153,076	143,770	(39,528)	(49,228)	(22,202)	32,812
Fire and other damage to property	69,700	65,897	(26,414)	(15,626)	(3,759)	20,098
Third party liability	232,058	231,685	(108,257)	(78,987)	(29,731)	14,710
Miscellaneous	6,972	4,790	(6,409)	(1,757)	(2,384)	(5,760)
Total direct	463,384	447,625	(180,032)	(146,307)	(57,907)	63,379
Reinsurance	238,153	223,237	(108,894)	(72,670)	(52,516)	(10,843)
Total	701,536	670,862	(288,926)	(218,977)	(110,423)	52,536

2022 Calendar Year	Gross Written Premiums £'000	Gross Earned Premiums £'000	Gross Claims Incurred £'000	Gross Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Direct insurance						
Accident & health	2,563	2,508	(841)	(1,036)	(225)	406
Marine, aviation and transport	136,627	122,242	(153,870)	(33,971)	53,363	(12,236)
Fire and other damage to property	62,022	60,614	(48,922)	(18,538)	(2,747)	(9,593)
Third party liability	277,369	258,679	(186,474)	(75,955)	11,262	7,512
Miscellaneous	3,393	3,954	(4,686)	(591)	(12,275)	(13,598)
Total direct	481,974	447,997	(394,793)	(130,091)	49,378	(27,509)
Reinsurance	141,657	131,140	(15,781)	(50,140)	(39,293)	25,926
Total	623,631	579,137	(410,574)	(180,231)	10,085	(1,583)

All premiums are derived from business within the Lloyd's Market.

b) Analysis of premium by destination:

	Gross Written Premiums	
	2023 £'000	2022 £'000
UK	173,003	111,140
Europe (excluding UK)	47,344	42,444
USA	100,090	102,298
Canada	151,193	145,866
Rest of the world	229,906	221,883
Total	701,536	623,631

5 Claims outstanding

Net reserves for claims outstanding at 31 December 2022 were reduced by £123.0m in calendar year 2023. Net reserves for claims outstanding at 31 December 2021 were reduced by £25.4m in calendar year 2022.

6 Net operating expenses

	2023	2022
	£'000	£'000
Commission costs	150,106	130,596
Other acquisition costs	11,696	10,238
Change in deferred acquisition costs	(6,624)	(11,163)
Administrative expenses	77,153	65,169
Gross operating expenses	232,331	194,840
Reinsurance commissions and profit participations	(13,352)	(14,608)
Net operating expenses	218,979	180,232

Commission paid during the year in respect of direct insurance business amounted to £114.9m (2022, £103.5m).

7 Investment income

	2023	2022
	£'000	£'000
Income from investments	31,014	21,701
Gains on the realisation of investments	5,302	2,547
Total	36,316	24,248

8 Investment expenses and charges

	2023	2022
	£'000	£'000
Investment management expenses, including interest	2,284	2,175
Losses on the realisation of investments	279	12,655
Total	2,563	14,830

9 Investment return

	2023	2022
	£'000	£'000
Investment income	36,316	24,248
Net unrealised gains/(losses) on investments	9,569	(59,527)
Investment expenses and charges	(2,563)	(14,830)
Actual return on investments	43,322	(50,109)

10 Staff numbers and costs

Staff are employed by Markel International Services Limited ("MISL"). For a full breakdown of employment costs, please refer to the MISL Annual Accounts.

11 Auditor's remuneration

	2023	2022
	£'000	£'000
Audit of these annual accounts	618	491
Audit-related assurance services	188	174
Total Auditor's remuneration	806	665

Auditor's remuneration is included as part of administrative expenses in note 6 of these annual accounts.

12 Directors' remuneration

The Directors' remuneration is paid by Markel International Services Limited ("MISL") to Directors for their services to the Syndicate, the following remuneration was charged as a Syndicate expense:

	2023	2022
	£'000	£'000
Aggregate remuneration	1,241	1,808
Highest paid Director	2023	2022
	£'000	£'000
Aggregate remuneration and benefits under long-term incentives (excluding gains on exercise of share options and value of shares received)	322	515
Remuneration of the active underwriter	278	379

13 Financial Investments

	Market Value		Cost	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Shares and other variable yield securities and units in unit trusts	37,948	29,629	26,131	19,758
Holdings in collective investment schemes	101,257	251,515	101,257	251,515
Debt securities and other fixed income securities	651,875	494,551	689,261	540,682
Overseas deposits	132,459	132,576	132,459	132,576
Total	923,539	908,271	949,108	944,531
Deposits with ceding undertakings	2,300	11,201	2,300	11,201
Total	925,839	919,472	951,408	955,732

The following table shows financial investments recorded at Market Value analysed between the three levels in the Market Value hierarchy as detailed in note 2(c).

2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	31,440	-	6,508	37,948
Holdings in collective investment schemes	101,257	-	-	101,257
Debt securities and other fixed income securities	119,214	532,661	-	651,875
Overseas Deposits	36,094	96,365	-	132,459
Deposits with ceding undertakings	2,300	-	-	2,300
Total	290,305	629,026	6,508	925,840

2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other fixed income securities and units in unit trusts	23,121	-	6,508	29,629
Holdings in collective investment schemes	251,515	-	-	251,515
Debt securities and other fixed income securities	161,626	332,925	-	494,551
Overseas deposits	29,592	102,984	-	132,576
Deposits with ceding undertakings	11,201	-	-	11,201
Total	477,055	435,909	6,508	919,472

14 Debtors arising out of direct insurance operations and reinsurance operations

	Direct insurance operations		Reinsurance operations	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts owed by intermediaries within one year	243,933	168,913	20,200	63,836
Amounts owed by intermediaries after more than one year	-	6	4	25
Total	243,933	168,919	20,204	63,861

15 Other debtors

	2023	2022
	£'000	£'000
Amounts due from group undertakings	6,961	2,270
Other debtors	6,607	7,235
Amounts due within one year	13,568	9,505

16 Year of Account development

Year of Account	2017	2018	2019	2020	2021	2022	2023	Profit to Member at 36 months
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2016 & prior	56,016	44,173						100,189
2017	(128,714)	19,255	49,260					(60,199)
2018		(83,484)	9,594	8,131				(65,759)
2019			(53,234)	(66,496)	22,527			(97,203)
2020				(57,095)	32,916	(53,348)		(77,527)
2021					(45,722)	54,376	33,371	42,025
2022						(52,847)	86,536	
2023							(29,497)	
Calendar Year Result	(72,698)	(20,056)	5,620	(115,460)	9,721	(51,819)	90,410	

A distribution payment of £42.0m to the corporate member, to be collected in 2024, has been proposed in relation to the 2021 year of account (2023, £77.5m cash call from the corporate member in relation to the 2020 year of account).

17 Technical provisions

Provision for claims outstanding	2023			2022		
	Gross £'000	Reinsurance £'000	Net £'000	Gross £'000	Reinsurance £'000	Net £'000
At 1 January	1,310,517	256,166	1,054,351	1,146,474	184,402	962,072
Movement in provision	(36,864)	59,086	(95,950)	72,164	49,936	22,228
Movement due to foreign exchange	(50,543)	(11,716)	(38,827)	91,879	21,828	70,051
Total movement in reserves	(87,407)	47,370	(134,777)	164,043	71,764	92,279
At 31 December	1,223,110	303,536	919,574	1,310,517	256,166	1,054,351

Provision for unearned premiums	2023			2022		
	Gross £'000	Reinsurance £'000	Net £'000	Gross £'000	Reinsurance £'000	Net £'000
At 1 January	241,885	29,052	212,833	180,456	16,040	164,416
Movement in provision	30,674	3,657	27,017	44,493	11,622	32,871
Movement due to foreign exchange	(11,965)	(1,425)	(10,540)	16,936	1,390	15,546
Total movement in reserves	18,709	2,232	16,477	61,429	13,012	48,417
At 31 December	260,594	31,284	229,310	241,885	29,052	212,833

Deferred acquisition costs	2023 £'000	2022 £'000
At 1 January	50,939	35,997
Change in deferred acquisition costs	6,624	11,163
Movement due to foreign exchange	(2,718)	3,779
At 31 December	54,845	50,939

The following tables have been revalued to reflect the current year end rates of exchange.

Gross outstanding claims provision as at 31 December 2023

Before the effect of reinsurance, the loss development table is:

Underwriting year	All prior years £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	Total £'000	
Estimate of cumulative claims incurred													
At end of underwriting year		121,456	113,564	135,042	350,337	196,465	126,217	138,457	120,911	166,757	137,511		
One year later		244,337	239,539	301,182	503,507	366,920	425,317	328,629	294,139	299,233			
Two years later		270,012	246,273	316,484	532,341	411,954	473,784	344,585	258,305				
Three years later		243,977	239,302	317,127	531,256	421,155	496,522	283,434					
Four years later		271,670	230,164	311,270	508,514	447,912	506,725						
Five years later		274,405	240,422	336,403	535,517	486,318							
Six years later		270,543	209,228	356,458	546,563								
Seven years later		271,907	257,981	370,888									
Eight years later		277,934	268,227										
Nine years later		265,317											
Cumulative paid claims													
At end of underwriting year		(8,584)	(11,145)	(21,887)	(40,951)	(19,589)	(16,324)	(17,206)	(7,313)	(9,183)	(10,491)		
One year later		(66,992)	(74,510)	(102,159)	(199,038)	(116,515)	(123,898)	(68,718)	(45,101)	(38,693)			
Two years later		(111,054)	(125,092)	(182,803)	(318,459)	(220,351)	(255,667)	(117,710)	(97,737)				
Three years later		(150,590)	(154,602)	(224,861)	(381,976)	(292,869)	(319,968)	(151,740)					
Four years later		(175,853)	(177,081)	(258,049)	(418,634)	(331,138)	(381,835)						
Five years later		(210,202)	(195,904)	(275,890)	(459,034)	(369,274)							
Six years later		(223,173)	(211,403)	(300,392)	(490,412)								
Seven years later		(221,659)	(227,079)	(310,610)									
Eight years later		(227,977)	(236,910)										
Nine years later		(236,013)											
Gross outstanding claims provision at 31 December 2023		124,305	29,304	31,316	60,277	56,151	117,044	124,890	131,694	160,568	260,540	127,020	1,223,109

Net outstanding claims provision as at 31 December 2023

After the effect of reinsurance, the loss development table is:

Underwriting year	All prior years £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	Total £'000	
Estimate of cumulative claims incurred													
At end of underwriting year		115,283	103,529	126,638	214,567	152,235	116,506	121,008	84,844	88,252	93,164		
One year later		218,914	220,587	272,808	376,149	315,333	374,430	270,447	214,627	227,737			
Two years later		213,802	203,521	289,966	400,228	352,287	415,437	287,300	199,851				
Three years later		205,004	196,600	292,113	387,449	359,933	411,257	232,457					
Four years later		228,875	188,804	300,587	364,765	383,772	407,739						
Five years later		235,893	198,207	330,999	396,773	421,403							
Six years later		234,503	176,410	340,354	403,380								
Seven years later		224,857	214,150	350,283									
Eight years later		230,523	226,079										
Nine years later		219,340											
Cumulative paid claims													
At end of underwriting year		(8,425)	(10,784)	(21,683)	(32,601)	(19,398)	(16,263)	(16,975)	(5,235)	(8,547)	(9,505)		
One year later		(63,175)	(71,166)	(97,434)	(150,270)	(102,014)	(103,678)	(67,475)	(32,524)	(28,236)			
Two years later		(102,590)	(118,080)	(170,584)	(242,430)	(182,250)	(201,293)	(109,683)	(81,774)				
Three years later		(132,004)	(146,397)	(211,384)	(270,283)	(242,284)	(245,627)	(125,083)					
Four years later		(149,562)	(167,743)	(243,882)	(305,269)	(273,626)	(295,876)						
Five years later		(177,318)	(185,698)	(260,821)	(327,496)	(312,073)							
Six years later		(189,836)	(201,158)	(285,090)	(355,973)								
Seven years later		(189,192)	(213,088)	(295,251)									
Eight years later		(194,966)	(222,949)										
Nine years later		(203,088)											
Net outstanding claims provision at 31 December 2023		67,953	16,252	3,130	55,031	47,407	109,329	111,862	107,374	118,077	199,501	83,658	919,574

An adjustment has been made to correct the misallocation of a sub-set of incurred claims in the claims development tables disclosed in the 2022 financial statements. These claims have been reallocated from the 2015 underwriting year to the correct underwriting years. The cumulative paid claims and the total outstanding claims provisions presented in the table were unaffected.

18 Creditors arising out of direct insurance operations and reinsurance operations

	Direct insurance operations		Reinsurance operations	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts owed to intermediaries within one year	25,704	(3,551)	41,422	33,400
Total	25,704	(3,551)	41,422	33,400

19 Other creditors

	2023 £'000	2022 £'000
Amounts due to other group undertakings	106,108	158,852
Other Creditors	5,974	5,539
Total	112,082	164,391

20 Discounted claims

The claims relating to Payment Protection Orders "PPOs" have been discounted as follows:

Class of business	Discount rates		Mean term of liabilities	
	2023	2022	2023	2022
Motor	3.0%	3.0%	16.7 years	20.2 years

The period that will elapse before claims are settled is determined using adjusted mortality tables.

In March 2023 the Syndicate entered into a deal with Marco Capital Ltd for the LPT in relation to its UK Motor PPO portfolio. As a result the UK Motor PPO portfolio is now fully reinsured, resulting in no remaining net liability for the syndicate.

The claims provisions before discounting are as follows:

	2023 £'000	2022 £'000
Total claims provisions before discounting	88,950	90,029
Reinsurers' share of total claims provisions before discounting	(88,950)	-
Net claims provisions before discounting	-	90,029
Discount credit	(44,188)	(44,827)
Reinsurers' share of Discount credit	44,188	-
Net claims provisions post discounting	-	45,202

21 Related parties

MISL and Markel Services Incorporated ("MSI") provides services to the Syndicate. The amounts charged to and balances due from the Syndicate at the year end are:

	2023 £'000	2022 £'000
Expenses recharged	(71,722)	(72,550)
Expenses settled in the year	83,049	73,520
Year end balance due from the Syndicate	(7,009)	(18,336)

The Syndicate pays Income Tax for various territories, the most notable being Canadian and United States Income Tax, which is reimbursed by MCAP. The Syndicate has paid the following amounts and balances due to the Syndicate at the year end are:

	2023 £'000	2022 £'000
United States and Canadian Income Tax due (reimbursed)/paid to the Syndicate in the year	(1,463)	3,187
United States and Canadian Income Tax reimbursed by MCAP in the year	(4,152)	-
Other Income Taxes paid (from)/to the Syndicate in the year	(8)	2
Year end balance due to the Syndicate	1,026	6,649

The following companies provide services to the Syndicate. The amounts charged to and balances due from the Syndicate at the year end are:

	Management Fees Charged 2023 £'000	Management Fees Settled 2023 £'000	YE balance due from the Syndicate 2023 £'000	Management Fees Charged 2022 £'000	Management Fees Settled 2022 £'000	YE balance due from the Syndicate 2022 £'000
Markel International Singapore PTE Limited	(6,627)	6,584	(1,662)	(4,807)	4,587	(1,619)
Markel International Hong Kong Limited	(1,495)	1,548	(424)	(1,163)	1,112	(478)
Markel International Labuan Limited	(158)	157	(14)	(138)	135	(13)
Markel International Dubai Limited	(1,921)	1,868	(87)	(1,506)	1,488	(34)

The Group have made available a \$200m credit revolving facility. As at December 31, 2023 the Syndicate has not drawn down on this facility

The Syndicate has a reinsurance arrangement with MIICL in relation to its US Wind and Quake, Japanese Wind and Quake and European Wind exposure, which was in place for the 2014 to the 2021 years of account.

The Syndicate has recognised the following amounts in the year and the balances due to the Syndicate at the end of the year relating to these are:

	2023 £'000	2022 £'000
Incurring claims movement	(1,045)	(7,689)
Year end balance due to the Syndicate	584	1,629

The Syndicate has an internal reinsurance in place on the 2021 year of account, which transfers liability from the Syndicate to MIICL. It has limits of \$8m xs \$2m and covers all Marine and Energy classes.

The Syndicate has an internal reinsurance in place on the 2022 Year of account, which transfers liability from the Syndicate to MIICL. It has limits of \$7.5m xs \$2.5m and covers all Marine and Energy classes, as well as 80% of Trade Credit, Political Risk, and Surety classes.

The Syndicate has an internal reinsurance in place on the 2023 Year of account, which transfers liability from the Syndicate to MIICL. It has limits of \$15m xs \$5m covering Marine and Energy classes, limits of \$20xs \$5m covering Terrorism classes, as well as 75% of Trade Credit, Political Risk, and Surety classes.

The following reinsurance amounts in the year and balances due to the Syndicate at the end of the year relating to these are:

	2023 £'000	2022 £'000
Premiums ceded to MIICL	(20,739)	(18,173)
Incurring claims movement	7,187	11,333
Year end balance due to the Syndicate	46,580	42,046

The Syndicate has an internal reinsurance in place on the 2023 Year of account, which transfers liability from the Syndicate to Markel Bermuda Limited ("MBL"). It has limits of \$15m xs \$5m and covers the Hull, Cargo and Specie classes.

The following reinsurance amounts in the year and balances due to the Syndicate at the end of the year relating to these are:

	2023 £'000	2022 £'000
Premiums ceded to MBL	(1,924)	-
Incurring claims movement	-	-
Year end balance due to the Syndicate	2,755	-

MGAM is the Syndicate investment manager. The following amounts have been charged to the Syndicate:

	2023	2022
	£'000	£'000
Fees paid	2,284	2,175
Year end balance due from the Syndicate	-	-

During 2023, Kalpana Shah was a Director of Just Group Plc. Syndicate 3000 has a 1.5% line on a declaration in respect of Just Group Plc.

During 2023, Kalpana Shah was also a director of Asta Managing Agency Limited. Various syndicates under the Asta Managing Agency umbrella are reinsurers of the Company, but there is no recoverable balance with any of those syndicates at 31st December 2023.