Accounts disclaimer

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Coverys Managing Agency Limited

Report & Financial Statements Syndicate DTW 1991 for the year ended 31 December 2021

Administration

Managing Agent
Coverys Managing Agency Limited
6 th Floor, One Creechurch Place
London EC3A 5AF

Registered Number

04690709

Syndicate
Director responsible for Run-off
Robin McCoy (resigned 1 July 2021)

Director responsible for Run-off
Robert Forster (appointed 2 July 2021)

Bankers
Barclays Bank plc
1 Churchill Place
London E14 5HP

Investment Managers
Payden & Rygel Global Limited
1 Bartholomew Lane
London EC2N 2AX

Independent Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Managing agent's report

Coverys Managing Agency Limited (trading as "Coverys at Lloyd's") presents its report for syndicate DTW 1991 (syndicate 1991) for the year ended 31 December 2021.

Strategic report

The managing agent's report should be read in conjunction with the strategic report as it includes information required to be disclosed in the managing agent's report. This information is primarily relating to a review of the business and a description of principal risks and uncertainties, although there is more extensive disclosure of risk management on page 23.

Directors

The directors of the managing agent who served during the year ended 31 December 2021 and up to the date of this report were as follows:

E B Bagley	Group non-executive director
M Bell	Executive director
C D Charles	Non-executive director
A G Chopourian	Executive director – resigned 30 November 2021
S A Davies	Non-executive director – appointed 15 January 2021
R D Forster	Executive director
D W Hipkin	Non-executive chairman
J Marshall	Secretary
R E McCoy	Executive director – resigned 1 July 2021
T C Mills	Group non-executive director
D T Wright	Executive director – resigned 11 January 2021

Annual General Meeting

The directors do not propose to hold an annual general meeting for the syndicate.

Auditors

Pricewaterhousecoopers LLP have indicated their willingness to continue as the syndicate's auditors.

Disclosure of Information to Auditors

So far as each person who was a director of the managing agent at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the syndicate's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by order of the Board of Coverys at Lloyd's.

Robert Forster
Chief Executive Officer
3 March 2022

Strategic report

The directors of Coverys at Lloyd's present their strategic report for syndicate 1991 for the year ended 31 December 2021.

The syndicate was placed into Run-off on 6 November 2020.

The Run-Off Closure Plan prepared at that time set out the strategy to transition the syndicate into an orderly run-off and to work towards finality for the capital providers of the syndicate by way of Reinsurance to Close ("RITC").

All underwriting of new business and renewals ceased by 30 September 2021. This phased transition into run-off, together with the uncertainty that exists in relation to insurers' liability for COVID-19 Business Interruption losses in the UK together with the reinsurance thereon, led to the decision that there was too much uncertainty to seek an RITC of the Syndicate in 2021.

Syndicate underwriting year accounts

The Board of Coverys at Lloyd's has concluded it has no choice but to leave the 2018 and 2019 Years of Account open at 31 December 2021 for the following 3 reasons:

- there is no 2021 year of account to ultimately accept the reinsurance to close of the 2018 year of account. There is significant uncertainty as to the cost and availability of reinsurance to close via a third party;

- there is a lack of commonality between the members on the 2018, 2019 and 2020 years of account; and

- the syndicate wrote a number of policies with exposures to business interruption claims arising from the COVID-19 pandemic, in the UK, US and Australia. Because of the inception profile of the syndicate much of this exposure lies with the 2018 year of account. There remains uncertainty on the related reinsurance recoveries and this could have a material impact on the reserves held by the 2018 year of account.

The strategy is to effect a single RITC at December 2022, being the natural closure date of the 2020 Year of Account. Advisors have been appointed to support this process. The decision to defer closure of both the 2018 and 2019 years of account to December 2022 provides opportunity to address that uncertainty to drive the best outcome for the RITC.

The 2018 and 2019 year of account will therefore remain open until at least 31 December 2022.

Results and Business Review

The total recognised result for calendar year 2021 is a loss of £73.2m (2020: loss of £44.0m).

The underwriting result was a loss of £48.1m, of which £40.0m is in respect of the 2018 and prior years of account. The main driver of this deterioration was a substantial increase in new large and cat claims.

COVID-19

The loss impact of COVID-19 has been experienced across a number of classes for business interruption claims. In England and Wales these claims have been subject to court proceedings between a number of insurers, the FCA and representative policyholder groups.

These proceedings culminated in a Supreme Court ruling issued on 15 January 2021. This process has brought a degree of certainty to many, but not all, matters relating to coverage and has enabled the settlement of many of those claims. New claim notifications and in-flight claims across all territories are now minimal.

As described in the notes to the accounts, there is uncertainty in all loss reserves but, in the case of COVID-19, that uncertainty is extended by the nature of the loss event and possibility that further legal action may be required to resolve the coverage issues (both for insurers and reinsurers) that have been raised.

The reserves held at year end for COVID-19 are £7.5m gross, -£2.5m net of reinsurance. A material volume of gross claims have now been paid with no RI recoveries received to date, therefore net reserves are negative.

- UK Travel £0.1m gross / £0.1m net reserve
- UK Business Interruption £5.1m gross / -£4.8m net reserve
- US Business Interruption £1.3m gross / £1.3m net reserve
- Australian Business Interruption £1.0m gross / £0.9m net reserve.

The ultimate amounts of these claims are subject to a great deal of uncertainty which, combined with their total size, increases the level of uncertainty in the actuarial best estimate of the syndicate significantly beyond the normal range of uncertainty for insurance liabilities at this stage of development. The COVID-19 reserves are our best estimates and therefore by definition there is a range where reserves could settle for less or more than the current amount being held.

Three year funded results and forecasts

The following table shows the three year funded result and forecasts:

Financial Summary (£'m)	(at closure)					(forecast)		
YOA Basis	2013 YOA	2014 YOA	2015 YOA	2016 YOA	2017 YOA	2018 YOA	2019 YOA	2020 YOA
Gross Premiums Written	37.9	66.3	110.3	144.4	172.1	186.1	137.8	16.1
Net Premiums Written	32.6	57.3	98.6	130.5	158.5	168.7	122.4	3.8
Net Loss Ratio	71%	69%	59%	60%	70%	99%	73%	367%

Note that the closed year results include the movements in reinsured (prior) years after closure but before the relevant year of account itself closed. The 2018 year of account includes movement in 2017 year of account and prior during 2020 and 2021.

Cash Call

The managing agent is making a cash call of 25% on the 2019 year of account amounting to £31.7m but does not anticipate a further call on any years until closure, subject to there being no material adverse development.

Principal activity and review of the business

Syndicate 1991 was a specialist in delegated authority underwriting in the SME sector, and was approved by Lloyd’s to commence underwriting at 1st January 2013.

Gross written premium income by class of business for the calendar year was as follows:

	2021	2020
	£000	£000
North America Property	3,183	25,890
North America Liability	10,568	29,025
UK and International Property	10,022	18,713
UK and International Liability	26,758	59,302
Specialty Property	102	291
Specialty Liability	5,126	17,686
Miscellaneous Other Lines	1,579	8,325
	57,338	159,232

There are no active coverholders at 31 December 2021 (2020: 61).

Key Performance Indicators

The managing agent considers the following to be the key performance indicators for the syndicate:

GAAP Basis	2021	2020
Gross premiums written	*£57.3m*	*£159.2m*
Loss for the year	*(£73.2m)*	*(£44.0m)*
Net combined ratio	*161.6%*	*135.1%*

The return on capacity for the closed 2013, 2014, 2015, 2016 and 2017 years of account and the forecast for the open years at 31 December 2021 are as follows, on a three year funded basis (assuming 2018, 2019, and 2020 close at 31 December 2022):

	2013 YOA	2014 YOA	2015 YOA	2016 YOA	2017 YOA	2018 YOA	2019 YOA	2020 YOA
Capacity	76.8	150.0	146.2	129.7	126.8	126.8	126.8	110.0
Result / Forecast £m	(8.8)	(14.2)	(10.6)	(8.5)	(12.4)	(88.6)	(32.4)	(30.0)
Return on Capacity	(11.5%)	(9.5%)	(7.3%)	(6.6%)	(9.8%)	(69.9%)	(25.6%)	(27.2%)

Changes in regulatory requirements are closely monitored by the managing agent, and are taken into account in the planning of forward strategy.

Post Balance Sheet Events

There have been no relevant post balance sheet events.

Other performance indicators

Staff matters

The managing agent considers the staff that it utilises from its sibling company, Coverys MA Services Ltd, to be a key resource and seeks to provide a good working environment that is rewarding and safe and complies with appropriate employee legislation. Recognising that culture, values and standards underpin how the Company creates and sustains value, in 2020, it developed with staff consultation, a set of Core Values to help guide the Company's decision-making and thereby promote its success. The Core Values continued to be embedded during 2021 and have been a factor in shaping the Company's ongoing response to the COVID-19 pandemic. In H2 2021, it developed and implemented a Hybrid Working Policy, which recognises and embraces the shift in working patterns to facilitate both in-office and virtual arrangements for staff.

During the year there have been no significant injuries to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters.

Environmental matters
The managing agent does not consider that its business has a large adverse impact upon the environment. As a result, the agent does not manage its underwriting business by reference to any environmental key performance indicators.

The managing agent takes a responsible approach in the management of assets by striving to invest in institutions that do no harm on the environment. The asset manager incorporates Environmental, Social and Corporate Governance (ESG) factors in its assessment of investment alternatives and monitors the portfolio's ESG impact on a regular basis.

Approved by order of the Board of Coverys at Lloyd's.

Robert Forster
Chief Executive Officer
3 March 2022

Statement of managing agent's responsibilities

The managing agent is responsible for preparing the Annual Report and the Syndicate Annual Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the managing agent to prepare Syndicate Annual Financial Statements at 31 December each year which give a true and fair view of the state of affairs of the syndicate and of its profit or loss for that year.

In preparing those Syndicate Annual Financial Statements, the managing agent is required to:

- select suitable accounting policies, and apply them consistently except where relevant accounting requirements change;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate Annual Financial Statements; and
- prepare the Syndicate Annual Financial Statements on a going concern basis, unless it is inappropriate to do so.

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

Independent auditors' report to the members of Syndicate 1991

Report on the audit of the syndicate annual accounts

Opinion

In our opinion, Syndicate 1991's syndicate annual accounts:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual accounts included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet – Assets and the Balance sheet – Liabilities as at 31 December 2021; the Statement of profit or loss: Technical account – general business, the Statement of profit or loss: Non-technical account, the Statement of other comprehensive income, the Statement of cash flows, and the Statement of changes in members' balances for the year then ended; the Statement of accounting policies, Risk management and the notes to the syndicate annual accounts.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the syndicate annual accounts* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3, we have provided no non-audit services to the syndicate in the period under audit

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the syndicate's ability to continue as a going concern for a period of at least twelve months from when the syndicate annual accounts are authorised for issue.

In auditing the syndicate annual accounts, we have concluded that the Managing Agent's use of the going concern basis of accounting in the preparation of the syndicate annual accounts is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the syndicate's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Managing Agent with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the syndicate annual accounts and our auditors' report thereon. The Managing Agent is responsible for the other information. Our opinion on the syndicate annual accounts does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Managing agent's report, we also considered whether the disclosures required by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 have been included.

Based on our work undertaken in the course of the audit, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us also to report certain opinions and matters as described below.

Managing Agent's Report

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 year ended 31 December 2021 is consistent with the syndicate annual accounts and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we did not identify any material misstatements in the Managing agent's report.

Responsibilities for the syndicate annual accounts and the audit

Responsibilities of the Managing Agent for the syndicate annual accounts

As explained more fully in the Statement of managing agent's responsibilities, the Managing Agent is responsible for the preparation of the syndicate annual accounts in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Managing Agent is also 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.

In preparing the syndicate annual accounts, the Managing Agent is responsible for 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 the syndicate is unable to continue to realise its assets and discharge its liabilities in the ordinary course of business.

Auditors’ 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 auditors’ 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.

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

Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd’s, and we considered the extent to which non-compliance might have a material effect on the syndicate annual accounts. We also considered those laws and regulations that have a direct impact on the syndicate annual accounts such as The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008. We evaluated management’s incentives and opportunities for fraudulent manipulation of the syndicate annual accounts (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure or to manipulate members’ balances. We also considered management bias in accounting estimates and judgemental areas of the syndicate annual accounts such as the valuation of the technical provision for claims outstanding. Audit procedures performed by the engagement team included:

- Discussions with senior management involved in the Risk and Compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of any matters reported on the whistleblowing helpline and fraud register and the results of management’s investigation of such matters;
- Reading key correspondence with Lloyd’s, in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Audit Committee;
- Testing journal entries identified in accordance with our risk assessment;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Testing material transactions entered into outside of the normal course of business where they exist.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the syndicate annual accounts. Also, 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.

A further description of our responsibilities for the audit of the syndicate annual accounts is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Independent auditor’s report to the members of Syndicate 1991 (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the syndicate’s members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Managing Agent in respect of the syndicate; or
- certain disclosures of Managing Agent remuneration specified by law are not made; or
- the syndicate annual accounts are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Andrew Box (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
03 March 2022

COVERYS MANAGING AGENCY LIMITED

Syndicate DTW1991

Statement of profit or loss
Technical account – general business
Year ended 31 December 2021

	Notes		**2021**		**2020**
		£000	**£000**	**£000**	**£000**
Earned premiums, net of reinsurance					
Gross premiums written	1	57,338		159,232	
Outward reinsurance premiums		(9,366)		(18,873)	
Net premiums written			47,972		140,359
Change in provision for unearned premiums:					
Gross amount		66,412		(4,393)	
Reinsurers' share		(1,637)		1,002	
Change in the net provision for unearned premiums			64,775		(3,391)
Earned premiums, net of reinsurance			112,747		136,968
Allocated investment return transferred from the non-technical account			(243)		2,775
Total technical income			112,504		139,743
Claims incurred, net of reinsurance					
Claims paid:					
Gross amount		(91,748)		(76,054)	
Reinsurers' share		1,385		376	
Net claims paid		(90,363)		(75,678)	
Change in the provision for claims:					
Gross amount		(64,457)		(78,140)	
Reinsurers' share		30,755		33,507	
Change in other technical provisions		(2,584)		-	
Change in the net provision for claims		(36,286)		(44,633)	
Claims incurred, net of reinsurance			(126,649)		(120,311)
Net operating expenses	3,4,5		(58,171)		(64,754)
Balance on the technical account for general business			(72,316)		(45,323)

The accounting policies and notes on pages 18 to 42 form part of these financial statements

Statement of profit or loss
Non-technical account
Year ended 31 December 2021

	Notes	2021 £000	2020 £000
Balance on the general business technical account		(72,316)	(45,323)
Investment income	6	930	1,266
Investment expenses and charges	6	(70)	(71)
Realised (losses) and gains on investments	6	(556)	419
Unrealised (losses) and gains on investments	6	(547)	1,161
Allocated investment return transferred to technical account – general business		243	(2,775)
Non-technical account (charges)/income		(904)	1,360
Loss for the financial year		(73,220)	(43,963)

Statement of other comprehensive income
for the year ended 31 December 2021

	2021 £000	2020 £000
Loss for the financial year	(73,220)	(43,963)
Total comprehensive income for the financial year	(73,220)	(43,963)

Statement of changes in members' balances

	2021	2020
Balance due from members at 1 January	(73,173)	(41,981)
Cash call collected from Members – 2018 year of account	38,025	-
Loss distributed to members	-	12,566
Three year funded adjustment	-	267
Total comprehensive income for the financial year	(73,220)	(43,963)
Advance of fees to Members' Agents on behalf of members	-	(62)
Balance due from members at 31 December	(108,368)	(73,173)

There are no discontinued operations

The accounting policies and notes on pages 18 to 42 form part of these financial statements

COVERYS MANAGING AGENCY LIMITED

Syndicate DTW1991

Balance sheet - Assets
at 31 December 2021

	Notes	£000	2021 £000	£000	2020 £000
Investments					
Shares and other variable yield securities		5,393		5,892	
Debt securities and other fixed income securities		37,251		51,656	
Participation in investment pools		60,569		54,346	
	8		103,213		111,894
Deposits with ceding undertakings		3,049		-	
			3,049		-
Reinsurers' share of technical provisions					
Provision for unearned premiums	2	2,559		4,162	
Claims outstanding	2	68,224		39,850	
			70,783		44,012
Debtors					
Debtors arising out of direct insurance operations	9	948		16,821	
Debtors arising out of reinsurance operations	10	-		174	
Other debtors	11	16,101		14,239	
			17,049		31,234
Other assets					
Cash at bank and in hand		4,610		18,839	
Overseas deposits		17,282		9,067	
			21,892		27,906
Prepayments and accrued income					
Deferred acquisition costs		11,525		33,951	
Other prepayments and accrued income		7,034		21,370	
			18,559		55,321
Total assets			234,545		270,367

The accounting policies and notes on pages 18 to 42 form part of these financial statements

Balance sheet – Liabilities
at 31 December 2021

	Notes	£000	2021 £000	£000	2020 £000
Capital and reserves					
Members' balances			(108,368)		(73,173)
Technical provisions					
Provision for unearned premiums	2	26,475		93,215	
Claims outstanding	2	302,130		238,648	
			328,605		331,863
Creditors					
Creditors arising out of direct insurance operations	12	4,947		3,420	
Creditors arising out of reinsurance operations	13	7,101		4,705	
Other creditors	14	197		2,197	
			12,245		10,322
Accruals and deferred income			2,063		1,355
Total liabilities			234,545		270,367

The accounting policies and notes on pages 18 to 42 form part of these financial statements

The syndicate annual accounts were approved by the Board of Directors of Coverys at Lloyd's and were signed on its behalf by

Robert Forster
Chief Executive Officer

M Bell
Finance Director
3 March 2022

Statement of cash flows
Year ended 31 December 2021

	2021 £000	2020 £000
Cash flow from operating activities		
Loss for the financial year	(73,220)	(43,963)
Adjustments for:		
(Decrease)/increase in gross technical provisions	(3,258)	81,432
(Increase) in reinsurers' share of technical provisions	(26,772)	(34,441)
Decrease/(increase) in debtors, prepayments & accrued income	50,947	(10,261)
Increase in creditors	2,631	8,377
Investment return	243	(2,775)
Net cash generated from operating activities	(49,429)	(1,631)
Cash flows from investing activities:		
Purchase of equity & debt instruments	(178,556)	(106,628)
Sale of equity & debt instruments	177,775	100,045
Changes to market value and currency	1,548	(452)
Investment return	(243)	2,775
Other	(2,990)	
Net cash used in investing activities	(2,466)	(4,260)
Cash flows from financing activities:		
Members' agents fees	-	(63)
Loss received on 2018 (2020) year of account	38,025	12,566
Three year funded adjustment on 2018 (2017) year of account	-	267
Net cash used in financing activities	38,025	12,770
Net (decrease)/increase in cash & cash equivalents in year	(13,870)	6,879
Cash & cash equivalents at beginning of the year	18,839	11,675
Foreign exchange movements in cash and cash equivalents	(359)	285
Cash & cash equivalents at end of the year	4,610	18,839
Cash & cash equivalents comprise:		
Cash at bank and in hand	4,610	18,839
	4,610	18,839

The accounting policies and notes on pages 18 to 42 form part of these financial statements

Statement of accounting policies

General information

Syndicate 1991 is a Lloyd's syndicate domiciled in England and Wales. It is managed by Coverys at Lloyd's, a private company limited by shares that is incorporated in England and whose registered office is 6th Floor, One Creechurch Place, London, EC3A 5AF.
The syndicate is a specialist in delegated authority underwriting focusing mainly in North America, the UK and Europe (up to 2019).

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 regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts Regulations 2008).

The 2020 year of account was the final year in which the syndicate wrote new business and it is therefore now in Run-off. Although the syndicate has gone into Run-off, the accounts continue to be prepared on the same basis as prior years, including methods used in calculating all estimates and assumptions. The status of the syndicate has made no material impact to the financial statements and no provision has been made for future expenses.

Basis of preparation

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

Going concern basis

These financial statements are prepared on a going concern basis. The following sets out why this remains appropriate despite the decision to place the Syndicate into Run-off.

The syndicate's business activities, together with the factors likely to affect its future development are set out in the business review contained within the strategic report. In addition, the risk management section provides details of the financial risks the syndicate is exposed to and how those risks are managed.

The directors have a reasonable expectation that the syndicate has adequate resources including the funds at Lloyd's of the members supporting the syndicate (as detailed in note 15) to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of accounting

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 as follows:

Gross Premiums written

Premiums written comprise premiums on contracts incepted during the financial year as well as adjustments made in the year to premiums on contracts incepted in prior accounting periods. Premiums are shown gross of commission payable and exclude taxes and duties levied on them.

Statement of accounting policies (continued)

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

Reinsurance premium ceded
Outwards reinsurance premiums comprise premiums on contracts incepting during the financial year, together with adjustments made in the year to premiums written in prior years. Outwards reinsurance premiums are disclosed gross of commissions and profit participations recoverable from reinsurers. Premium charge on Retroactive reinsurance transactions are disclosed in outward reinsurance premium net of the value of reserves ceded

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

Technical provisions - claims incurred, net of reinsurance
Gross claims incurred comprise claims and settlement expenses (both internal and external) occurring during the year and the movement in provision for outstanding claims and settlement expenses brought forward. Allowance is made for the cost of claims incurred by the balance sheet date but not reported until after the year-end. Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not reported (IBNR). The amount included in respect of IBNR is recommended by Coverys at Lloyd's in-house reserving team, and reviewed by external consulting actuaries. The IBNR is set using a variety of standard actuarial techniques, based on data from the Syndicate, supplemented by external data where necessary. The provision for claims also includes amounts in respect of internal and external claims handling costs.

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

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The directors consider that the provisions for gross claims outstanding and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided.

Accordingly the two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used, including pricing models, for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with time as experience develops. In addition the nature of short-tail claims, such as property, where claims are typically

Statement of accounting policies (continued)

notified and settled within a short period of time will normally have less uncertainty after a few years than long-tail risks, such as some liability business, where it may be several years before claims are fully advised and settled. In addition to these factors if there are disputes regarding coverage under policies or changes in the relevant law regarding a claim, this may increase the uncertainty in the estimation of the outcomes.

Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

A reinsurance to close contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, including all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

Unexpired risks provision (URP)
A provision for unexpired risks is made where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred. A URP of £2.6m (2020: nil) is required on the 2020 YOA. Following the Syndicate entering run-off, the 2020 YOA did not write a high volume of gross premium. Therefore the cost of run-off reinsurance is disproportionately high on this YOA and at 2021Q4 the net net unearned premium is lower than net unearned claims. Therefore a URP loading is required to the reserves to ensure that reserves are sufficient to cover unearned claims.

Net operating expenses (including acquisition costs)
Net operating costs include acquisition costs and amounts charged to members through the syndicate.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

Employee costs include the cost of all employee benefits to which employees have become entitled as a result of service rendered to the entity during the reporting period, which the managing agent considers to be attributable to this syndicate.

Distributions of profits and collections of losses
Lloyd’s operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between syndicates and their members. Lloyd’s continues to require membership of syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into Run-off. The syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd’s requirements.

Foreign currencies
The presentational and functional currency of the syndicate is pounds Sterling. Transactions in US dollars, Euros, Canadian dollars, Australian dollars and New Zealand dollars 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.

Statement of accounting policies (continued)

All monetary balance sheet assets and liabilities, including unearned premiums and deferred acquisition costs are translated into the Sterling functional currency at the rates of exchange at the balance sheet date. The profit or loss arising on the retranslation of balances to the closing rate of exchange is dealt with through the non-technical account charges within the statement of profit or loss – non technical account.

Financial Assets and Liabilities

Classification

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

Investments in shares and other variable yield securities and unit trusts and debt securities and other fixed income securities are classified as fair value through profit or loss as they are managed on a fair value basis. Cash at bank, deposits with credit institutions, debtors and accrued interest are classified as held at amortised cost.

Recognition

Financial assets and liabilities are recognised when the syndicate becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset after deducting all of its liabilities.

Initial measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Subsequent measurement

Debt instruments that are classified as payable or receivable and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Investments in shares and other debt instruments are measured at fair value through profit or loss. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in previous calendar years in respect of the investment disposed of in the current period.

De-recognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights to the cash flow from the financial asset expire or are settled, b) the syndicate transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the syndicate, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Statement of accounting policies (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicate estimates the fair value by using a valuation technique.

Impairment of financial instruments measured at amortised cost or cost

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest method.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

Offsetting

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

Investment return

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

Realised gains and losses on investments are calculated as the difference between sale proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the 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' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

Statement of accounting policies (continued)

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year have been included in the balance sheet under the heading ‘other debtors’.

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

Profit commission

Profit commission is charged by the managing agent at 15% of the profit on the year of account basis subject to the operation of a deficit clause. This is charged to the syndicate as incurred but does not crystallise until after the appropriate year of account closes, normally at 36 months.

Pension costs

Coverys MA Services Limited (CMAS), a wholly owned subsidiary of Coverys at Lloyd’s, operates a defined contribution scheme on behalf of the managing agency. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses and other acquisition costs.

Key accounting judgements and estimation uncertainties

Of the various accounting judgements, assumptions and estimates made in the preparation of these financial statements, those relating to the determination of the technical provisions, premium income and investment valuations are considered to be those most critical to understanding the syndicate’s results and financial position.

Technical provisions

The accounting policy for technical provisions is described on page 19 and the related risks are described on page 25. The net technical provisions after the reinsurers’ share is £257,822k (2020: £287,851k). The most uncertain element within these technical provisions is the amount for claims outstanding which covers amounts where either the claim has been notified to the syndicate or where there has not yet been a notification or although notified there has been insufficient information to date to be certain regarding its ultimate costs. The net claims outstanding amounted to £233,905k (2020: £198,798k). As described in the risk management section there is a thorough review process of claims notifications and reserving estimates. IBNR is calculated using standard actuarial techniques projecting future performance using the historical experience of the Syndicate. Market benchmarks are used to assist assumption selection where the Syndicate experience is limited and associated assumption credibility is low.

The uncertainty within technical provisions is mitigated by the element that reinsurers’ share, although there are also uncertainties associated with the estimation of these recoveries. The reinsurers’ share of claims outstanding amounts to £70,171k (2020: £39,850k).

Premium income

The accounting policy for written and earned premium income is described on page 18 and the related risks are described on page 25. The estimation of written premium includes amounts for additional or return premiums and business that may have been underwritten but not yet notified. The earning of this premium has been calculated on a basis of time apportionment. The directors consider that this represents a reasonable approximation of the overall earning risk profile of the policies written. As described in the risk management section there is detailed evaluation of premium written estimates at the time of writing risks and these are monitored and checked as remaining valid until they are received.

Investment valuations

All investments are shown at their fair value as described in the accounting policy on page 21 and details of the risks relating to investments are disclosed on page 27. All investments are highly rated securities and regularly traded on major stock exchanges so that the risks in their valuations are reduced.

Coverys approach to syndicate risk management

The syndicate's activities expose it to a variety of financial and non-financial risks. The syndicate's core business has been to accept significant insurance risk, whilst the appetite for other risks is low. The managing agent is responsible for understanding and managing the syndicate's exposure to such risks, and does this through the deployment of its risk management framework.

The Coverys at Lloyd's risk management framework includes an annual review, setting and Board approval of risk appetite for the syndicate as a part of the syndicate business planning and capital setting process. The Risk Management Function regularly assess the risks to which the syndicate is exposed, and where deemed necessary, ensure that controls and procedures are in place to mitigate the effects of such risk to an acceptable level. A Risk and Capital Committee meets regularly to monitor performance against the approved risk appetite using a set of key risk indicators, and provides oversight and challenge to ensure the syndicate operates in a robust control environment.

As a result of the Run-off, the syndicate 1991 risk register for syndicate 1991 was revised, and controls are being assessed considering the deliverables and actions noted in the Run-off plan.

Critical to the risk management of the syndicate is ensuring sufficient capital is in place to meet the solvency needs of the syndicate. An internally developed capital model (Coverys at Lloyd's internal model) is used to quantify the syndicate's capital requirements based on the assessment of the risks impacting the syndicate's business and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. As described in note 15, the managing agent is required to prepare a Solvency Capital Requirement (SCR) return to Lloyd's annually, using the results of the internal model, to agree capital requirements of the syndicate with Lloyd's.

Syndicate risk exposures

The following provides a summary of the types of risks to which the syndicate is exposed, the materiality of the risk to the syndicate and their key drivers, and the risk management tools and procedures in place to mitigate these risks.

Insurance risk

The very nature of the syndicate's business exposes it to the likelihood that claims will arise from business underwritten. Insurance risk is the principal risk the syndicate faces and arises from the inherent uncertainties in the occurrence, amount and timing of insurance liabilities. The key drivers of insurance risk which affect the syndicate are:

- Catastrophic events - the risk that catastrophic events (natural and man-made) occur which will lead to claims at a level not anticipated by the syndicate.
- Rating levels (pricing) - the risk that the expected attritional losses and anticipated catastrophic events, together with the cost of reinsurance, will result in net claims which exceed the premium income of the syndicate.
- Reserving - the risk that the reserves established by the syndicate at the previous year-end prove to be inadequate.

Insurance risk is quantified in the internal model using the plan data and projections (informed by syndicate experience and discussions with business owners) in relation to the above drivers of the risk. As syndicate 1991 has already been in run off for over a year, insurance risk has already decreased substantially and will become negligible over the next 12 months.

Catastrophic events

The managing agent has developed underwriting guidelines which express limits including limits on individual risks, as well as per class of business. The syndicate has, to date, used modelling tools to monitor the aggregation of exposure and adherence to underwriting limits, to simulate catastrophe losses on aggregate exposures, and the effectiveness of the syndicate's reinsurance programmes. The syndicate has also been conducting Realistic Disaster Scenarios (RDS), as specified by Lloyd's, and developed internally, which provide an estimate of the effect on the syndicate results of an aggregation of claims arising from several extreme scenarios. Exposure management reports and RDS results have continued to be provided to the run off working group for oversight over the course of 2021. Due to the short tail nature of property business and the syndicate being in run off for over a year, the Nat cat risk has reduced dramatically. There continues to be some exposure in EU windstorm however this is also expected to run-off during 2022. Given the reduction in cat risk, and following discussion at the Run off working Group and with Lloyd's, it was agreed that modelling tools would be decommissioned by the end of 2021.

The largest events during 2021, with loss estimations as at 31 December 2021, were as follows:

Description of event	Gross loss to syndicate £m	Net loss to syndicate £m
Storm Uri	1.85	1.85
Hurricane Ida	1.48	1.48

Business volumes and rating levels

Cessation of underwriting has been managed in line with the Run-Off plan prepared by the managing agent, with the underwriting of new and renewal business now ceased. Future premiums written in respect of policy endorsements are expected to be incidental.

Performance against the Run-off plan is monitored on a regular basis through the Run-Off Working Group, as well as oversight by the Board. Business operations are focused on executing the RITC at year end 2022.

	2021 £000	2020 £000
Gross premiums earned	123,751	154,838
Result for the period (excl. investment return)	(72,977)	(46,738)
1% reduction in volume pro-rata result for the period (excl. investment return)	(730)	(467)

Reserving risk

There are a number of drivers of reserving risk.

Reserves are established for earned premium income, and unearned premium. The reserves in relation to the former are claims reserves. In relation to the latter, there is an unearned premium reserve, and there may also be an additional unexpired risk provision. In addition, a reserve for Unallocated Loss Adjustment Expenses (ULAE) will also be established and an allowance made for bad debt.

Risk management (continued)

In order to mitigate reserving risk, the Coverys at Lloyd's actuarial function uses a number of actuarial techniques, to project gross and net premiums and gross and net insurance liabilities on a best estimate basis. The results of these techniques are then subject to formal peer review. This is an iterative process where the actuaries discuss data, models, methods and assumptions. This involves a considerable amount of challenge. Once the actuaries have completed their peer review of reserves, the results of the external actuary's projections are then compared to those proposed by the Coverys at Lloyd's actuarial function.

The Chief Actuary will then make a reserve recommendation to the Board including (if necessary) any loadings required. The level of booked reserves requires formal approval by the Board and is subject to an external audit and further actuarial opinion. The independent reserve assessment is presented in a Statement of Actuarial Opinion (SAO) to confirm the adequacy of the reserves and is provided annually to Lloyd's. The table below shows the impact of a movement of 1% in the Technical Provisions on the Statement of profit or loss - technical account.

	2021	**2020**
	£000	**£000**
Gross outstanding claims provision	302,130	238,648
Net outstanding claims provision	233,905	198,798
Net unearned premium provision	23,916	89,053
Impact of a 1% movement in net outstanding claims on result	(2,339)	(1,988)

The above assumes that the reinsurers share pro-rata in any deterioration in outstanding claims which may not be the case. Although unearned premiums should not be affected by such movements in outstanding claims, larger movements in loss ratios could trigger a need for an additional Unexpired Risk Provision if expected claims rise above the level of the unearned premiums.

The reserves for COVID-19 held at year end are £7.5m gross of reinsurance (2020: £22.5m) -£2.5m net of reinsurance (2020: £12.0m). A material volume of gross claims have now been paid with no RI recoveries received to date, therefore net reserves are negative

- UK Travel £0.1m gross / £0.1m net reserve
- US Business Interruption £1.3m gross / £1.3m net reserve
- UK Business Interruption £5.1m gross / -£4.8m net reserve
- Australian Business Interruption £1.0m gross / £0.9m net reserve.

The ultimate amounts of these claims are subject to a great deal of uncertainty which, combined with their total size, increases the level of uncertainty in the actuarial best estimate of the syndicate significantly beyond the normal range of uncertainty for insurance liabilities at this stage of development. The COVID-19 allowance is our best estimate and therefore by definition there is a range where claims could settle for less or more than the current amount being held. Reinsurance recoveries for COVID-19 are considerably uncertain and there are ongoing discussions with reinsurers regarding wording in the UK business interruption exposures. Reinsurance recoveries have been kept steady at year end due to these issues and the reinsurance allowance reflects the risk of dispute.

Significant deteriorations were observed over the course of 2021 in particular in Liability classes, and as a result of adverse emerging experience several deep dives were conducted, namely in classes COB B (US Liability) and COB D (UK & International Liability).

The control environment around the reserving processes and governance continue to be reviewed by the risk function and no areas of concern have been raised. However as a matter of best practice and regulatory trends, a deep dive framework has already been drafted by Risk and Actuarial and will be implemented to ensure proactive as well as reactive deep dives.

Investment risk

The syndicate's asset holdings expose it to investment risk, driven by the following sub-risk types: spread risk, currency and interest rate risks. There is also a small exposure to liquidity risk.

The syndicate's investment policy is established by the Board following recommendations by the Coverys at Lloyd's Investment Committee. In order to mitigate market risk, the Board, through delegation to the Investment Committee, monitors the economic situation to seek to anticipate any future interest rate and spread risk movements and to take appropriate action to mitigate its effect on the value of syndicate assets. Market risk is quantified in the internal model using the syndicate's asset holdings positions and an economic scenario generator (ESG) to simulate the impact of the market risks the asset portfolio.

Liquidity risk

To mitigate liquidity risk the Board reviews cash flow projections and maintains cash levels consistent with the needs of the syndicate. The syndicate maximises the inflow of funds from reinsurance recoveries and outstanding premiums and controls costs through the reporting of the expense budget.

Given the Run-off of syndicate 1991, the finance team has reviewed the 2022 ORSA liquidity stress tests. No issues arise as a result of the revised stress test as presented below. The following table summarises the maturity profile of the syndicate's financial liabilities.

	Less than 1 year £000	1 to 3 years £000	3 to 5 years £000	More than 5 years £000	Total £000
As at 31 December 2021					
Claims outstanding	88,207	112,480	56,575	44,868	302,130
Creditors	12,245	-	-	-	12,245
Total	100,452	112,480	56,575	44,868	314,375
As at 31 December 2020					
Claims outstanding	83,068	91,462	36,723	27,394	238,648
Creditors	10,322	-	-	-	10,322
Total	93,390	91,462	36,723	27,394	248,970

The following is an analysis of the estimated timing of net cash flows for the net claims liabilities held at the end of the year and at the previous year-end. These forecasts are based upon current estimates and historic trends and the actual timings of these future settlements may differ materially from the estimates below.

Expected cash flows	Less than 1 year £000	1 to 3 years £000	3 to 5 years £000	More than 5 years £000	Total £000
2021 net claims liabilities	68,310	87,096	43,782	34,717	233,905
2020 net claims liabilities	69,197	76,190	30,591	22,820	198,798

Currency risk

The main exposure to foreign currency risk arises from insurance business originating overseas. The syndicate attempts to fully match assets with liabilities on a regular basis.

The syndicate is exposed to changes in the value of assets and liabilities due to movements in foreign exchange rates. The syndicate deals in six main currencies: Sterling, Canadian dollars, Euros, US dollars, Australian dollars and New Zealand dollars. Transactions also take place in other currencies, although these are immediately converted to Sterling.

If the exchange rates of all non-GBP currencies moved by a foreseeable 10% either to the benefit or detriment of the syndicate at the same time, the impact on both the result for the year and the members' balances would be £4.1m (2020: £1.0m) with US Dollar net assets being the largest element. The syndicate monitors these currency balances and aims to ensure excessive balances beyond accumulated profits do not accrue beyond those necessary to meet overseas trust fund requirements. The syndicate has not taken out any transactions to hedge these balances.

The following table, all expressed in Sterling, shows the total net assets held by the syndicate designated in US Dollars at the year-end represented 42% which is up from 26% at the previous year-end.

	£ £000	US$ £000	Can$ £000	Euro £000	Other £000	Total £000
As at 31 December 2021						
Financial investments	45,697	37,507	2,976	14,443	2,590	103,213
Overseas deposits	-	522	447	-	16,313	17,282
Reinsurers' share of technical provisions	52,899	5,223	11	6,580	6,070	70,783
Insurance & reinsurance debtors	712	114	-	(5)	127	948
Cash at bank	2,126	1,258	674	250	302	4,610
Other assets including deferred, acquisition costs	22,880	7,745	570	3,990	2,524	37,709
Total assets	124,314	52,369	4,678	25,258	27,926	234,545
Technical provisions	176,301	91,287	2,442	33,957	24,618	328,605
Insurance & reinsurance creditors	7,258	4,082	40	251	417	12,048
Other creditors	8,488	2,085	(224)	(7,189)	(900)	2,260
Total liabilities	192,047	97,454	2,258	27,019	24,135	342,913
(Deficiency)/surplus of assets	(67,733)	(45,085)	2,420	(1,761)	3,791	(108,368)

Risk management (continued)

	£ £000	US$ £000	Can$ £000	Euro £000	Other £000	Total £000
As at 31 December 2020						
Financial investments	34,477	51,787	3,540	18,842	3,248	111,894
Overseas deposits	-	479	533	-	8,055	9,067
Reinsurers' share of technical provisions	32,037	4,633	8	6,912	421	16,995
Insurance & reinsurance debtors	10,150	3,101	867	140	1,573	15,275
Cash at bank	4,184	1,532	1,738	9,226	2,160	18,839
Other assets including deferred acquisition costs	39,889	22,907	1,118	1,070	4,575	69,560
Total assets	120,738	84,439	7,804	36,190	21,197	270,367
Technical provisions	167,515	100,721	4,140	39,792	19,695	331,863
Insurance & reinsurance creditors	5,647	1,746	30	231	470	8,125
Other creditors	11,081	933	(131)	(7,575)	(754)	3,553
Total liabilities	184,243	103,400	4,040	32,447	19,411	343,541
(Deficiency)/surplus of assets	(63,505)	(18,960)	3,764	3,742	1,786	(73,173)

Interest rate risk

The syndicate's main exposure to fluctuation in interest rates arises from its effect on the valuation of funds invested in bonds and equities. In order to mitigate this risk, the Board, advised by its external investment managers, monitors the economic situation to seek to anticipate any future interest rate movement and to take appropriate action to mitigate its effect on the value of investments held.

The largest element of the syndicate's investments comprise of fixed income securities. The fair value of the investment in fixed income securities is inversely correlated to the movement in market interest rates. If market rates fall, the fair value of the syndicate's fixed interest investments would tend to rise and vice versa. Fixed income assets are predominantly invested in high quality corporate, government, supranational bonds and residential mortgage backed securities. The investments typically have relatively short durations and terms to maturity.

	2021 **£000**	**2020** **£000**
Impact of a 50 basis point increase in interest rates on result	(485)	(258)
Impact of a 50 basis points decrease in interest rates on result	485	258
Impact of a 50 basis points increase in interest rates on net assets	(485)	(258)
Impact of a 50 basis point decrease in interest rates on net assets	485	258

Credit risk

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The primary sources of credit risk for the syndicate are:

- Reinsurers: Whereby reinsurers may fail to pay valid claims against a reinsurance contract held by the syndicate.
- Brokers and intermediaries: Whereby counterparties fail to pass on premiums collected or claims paid on behalf of the syndicate.
- Financial instruments: Whereby issuer default results in the syndicate losing all or part of the value of a financial instrument.

Reinsurance credit risk

When considering the panel of reinsurers for its reinsurance programme, the syndicate seeks to place protection across a broad spread of counterparties. The syndicate is committed to using only the highest rated reinsurers. The proposed pool of potential reinsurers is reviewed and agreed by the Underwriting Committee ahead of placing. All reinsurers used to date have been at least “A-“ rated by Standard & Poor’s or AM Best, and the termination clause of all policies stipulates this as a minimum financial rating going forwards. If a reinsurer rating falls below “A-“, the Run off Working Group is consulted to rule upon invocation of the termination clause.

There are a number of ways in which the syndicate considers and monitors reinsurance counterparty financial strength such as deterministically (monitored by the reinsurance team, and stochastically, monitored by the

capital team.) The Coverys at Lloyd’s internal model considers the financial ratings of each participating reinsurer, and calculates the effect of reinsurer default on the syndicate’s ability to make reinsurance recoveries.

Brokers and Intermediaries

Claims funds held by third party administrators are held in segregated bank accounts and are not subject to credit risk.

Financial instruments risk

The syndicate has debtors, creditors, bank balances and investments in various currencies in the normal course of its business. The risks with regard to these transactions are detailed above and none of these financial instruments are considered to present any risks that are exceptional in their nature for their type of instrument. The syndicate does not actively enter into derivatives, hedging or other uses of financial instruments as part of its financial risk management.

The following tables analyse the syndicate’s major exposures to counterparty credit risk excluding loans and receivables, based on Standard & Poor’s or equivalent rating at 31 December 2021.

Risk management (continued)

	AAA £000	AA £000	A £000	≤BBB/NR £000	Total £000
As at 31 December 2021					
Variable yield securities and unit trusts	481	2,596	2,315	-	5,392
Debt securities	-	14,189	16,849	6,213	37,251
Participation in investment pools	-	60,569	-	-	60,569
Overseas deposits as investments	11,255	2,478	1,693	1,856	17,282
Reinsurers' share of claims outstanding	-	9,558	60,526	(1,860)	68,224
Cash at bank and in hand	-	673	3,937	-	4,610
Deposits with ceding undertakings	-	-	3,049	-	3,049
Total credit risk	11,736	90,063	88,369	6,209	196,377

The reinsurance element of the URP provision (£1,947k) is included within the Reinsurers' share of claims outstanding as <BBB/NR.

	AAA £000	AA £000	A £000	≤BBB/NR £000	Total £000
As at 31 December 2020					
Variable yield securities and unit trusts	-	3,540	2,352	-	5,892
Debt securities	-	15,235	30,567	5,854	51,656
Participation in investment pools	-	54,346	-	-	54,346
Overseas deposits as investments	6,578	1,030	824	635	9,067
Reinsurers' share of claims outstanding	-	9,262	30,588	-	39,850
Cash at bank and in hand	-	1,738	17,101	-	18,839
Total credit risk	6,578	85,151	81,432	6,489	179,650

Insurance receivables are not shown above but would be categorised as 'unrated' as a majority of the balance relates to insurance broker debt which falls outside credit rating requirements.

Operational risk

Much of the effect of the syndicate's exposure to operational risks is reflected in the various other risk headings above, and is mitigated and managed through the exercise of controls and management actions described above. Additional exposures are in relation to business continuity, i.e. the risk that the ability of the syndicate to continue in business will be affected by events not reflected under other headings, for example the impact of terrorist activity, and in the management of relationships and arrangements with staff and external parties.

In relation to the former, the managing agent maintains a Business Continuity Plan (BCP) which sets out the anticipated risks, assessments of the robustness and sustainability of IT infrastructure and applications, and the alternate arrangements or response procedures in place to mitigate business continuity risks. The BCP is reviewed and updated regularly. In relation to the latter, the managing agent has established arrangements designed to achieve an appropriate commonality of interest between the syndicate and the third parties concerned, and these arrangements are reviewed periodically. With regards to the risk of loss of key staff, this risk was considered more at the end of 2020 and during 2021 as a result of the decision to go into run off. Therefore, in addition to the usual mitigating strategies including personal development and succession planning, the managing agency has also implemented a retention bonus scheme for all staff and continues to seek to maintain a sufficient personnel resource with appropriate experience and expertise to reduce the risk of business disruption as a result of unexpected departures.

Operational risk is monitored via regular risk and control assessments and tested for adequate risk mitigation in place through scenario assessments. The insight from these processes is used to quantify operational risk in the internal model.

Covid-19 specific: the impact of Covid-19 on operational risk was assessed from the start of the pandemic. Risks including business continuity, the possibility of missed returns reporting and returns (internal and external), information technology (whether there was an increase in their cyber or infrastructure related risk arising from staff working from home) were all considered and immediate management actions were instigated to ensure the levels of risk did not increase. There was minimal disruption to Coverys at Lloyd’s and the syndicate’s operations as a result of the ongoing pandemic.

Syndicate 1991 Run-off: the decision to move the syndicate into Run-off was, towards the end of 2020, a key disruptor. The key areas and operational risks were identified by management with immediate responses including resource needs, a review of appropriate systems and processes, liquidity risk and credit risk. Key performance indicators were agreed early in the process and the orderly run off continued to be managed and monitored via regular reporting to the Runoff working group. One of the key operational risks which continues to be monitored at the time of authoring this report is the risk of reinsurance dispute on Covid losses. However, the Covid reserves were set using a prudent approach and therefore there is no need to reassess reserves this stage. The focus of management for 2022 will be to secure a RITC deal by the end of the year and meetings with capital providers have already started taking place.

Regulatory risk

The managing agent is required to comply, inter alia, with the requirements of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd’s. Failure to comply with applicable regulations could result in a variety of sanctions, the most extreme being a withdrawal of the right to underwrite business. The managing agent has established business operations and processes that follow the applicable regulatory standards. Management has also put in place appropriate monitoring structures to mitigate the risk of failing to meet regulatory compliance. The Coverys at Lloyd’s Executive Committee monitors regulatory developments to ensure the managing agent remains compliant. In addition, the compliance function and the risk management function monitors the position. The internal audit function supports the monitoring process, and directly reports into the Coverys at Lloyd’s Audit Committee, itself comprised of non-executive directors of the managing agent.

Regulatory risk is quantified under operational risk in the internal model.

Solvency risk

The Board sets the risk appetite in line with its strategy and ensures that sufficient capital resources are raised to cover those risks in line with regulatory and Lloyd’s capital setting processes, as per the above. The Coverys at Lloyd’s Risk and Capital Committee monitors risk appetite and tolerances on behalf of the Board.

In the event of extreme adverse claims experience, it is possible that the syndicate may not be able to settle its claim liabilities out of its own funds. In that event, the capital structure underpinning the syndicate is such that any deficits can be called from the syndicate’s capital providers (members) in accordance with Lloyd’s rules. In the event of any member being unable to fulfil its share of such a call, Lloyd’s Central Fund may, at Lloyd’s discretion, be applied to make good any deficits for the benefit of policyholders.

Notes to the annual accounts
at 31 December 2021

1. Analysis of underwriting results

An analysis of the underwriting result before investment return is set out below:

	Gross written premiums £000	Gross premiums earned £000	Gross claims incurred £000	Net operating expenses £000	Reinsurance balance £000	Total £000
2021						
Direct insurance:						
Fire and other damage to property	13,307	33,341	(28,490)	(16,593)	(4,792)	(16,534)
Third party liability	44,175	88,352	(119,833)	(39,455)	21,052	(49,884)
Accident & Health	(216)	522	869	(334)	(499)	558
Reinsurance: Casualty	72	1,536	(9,307)	(1,716)	3,641	(5,846)
Reinsurance: Property	-	-	(124)	(73)	(170)	(367)
	57,338	123,751	(156,885)	(58,171)	19,232	(72,073)
2020						
Direct insurance:						
Fire and other damage to property	44,794	46,944	(74,016)	(20,589)	24,201	(23,460)
Third party liability	101,643	95,272	(72,339)	(36,840)	(5,544)	(19,451)
Accident & Health	3,226	4,532	(4,670)	(2,642)	(1,189)	(3,969)
Reinsurance: Casualty	9,569	8,091	(3,169)	(4,683)	(1,456)	(1,218)
	159,232	154,839	(154,194)	(64,754)	16,012	(48,098)

Total commissions for direct insurance written in the year amounted to £38,996k (2020: £47,772k).

The geographical analysis of where premiums were concluded is as follows:

	2021 £000	2020 £000
United Kingdom	37,874	86,034
Other EU countries	17	1,956
Rest of the world	19,447	71,242
	57,338	159,232

2. Technical provisions

Gross technical provisions

	2021 £000	2020 £000
Claims outstanding	301,450	238,648
Unexpired risk provision	680	-
Provision for unearned premiums	26,475	93,215
	328,605	331,863

Reinsurers' share of technical provisions

	2021 £000	2020 £000
Claims outstanding	70,171	39,850
Unexpired risk provision	(1,947)	-
Provision for unearned premiums	2,559	4,162
	70,783	44,012

Net technical provisions

	2021 £000	2020 £000
Claims outstanding	231,279	198,798
Unexpired risk provision	2,627	-
Provision for unearned premiums	23,916	89,053
	257,822	287,851

Reconciliation of movements in year

2021	At 1 Jan 21 £000	Mvt in tech account £000	Exchange mvt £000	At 31 Dec 21 £000
Gross provision for claims	(238,648)	(65,137)	1,655	(302,130)
Reinsurers' share of provision for claims	39,850	28,808	(434)	68,224
Unearned premium	(93,215)	66,412	328	(26,475)
Reinsurers' share of unearned premium	4,162	(1,638)	35	2,559
Deferred acquisition costs	33,951	(22,329)	(96)	11,526

2020	At 1 Jan 20 £000	Mvt in tech account £000	Exchange mvt £000	At 31 Dec 20 £000
Gross provision for claims	(160,783)	(78,140)	275	(238,648)
Reinsurers' share of provision for claims	6,348	33,507	(5)	39,850
Unearned premium	(89,648)	(4,393)	826	(93,215)
Reinsurers' share of unearned premium	3,223	1,002	(63)	4,162
Deferred acquisition costs	29,207	4,964	(220)	33,951

Claims development triangulations – earned loss reserves on a pure underwriting year basis

Gross claims development as at 31 December 2021

Pure underwriting year	2013	2014	2015	2016	2017	2018	2019	2020
Estimate of gross claims incurred	£000	£000	£000	£000	£000	£000	£000	£000
After one year	843	415	365	4,697	1,078	4,471	1,491	2,003
After two years	13,018	22,242	27,102	37,672	37,227	34,723	34,732	11,227
After three years	25,245	44,666	58,810	75,253	77,310	96,721	92,714	
After four years	25,746	41,177	58,008	88,662	100,675	139,713		
After five years	24,728	43,016	60,740	97,128	117,596			
After six years	27,318	43,827	74,646	114,578				
After seven years	28,181	49,607	79,537					
After eight years	29,185	55,179						
After nine years	30,174							
Less gross claims paid	27,003	35,490	54,306	78,914	59,299	58,612	22,473	2,493
Gross reserves	3,171	19,689	25,231	35,664	58,297	81,101	70,241	8,734

Net claims development as at 31 December 2021

Pure underwriting year	2013	2014	2015	2016	2017	2018	2019	2020
Estimate of net claims incurred	£000	£000	£000	£000	£000	£000	£000	£000
After one year	843	415	336	4,672	1,048	4,420	1,414	1,931
After two years	12,355	19,636	26,475	36,549	36,291	33,313	30,278	12,829
After three years	23,434	39,667	57,165	72,700	75,075	84,860	82,972	
After four years	24,245	39,687	57,429	86,985	92,954	113,107		
After five years	23,697	41,186	60,171	93,344	104,590			
After six years	25,136	41,877	67,043	107,344				
After seven years	26,105	43,621	70,245					
After eight years	27,108	47,813						
After nine years	28,111							
Less net claims paid	24,941	34,788	54,028	78,312	57,458	58,612	22,473	2,493
Net reserves	3,170	13,025	16,217	29,032	47,132	54,495	60,499	10,336

Balances have been translated at exchange rates prevailing at 31 December 2021.

The significant movements in gross claims incurred in respect of claims provisions created at the end of the previous period are analysed as follows:

	2021	**2020**
	£000	**£000**
Fire and other damage to property	19,780	13,920
Third party liability	117,268	80,545
Accident & Health	1,099	801
Reinsurance: Casualty	18,839	-
	156,986	95,266

Notes to the annual accounts (continued)

3. Net operating expenses

	2021 £000	2020 £000
Brokerage and commissions	1,454	20,032
Other acquisition costs including certain syndicate expenses deemed to relate to procuring business	24,217	39,248
Acquisition costs	25,671	59,279
Change in deferred acquisition costs	22,329	(4,964)
Administration expenses	10,339	9,572
Members' standard personal expenses	(169)	867
	58,171	64,754

	2021 £000	2020 £000
Administrative expenses include:		
Auditors' remuneration		
Audit of the syndicate annual accounts	156	98
Audit-related assurance services	43	53
Other assurance services	82	82
	281	233

Audit-related assurance services relate to regulatory reporting to Lloyd's
Other assurance services provided relate to the statement of actuarial opinion

4. Employees

The following amounts were recharged to the syndicate in respect of employment costs.

	2021 £000	2020 £000
Wages and salaries	6,456	7,752
Social security costs	793	1,053
Other pension costs	455	513
	7,704	9,318

Salary and related expenses, where they relate to the cost of procuring business, are treated as acquisition costs and are deferred in line with premiums. The analysis above shows the total before deferral. This is only relevant to the 2020 figures, no admin expenses were treated as acquisition costs in 2021.

The average number of employees working for the syndicate during the year was as follows:

	2021	2020
Administration and finance	18	18
Underwriting	23	40
Claims	8	6
	49	64

Notes to the annual accounts (continued)

5. Directors' and Active Underwriter's emoluments

The directors of Coverys at Lloyd's received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	2021 £000	2020 £000
Emoluments	379	458

Active Underwriter's emoluments

The Active Underwriter received the following aggregate remuneration charged as other acquisition costs:

	2021 £000	2020 £000
Emoluments	407	407

Director responsible for Run-off emoluments

The Director responsible for Run-off received the following aggregate remuneration:

	2021 £000	2020 £000
Emoluments	104	23

6. Investment Return

	2021 £000	2020 £000
Income from investments	930	1,266
Gains on the realisation of investments	4	678
Losses on the realisation of investments	(560)	(258)
Investment income	374	1,686
Investment expenses and charges	(70)	(71)
Unrealised gains on investments	114	1,215
Unrealised losses on investments	(661)	(55)
Allocated investment return transferred to the technical account	(243)	2,775

This can also be presented as follows:

	2021 £000	2020 £000
Interest and similar income		
Interest from financial instruments designated at fair value	930	1,266
Gains on investments	118	1,893
	1,048	3,159

7. Investment Expenses and Charges

	2021 £000	2020 £000
Interest and similar income (note 6)	1,048	3,159
Investment management expenses, including interest	(70)	(71)
Realised losses on investments	(560)	(258)
Unrealised losses on investments	(661)	(55)
	(1,291)	(384)
	(243)	2,775

8. Other financial investments

	Market value		Cost	
	2021 £000	2020 £000	2021 £000	2020 £000
Listed securities				
Shares and other variable yield securities	5,393	5,892	5,393	5,892
Debt securities and other fixed income securities	37,251	51,656	37,637	51,289
Participation in investment pools	60,569	54,346	59,421	52,773
	103,213	111,894	102,451	109,954

Fair value hierarchy

In accordance with FRS 102 paragraph 11.27 the above financial instruments have been classified into three levels to estimate their fair values, with Level 1 being the most reliable. The syndicate has adopted the following definitions of the fair value hierarchy:

Level 1: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (ie. developed using market data), for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
As at 31 December 2021				
Total Investments	101,052	-	2,161	103,213
Overseas Deposits	138	17,143	-	17,281
Total	101,190	17,143	2,161	120,494

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
As at 31 December 2020				
Total Investments	109,673	-	2,221	111,894
Overseas Deposits	285	8,782	-	9,067
Total	109,958	8,782	2,221	120,961

London Interbank Offered Rate (LIBOR)
LIBOR is a widely used interest rate benchmark for derivatives and floating rate corporates and securitised bonds, among other financial instruments. It is based on the daily submissions of estimated borrowing rates by a panel of major global banks. On the 27 July 2017, the Financial Conduct Authority (FCA) announced that banks will no longer be required to submit these rates by 2021, which will result in the phase out of LIBOR as a benchmark interest rate. On the 30 November 2020, US and UK regulators announced that they would extend the publication of USD LIBOR for an additional 18 months through to 30 June 2023, to provide sufficient tune to wind-down legacy contracts. Syndicate 1991's longest LIBOR linked maturity is in June 2022 which will mature before the end of the published rates.

9. Debtors arising out of direct insurance operations

	2021 £000	2020 £000
Intermediaries	948	16,821
Policyholders	-	-

10. Debtors arising out of reinsurance operations

	2021 £000	2020 £000
Due from ceding insurers	-	174

All debtors are due within one year.

11. Other debtors

	2021 £000	2020 £000
Amounts held by Third Party Administrators – claims funds	14,773	13,178
US Federal Income Tax	1,127	778
VAT receivable	31	8
Other debtors	170	275
	16,101	14,239

12. Creditors arising out of direct insurance operations

	2021 £000	2020 £000
Due within one year	4,947	3,420

13. Creditors arising out of reinsurance operations

	2021 £000	2020 £000
Due within one year	7,101	4,705

14. Other creditors

	2021 £000	2020 £000
Taxation	197	2,190
Sundry Creditors	-	7
	197	2,197

15. Regulatory capital requirements

Funds at Lloyd's

Every member of Lloyd's is required to hold additional capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are required primarily in case syndicate assets prove insufficient to meet members' underwriting liabilities.

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

In addition to the FAL and any additional funds a member may introduce to meet losses, there is a Central Guarantee Fund controlled by Lloyd's which they may utilise to meet any syndicate liabilities that are not met by a member.

Capital framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to the supervision of the Prudential Regulation Authority (PRA) under the Financial Services and Markets Act 2000 and in accordance with Solvency II requirements.

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

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly the capital requirement in respect of syndicate 1991 is not disclosed in these financial statements.

Lloyd's capital setting process

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

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicate(s) on which it participating but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2021 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (FAL), 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.
There are no funds in syndicate held for this syndicate, accordingly all of the assets less liabilities of the syndicate, as represented by the members' balances reported on the balance sheet represent resources available to meet members' and Lloyd's capital requirements.

16. Derivatives

During the year, the syndicate has not held or purchased any derivative contracts.

17. Off-balance sheet items

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

18. Related parties

(i) A number of executive directors of Coverys at Lloyd's were also directors and approved persons of other UK subsidiaries within the Coverys Group.

(ii) During the year, the syndicate paid £8,665k (2020: £11,998k) to Coverys MA Services Limited (CMAS) in relation to management fees and £Nil (2020: £825k) in managing agency fees to Coverys at Lloyd's. These amounts have been charged at cost.

(iii) CMAS, the principal administration company and a subsidiary of Coverys at Lloyd's provided a number of services to syndicate 1991 including IT and Human Resources.

(iv) R D Forster and M Bell are directors of CMAS.

(v) R D Forster and M Bell are directors of DTW 1991 Underwriting Limited (DTW1991), a Lloyd's approved service company coverholder which conducts business on behalf of the syndicate. During the year DTW1991 provided £35,182k of premium income to the syndicate (2020: £99,524k). DTW1991's costs are recharged to the syndicate and treated as acquisition costs. This amounted to £12k in 2021 (2020: £13k).

(vi) DT Wright (former Active Underwriter) and SH Mitchell (former Deputy Underwriter) were shareholders of DTW Claims Management LLC (a US domiciled Claims Administrator who handle claims exclusively for syndicate 1991's US policyholders) up to 31 January 2020. They did not receive any financial benefit from the arrangement.

19. Controlling Party of the Managing Agent

The ultimate Parent undertaking is Medical Professional Mutual Insurance Company, a company registered in Massachusetts, USA.

The immediate parent undertaking is Coverys UK Holding Co. Limited, which is registered in England and Wales.

Group Financial Statements are prepared by the immediate parent undertaking, Coverys UK Holding Co. Limited, a company registered in England & Wales, and can be obtained from Coverys UK Holding Co. Limited, 6th Floor, One Creechurch Place, London, EC3A 5AF.

Coverys Managing Agency Limited

Underwriting year accounts
2018 & 2019 year of account
Syndicate DTW 1991
At 31 December 2021

Page

Underwriting year accounts

Managing agent's report

Coverys at Lloyd's presents its report together with the syndicate underwriting year accounts for the 2018 year of account of syndicate 1991 for the 48 months and 2019 year of account of syndicate 1991 for the 36 months ended 31 December 2021.

Review of the 2018 year of account at 48 months and 2019 year of account at 36 months
The 2018 and 2019 year of account will remain open and in Run-off until at least 31 December 2022.

Activities
Syndicate 1991 is a specialist in delegated authority underwriting, and was approved by Lloyd's for the 2013 year of account.

	Year of account	
	2018	**2019**
Capacity	£126.8m	£126.8m
As at 31 December 2021		
Gross Written Premium (after deduction of brokerage)	£106.7m	£97.1m
Gross incurred loss ratio	133.9%	71.4%
Net incurred loss ratio	113.5%	72.0%
Loss before members' agents' fees	(£88.6m)	(£32.4m)
Result as proportion of allocated capacity	(69.9%)	(25.6%)

As discussed in the strategic report there is no 2021 year of account to ultimately accept the reinsurance to close of the 2018 and 2019 year of account. There is significant uncertainty as to the cost and availability of reinsurance to close via a third party. There is also a lack of commonality between the members on the 2018, 2019 and 2020 years of account.

Results
The forecast loss for the 2018 year of account is £88.6m equivalent to 69.9% of capacity, this includes a material reserve strengthening (£50.4m) post the 2017 & prior years of account RITC at 31 December 2019. The forecast loss for the 2019 year of account is £32.4m equivalent to 25.6% of capacity. An explanation of the result is included in the Strategic report on page 4.

Auditors
Pricewaterhousecoopers LLP have indicated their willingness to continue in office as the syndicate's auditors.

Disclosure of Information to Auditors
So far as each person who was a director of the managing agent at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the syndicate's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by order of the Board of Coverys at Lloyd's.

Robert Forster
Chief Executive Officer
3 March 2022

Statement of managing agent's responsibilities

The managing agent is responsible for preparing syndicate underwriting year accounts and an accompanying managing agent's report in accordance with applicable law, Lloyd's Byelaws and United Kingdom Generally Accepted Accounting Practice.

In preparing the syndicate underwriting year accounts, the managing agent is required by the Syndicate Accounting Byelaw (No. 8 of 2005) to:

- Select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- Take into account all income and charges relating to a Run-off year of account without regard to the date of receipt or payment;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these financial statements.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year accounts comply with the Syndicate Accounting Byelaw (No.8 of 2005). It also has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the syndicate and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Syndicate 1991 – 2018 and 2019 run-off years of account

Report on the audit of the syndicate underwriting year financial statements

Opinion

In our opinion, Syndicate 1991's syndicate underwriting year financial statements for the 2018 year of account for the 48 months and the 2019 year of account for the 36 months ended 31 December 2021 (the "underwriting year financial statements"):

- have been properly prepared, in all material respects, in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), as modified by the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005); and
- have been properly prepared, in all material respects, in accordance with the requirements of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

We have audited the underwriting year financial statements included within the Underwriting year accounts: 2018 & 2019 year of account (the "Underwriting Year Accounts"), which comprise:

- the 2018 year of account Balance sheet and 2019 year of account Balance sheet as at 31 December 2021;
- the 2018 year of account Statement of profit or loss account: Technical account – general business, Statement of profit or loss account: Non technical account, the Statement of cash flows and the Amounts due from members for the 48 months then ended;
- the 2019 year of account Statement of profit or loss account: Technical account – general business, Statement of profit or loss account: Non technical account, the Statement of cash flows and the Amounts due from members for the 36 months then ended; and
- the notes to the underwriting year financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the underwriting year financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the underwriting year financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – Basis of preparation

Without modifying our opinion, we draw attention to note 1 of the underwriting year financial statements, which describes the basis of preparation. The underwriting year financial statements are prepared in accordance with a special purpose framework for the specific purpose as described in the *Use of this report* paragraph below. As a result, the underwriting year financial statements may not be suitable for another purpose.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the syndicate's ability to continue as a going concern for a period of at least twelve months from when the underwriting year financial statements are authorised for issue.

In auditing the underwriting year financial statements, we have concluded that the Managing Agent's use of the going concern basis of accounting in the preparation of the underwriting year financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the syndicate's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Managing Agent with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Underwriting Year Accounts other than the underwriting year financial statements and our auditors' report thereon. The Managing Agent is responsible for the other information. Our opinion on the underwriting year financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the underwriting year financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the underwriting year financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the underwriting year financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the underwriting year financial statements and the audit

Responsibilities of the Managing Agent for the underwriting year financial statements

As explained more fully in the Statement of managing agent's responsibilities, the Managing Agent is responsible for the preparation of the underwriting year financial statements in accordance with the applicable framework. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of underwriting year financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors’ report to the members of Syndicate 1991 (continued)

In preparing the underwriting year financial statements, the Managing Agent is responsible for 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 the syndicate is unable to continue to realise its assets and discharge its liabilities in the ordinary course of business.

Auditors’ responsibilities for the audit of the underwriting year financial statements

Our objectives are to obtain reasonable assurance about whether the underwriting year financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 underwriting year financial statements.

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

Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd’s, and we considered the extent to which non-compliance might have a material effect on the underwriting year financial statements. We also considered those laws and regulations that have a direct impact on the underwriting year financial statements such as the Lloyd’s Syndicate Accounting Byelaw (No. 8 of 2005). We evaluated management’s incentives and opportunities for fraudulent manipulation of the underwriting year financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure or to manipulate members’ balances. We also considered management bias in accounting estimates and judgemental areas of the underwriting year financial statements such as the valuation of the technical provision for claims outstanding. Audit procedures performed by the engagement team included:

- Discussions with senior management involved in the Risk and Compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of any matters reported on the whistleblowing helpline and fraud register and the results of management’s investigation of such matters;
- Reading key correspondence with Lloyd’s in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Audit Committee;
- Testing journal entries identified in accordance with our risk assessment;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Testing material transactions entered into outside of the normal course of business where they exist.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the underwriting year financial statements. Also, 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.

A further description of our responsibilities for the audit of the underwriting year financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Independent auditors' report to the members of Syndicate 1991 (continued)

Use of this report

This report, including the opinions, has been prepared for and only for:

- the members of the 2018 year of account of the syndicate in respect of the underwriting year financial statements for the 2018 year of account, as a body; and
- separately the members of the 2019 year of account of the syndicate in respect of the underwriting year financial statements for the 2019 year of account, as a body;

in accordance with paragraph 8 of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Under the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the Managing Agent in respect of the syndicate; or
- the underwriting year financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Andrew Box (Senior statutory auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

03 March 2022

COVERYS MANAGING AGENCY LIMITED

Syndicate DTW1991

Statement of profit or loss account
Technical account – general business
2018 year of account after 48 months - 31 December 2021

	Note	Calendar year £000	Cumulative balance 31/12/21 £000
Syndicate allocated capacity			126,750
Earned premiums net of reinsurance:			
Gross premiums written		34,213	162,746
Outward reinsurance premiums		(1,239)	(16,964)
		32,974	145,782
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance as at beginning of the year	4	(10,933)	112,111
Allocated investment return transferred from the non-technical account		(233)	2,526
		21,808	260,419
Claims incurred, net of reinsurance:			
Claims paid			
Gross amount		(71,716)	(152,877)
Reinsurers' share		1,385	1,761
		(70,331)	(151,116)
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance as at end of the year	5	18,332	(131,164)
		(51,999)	(282,280)
Net operating expenses	6	(16,557)	(69,685)
Balance on the technical Account – general business	7	(46,748)	(91,546)

The accounting policies and notes on pages 59 to 72 form part of these financial statements

Statement of profit or loss account
Non technical account and Amounts due from members
2018 year of account after 48 months - 31 December 2021

	Note	Calendar year £000	Cumulative balance 31/12/21 £000
Balance on the technical account – general business		(46,748)	(91,546)
Investment income		423	1,714
Investment expenses and charges		(66)	(187)
Realised gains on investments		(295)	130
Unrealised gains on investments		(294)	869
Allocated investment return transferred to general business technical account	8	233	(2,526)
Other charges		(1,218)	233
The result for the year ended 31 December 2021 for the 2018 Run-off year of account		(47,965)	(91,313)

The above loss was after a £232k exchange gain, included within the non-technical account as Other charges. There was no other comprehensive income.

Amounts due from members

Cumulative loss for the 2018 Run-off year of account	(47,965)	(91,313)
Members' agents' fees advances	-	-
Cash calls made	38,025	38,025
Amounts due (from) members at 31 December 2021	(9,940)	(53,288)

The accounting policies and notes on pages 59 to 72 form part of these financial statements.

Syndicate DTW1991

Statement of profit or loss account
Technical account – general business
2019 year of account after 36 months - 31 December 2021

	Note	£000	£000
Syndicate allocated capacity			126,750
Earned premiums net of reinsurance:			
Gross premiums written			127,286
Outward reinsurance premiums			(14,901)
			112,385
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance as at beginning of the year			-
Allocated investment return transferred from the non-technical account			91
Claims incurred, net of reinsurance:			
Claims paid			
Gross amount		(22,978)	
Reinsurers' share		-	
		(22,978	
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	5	(61,105)	
			(84,083)
Net operating expenses	6		(60,230)
Balance on the technical Account – general business	7		(31,837)

The accounting policies and notes on pages 59 to 72 form part of these financial statements

Statement of profit or loss account
Non technical account and Amounts due from members
2019 year of account after 36 months - 31 December 2021

	Note	£000
Balance on the technical account – general business		(31,837)
Investment income		526
Investment expenses and charges		(41)
Realised gains on investments		(216)
Unrealised gains on investments		(178)
Allocated investment return transferred to general business technical account	8	(91)
Other charges		(4)
Result for the three years ended 31 December for the 2019 Run-off year of account		(31,841)

The above loss was after a £4k exchange loss, included within the non-technical account as Other charges. There was no other comprehensive income.

Amounts due from members

Cumulative loss for the 2019 Run-off year of account	(31,841)
Members' agents' fees advances	-
Amounts due (from) members at 31 December 2021	(31,841)

The accounting policies and notes on pages 59 to 72 form part of these financial statements.

Balance sheet
2018 year of account after 48 months - 31 December 2021

	Note	£000	£000
Assets			
Investments	9		73,070
Debtors	10		38,312
Reinsurance recoveries anticipated on gross amounts retained to meet all known and unknown outstanding liabilities	5		60,126
Other assets			
Cash at bank and in hand		3,177	
Overseas deposits		4,691	
Deposits with ceding undertakings		3,064	
			10,932
Prepayments and accrued income			
Deferred acquisition costs	5	6,984	
Prepayments and other accrued income		6,045	
			13,029
Total assets			195,469
Liabilities			
Amount due (from) members			(48,960)
Amounts retained to meet all known and unknown outstanding liabilities – gross amount	5		238,492
Creditors	11		5,319
Accruals and deferred Income			618
Total liabilities			195,469

The accounting policies and notes on pages 59 to 72 form part of these financial statements

The syndicate underwriting year accounts were approved by the Board of Coverys at Lloyd's on 3 March 2022 and were signed on its behalf by:

Robert Forster (Chief Executive Officer)

M Bell (Finance Director)

Balance sheet
2019 year of account after 36 months - 31 December 2021

	Note	£000	£000
Assets			
Investments	9		26,144
Debtors	10		(19,284)
Reinsurance recoveries anticipated on gross amounts retained to meet all known and unknown outstanding liabilities	5		10,195
Other assets			
Cash at bank and in hand		20,967	
Overseas deposits		11,231	
Deposits with ceding undertakings		(14)	
			32,184
Prepayments and accrued income			
Deferred acquisition costs	5	3,289	
Prepayments and other accrued income		900	
			4,189
Total assets			53,428
Liabilities			
Amount due (from) members			(31,841)
Amounts retained to meet all known and unknown outstanding liabilities – gross amount	5		79,354
Creditors	11		4,226
Accruals and deferred Income			1,689
Total liabilities			53,428

The accounting policies and notes on pages 59 to 72 form part of these financial statements

The syndicate underwriting year accounts were approved by the Board of Coverys at Lloyd's on 1 March 2022 and were signed on its behalf by:

Robert Forster (Chief Executive Officer)

M Bell (Finance Director)

Statement of cash flows
2018 year of account after 48 months - 31 December 2021

	£000
Cash flow from operating activities	
Loss for the financial year	(91,313)
Adjustments for:	
Increase/(decrease) in gross technical provisions	238,492
(Increase)/decrease in reinsurers' share of technical provisions	(60,126)
(Increase)/decrease in debtors, prepayments & accrued income	(51,168)
Increase/(decrease) in creditors	10,265
Investment return	(2,526)
Net cash generated from operating activities	43,624
Cash flows from investing activities:	
Purchase of equity & debt instruments	(314,290)
Sale of equity & debt instruments	235,904
Changes to market value and currency	599
Investment return	2,526
Other	(3,064)
Net cash used in investing activities	(78,325)
Cash flows from financing activities:	
Members' agents fees	(172)
Cash call	38,025
Net cash used in financing activities	37,853
Net increase/(decrease) in cash & cash equivalents in year	3,152
Cash & cash equivalents at beginning of the year	-
Foreign exchange movements in cash and cash equivalents	25
Cash & cash equivalents at end of the year	3,177
Cash & cash equivalents comprise:	
Cash at bank and in hand	3,177
	3,177

The accounting policies and notes on pages 59 to 72 form part of these financial statements

Statement of cash flows
2019 year of account after 36 months - 31 December 2021

	£000
Cash flow from operating activities	
Loss for the financial year	(31,841)
Adjustments for:	
Increase/(decrease) in gross technical provisions	79,354
(Increase)/decrease in reinsurers' share of technical provisions	(10,195)
Decrease/(increase) in debtors, prepayments & accrued income	15,277
Increase/(decrease) in creditors	5,915
Investment return	(91)
Net cash generated from operating activities	58,419
Cash flows from investing activities:	
Purchase of equity & debt instruments	(73,401)
Sale of equity & debt instruments	36,623
Changes to market value and currency	(296)
Investment return	91
Other	(543)
Net cash used in investing activities	(37,526)
Cash flows from financing activities:	
Members' agents fees	(182)
Net cash used in financing activities	(182)
Net increase/(decrease) in cash & cash equivalents in year	20,711
Cash & cash equivalents at beginning of the year	-
Foreign exchange movements in cash and cash equivalents	256
Cash & cash equivalents at end of the year	20,967
Cash & cash equivalents comprise:	
Cash at bank and in hand	20,967
	20,967

The accounting policies and notes on pages 59 to 72 form part of these financial statements

1. Statement of accounting policies

General information and principal activities
Syndicate 1991 is a Lloyd's syndicate domiciled in England and Wales. It is managed by Coverys at Lloyd's, a private company limited by shares that was incorporated in England and whose registered office is One Creechurch Place, London EC3A 5AF.

The syndicate is supported by third party members.

Basis of preparation and compliance with accounting standards
These syndicate underwriting year accounts 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 Syndicate Accounting Byelaw (No.8 of 2005), as far as is necessary to present a true and fair view.

The syndicate underwriting year accounts have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss which are measured at fair value.
The syndicate underwriting year accounts are presented in Sterling which is also the syndicate's functional currency.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These syndicate underwriting year accounts relate to the 2018 and 2019 year of account which as discussed previously will remain open but in Run-off. Consequently the individual balance sheets represent the assets and liabilities of the 2018 and 2019 year of account and the profit and loss account and cash flow statement reflect the transactions for that year of account during the 48 months period to 31 December 2021 for the 2018 year of account and 36 month period for the 2019 year of account.

As each syndicate year of account is a separate annual venture, comparatives do not exist and are therefore not included in these accounts.

Significant accounting policies:
Underwriting transactions
Each account is normally kept open for three years and the underwriting result is ascertained at the end of the third year when the account is closed, normally by reinsurance into the following year of account. The accounts include transactions on the following bases:

(a) Gross premiums are allocated to years of account into which the arrangement with the coverholder incepts. Commissions or brokerage charged to the syndicate are allocated to the same year of account as the relevant policy. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

(b) Reinsurance premiums are allocated to a year of account in accordance with the underlying risks being protected or in relation to the coverage period of the contract as appropriate. Any reinsurance premium adjustments are charged to a year of account according to the basis on which the adjustments concerned are calculated.

(c) Gross claims paid include internal and external adjustment and settlement expenses. Salvages and reinsurance recoveries are allocated to the year of account to which the related claim was charged.

(d) All underwriting transactions are recognised on the basis of transactions processed up to and including the balance sheet date plus accruals in respect of anticipated additional or return premiums, reinsurance premiums and reinsurance recoveries in respect of paid claims.

(e) A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

The estimate of future liabilities (including internal and external settlement costs) and the premium for the reinsurance to close are calculated by the internal actuaries based on the latest loss information available at the time of making such calculation. This is in line with the external actuarial opinion. The calculation allows for the estimated net cost of claims which may have been incurred but not yet reported; such allowance is established by using market blended rates adapted to reflect experience to date. The calculation includes estimates for known outstanding claims, claims which may have been incurred but not reported, and potential reinsurance recoveries. The uncertainties which are inherent in the process of estimating are such that in the normal course of events, unforeseen or unexpected future developments may cause the ultimate cost of settling the outstanding liabilities to differ from that presently estimated. Credit is taken for any reinsurance recoveries that are presently estimated to be recoverable. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing either the reinsurance to close or the estimate of future liabilities as applicable. Any unearned premiums are taken into account within the calculation of the reinsurance to close premium.

Financial assets and financial liabilities

(a) Classification
The accounting classification of financial assets and liabilities determines their basis of measurement and how changes in those values are presented in the profit or loss or other comprehensive income. These classifications are made at initial recognition and subsequent reclassification is only permitted in restricted circumstances.

Investments in shares and other variable yield securities and unit trusts and debt securities and other fixed income securities are classified as fair value through profit and loss as they are managed on a fair value basis. Cash at bank, deposits with credit institutions, debtors and accrued interest are classified as loans and receivables.

(b) Recognition
Financial assets and liabilities are recognised when the syndicate becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset after deducting all of its liabilities.

(c) Initial measurement
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate if interest for a similar debt instrument.

(d) Subsequent measurement
Investments in shares and other debt instruments are measured at fair value through profit or loss. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date.

(e) De-recognition of financial assets and liabilities
Financial assets are derecognised when and only when a) the contractual rights to the cash flow from the financial asset expire or are settled, b) the syndicate transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the syndicate, despite having retained some significant risks and rewards of ownership, have transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.
Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(f) Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicate estimates the fair value by using a valuation technique.

(g) Impairment of financial instruments measured at amortised cost or cost
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate, i.e. using the effective interest method.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset’s carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss immediately.

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

Notes to the syndicate underwriting accounts (continued)

Investment return

The gross investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges. Investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits. Investment return is wholly allocated to the general business technical account.

Syndicate operating expenses

Costs incurred by the managing agent in respect of the syndicate are charged to the syndicate. Where expenses do not relate to any specific year of account they are apportioned between years of account on bases which reflects the benefit obtained by each year of account from each type of expense. Where expenses are incurred jointly by the managing agent and the syndicate, they are apportioned on bases that are considered to fairly reflect the nature and usage of the expense concerned.

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 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. It is the responsibility of members to agree and settle their individual tax liabilities with the Inland Revenue.

No provision has been made for any United States Federal Income Tax or any overseas tax payable on the underwriting results or investment earnings. Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

Basis of currency translation

The syndicate has Sterling as its functional and presentation currency.

Income and expenditure in US dollars, Canadian dollars, Euros, Australian and New Zealand dollars are translated at average rates of exchange for each calendar year as an equivalent of transaction rates. The exception to this is that the reinsurance to close receivable and payable have been translated at the transaction rates of exchange ruling at the effective dates of the contracts. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Although transactions are translated as described above, the monetary assets and liabilities, including any unearned premiums or deferred acquisition costs, within the balance sheet in the currencies stated above are translated at the rates of exchange ruling on 31 December 2021. Any differences are included within the profit or loss on exchange account in the Non-technical Account. Any non-monetary assets or liabilities are retained at their original exchange rate.

Notes to the syndicate underwriting accounts (continued)

Key accounting judgements and estimation uncertainties

The key accounting judgements, assumptions and estimates made in the preparation of these underwriting year accounts are those relating to the determination of the technical provisions for the 2018 year of account as at 48 months and the 2019 year of account as at 36 months. However as the year of account remains open, this will be subject to change.

2018 year account

The technical provisions after the reinsurers' share is £171m. The most uncertain element within these technical provisions is the amount for claims outstanding which covers amounts where either a claim event has occurred but the syndicate has not yet been notified or where although notified there has been insufficient information to date to be certain regarding its ultimate cost. This provision for Incurred but Not Reported ("IBNR") after potential related reinsurance recoveries amount to £70m. The 2018 and prior reserves held at year end for COVID-19 are -£2.7m net.

2019 year account

The technical provisions after the reinsurers' share is £66m. The most uncertain element within these technical provisions is the amount for claims outstanding which covers amounts where either a claim event has occurred but the syndicate has not yet been notified or where although notified there has been insufficient information to date to be certain regarding its ultimate cost. This provision for Incurred but Not Reported ("IBNR") after potential related reinsurance recoveries amount to £37m. The 2019 reserves held at year end for COVID-19 are £0.2m net.

The ultimate amounts of the COVID-19 claims are subject to a great deal of uncertainty which, combined with their total size, increases the level of uncertainty in the actuarial best estimate of the syndicate significantly beyond the normal range of uncertainty for insurance liabilities at this stage of development.

2. Risk and capital management

Any change in value of the assets or liabilities or further transactions within the 2017 year of account after 31 December 2020 will be borne by the 2018 year of account. The risks remain within the syndicate and are borne by the 2018 and subsequent years of account and are disclosed in the syndicate annual accounts on pages 13 to 42 and in particular within page 25 on risk management.

The basis on which capital is managed by the syndicate in accordance with the requirements of the Society of Lloyd's and the Prudential Regulatory Authority is also described within the syndicate annual accounts within Note 15 on regulatory capital requirements.

3. Analysis of underwriting result

An analysis of the underwriting result before investment return for the four years ended 31 December 2021 is set out below:

2018 year of account	**Gross written premiums**	**Gross premiums earned**	**Gross claims incurred**	**Net operating expenses**	**Reinsurance balance**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Direct insurance:						
Fire and other damage to property	58,741	61,457	(79,880)	(25,543)	17,859	(26,107)
Third party liability	117,221	124,297	(149,363)	(50,986)	19,532	(56,521)
Accident & Health	5,028	6,155	(4,049)	(3,529)	(1,518)	(2,940)
	180,990	191,909	(233,292)	(80,058)	35,873	(85,568)

The above figures do not include RITC paid or received amounts.

The geographical analysis of where premiums were concluded is as follows:

	£000
United Kingdom	83,946
Other EU countries	2,484
Rest of the world	94,560
	180,990

2019 year of account	**Gross written premiums**	**Gross premiums earned**	**Gross claims incurred**	**Net operating expenses**	**Reinsurance balance**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Direct insurance:						
Fire and other damage to property	44,531	41,668	(38,217)	(20,016)	(1,818)	(18,383)
Third party liability	89,208	81,631	(53,289)	(38,001)	(2,726)	(12,385)
Accident & Health	1,205	1,121	(761)	(789)	(172)	(601)
	134,944	124,420	(92,267)	(58,806)	(4,716)	(31,369)

The above figures do not include RITC paid or received amounts.

The geographical analysis of where premiums were concluded is as follows:

	£000
United Kingdom	74,447
Other EU countries	1,878
Rest of the world	58,619
	134,944

Notes to the syndicate underwriting accounts (continued)

4. Reinsurance to close premiums received

2018 year of account	Unearned premium £000	Reported claims £000	IBNR £000	ULAE £000	Total £000
Gross reinsurance to close premiums received	8,083	91,527	50,527	-	150,137
Reinsurance recoveries anticipated	(1)	(22,745)	(10,732)	-	(33,478)
	8,082	68,782	39,795	-	116,659
Deferred acquisition costs					(4,548)
					112,111

5. Amounts retained to meet all known and unknown outstanding liabilities

2018 year of account

	Unearned premium £000	Reported claims £000	IBNR £000	ULAE £000	Total £000
Amounts retained to meet all known and unknown outstanding liabilities – gross amount	15,337	128,263	91,792	3,100	238,492
Reinsurance recoveries anticipated on gross amounts retained to meet all known and unknown outstanding liabilities	(42)	(38,009)	(22,075)	-	(60,126)
	15,295	90,254	69,717	3,100	178,366
Deferred acquisition costs					(6,984)
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance – balance sheet					171,382
Unearned net premiums and deferred acquisition costs					(8,311)
Foreign exchange profit					(31,907)
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance – profit and loss account					131,164

This amount represents a provision if the 2018 year of account had closed into the 2019 year of account as at 31 December 2021.

The table of the development of ultimate claims since 2013 is shown within Note 2 to the Syndicate Annual Accounts.

Notes to the syndicate underwriting accounts (continued)

2019 year of account

	Unearned premium £000	Reported claims £000	IBNR £000	ULAE £000	Total £000
Amounts retained to meet all known and unknown outstanding liabilities – gross amount	9,113	27,631	41,615	995	79,354
Reinsurance recoveries anticipated on gross amounts retained to meet all known and unknown outstanding liabilities	(452)	(5,518)	(4,225)	-	(10,195)
	8,661	22,113	37,390	996	69,159
Deferred acquisition costs					(3,289)
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance – balance sheet					65,870
Unearned net premiums and deferred acquisition costs					(5,372)
Foreign exchange losses					607
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance – profit and loss account					61,105

This amount represents a provision if the 2019 year of account had closed into the 2020 year of account as at 31 December 2021.

The table of the development of ultimate claims since 2013 is shown within Note 2 to the Syndicate Annual Accounts.

6. Net operating expenses

	2018 year of account £000	2019 year of account £000
Brokerage and commissions	8,725	19,588
Other acquisition costs	47,224	24,470
Acquisition costs	55,949	44,058
Administrative expenses	13,736	16,172
	69,685	60,230

Included within administrative costs above are the following:

Auditors' remuneration - audit	250	212
Standard personal expenses (excluding members' agents' fees)	1,645	1,626

7. Balance on the technical account before net operating expenses and allocated investment return

	2017 & prior years of account £000	2018 year of account £000	Total £000
Technical account balance before allocated investment return and net operating expenses	(21,317)	(3,070)	(24,387)
Brokerage, commission & other acquisition costs on gross premium	(46,695)	(9,254)	(55,949)
Balance after brokerage and commissions	(68,012)	(12,324)	(80,336)

Notes to the syndicate underwriting accounts (continued)

2018 year of account

Reconciliation of Reinsurance to Close as at 48 months

£000	Gross	Reinsurers' share	Total
Reinsurance to close received at 1 January 2021	146,534	(23,489)	123,045
Claims paid in relation to 2017 & prior years of account in 2021	(42,804)	1,385	(41,419)
Change in provision for 2017 & prior years of account claims in 2021	45,852	(11,778)	34,074
Premiums received in 2021	4,840	141	4,981
Change in provision for premiums in 2021	(7,008)	(115)	(7,123)
Change in provision for acquisition costs in 2021	299	-	299
Effect of movement in exchange rates	(2,124)	378	(1,746)
Reinsurance to close payable for 2017 & prior years of account at 31 December 2021	145,589	(33,478)	112,111
Provision for claims in relation to 2018 year	85,919	(26,648)	59,271
Reinsurance to close payable for 2018 and prior at 31 December 2021	231,508	(60,126)	171,382

Notes to the syndicate underwriting accounts (continued)

8. Investment return

	2018 year of account £000	2019 year of account £000
Income from investments	1,714	526
Gain on realisation of investments	696	43
Investment income	2,410	569
Investment management expenses, including interest	(187)	(41)
Losses on realisation of investments	(566)	(259)
Investment expenses and charges	(753)	(300)
Unrealised gains on investments	1,303	53
Unrealised losses on investments	(434)	(231)
Net unrealised gains on investments	869	(178)
Allocated investment return transferred to the technical account	2,526	91

This can also be presented as follows:

	2018 year of account £000	2019 year of account £000
Interest and similar income		
Interest from financial instruments designated at fair value	1,714	526
Other income from investments designated at fair value		
Realised gains and losses	130	(216)
Unrealised gains and losses	869	(178)
Investment expenses	(187)	(41)
	2,526	91

9. Investments

2018 year of account

	Market value £000	Cost £000
Financial assets at fair value through profit or loss:		
Shares and other variable yield securities	1,055	1,055
Debt securities and other fixed income securities	17,037	17,214
Participation in investment pools	54,978	53,936
	73,070	72,205

2019 year of account

	Market value £000	Cost £000
Financial assets at fair value through profit or loss:		
Shares and other variable yield securities	582	582
Debt securities and other fixed income securities	20,214	20,423
Participation in investment pools	5,348	5,247
	26,144	26,252

Fair value hierarchy

In accordance with FRS 102 paragraph 11.27 the above financial instruments carried at fair value have been classified by valuation method into three levels to estimate their fair values, with Level 1 being the most reliable. The definitions of these hierarchy levels are as follows:

Level 1: Quoted prices in an active market for identical assets at the relevant date.

Level 2: Where there is no quoted price, the price of a recent transaction of an identical asset provided that the price is considered to remain appropriate.

Level 3: If neither of the above are applicable, by the use of a valuation technique to estimate the transaction price of an arm’s length exchange under normal business considerations at the relevant date.

All the syndicate’s 2018 year of account financial instruments are classified as Level 1

The syndicate’s 2019 year of account financial instruments are classified as: Level 1: £25,586k and Level 3: £557k . The Level 3 instrument is being driven by the ‘Syndicate loan to the Central Fund’.

Notes to the syndicate underwriting accounts (continued)

10. Debtors

	2018 year of account £000	2019 year of account £000
Amounts held by Third Party Administrators – claims funds	37,748	(20,243)
Debtors arising out of direct insurance operations – intermediaries	388	553
Debtors arising out of direct insurance operations – policy holders	-	-
Members Agency fees	172	182
Other debtors	4	224
All amounts are due within one year.	38,312	(19,284)

11. Creditors

	2018 year of account £000	2019 year of account £000
Taxation	(37)	244
Creditors arising out of reinsurance operations	2,041	2,526
Creditors arising out of direct insurance operations	3,315	1,456
Amounts owed to credit institutions	-	-
Other creditors	-	-
All amounts are payable within one year.	5,319	4,226

12. Borrowings and mortgages or charges

No balance sheet assets have a mortgage or charge over them.

13. Related parties

Members' expenses, being agent's fees and profit commission payable to the managing agent, and subscriptions and central guarantee fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis. For the 2018 and 2019 year of account Coverys at Lloyd's has charged an agent's fee of 0.75% of capacity. Within the 2018 and 2019 underwriting year accounts, fees of £1.0m per year of account have been reflected within net operating expenses. At 31 December 2021 there were no unpaid fees. The managing agent's subsidiary, CMAS, incurs a large proportion of the expenses incurred in operating the syndicate and recharges them to the syndicate on a basis that reflects the syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. Included within the recharges are amounts relating to the remuneration of directors of Coverys at Lloyd's. The total amount recharged by the managing agent to the syndicate to the 2018 underwriting account was £12.5m excluding agent fees and £15.7m for the 2019 underwriting acccount. At 31 December 2021 there were no unpaid fees.

14. Controlling party of the managing agent

The ultimate Parent undertaking is Medical Professional Mutual Insurance Company, a company registered in Massachusetts, USA.

The immediate parent undertaking is Coverys UK Holding Co. Limited, which is registered in England and Wales.

Group Financial Statements are prepared by the immediate parent undertaking, Coverys UK Holding Co. Limited, a company registered in England & Wales, and can be obtained from Coverys UK Holding Co. Limited, 6th Floor, One Creechurch Place, London, EC3A 5AF.

Summary of results of closed years 2013-2017, 2018-2019 in run-off

Years of Account	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Syndicate allocated capacity	£76.8m	£150.0m	£146.2m	£129.8m	£126.8m	£126.8m	£126.8m
Number of underwriting members	559	642	666	617	348	335	296
Net premium	£19.1m	£36.9m	£67.1m	£89.3m	£98.1m	£109.6m	£81.3m
Results for a £10,000 share	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Gross premiums	4,933	4,419	4,535	11,129	13,263	13,843	10,871
Net premiums	4,246	3,822	6,747	10,056	11,981	11,502	8.867
RITC from an earlier account	-	1,072	3,187	5,923	6,556	10,073	-
Net claims	(900)	(914)	(2,034)	(3,781)	(6,069)	(11,070)	(1,813)
RITC paid	(2,095)	(2,801)	(5,302)	(8,623)	(8,495)	(12,429)	(4,821)
Profit/(loss) on exchange	19	(60)	(182)	(83)	35	18	-
Syndicate operating expenses	(2,335)	(1,937)	(3,021)	(3,969)	(5,083)	(5,368)	(4,624)
Balance on technical account	(1,065)	(817)	(604)	(477)	(1,075)	(7,274)	(2,391)
Investment return	1	4	27	(46)	235	199	7
Profit/(loss) for the closed year	(1,064)	(813)	(577)	(523)	(840)	(7,074)	(2,384)
Profit commission	-	-	-	-	-	-	-
Other personal expenses	(66)	(131)	(125)	(105)	(117)	(130)	(128)
Profit/(loss) after all expenses	(1,130)	(944)	(702)	(628)	(956)	(7,204)	(2,512)
Percentage of illustrative share:							
Gross premium %	49.3%	44.2%	45.3%	111.3%	132.6%	138.4%	108.7%
Net premium %	42.5%	38.2%	67.5%	100.6%	119.8%	115.0%	88.7%
Balance on technical account %	(10.6%)	(8.2%)	(6.0%)	(4.8%)	(10.7%)	(72.7%)	(23.9%)

Notes

1. As the syndicate commenced in 2013, there are only seven years of account summarised.
2. Personal expenses are those that would apply for an illustrative member underwriting a £10,000 share.
3. Net claims include internal claims settlement expenses.
4. Balance on technical account excludes investment return and personal expenses.
5. 2018 and 2019 are in Run-off and not closed.