Important information about Syndicate Reports and Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification.

The syndicate reports and accounts set forth in this section of the Lloyd’s website, which have been filed with Lloyd’s in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd’s, and Lloyd’s has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd’s or membership on any syndicate of Lloyd’s, and no offer to join Lloyd’s or any syndicate is being made hereby. Members of Lloyd’s are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate’s performance in any subsequent syndicate year.

You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgment and agreement, by which they will also be bound.

Syndicate 6125

Annual Report

Year ended
31 December 2022

CONTENTS

SYNDICATE 6125
DIRECTORS AND ADVISERS

Managing Agent

Hamilton Managing Agency Limited

Registered Office

Level 3
8 Fenchurch Place
London
EC3M 4AJ

Registered Number

05832065

Directors

A. J. Baker	Executive
P. J. Barrett (resigned 30 April 2022)	Non-Executive
M. J. Beacham (resigned 28 February 2022)	Independent Non-Executive
M. J. Beane	Independent Non-Executive
A. J. Daws	Executive
K. Forte (appointed 1 November 2022)	Independent Non-Executive
H. M. Goodhew (appointed 2 February 2022; resigned 1 September 2022)	Independent Non-Executive
P. C. F. Haynes	Independent Non-Executive, Chairman
R. S. Vetch	Executive

Company Secretary

P. Longville

Syndicate

Active Underwriter (Syndicate 4000)

M. E. Colaço-Osorio

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

SYNDICATE 6125

MANAGING AGENT'S REPORT

The Directors of Hamilton Managing Agency Limited ("HMA") present the Managing Agent's Report for Syndicate 6125 (the 'Syndicate') for the year ended 31 December 2022.

Principal Activity

The Syndicate is a Special Purpose Arrangement ("SPA") with the principal activity of underwriting short-tail quota share reinsurance cessions from Syndicate 4000 until November 2020 at which point it was placed into run-off. Syndicate 4000 is also managed by HMA.

The Syndicate commenced underwriting on 1 January 2016 as part of the strategic partnership and cooperation agreements between HMA and Reaseguradora Patria S.A ("Patria"). The ultimate parent company of Patria is Peña Verde S.A.B ("Peña Verde"), a Mexican domiciled insurance and reinsurance group with an established presence in Central and South America.

The Syndicate capital to support underwriting is provided by Patria Corporate Member Ltd ("PCM"). PCM's ultimate parent company is Peña Verde.

The Syndicate has closed as at 31 December 2022.

Management of the Syndicate

The Syndicate is managed by HMA. HMA's immediate parent undertaking is Hamilton UK Holdings Limited, a company registered in England and Wales. HMA's ultimate parent company is Hamilton Insurance Group, Ltd (collectively with its subsidiaries, "the Hamilton Group"), a company registered in Bermuda.

Business of the Syndicate

Further details of the product areas previously written are provided below.

<u>Property Treaty/Marine Treaty</u>

The Property Treaty and Marine Treaty accounts were written by Syndicate 4000, with the Syndicate accepting 90% of this business through quota share reinsurance cessions. The Property Treaty and Marine Treaty accounts were international portfolios with the majority of risks written on an excess of loss basis.

<u>Quota share cessions from Syndicate 4000</u>

Prior to the 2020 year of account, Syndicate 4000 ceded a proportion of a number of short tail lines of business, primarily in the Speciality and Accident & Health lines.

Review of Financial Performance

The key financial indicators of the Syndicate are:

	2022 **£000**	**2021** **£000**
Gross premiums written	(6,882)	9,176
Loss for the financial year	(3,897)	(369)
Total comprehensive loss	(4,251)	(503)
Net combined ratio (being total of net loss ratio and net expense ratio)	52.4%	102.1%

The Syndicate reports a net loss for the financial year ended 31 December 2022 of £3.9m (2021: loss of £0.4m). The key drivers for the financial year result are set out below.

<u>Gross Written Premiums</u>

The Syndicate reports negative gross written premiums for the financial year of £6.9m (2021: £9.2m, positive). £7.0m of this reflects a reversal of liability and surety business ceded from Patria to Syndicate 4000, the host syndicate. There were no new premiums bound in either year, the remaining premium movements of positive £0.1m in 2022, and £9.2m in 2021, relate to final writing patterns, and changes to estimates, on premiums bound prior to being placed into run-off.

<u>Net Losses Incurred</u>

Net losses incurred during the financial year are £4.1m positive and 58.2% (2021: £10.8m, negative and 89.2%). £5.0m of IBNR reserves were released relating to the reversal of liability and surety business, the remaining £0.9m of net loss charges related to claims development on the run-off of the book, being a mixture of strengthening of marine and casualty reserves offset by favourable experience on prior year catastrophe events.

There was no exposure to 2022 catastrophe events. In the prior year the net claims ratio was 89.2% and was impacted by the US winter storms in early 2021 (12.8% on the net loss ratio in the year).

Outlook

In November 2020, HMA/Patria made the decision to put the Syndicate into run-off.

The Syndicate continued to be managed by HMA since that time and cession arrangements with Syndicate 4000 remained in place. Effective 1 January 2021, the back years of Syndicate 4000 were subject to an external reinsurance to close arrangement with Syndicate 3500. Accordingly, the 2016 to 2018 year of account cession arrangements transferred to Syndicate 3500 as the host syndicate.

Syndicate 6125 has been closed as at 31 December 2022. Effective 1 January 2023 the assets and liabilities of the 2020 and prior underwriting years have been transferred to Syndicate 3500's 2021 underwriting year of account, under the terms of an external reinsurance to close agreement.

Research and Development

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

Staff Matters

HMA believes that its staff members are key to its success and seeks to provide a good working environment for its staff that is safe and complies with appropriate employee legislation. There have been no significant injuries to staff in the workplace during the year or any significant actions taken by any regulatory bodies regarding staff matters. Human resources' key performance indicators are reviewed periodically by committees of the Board, and all such indicators are in line with the expectations of the Directors.

HMA has entered into a service agreement with Hamilton UK Services Limited to provide services in relation to its role as managing agent, including for Syndicate 6125. HMA and Hamilton UK Services Limited are both wholly owned subsidiaries of Hamilton UK Holdings Limited.

The Board ensures that the interests of its staff members are appropriately considered when making decisions. In 2022 this included:

- A comprehensive Performance Management process (including peer feedback and consistency meetings)
- Regular Employee Town Halls where senior management facilitated discussion on key business developments in an open forum, complemented by frequent email and MS Teams-based communication
- Two staff engagement surveys with appropriate follow up action taken
- An active Diversity & Inclusion Forum, including communications on days of recognition
- Introduction of a comprehensive learning & development programme including training for staff members on various topics such as software, leadership, management, soft skills and occupational-specific training

Staff Matters (continued)

HMA is committed to supporting the health and well-being of its staff members and has partnered with a leading online workplace mental health platform as part of its Employee Wellbeing Programme. Hamilton is committed to creating an inclusive workspace where all employees thrive and can bring themselves to work. HMA embraces all backgrounds, perspectives, experiences and talents – without discrimination.

Environmental Matters

HMA is dedicated to being a responsible business and taking care of its community and the environment. HMA's approach is to use its position of strength to create a positive change for the people and communities with which the Company interacts. HMA seeks to leverage its expertise and enable employees to support the communities around us.

Business Relationships

HMA is committed to being a conscientious business and doing the right thing for its customers and business partners. The Board recognises that relationships with stakeholders are key to the delivery of the strategy. As such, HMA looks to conduct business with like-minded firms by undertaking the appropriate due diligence to ensure they have good prospects for future and longevity in the market. HMA ensures compliance with all applicable laws and has in place various internal policies, processes and procedures covering all aspects of the business to ensure outcomes of business practice achieve consistently high business and ethical standards. These policies, procedures and processes are reviewed and, where applicable, renewed regularly.

Business Conduct

The Board recognises that a commitment to a high standard of business conduct is critical to the delivery of the strategy and aspires to complete honesty and transparency in all activity. Among key documents reviewed and approved by the Board annually are the Conduct Management Framework, Whistleblowing Policy, Financial Crime Prevention Policy, and the Code of Conduct & Ethics. The Board further monitors conduct management at each meeting and is committed to maintaining high ethical standards.

Regulators

HMA has transparent communication with its key regulators which is facilitated through the compliance team. Any significant regulatory engagements are reported to the Board of HMA.

Principal Risk and Uncertainties

The Board sets risk appetite annually as part of the Syndicate's business planning and capacity setting process. HMA has established a Risk Committee, which meets at least quarterly, to review and update the risk register and to monitor performance against risk appetite using a series of key risk indicators. An Own Risk and Solvency Assessment ("ORSA") report is completed annually and reviewed on a quarterly basis. The ORSA is used to monitor changes in the risk profile of HMA and to ensure that HMA meets its current and future capital requirements.

The principal risks and uncertainties facing the Syndicate are set out in note 2 to the Annual Report.

Directors and Officers Serving During the Year

The Directors who served during the year ended 31 December 2022 and up to the date of this report (and the current Company Secretary) are detailed on page 3.

Going Concern Basis

These financial statements are prepared on a basis other than going concern. Further details on this are set out in note 1 to the Annual Report.

Annual General Meeting

The Directors do not propose to hold an annual general meeting for the Syndicate.

Auditor

During the year, HMA appointed Ernst & Young LLP as the auditors for the Syndicate. Following the completion of the reinsurance to close arrangement and closure of the Syndicate, Ernst & Young LLP will resign as the Syndicate's auditor.

Disclosure of Information to the Auditor

The Directors who held office at the date of the approval of this Managing Agent's Report confirm that, so far as they are individually 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 director to make them aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

Board Approval

Approved by order of the Board of Hamilton Managing Agency Limited.

A. J. Daws
Chief Executive Officer
24 February 2023

SYNDICATE 6125

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The managing agent is responsible for preparing the Syndicate Annual Accounts in accordance with applicable law and regulations.

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

In preparing the Syndicate Annual Accounts, the managing agent is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the notes to the Syndicate accounts; and
- prepare the Syndicate accounts on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume the Syndicate will do so.

The managing agent is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SYNDICATE 6125

Opinion

We have audited the syndicate annual accounts of Syndicate 6125 ('the Syndicate') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate annual accounts:

- give a true and fair view of the Syndicate's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

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

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

Emphasis of matter – closure of the 2020 year of account

We draw attention to the basis of preparation in note 1 which explains that the 2020 year of account of Syndicate 6125 has closed and all assets and liabilities transferred to the 2021 year of account of Syndicate 3500 through a third-party reinsurance to close arrangement at 31 December 2022. Syndicate 6125 has no successor year of account. As a result, the Annual Accounts of Syndicate 6125 have been prepared under a basis other than going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report set out on pages 4 to 7, other than the syndicate annual accounts and our auditor's report thereon. The directors of the managing agent are responsible for the other information contained within the annual report. Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

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

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Syndicate and its environment obtained in the course of the audit, we have not identified material misstatements in the managing agent’s report.

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

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

Responsibilities of the managing agent

As explained more fully in the Statement of Managing Agent’s Responsibilities set out on page 8, the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the managing agent and management.

Our approach was as follows:

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the Syndicate and determined that the most significant are direct laws and regulations, related to elements of Lloyd’s Byelaws and Regulations, and the financial reporting framework (UK GAAP), and requirements referred to by Lloyd’s in the instructions. Our considerations of other laws and regulations that may have a material effect on the syndicate annual accounts included permissions and supervisory requirements of Lloyd’s of London, the Prudential Regulation Authority (‘PRA’) and the Financial Conduct Authority (‘FCA’).
- We obtained a general understanding of how the Syndicate is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the Syndicate. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the Syndicate, Lloyd’s of London and other UK regulatory bodies; reviewed minutes of the Board and Risk Committee of the managing agent; and gained an understanding of the managing agent’s approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related syndicate annual accounts’ items.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the managing agent and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the managing agent's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with Lloyd's, the FCA and the PRA.
- The Syndicate operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the Syndicate's annual accounts to material misstatement, including how fraud might occur by considering the controls that the managing agent has established to address risks identified by the managing agent, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the syndicate annual accounts were free from fraud or error.

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

Use of our report

This report is made solely to the Syndicate's members, as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an 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.

Robert Bruce (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 February 2023

SYNDICATE 6125

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned premiums, net of reinsurance			
Gross premiums written	3	(6,882)	9,176
Outward reinsurance premiums		(295)	(117)
Net premiums written		(7,177)	9,059
Change in the provision for unearned premiums			
Gross amount		101	3,980
Reinsurers' share		(14)	(913)
Change in the net provision for unearned premiums		87	3,067
Earned premiums, net of reinsurance		(7,090)	12,126
Allocated investment return transferred from the non-technical account		-	4
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(6,977)	(9,812)
Reinsurers' share		490	848
Net claims paid		(6,487)	(8,964)
Change in the provision for claims			
Gross amount		10,493	597
Reinsurers' share		122	(2,452)
Change in the net provision for claims		10,615	(1,855)
Claims incurred, net of reinsurance		4,128	(10,819)
Net operating expenses	5	(414)	(1,560)
Balance on technical account - general business		(3,376)	(249)
NON-TECHNICAL ACCOUNT			
Income from investments		-	4
Allocated investment return transferred to the technical account		-	(4)
Foreign exchange losses		(521)	(120)
Loss for the financial year		(3,897)	(369)
Other comprehensive income - currency translation losses		(354)	(134)
Total comprehensive loss for the financial year		(4,251)	(503)

All the amounts above are in respect of continuing operations.

SYNDICATE 6125

STATEMENT OF CHANGES IN MEMBERS' BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £000	**2021 £000**
Balance at 1 January	(6,885)	(10,428)
Loss for the financial year	(3,897)	(369)
Currency translation losses	(354)	(134)
Total comprehensive loss for the financial year	(4,251)	(503)
Receipt of loss from members' personal reserve fund	3,345	4,055
Other	1	(9)
Balance at 31 December	(7,790)	(6,885)

SYNDICATE 6125

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
ASSETS			
Reinsurers' share of technical provisions			
Provision for unearned premiums	11	-	13
Claims outstanding	11	1,999	1,636
		1,999	1,649
Debtors arising out of reinsurance operations			
Due within one year	9	13,316	22,890
Due after one year	9	-	18,130
		13,316	41,020
Other debtors			
Due within one year		11,455	951
Prepayments and accrued income			
Deferred acquisition costs	10	-	12
TOTAL ASSETS		26,770	43,632
MEMBERS' BALANCES AND LIABILITIES			
Members' balances		(7,790)	(6,885)
Technical provisions			
Provision for unearned premiums	11	-	98
Claims outstanding	11	17,404	25,882
		17,404	25,980
Creditors due within one year			
Creditors arising out of reinsurance operations		17,156	15,791
Creditors due after one year			
Creditors arising out of reinsurance operations		-	8,744
Accruals and deferred income		-	2
TOTAL MEMBERS' BALANCES AND LIABILITIES		26,770	43,632

The Syndicate Annual Accounts on pages 12 to 27 were approved by the Board of Hamilton Managing Agency Limited on 24 February 2023 and were signed on its behalf by:

R. S. Vetch
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £000	2021 £000
Cash flow from operating activities		
Operating result	(3,897)	(369)
Adjustments:		
Decrease in gross technical provisions	(8,576)	(4,547)
(Increase)/decrease in reinsurers' share of technical provisions	(350)	3,339
Decrease in debtors	27,704	11,650
Decrease in creditors	(7,379)	(10,928)
Movement in other assets and liabilities	(10,493)	(3,053)
Investment return	-	(4)
Other	(354)	(143)
Net cash flow from operating activities	(3,345)	(4,055)
Cash flow from financing activities		
Cash call from members	3,345	4,055
Net cash inflow from financing activities	3,345	4,055
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

1. Statement of Accounting Policies

General Information

The Syndicate commenced trading on 1 January 2016 as a Special Purpose Arrangement.

Patria Corporate Member Limited, a corporate member of the Society of Lloyd's that underwrites insurance business in the London market, is the sole capital provider for the Syndicate.

Compliance with Accounting Standards

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies. There were no material departures from those standards.

Basis of Preparation

The financial statements for the year ended 31 December 2022 comply with FRS 102 and 103.

The financial statements have been prepared on a recoverable value basis, due to the RITC agreement this is the equivalent of the historical cost basis.

The financial statements are presented in pounds sterling, which is the Syndicate's reporting currency, in order for them to be consistent with returns provided to Lloyd's. The Syndicate's functional currency is US dollars, which reflects the underlying business of the Syndicate. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going Concern Basis

Syndicate 6125 has entered into a reinsurance to close arrangement with Syndicate 3500 in respect of the 2020 year of account. The Syndicate has no remaining open or run-off years of account. On this basis the syndicate is no longer a going concern.

Accordingly, the annual accounts have been prepared on the basis of other than going concern. While these syndicate accounts have not been prepared on a going concern basis, the RITC process occurs in the ordinary course of business, and there is no impact on the valuation of the assets or liabilities of the Syndicate.

Use of Judgements and Estimates

In preparing these financial statements, the Directors of the managing agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

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

1. Statement of Accounting Policies (continued)

Provision for Claims Outstanding

The measurement of the provision for claims outstanding involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events, that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported ("IBNR") to the Syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate managing agent's actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time in view of the likely ultimate claims to be experienced, and for more recent underwriting, having regard to variations in business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of business accepted and assessments of underwriting conditions. As at 31 December 2021, the estimation of gross claims outstanding reflects adjustments to align the technical provisions to those agreed in the reinsurance to close agreement entered.

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in note 2.

Estimated Premium Income

For certain insurance contracts, premium is initially recognised based on an estimate. Where premium is sourced through delegated underwriting, the premium estimate is pro-rated across the facility period. This is calculated on a straight-line basis unless the underlying writing pattern is understood to differ materially from this. Underwriters adjust the premium estimates as the year of account matures and after a set period, the premiums are adjusted to match the actual signed premium. These estimates are judgemental and could result in revisions in future accounting periods. The use of expert judgements and historical development patterns are the principle means by which the potential for revisions is minimised.

<u>Basis of Accounting</u>

The underwriting results are determined on an annual basis of accounting. Under the annual basis of accounting, the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance. The significant accounting policies are detailed below.

Premiums Written

Premiums written comprise direct and inwards reinsurance premiums on contracts incepted during the financial year. Premiums are shown gross of brokerage, payable to intermediaries and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due to the Syndicate not yet notified.

Unearned Premiums

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

Reinsurance Premiums Ceded

Outwards reinsurance premiums are accounted for and earned in the same accounting period as the premiums for the related direct or inwards business being reinsured.

1. Statement of accounting policies (continued)

Basis of Accounting (continued)

Acquisition Costs

Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. The deferred acquisition cost asset represents the proportion of acquisition costs, which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date; this is then earned in future periods in line with the associated premium income.

Claims Provisions and Related Recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs.

The provision for claims outstanding is assessed on an individual case-by-case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ("IBNR") at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time, to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and where material, reported as an asset.

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

The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. To the extent we do not believe this to be true in specific areas, adjustments are made by the actuarial team.

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

Unexpired Risks Provision

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition cost deferred.

The provision for unexpired risks is calculated by reference to classes of business, which are managed together, after taking into account relevant investment return.

As of 31 December 2022 and 31 December 2021 the Syndicate did not have an unexpired risk provision.

1. Statement of accounting policies (continued)

Basis of Accounting (continued)

Foreign Currencies

The Syndicate's functional currency is US dollars. The financial statements are presented in pounds sterling, which is the Syndicate's reporting currency, in order for them to be consistent with returns provided to Lloyd's.

Transactions in pounds sterling, Canadian dollars, Australian dollars and euros are translated at the average rates of exchange for the period. Transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisitions costs) denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

Exchange differences arising on the retranslation of opening balance sheet items at the closing balance sheet rate and the retranslation of the profit and loss account for the year are recorded in the non-technical account. Exchange differences arising on the retranslation from functional to presentational currency are recorded in Other Comprehensive Income.

The rates of exchange used to translate foreign currency monetary balances at year-end to pounds sterling are as follows:

	31 December 2022	31 December 2021
US dollar	1.20	1.35
Canadian dollar	1.63	1.71
Euro	1.13	1.19
Australian dollar	1.77	1.86

Investment Return

Investment return comprises notional investment income on the Syndicate's funds withheld by Syndicate 4000. Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account.

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' agent is gross of tax.

No provision has been made for overseas income tax payable on underwriting results. Any payments on account made by the Syndicate during the year are included in the balance sheet under the heading 'Members' balances'.

Profit Commission

Profit commission payable to Lloyd's coverholders or producing brokers has been provided for on all years of account and recognised within acquisition costs in the income statement. Profit commission accruals are calculated based on the expected profit or loss of qualifying premium and are included within creditors on the balance sheet. Profit commissions are calculated at the minimum value of underwriting profits whilst there is uncertainty over the amounts due. As such this is an estimation based on the level of information available at a point in time.

2. Risk Management

Risk Framework

The primary objective of the Syndicate's Risk Management Framework is to protect the members from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The Board recognises the critical importance of having efficient and effective risk management systems in place.

HMA has an established risk management function for the Syndicate with a clear remit from the Board. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board. The Risk Management Framework sets out the risk profiles for the Syndicate, risk management, control and business conduct standards for the Syndicate's operations. It is reviewed annually and any changes are approved by the Board.

The Risk Committee and the Board approve the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. Significant emphasis is placed on the assessment and documentation of existing and emerging risks and controls, including the articulation of risk appetite.

Insurance Risk – Underwriting

Insurance Risk is a core aspect of the Syndicate's business model and it is recognised that uncertainty associated with the frequency and severity of claims is inherent to general insurance. The Syndicate accepts a measured amount of this risk in exchange for underwriting profit, relying on the skills and experience of our underwriters and a robust control framework to reduce the likelihood and impact of this risk as far as is practicable and without unreasonable expense.

HMA's Board approves the risk appetite limit, after consultation with capital providers considering the relativity between willingness to lose and potential forecast profitability for each year of account. The risk appetite will therefore reflect the view of forecast profitability, utilising the Syndicate's latest business plan assumptions.

Principal Risks

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

Following the move to run-off status, focus has been on effective claims management.

Reinsurance

Reinsurance allows the Syndicate to manage capital exposure to both frequency and severity of claims. This includes the management of any systemic issues impacting a particular area of the account, as well as catastrophic losses across all business areas.

Underwriting Committee

The Syndicate underwrites short-tail quota share reinsurance cessions from Syndicate 4000. Syndicate 4000 organises underwriting through a number of product areas. The Underwriting Committee provides direct oversight for each underwriting unit, and ultimately reports to the HMA Board via the Chief Underwriting Officer Reports.

Claims Management

To reduce the risk exposure of the Syndicate, HMA has put in place strict claim review policies to assess all new and ongoing claims. HMA performs regular detailed reviews of claims handling procedures and conducts frequent investigations of possible fraudulent claims.

For the year ended 31 December 2022, the syndicate had no unexpired exposure from policies relevant to Lloyd's Realistic Disaster Scenarios Framework. As a result, no loss estimates based on the Realistic Disaster Scenarios Framework are reported.

2. Risk Management (continued)

Insurance Risk – Reserving

Principal Risk

HMA's reserving policy seeks to ensure appropriate allowance for reserving risk and consistency in reserving from year to year. Booked reserves represent the level of reserves booked at syndicate level and provide the basis for the syndicate results and forecasts.

Actuarial best estimate reserves are intended to be true best estimates, i.e. estimates of expected value claims reserves. These are the basis for internal reporting and the derivation of expected loss ratios for business planning.

The following table illustrates the sensitivity of the financial year results to changes in the current year earned net loss ratio (negative movements reflect a decrease in results / members' balances):

Impact on result and members' balances (change in net reserves)	**2022 £000**	**2021 £000**
Net loss ratio – increase of 5%	(355)	(606)
Net loss ratio – increase of 10%	(709)	(1,213)

Mitigation

Reserving risk is controlled by the robust application of actuarial methodologies, stepped sign-off procedures, quarterly tracking of projected ultimate loss ratios, reassessment of methodologies where appropriate, regular dialogue between actuaries and practitioners, and access to historical loss data. The use of independent external reserve assessments by professional services firms provides additional risk mitigation.

Management has considered the effects of the recent heightened inflation environment on claims reserves and has made appropriate allowance in the reserving analysis and results. Specific considerations were made around current economic circumstances, social inflation trends and the potential impact to business portfolio mix when setting reserving assumptions.

Regulatory Risk

HMA is required to comply with the requirements of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by relevant overseas regulators. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. HMA has a Compliance Officer, who monitors regulatory developments and assesses the impact on HMA policy. HMA also carries out a compliance-monitoring programme as documented in the Compliance Framework.

Capital Framework at Lloyd's

Lloyd's is a regulated undertaking and subject to the supervision of the Prudential Regulatory Authority ("PRA") under the Financial Services and Markets Act 2000. Lloyd's is subject to the capital regime determined by the PRA which is based upon the Solvency II capital regime. Within the supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II capital requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II capital requirements applies at Lloyd's aggregate level, and not syndicate level. Accordingly, the capital requirement in respect of the Syndicate is not disclosed in these financial statements.

Provision of Capital by Members

Each member may provide capital to meet its Economic Capital Assessment ('ECA') either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), held within and managed within a syndicate (Funds in Syndicate) or as the member's share of the members' balances on each syndicate on which it participates.

Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the statement of financial position, represent resources available to meet members' and Lloyd's capital requirements.

2. Risk Management (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The key aspect of credit risk is the risk of default by a reinsurer, insurance intermediary or debt holder. As an SPA, this risk is closely interlinked with that of Syndicate 4000.

The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2022 by classifying assets according to Standard & Poor's credit ratings of the counterparties for assets not yet due. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB and below are classified as speculative grade and have not been rated.

As at 31 December 2022	AAA £000	AA £000	A £000	BBB and below £000	Not rated £000	Total £000
Reinsurers' share of outstanding claims	-	-	1,761	238	-	1,999
Reinsurance debtors	-	-	389	117	-	506
Total	-	-	2,150	355	-	2,505

As at 31 December 2021	AAA £000	AA £000	A £000	BBB and below £000	Not rated £000	Total £000
Reinsurers' share of outstanding claims	-	-	1,389	240	7	1,636
Reinsurance debtors	-	-	907	183	9	1,099
Total	-	-	2,296	423	16	2,735

The HMA Reinsurance Working Group monitors all reinsurer counterparties with whom the Syndicate conducts business and sets credit limits for the recoveries due from individual reinsurers. The review includes an analysis of the financial strength of the reinsurer, its payment performance record and standing in the market. Thereafter, with the assistance of outside expertise, management of reinsurer credit risk follows active and regular review of credit ratings and financial exposure to all approved reinsurers.

Broker credit risk limits are also determined depending on the grading of the relevant broker and exposures monitored against limits on a monthly basis.

As at the balance sheet date, all financial assets of the Syndicate are unimpaired (2021: all unimpaired) and are not yet due (2021: all not yet due).

Liquidity Risk

The Syndicate operates on a funds withheld basis with the host syndicate, so is not subject to liquidity risk on a day-to-day basis on its own balance sheet.

As at 31 December 2022	Up to one year £000	One to three years £000	Three to five years £000	Greater than five years £000	Total £000
Claims outstanding	9,398	5,584	1,471	951	17,404
Creditors	9,264	5,505	1,450	937	17,156
Total	18,662	11,089	2,921	1,888	34,560

As at 31 December 2021	Up to one year £000	One to three years £000	Three to five years £000	Greater than five years £000	Total £000
Claims outstanding	12,478	10,027	2,483	894	25,882
Creditors	11,829	9,505	2,354	847	24,535
Total	24,307	19,532	4,837	1,741	50,417

2. Risk Management (continued)

Market Risk – Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Syndicate writes a significant proportion of reinsurance business in currencies other than pounds sterling, which creates exposure to currency risk. The table below summarises the exposure of financial assets and liabilities to foreign currency exchange risk at the balance sheet date.

As at 31 December 2022	GBP £000	USD £000	EUR £000	CAD £000	AUD £000	Total £000
Reinsurers' share of technical provisions	56	1,929	(16)	38	(8)	1,999
Debtors - reinsurance operations	(1,708)	13,630	1,284	99	11	13,316
Other debtors, prepayments & accrued income	2,952	3,853	3,907	272	471	11,455
Total assets	1,300	19,412	5,175	409	474	26,770
Technical provisions	1,456	13,366	2,441	58	83	17,404
Creditors – reinsurance operations	600	16,091	416	16	33	17,156
Accruals and deferred income	-	-	-	-	-	-
Total liabilities	2,056	29,457	2,857	74	116	34,560
Currency (deficiency) / surplus	(756)	(10,045)	2,318	335	358	(7,790)

As at 31 December 2021	GBP £000	USD £000	EUR £000	CAD £000	AUD £000	Total £000
Reinsurers' share of technical provisions	(194)	2,077	(226)	(3)	(5)	1,649
Debtors - reinsurance operations	11,158	26,226	3,153	257	226	41,020
Other debtors, prepayments & accrued income	(2,694)	446	2,637	240	334	963
Total assets	8,270	28,749	5,564	494	555	43,632
Technical provisions	6,965	16,391	2,481	54	89	25,980
Creditors – reinsurance operations	3,155	20,272	868	139	101	24,535
Accruals and deferred income	1	-	1	-	-	2
Total liabilities	10,121	36,663	3,350	193	190	50,517
Currency (deficiency) / surplus	(1,851)	(7,914)	2,214	301	365	(6,885)

The table below gives an indication of the impact on the result of a percentage change in the relative strength of pounds sterling against the value of the US dollar, Euro, Canadian dollar and Australian dollar simultaneously.

As at 31 December 2022	2022 £000	2021 £000
10% against other currencies	(782)	(559)
20% against other currencies	(1,759)	(1,258)
Sterling strengthens		
10% against other currencies	639	458
20% against other currencies	1,172	839

Operational Risk

The Syndicate is potentially exposed to direct or indirect losses resulting from inadequate or failed internal processes, systems, or people, or from external events. HMA seeks to manage this risk with detailed procedure manuals and a structured programme of testing of processes and systems by internal audit.

3. Segmental Analysis

All of the Syndicate's business is underwritten via reinsurance contracts with the host syndicate. All premiums were concluded in the UK.

4. Claims Incurred, Net of Reinsurance

In setting claims provisions, the Syndicate gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an underwriting year is greatest when the underwriting year is at an early stage of development and the margin necessary to provide the necessary confidence in the provision adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherent in the estimation process, the actual overall claim provision may not always be in surplus. Claims incurred, net of reinsurance, include adverse prior year development of £0.8m (2021: adverse development of £0.1m).

Gross claims development

Pure underwriting year	**2016** **£000**	**2017** **£000**	**2018** **£000**	**2019** **£000**	**2020** **£000**	**Total** **£000**
Estimate of cumulative claims incurred						
At the end of the underwriting year	6,543	9,795	13,892	13,969	9,560	
One year later	11,262	16,600	21,247	16,161	16,017	
Two years later	11,532	15,471	21,276	19,613	**14,628**	
Three years later	11,522	14,923	21,837	**17,470**		
Four years later	11,645	14,394	**22,407**			
Five years later	12,024	**14,637**				
Six years later	**11,303**					
Less: cumulative payments to date	(10,770)	(13,749)	(17,780)	(12,030)	(8,712)	
Gross claims outstanding provision	533	888	4,627	5,440	5,916	17,404

Net claims development

Pure underwriting year	**2016** **£000**	**2017** **£000**	**2018** **£000**	**2019** **£000**	**2020** **£000**	**Total** **£000**
Estimate of cumulative claims incurred						
At the end of the underwriting year	6,066	8,769	10,606	12,547	8,270	
One year later	10,649	14,710	15,823	14,869	15,934	
Two years later	10,301	13,629	15,540	18,246	**14,603**	
Three years later	10,322	13,435	16,927	**15,218**		
Four years later	10,411	12,965	**17,637**			
Five years later	10,784	**13,308**				
Six years later	**9,971**					
Less: cumulative payments to date	(9,512)	(12,466)	(13,570)	(11,072)	(8,712)	
Net claims outstanding provision	459	842	4,067	4,146	5,891	15,405

5. Net Operating Expenses

	2022 £000	2021 £000
Acquisition costs	(54)	141
Change in deferred acquisition costs	11	834
Administrative expenses	465	592
Gross operating expenses	422	1,567
Reinsurers' commissions	(8)	(7)
Net operating expenses	414	1,560

6. Auditor's Remuneration

	2022 £000	2021 £000
Fees payable to the Syndicate's auditor for:		
Audit of the Syndicate Annual Accounts	8	7
Other services pursuant to regulations and Lloyd's byelaws	82	71
Other non-audit services	34	30
	124	108

Auditor's remuneration is included as part of administrative expenses in note 5.

7. Staff Numbers and Costs

Staff were employed by Hamilton UK Services Limited. No amounts were recharged to the Syndicate in respect of their salary costs. These were met by HMA which earned a fixed fee from Syndicate 6125 in relation to these services.

8. Emoluments of the Directors of Hamilton Managing Agency Limited

No specific amounts of remuneration or compensation were recharged to the Syndicate in respect of the Directors of HMA or the Active Underwriter of Syndicate 4000.

9. Debtors Arising Out of Reinsurance Operations

	2022 £000	2021 £000
Due within one year:		
Due from ceding insurers and intermediaries under reinsurance business written	12,810	21,792
Due from reinsurers and intermediaries under reinsurance contracts ceded – reinsurance recoverable on paid claims	506	1,098
	13,316	22,890
Due after one year:		
Due from ceding insurers and intermediaries under reinsurance business written	-	18,130
	13,316	41,020

10. Deferred Acquisition Costs

	2022 £000	2021 £000
Balance at 1 January	12	853
Change in deferred acquisition costs	(11)	(834)
Effect of exchange rates	(1)	(7)
Balance at 31 December	-	12

11. Technical Provisions

	2022 Gross £000	2022 RI £000	2022 Net £000	2021 Gross £000	2021 RI £000	2021 Net £000
Incurred claims outstanding:						
Claims notified	12,591	(1,026)	11,565	13,190	(1,262)	11,928
Claims incurred but not reported	13,291	(610)	12,681	13,230	(2,793)	10,437
Balance at 1 January	25,882	(1,636)	24,246	26,420	(4,055)	22,365
Movement in claims provisions	(3,516)	(612)	(4,265)	5,810	1,054	6,864
Claims paid during the year	(6,977)	490	(6,487)	(9,812)	848	(8,964)
Effect of exchange rates	2,015	(241)	1,774	59	(33)	26
Balance as at 31 December	17,404	(1,999)	15,405	25,882	(1,636)	24,246
Comprises:						
Claims notified	11,023	(1,597)	9,426	12,591	(1,026)	11,565
Claims incurred but not reported	6,381	(402)	5,979	13,291	(610)	12,681
Balance as at 31 December	17,404	(1,999)	15,405	25,882	(1,636)	24,246

	2022 Gross £000	2022 RI £000	2022 Net £000	2021 Gross £000	2021 RI £000	2021 Net £000
Unearned premiums						
Balance at 1 January	98	(13)	85	4,107	(933)	3,174
Premiums written during the year	(6,882)	(295)	(7,177)	9,176	(117)	9,059
Premiums earned during the year	6,781	309	7,090	(13,156)	1,030	(12,126)
Effect of exchange rates	3	(1)	2	(29)	7	(22)
Balance at 31 December	-	-	-	98	(13)	85

12. Related Parties

Managing Agent

The Syndicate is managed by Hamilton Managing Agency Limited ("HMA"). The immediate parent of HMA is Hamilton UK Holdings Limited.

Capital

Patria Corporate Member Limited, the sole capital provider for the Syndicate, is not an affiliate of the Hamilton Group.

Inwards reinsurance contracts

The Syndicate assumes business by way of variable rate quota share arrangements from Syndicate 4000, which is also managed by HMA. The reinsurance debtor balance with the host syndicate as at 31 December 2022 is £13.3m (2021: £41.2m) and the creditor balance is £17.2m (2021: £24.5m).

Inter-syndicate balances

As at 31 December 2021 the other debtors balance of £11.5m (2021: £0.9m) comprised of £6.3m receivable from Syndicate 3500 (2021: £7.1m receivable) and £5.2m receivable from Syndicate 4000 (2021: £6.2m payable to Syndicate 4000). This relates to balances settled on closure of past underwriting years.

Investment income

Notional investment income of £nil (2021: £4,000) is due from Syndicate 4000 as at 31 December 2022. The prior year balance comprised investment income on the Syndicate's funds withheld by Syndicate 4000. Due to the market conditions during the year ended 31 December 2022 there has been negative investment income recorded by Syndicate 4000 and accordingly no income has been recorded in Syndicate 6125.

13. Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's ("FAL") and 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 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.

14. Off Balance Sheet Items

The Syndicate has not been a party to any arrangements, which are not reflected in its Statement of Financial Position, where material risks and benefits arise to the Syndicate.

15. Post Balance Sheet Events

On 13 February 2023 HMA entered into an agreement with RiverStone Managing Agency Limited for the Reinsurance to Close ("RITC") of Syndicate 6125's 2020 underwriting year of account into the 2021 year of account of Syndicate 3500. The RITC covers all the business of the Syndicate and it has therefore ceased as at 31 December 2022.