Accounts disclaimer

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Markel Syndicate 3000

Annual Accounts
for the year ended 31 December 2021

Syndicate 3000
Annual Report and Financial Statements
for the year ended 31 December 2021

Contents

Directors and Administration

Managing Agent

Markel Syndicate Management Limited

Board of Directors

John W J Spencer (Chair)
Wai-Fong Au
Andrew J Davies
Nicholas J S Line
Kalpana Shah
William D Stovin
Anne Whitaker
Simon Wilson

Company Secretary

Lara Teesdale

Managing Agent's registered office

20 Fenchurch Street
London
EC3M 3AZ

Managing Agent's registered number

3114590

Syndicate

3000

Active Underwriter

Nicholas J S Line

Bankers

Bank of New York
Barclays Bank PLC
Citibank N.A.
Royal Bank of Canada
Royal Trust

Investment Managers

Markel Gayner Asset Management Corporation

Registered Auditor

KPMG LLP, London

Lawyers

Norton Rose Fulbright LLP, London

Report of the Directors of the Managing Agent

The Directors of the Managing Agent submit the annual accounts of Syndicate 3000 for the year ended 31 December 2021.

Review of the business

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

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

Business profile and units

The Syndicate operates seven London based underwriting units, namely marine, energy, professional and financial risks, equine and livestock, cyber, trade credit, political risk and surety and reinsurance. In Canada, Markel Canada Limited ("Markel Canada"), a wholly owned subsidiary of Markel Corporation ("Markel") underwrites a diverse portfolio of property and casualty coverages for Canadian domiciled insureds, which is placed through the Syndicate. Markel Canada provides primary general liability, environmental liability, professional and financial risks, property package and life sciences liability. It also writes errors and omissions and directors' and officers' products.

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

The seven London based operating units are:

Marine

Coverage includes primary and excess coverage for liability, hull and war, terrorism, specie and cargo risks worldwide, handling a comprehensive range of risks for multinational companies, national industries and private individuals.

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

Energy

Energy offers coverage on a worldwide basis for all aspects of upstream, downstream and midstream oil and gas activities. Coverage includes business interruption or loss of production income, construction of energy related structures, control of wells and physical damage to installations. The team also offers coverage for renewable energy sources including coverage for the full life-cycle of onshore and offshore wind farms and solar photo voltaic installations, from procurement to construction to the completed operations.

Professional and Financial Risks

The Professional and Financial Risks team provides cover on a worldwide basis. This team underwrites professional indemnity, entertainment, financial institutions insurance, commercial directors' and officers' liability ("D&O"), financial technology cover and technology and media cover.

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

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

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

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

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

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

Cyber

The cyber account targets a wide spectrum of industries from professional services to healthcare offering specialist cover for both third and first party losses. With a relatively broad appetite within the cyber team the cyber account covers a variety of exposures including cyber and privacy liability, extortion costs cover and privacy breach notification and mitigation costs.

Trade Credit, Political Risk, and Surety

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

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

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

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

Equine and Livestock

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

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

Reinsurance

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

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

The casualty treaty team underwrites a diversified account, including general liability, professional indemnity, directors' and officers' liability and medical malpractice. The portfolio is worldwide, excluding United States domiciled business.

Results and performance

The results for the year, as set out on pages 16 to 17, show a profit for the financial year of £10.5m (2020, £(114.0)m).

The underwriting result is a profit of £20.0m (2020, £(145.2)m). There was an improvement in the loss ratio which has benefited by the exiting of unprofitable classes during the prior year. The result included a release from prior year reserves of £28.1m as a result of more favourable claims development than originally anticipated. Partially offsetting this were net losses in relation to natural catastrophe events of £8.2m (2020, £18.4m). This included loss estimates on Winter Storm Uri (£3.2m) and hurricane Ida (£1.9m), both occurring during 2021. The COVID-19 loss estimates deteriorated by £7.6m in the year. The Syndicate also reported £4.6m of net losses in relation to the South African Riots large loss which occurred during the third quarter of 2021.

The investment return was £(9.6)m (2020, £33.7m gain) generating a yield of (0.8)% (2020, 3.6%) on the investment portfolio. The unfavourable investment return was driven by unrealised losses on fixed maturities due to higher global interest rates.

The profit for the financial year of £10.5m (2020, £(114.0)m) reflects the underwriting profit described above, partially offset by the negative investment return.

Events since the reporting date

There have been no material events since the reporting date. However, the Board is monitoring the ongoing situation in the Ukraine.

Key Performance Indicators

Annual Accounting Data Income Statement	2017 £'m	2018 £'m	2019 £'m	2020 £'m	2021 £'m
Gross written premiums	564.6	515.1	543.1	521.9	482.6
Net written premiums	488.3	446.4	477.3	456.3	406.1
Retention rate	86.5%	86.7%	87.9%	87.4%	84.1%
Net earned premiums	**473.3**	**470.1**	**458.0**	**464.4**	**409.0**
Net underwriting result	**(102.7)**	**(28.9)**	**(35.7)**	**(145.2)**	**20.0**
Loss & LAE ratio	80.5%	65.5%	64.8%	91.3%	54.5%
Expense ratio	41.2%	40.7%	43.0%	40.0%	40.6%
Combined ratio	**121.7%**	**106.2%**	**107.8%**	**131.3%**	**95.1%**
Investment return	23.6	8.3	40.6	33.7	(9.6)
Investment yield	2.5%	0.9%	4.5%	3.6%	(0.8)%
Profit/(loss)	**(80.5)**	**(15.0)**	**2.5**	**(114.0)**	**10.5**

Statement of Financial Position	2017 £'m	2018 £'m	2019 £'m	2020 £'m	2021 £'m
Financial investments and cash	888.2	897.7	875.4	942.5	968.1
Gross claims outstanding	1,283.6	1,231.8	1,124.0	1,184.6	1,146.5
Reinsurers' share of claims outstanding	255.6	210.9	170.6	134.5	184.4
Net claims outstanding	1,028.0	1,020.9	953.4	1,050.1	962.1

Three Year Accounting Data	2017 £'m	2018 £'m	2019 £'m	2020 £'m	2021 £'m
Syndicate Capacity	**500.0**	**500.0**	**450.0**	**475.0**	**486.0**
Underwriting result	(89.8)	(92.2)	(111.0)		
Investment result	29.6	26.4	13.8		
Result on closure	**(60.2)**	**(65.8)**	**(97.2)**		
Forecast return at 12 months	(14.0)%	(9.0)%	1.5%	0.5%	6.3%
Forecast return at 24 months	(15.0)%	(8.0)%	(20.0)%	0.4%	
Return on capacity at closure	**(12.0)%**	**(13.0)%**	**(21.6)%**		

- Underwriting losses of £292.5m over the period 2017 – 2021, generated an average combined ratio of 112.9%. The 2017 year was impacted by several natural catastrophes with net losses of £74.6m; hurricane Harvey; hurricane Irma; hurricane Maria; Mexico earthquake; and the Northern and Southern California wildfires. The 2018 year was impacted by natural catastrophe net losses of £22.8m; California Wildfires; hurricane Florence; hurricane Michael. The 2019 year was impacted by the higher than expected losses on prior years of account. The 2020 year was impacted by £152.7m of COVID-19 losses and £18.4m of natural catastrophe losses on the Derecho storms and hurricane Laura. The 2021 year has been been impacted by £8.2m of natural catastrophe losses, a £7.6m deterioration on the COVID-19 loss estimates and £4.6m of loss estimates for the South Africa Riots large loss. Excluding COVID-19 and natural catastrophe losses there was an underwriting loss over the period 2017 – 2021 of £7.9m, generating an average combined ratio of 100.3%. The underwriting performance includes results of business lines that were exited in 2018 and 2020 (Open Market Property, Contingeny) or heavily restructured (Marine).

- Losses of £196.5m over the period 2017 to 2021 driven by the COVID-19 and natural catastrophe losses which are partially offset by the mostly solid investment returns. The COVID-19 losses were predominantly driven by event cancellation impacting our Contingency book. During 2020 the decision was taken to exit this class of business as part of our underwriting assessment.
- The increase in reinsurers' share of claims outstanding during 2021 was primarily due to the impact of the South African riots large loss; partially offset by the settlement of claims and proactive collection of reinsurance recoveries.
- An average return on capacity of 7.3% for the 2002 to 2019 closed years of account.

Business environment and future prospects

The Directors have continued to review the capital position, business plans, liquidity and operational resilience of the Syndicate in light of the risks associated with COVID-19. COVID-19 impacted the current year result of the Syndicate with a deterioration in the net loss estimates of £7.6m, adding 1.9 points to the combined ratio. The total COVID-19 net loss estimates are £176.2m. The losses were primarily a result of cancelled events from the enforced lockdown, impacting our Contingency book. The capital position is subject to internal stress testing and the Syndicate has also taken a number of underwriting actions on its future business, to limit the impact of the pandemic over the next few years. There is no intention to liquidate the Syndicate or to cease its operations. The 2022 year of account has been established and the Directors expect to establish a 2023 year of account, and are not aware of any reason why this will not be possible. They have also concluded that the Syndicate’s financial position means that this is realistic. Where there are any short term liquidity requirements there is support from Markel Corporation ("the Group") and during 2021, Markel Corporation have made available a loan facility to Syndicate 3000. At 31 December 2021, £51.8m has been drawn down in relation to this facility. As a result, the Directors have concluded that there are no material uncertainties that could cast significant doubt over the Syndicate’s ability to continue as a going concern for at least a year from the date of approval of the annual accounts (“the going concern period”).

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

The Syndicate will continue to look to develop new lines of business and markets, within the parameters of the overall underwriting strategy. The Syndicate invests in high-quality corporate, government and municipal bonds as well as a diverse equity portfolio and plans to continue this investment strategy in 2022.

The Syndicate capacity for the 2022 year of account has increased to £500m (2021, £486m).

In response to the operational and legal challenges posed by Brexit the Syndicate has continued to underwrite risks through the Lloyd’s Insurance Company S.A (“Lloyd’s Brussels”). Lloyd's Brussels was set up to ensure Lloyd’s partners could continue to access the market’s underwriting expertise and financial security across Europe. Lloyd’s Brussels is authorised and regulated by the National Bank of Belgium, and writes all non-life risks from the European Economic Area ("EEA").

On 30 December 2020, the members of the Syndicate, as comprised for each of the relevant years of account between 1993 and April 2019 (or October 2020 in the case of German reinsurance), transferred all relevant policies (and related liabilities) underwritten by them for those years of account to Lloyd’s Brussels, in accordance with Part VII of the Financial Services and Markets Act 2000. On the same date, the Member of the Syndicate entered into a 100% Quota Share Reinsurance Agreement whereby Lloyd’s Brussels reinsured all risks on the same policies back to the relevant open years of account of the Syndicate which wrote the transferring policies and/or inherited liabilities on transferring policies through Reinsurance to Close of earlier years of account.

Principal risks and uncertainties

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

- Underwriting Risk
- Reserving Risk
- Asset Risk
- Credit Risk
- Liquidity Risk
- Capital Risk
- Operational Risk
- Products & Services Risk (not applicable for the Syndicate)

The COVID-19 pandemic caused unprecedented social and economic disruption, increased volatility of capital markets and intervention by various governments and central banks around the world. The Syndicate continues to monitor and respond to COVID-19 which impacts a number of the above ultimate risks. The risk and capital management note (note 3) provides a detailed explanation of the above risk categories.

The risks arising from climate change, and society's response to it, are multifaceted, occur over an extended time horizon and are dependent on the severity of the changes in the climate. These risks continue to develop and the relative impact will be dependent on a number of aspects such as industry changes, policy changes and the speed with which those changes are implemented. Climate change and its associated potential risks are regularly reviewed by the Risk & Capital Committee. MINT has also developed a plan for managing the financial risks arising from climate change in line with PRA requirements. This plan will continue to develop over time as understanding of climate change and its potential impacts increases.

There are currently 30 risks in the Risk Register. A formal review by the Risk and Capital Committee and the Board occurs at least annually to ensure that the risk register identifies all the risks to which the Syndicate is exposed. Key controls are identified to mitigate each risk and quarterly confirmation is sought from the owners of these controls that they are in place and are operating effectively.

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

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

Directors

The Directors of the Managing Agent who served during 2021 and up to the date of this report were as follows:

John W J Spencer	(Chair)
Wai-Fong Au	
Andrew J Davies	
James Hastings	(Resigned 24/08/21)
Nicholas J S Line	
Kalpana Shah	
William D Stovin	
Anne Whitaker	
Simon Wilson	

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

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

Corporate governance

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

Financial instruments and risk management

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

Carbon policy

As set out in the “Markel Style”, the Syndicate has a commitment to its communities, which we recognise includes environmental responsibilities. Our goal is to minimise our environmental impact whilst still adhering to our other principles as expressed in the "Markel Style" and our company profile.

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

Disclosure of information to the Auditor

The Directors of the Managing Agent who held office at the date of approval of this Report of the Managing Agent confirm that, so far as they are each aware, there is no relevant audit information of which the

Syndicate’s Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Syndicate’s Auditor is aware of that information.

Auditor

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

Annual general meeting

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

By order of the Board,

Andrew Davies
Director
London

02 March 2022

Statement of Managing Agent's Responsibilities

The Directors of the Managing Agent are responsible for preparing the Syndicate annual Financial Statements in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 require the Directors of the Managing Agent to prepare Syndicate Financial Statements at 31 December for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 the Directors of the Managing Agent must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Syndicate and of the profit or loss of the Syndicate for that period. In preparing these Financial Statements, the Directors of the Managing Agent are required to:

- select suitable accounting policies which are applied consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Assess the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

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

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

By order of the Board,

Andrew Davies
Director
London

02 March 2022

Independent Auditor's Report to the Member of Syndicate 3000

Opinion

We have audited the Syndicate annual accounts of Syndicate 3000 ("the Syndicate") for the year ended 31 December 2021 which comprise the Income Statement: Technical Account, Income Statement: Non-Technical Account, Statement of Comprehensive Income and Member's Balances, Statement of Financial Position: Assets, Statement of Financial Position: Liabilities, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the 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 profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;* and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Syndicate in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Syndicate's business model and analysed how those risks might affect the Syndicate's financial resources or ability to continue operations over the going concern period.

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

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

Fraud and breaches of laws and regulations – ability to detect

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

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

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

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

- Identifying journal entries to test based on risk criteria and comparing these entries to supporting documentation. These included those posted to cash accounts or journals posted by individuals who typically do not make journal entries, including post-closing and period end journals.
- We assessed the appropriateness and consistency of the methods and assumptions used for reserving. For a selection of classes of business we considered to be high risk, we performed alternative reprojections to the actuarial best estimate using our own gross loss ratios and compared these to the Syndicate's results, assessing the results for evidence of bias.

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

As the Syndicate is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
The potential effect of these laws and regulations on the annual accounts varies considerably.
Firstly, the Syndicate is subject to laws and regulations that directly affect the annual accounts including financial reporting legislation (including related Lloyd's regulations) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related annual accounts items.
Secondly, the Syndicate is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the annual accounts, for instance through the imposition of fines or litigation or loss of the Syndicate's capacity to operate. We identified the following areas as those most likely to have such an effect: regulatory capital requirements recognising the regulated nature of the Syndicate's activities and it's legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other

management and inspection of regulatory and legal correspondence. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the annual accounts, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the annual accounts, the less likely the inherently limited procedures required by auditing standards would identify it.
In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information - Report of the Directors of the Managing Agent

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Syndicate annual accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Responsibilities of the Directors of the Managing Agent

As explained more fully in their statement set out on page 11, the Directors of the Managing Agent are responsible for: the preparation of the Syndicate annual accounts and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Syndicate annual accounts that are free from material misstatement, whether due to fraud or error; assessing the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

Auditor’s responsibilities

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

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

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

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

Karen Orr (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
London

02 March 2022

Income Statement: Technical Account

for the year ended 31 December 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance					
Gross written premiums	4	482,648		521,870	
Outward reinsurance premiums		(76,550)		(65,580)	
Net written premiums			**406,098**		**456,290**
Change in the gross provision for unearned premiums	17	(2,386)		8,359	
Change in the provision for unearned premiums, reinsurers' share	17	5,298		(223)	
Change in the provision for net unearned premiums			2,912		8,136
Net earned premiums			**409,010**		**464,426**
Allocated investment return transferred from the non-technical account	9		**(9,607)**		**33,742**
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(355,632)		(402,328)	
Reinsurers' share		51,646		84,336	
Net paid claims			(303,986)		(317,992)
Change in the provision for claims					
Gross amount	17	32,208		(70,419)	
Reinsurers' share	17	48,723		(35,454)	
Net change in provision			80,931		(105,873)
Net claims incurred			**(223,055)**		**(423,865)**
Net operating expenses	6		**(165,967)**		**(185,796)**
Balance on the technical account			**10,381**		**(111,493)**

All operations relate to continuing business.

The notes on pages 22 to 43 form part of these Financial Statements.

Income Statement: Non-Technical Account

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Balance on the technical account		**10,381**	**(111,493)**
Investment income	7	17,716	22,927
Unrealised gains on investments		4,448	18,093
Investment expenses and charges	8	(8,284)	(4,749)
Unrealised losses on investments		(23,487)	(2,529)
Allocated investment return transferred to technical account	9	9,607	(33,742)
Profit/(loss) on exchange		115	(2,466)
Profit/(loss) for the financial year		**10,496**	**(113,959)**

All operations relate to continuing business.

The notes on pages 22 to 43 form part of these Financial Statements.

Statement of Comprehensive Income and Member's Balances

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Profit/(loss) for the financial year		**10,496**	**(113,959)**
Net foreign exchange losses on translation of functional currency		(775)	(1,501)
Total comprehensive gains/(losses) for the year		9,721	(115,460)
Member's balance brought forward at 1 January		**(132,582)**	**(109,801)**
Total comprehensive gains/(losses) for the year		9,721	(115,460)
Cash call of payments/(losses) of loss/(profit) from/(to) the Member's personal reserve fund on closed years of account	16	30,761	(17,321)
Cash call of losses from the Member's personal reserve fund on open years of account	16	-	110,000
Member's balance carried forward at 31 December		**(92,100)**	**(132,582)**

The notes on pages 22 to 43 form part of these annual Financial Statements.

Statement of Financial Position: Assets

as at 31 December 2021

		2021		2020	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Investments					
Financial investments	13		855,255		794,573
Deposits with ceding undertakings	13		4,853		-
Reinsurers' share of technical provisions					
Provisions for unearned premiums	17	16,040		10,647	
Claims outstanding	17	184,402		134,475	
			200,442		**145,122**
Debtors					
Debtors arising out of direct insurance operations	14	121,736		106,076	
Debtors arising out of reinsurance operations	14	59,224		40,205	
Other debtors	15	9,850		27,441	
			190,810		**173,722**
Cash at bank			112,887		147,952
Prepayments and accrued income					
Accrued interest		4,183		4,970	
Deferred acquisition costs	17	35,997		39,336	
			40,180		**44,306**
Total Assets			**1,404,427**		**1,305,675**

The notes on pages 22 to 43 form part of these annual Financial Statements.

Statement of Financial Position: Liabilities
as at 31 December 2021

		2021		2020	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Capital and reserves					
Member's balance			(92,100)		(132,582)
Technical provisions					
Provisions for unearned premiums	17	180,456		178,031	
Claims outstanding	17	1,146,474		1,184,606	
			1,326,930		**1,362,637**
Creditors					
Creditors arising out of direct insurance operations	18	(7,490)		(2,813)	
Creditors arising out of reinsurance operations	18	19,807		461	
Other creditors	19	157,280		77,972	
			169,597		**75,620**
Total Liabilities			**1,404,427**		**1,305,675**

The notes on pages 22 to 43 form part of these annual Financial Statements.

The Syndicate annual accounts on pages 1 to 43 were approved by the Board of Directors on 02 March 2022 and were signed on behalf of Markel Syndicate Management Limited by Andrew Davies, Company Director.

Andrew Davies
Director
London

02 March 2022

Statement of Cash Flows

for the year ended 31 December 2021

	2021		2020	
	£'000	**£'000**	**£'000**	**£'000**
Operating result	10,496		(113,959)	
(Decrease)/increase in gross technical provisions	(35,707)		48,439	
(Increase)/decrease in reinsurers' share of gross technical provisions	(55,319)		36,566	
Increase in debtors, prepayments and accrued income	(12,961)		(38,585)	
Increase in creditors, accruals and deferred income	93,978		43,461	
Investment return	9,607		(33,742)	
Other Foreign exchange movement	7,047		(2,241)	
Net cash flows from operating activities		**17,141**		**(60,061)**
Acquisitions of other financial instruments	(877,317)		(491,717)	
Proceeds from sale of other financial instruments	845,468		491,673	
Investment income received	12,311		19,946	
Increase in overseas deposits	(51,500)		(4,473)	
Movement in other deposits	(7,577)		890	
Net cash flows from investing activities		**(78,615)**		**16,319**
Transfer from the Member in respect of underwriting participation	30,761		92,679	
Net cash flow from financing activities		**30,761**		**92,679**
Net cash flows in cash and cash equivalents		**(30,713)**		**48,937**
Cash and cash equivalents at 1 January		147,952		98,276
Effect of exchange rate changes on cash and cash equivalents		(4,352)		739
Cash and cash equivalents at end of year		112,887		147,952
Cash at bank		112,887		147,952
Cash and cash equivalents at 31 December		**112,887**		**147,952**

Notes to the Annual Accounts

1 Basis of preparation

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

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

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

Going Concern

The Directors have continued to review the capital position, business plans, liquidity and operational resilience of the Syndicate. The capital position is subject to internal stress testing and the Syndicate has also taken a number of underwriting actions on its future business, including to limit the impact of the COVID-19 pandemic over the next few years. There is no intention to liquidate the Syndicate or to cease its operations. The 2022 year of account has been established and the Directors expect to establish a 2023 year of account, and are not aware of any reason why this will not be possible. They have also concluded that the Syndicate's financial position means that this is realistic. Where there are any short term liquidity requirements there is support from the Group and during 2021, Markel Corporation continue to make available a loan facility to Syndicate 3000. At 31 December 2021, £51.8m has been drawn down in relation to this facility. As a result, the Directors have concluded that there are no material uncertainties that could cast significant doubt over the Syndicate's ability to continue as a going concern for at least a year from the date of approval of the annual accounts ("the going concern period").

2 Accounting policies

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

a) Use of judgements and estimates

In preparing these Financial Statements, the Directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates which are based on future economic conditions, and sensitive to changes in those conditions, have been impacted by COVID-19.

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

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

b) Underwriting result

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

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

ii) Unearned premiums represent the proportion of premiums written in the year that relates to unexpired terms of policies in force at the reporting date, calculated on the basis of established earnings patterns or time apportionment/straight line as appropriate. In the opinion of the Directors, the resulting provision is not materially different from one based on the pattern of incidence of risk.

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

iv) Acquisition costs, which represent commission and other expenses related to the production of business, are deferred and amortised over the period in which the related premiums are earned.

v) A provision for unexpired risks is made where claims, related expenses and deferred acquisition costs likely to arise after the end of the financial year in respect of contracts concluded before that date were expected to exceed the unearned premiums receivable under these contracts. Provision for unexpired risks is calculated separately by class and includes an allowance for investment income. Unexpired risk surplus and deficits are offset where, in the opinion of the Directors, the business classes concerned are managed together. In such cases, a provision for unexpired risks is made only where there is an aggregate deficit.

vi) Claims incurred comprise claims and claims handling expenses paid in the year and the change in provisions for outstanding claims, including provisions for claims incurred but not reported and claims handling expenses. The adequacy of the outstanding claims provisions is assessed by reference to projections of the ultimate development of claims in respect of each underwriting year. Management continually attempts to improve its loss estimation process by refining its ability to analyse loss development patterns, claims payments and other information, but many reasons remain for potential adverse development of estimated ultimate liabilities. The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgements. As part of the reserving process, historical data is reviewed and the impact of various factors such as trends in claim frequency and severity, changes in operations, emerging economic and social trends, inflation and changes in regulatory and litigation environments is considered. Significant delays occur in notifying certain claims and a large measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent development.

The two most critical assumptions as regards these claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the models used for current business are fair reflections of the likely level of ultimate claims to be incurred. However, the Directors believe the process of evaluating past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. COVID-19 has provided additional challenges given the impact on claims in the prior year and the unprecedented nature of the pandemic. The estimation process has required reviewing risks and events which are expected to trigger future reported claims, assumptions on when government restrictions would end and assessing the potential financial loss of insureds. This has required underwriter, claims and actuarial experience in conjunction with external legal opinion and management's professional judgement. Management currently believes the Syndicate's gross and net reserves are adequate. There is no precise method, however, for evaluating the impact of any significant factor on the adequacy of reserves, and actual results are likely to differ from original estimates.

The provisions for claims outstanding, and related reinsurance recoveries, are discounted where there is a long period from incident to claims settlement and where there exists a suitable claims payment pattern from which to calculate the discount. The discount rate used is based upon an investment return expected to be earned by financial assets which are appropriate in value and duration to match the provisions for insurance contract liabilities being discounted during the period expected before the final settlement of such claims.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Syndicate may not recover all amounts due, and that event has a reliably measurable impact on the amount that the Syndicate will receive from the reinsurer. Impairment losses are recognised in the Income Statement: Technical Account in the period in which the impairment loss is recognised.

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

c) Financial assets and liabilities

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

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the Income Statement. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

Recognition

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

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

Measurement

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

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

Investment Return

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

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

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

Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

d) Investments

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

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

ii) Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.

iii) Included in the level 3 category, are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, unobservable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Syndicate's own data.

e) Foreign currency translation

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

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

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

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

f) Taxation

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

No provision has been made for any United States or Canadian Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year are included in the Statement of Financial Position under the heading 'other debtors', as the Syndicate is reimbursed by MCAP for any of the Income Taxes paid.

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

3 Risk and capital management

Financial risk management objectives

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

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

a) Underwriting risk

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

All underwriting at MINT is governed by the "Underwriting Policy" which sets out the imperatives for underwriting. The first core principle within the Underwriting Policy is related to underwriting profitable business and is "The aim of all underwriting decisions is to achieve the target combined ratio for each class in a spirit of honesty and integrity". MINT's fundamental objective is to underwrite profitably on a gross basis and to achieve target combined ratios. A combined ratio is the ultimate loss ratio plus expense ratio. This measure of underwriting performance excludes any benefit from investment return and focuses attention on premium charged, coverage granted, commissions and other deductions and all direct and indirect expenses.

MINT sets prudent maximum linesizes. All underwriters have written underwriting authorities and there are peer reviews/review processes in place to ensure that business underwritten does not exceed authority or is outside the business plan. Risks exceeding 18 months are not permitted to be written without prior, written approval, although certain general exceptions are made. For example, in respect of Marine Construction risks (where matching reinsurance exists) and this has been agreed in advance as part of the underwriting strategy. Compliance with linesize and policy duration is monitored.

Technical pricing has been developed for many classes, and rate movements have been monitored since 2002.There are independent reviews of underwriting.

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

b) Reserving risk

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

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

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

An Actuarial reserving exercise occurs quarterly. This involves internal review within the Actuarial department and discussions with relevant underwriters and claims staff, including consideration of impact of factors such as trends in claims frequency and severity as well as inflation. Combined Ratio packs are produced which contain gross and net projections for all classes of business written at MINT. The packs are discussed in detail at quarterly "Combined Ratio Meetings", which are attended by the Executive Management, the Divisional Managing Director/Branch Managing Director from each unit and the relevant Actuaries.

c) Asset risk

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

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

The Syndicate’s investment manager, Markel Gayner Asset Management Corporation ("MGAM") produces a quarterly Investment Report which is reviewed quarterly by Markel's investment committee. MSM's Finance Director participates in this meeting. A quarterly investment report is produced for MSM's Board.

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

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

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

	2021 £'000	**2020 £'000**
Interest rate risk		
Impact of 50 basis point increase on result	(9,857)	(11,777)
Impact of 50 basis point decrease on result	10,039	11,968
Impact of 50 basis point increase on net assets	(9,857)	(11,777)
Impact of 50 basis point decrease on net assets	10,039	11,968
Price risk		
Impact on result of 5% increase in Stock Market Prices	1,626	1,610
Impact on result of 5% decrease in Stock Market Prices	(1,626)	(1,610)
Impact on net assets of 5% increase in Stock Market Prices	1,626	1,610
Impact on net assets of 5% decrease in Stock Market Prices	(1,626)	(1,610)

- Equity price risk: The Syndicate sets limits on the amount of equities that can be held overall and with any one issuer. The overall equity portfolio is also monitored to ensure that equity risk does not exceed the Syndicate’s risk appetite.

- Foreign exchange risk: Foreign exchange risk is managed primarily by matching assets and liabilities in each foreign currency as closely as possible. To assist in the matching of assets and liabilities in foreign currencies the Syndicate may purchase foreign exchange forward contracts or buy and sell foreign currencies in the open market. No foreign exchange forward contracts have been entered into during the year (2020, none).

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

2021 Currency Code	GBP'000	USD'000	EUR'000	CAD'000	AUD'000	JPY'000	Other'000	Total'000
Financial investments	89,724	352,415	48,742	273,560	26,032	-	64,782	855,255
Reinsurers' share of technical provisions	27,920	131,816	14,611	18,821	5,896	658	720	200,442
Insurance and reinsurance receivables	17,424	118,758	2,271	23,819	7,191	(2,131)	13,628	180,960
Cash at bank	6,311	63,061	23,024	-	3,494	1,244	15,753	112,887
Other assets	6,464	33,641	5,373	5,465	3,013	55	872	54,883
Total assets	**147,843**	**699,691**	**94,021**	**321,665**	**45,626**	**(174)**	**95,755**	**1,404,427**
Technical provisions	(216,546)	(630,519)	(120,357)	(253,881)	(59,258)	(6,189)	(40,180)	(1,326,930)
Insurance and reinsurance payables	7,255	(19,150)	(721)	(1,286)	1,256	557	(228)	(12,317)
Other creditors	(694)	(155,235)	(20)	(74)	-	-	(1,257)	(157,280)
Total liabilities	**(209,985)**	**(804,904)**	**(121,098)**	**(255,241)**	**(58,002)**	**(5,632)**	**(41,665)**	**(1,496,527)**

2020 Currency Code	GBP'000	USD'000	EUR'000	CAD'000	AUD'000	JPY'000	Other'000	Total'000
Financial investments	99,318	317,872	90,180	240,275	21,923	-	25,005	794,573
Reinsurers' share of technical provisions	14,759	97,759	14,163	13,759	3,292	635	755	145,122
Insurance and reinsurance receivables	23,673	88,339	(777)	19,858	7,048	(81)	8221	146,281
Cash at bank	20,681	43,500	33,344	-	17,988	8,080	24,359	147,952
Other assets	3,367	52,348	5,169	7,266	1,836	414	1,347	71,747
Total assets	**161,798**	**599,818**	**142,079**	**281,158**	**52,087**	**9,048**	**59,687**	**1,305,675**
Technical provisions	(239,130)	(683,630)	(135,366)	(214,493)	(45,897)	(7,203)	(36,918)	(1,362,637)
Insurance and reinsurance payables	5,596	(358)	1,260	(59)	(2,813)	(476)	(798)	2,352
Other creditors	(2,452)	(74,874)	(20)	(319)	-	-	(307)	(77,972)
Total liabilities	**(235,986)**	**(758,862)**	**(134,126)**	**(214,871)**	**(48,710)**	**(7,679)**	**(38,023)**	**(1,438,257)**

d) Credit risk

Credit risk is the risk of loss arising from the inability of a counterparty to fulfil its payment obligations. Key areas where the Syndicate is exposed to credit risk are:

- Amounts recoverable from reinsurers
- Amounts due from insurance intermediaries and insurance contract holders
- Amounts due from corporate bond issuers

The Syndicate’s fixed maturity portfolio is monitored to ensure credit risk does not exceed the Syndicate’s risk appetite. In addition, the Syndicate places limits on exposures to a single counterparty or concentrations of exposures to a specific counterparty. At 31 December 2021, 100% (2020, 100%) of the Syndicate's fixed maturity portfolio is rated 'A' or better.

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

December 2021.

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

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

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

2021	**AAA £'000**	**AA £'000**	**A £'000**	**BBB £'000**	**BBB or less £'000**	**Not rated £'000**	**Total £'000**
Shares and other variable yield securities, unit trusts and collective investment schemes	56,919	92,054	6,508	-	-	32,521	188,002
Debt securities	196,006	333,357	4,200	-	-	-	533,563
Overseas deposits as investments	49,960	4,501	7,537	6,506	33,349	31,837	133,690
Deposits with ceding undertakings	-	-	4,853	-	-	-	4,853
Reinsurers' share of claims outstanding	755	91,032	85,118	-	-	7,497	184,402
Reinsurance debtors	99	34,813	22,770	-	-	1,193	58,875
Cash at bank	13,372	-	99,515	-	-	-	112,887
Total credit risk	**317,111**	**555,757**	**230,501**	**6,506**	**33,349**	**73,048**	**1,216,272**

2020	**AAA £'000**	**AA £'000**	**A £'000**	**BBB £'000**	**BBB or less £'000**	**Not rated £'000**	**Total £'000**
Shares and other variable yield securities, unit trusts and collective investment schemes	32,207	-	7,459	-	-	133,502	173,168
Debt securities	203,687	328,713	6,916	-	-	-	539,316
Overseas deposits as investments	36,772	6,758	7,013	6,227	3,303	22,016	82,089
Deposits with ceding undertakings	-	-	-	-	-	-	-
Reinsurers' share of claims outstanding	1,015	63,900	60,671	-	-	8,889	134,475
Reinsurance debtors	-	21,803	10,549	-	-	2,309	34,661
Cash at bank	-	26,303	104,967	-	16,682	-	147,952
Total credit risk	**273,681**	**447,477**	**197,575**	**6,227**	**19,985**	**166,716**	**1,111,661**

e) Liquidity risk

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

The average duration of liabilities is 4.9 years (2020, 4.7 years). The duration of the Syndicate's investment portfolio is managed to match the expected cash outflows on liabilities.

Each year liquidity stress tests are undertaken to consider possible liquidity pressures which could arise following a significant natural catastrophe, including trust fund requirements. These tests are considered by the Risk & Capital Committee in order to determine that liquidity risk has been mitigated to a satisfactory level.

f) Operational risk

COVID-19 caused a shift in the operational strategy of the Syndicate from an office based environment to a hybrid office and remote working environment. The Syndicate has adapted to the changes in the operational environment and business processes have continued to be carried out. The Syndicate continues to actively manage operational risks caused by COVID-19, while engaging in open communication with staff.

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

Key controls that mitigate each risk on our risk register have been identified together with the appropriate control owner. Each quarter the control owner is required to confirm that the controls they are responsible for have been in place and operating effectively during the previous quarter. Controls relating to the production of financial information, which is governed by the Sarbanes Oxley Act, are tested annually by our Internal Audit team. Senior managers are also required to answer a quarterly questionnaire designed to identify whether there are any changes to processes, or any events which might impact Markel's Financial Statements. Each quarter's confirmation process is summarised by Risk Management in a memo to the President, the Finance Director & Chief Operating Officer, and the Chief Underwriting Officer.

An Incident Log (including Operational Losses and Near Misses) has been compiled. This records and quantifies losses and "near misses" arising from or exacerbated by failure of people, processes and systems as well as those caused by external (non insurance) events and assists in identifying Risk Events, Key Risk Indicators and also controls which would mitigate a recurrence of such losses.

Reports on a number of areas of Operational Risk form part of the quarterly Key Risk Indicators that are submitted to the Risk & Capital Committee and summarised to the Board.

Group risk falls under Operational Risk and is the risk that actions or events within one part of Markel Corporation adversely affect an entity, or all entities, within MINT.

It is considered that being part of a larger, experienced insurance group, with considerable financial resources and sound reputation, is a strength. MINT has a number of controls, such as internal committees that consider the interests of MINT's legal entities and endeavour to communicate the MINT perspective to Markel, with whom an excellent relationship is enjoyed.

The risk of the Syndicate being part of MINT is also considered. The policy is always to consider the interests of each legal entity, and this single risk strategy, risk management approach, operational procedures and standards are effective in ensuring that each entity is treated equitably.

g) Capital risk

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

There is a quarterly process whereby the capital team model held capital against the requirements for the Syndicate and report the results to the Risk & Capital Committee. There is also a margin of capital which is held in excess of the requirements and regular engagement with the regulators and rating agencies.

Capital management

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

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

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

The level of FAL that Lloyd’s requires a member to maintain is determined by Lloyd’s based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these annual accounts by way of such capital resources. However, the Managing Agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

4 Segmental analysis

a) Analysis of business by class:

2021 Calendar Year	Gross Written Premiums £'000	Gross Earned Premiums £'000	Gross Claims Incurred £'000	Gross Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Direct insurance						
Accident & health	8,284	9,697	(14,230)	(3,144)	(57)	(7,734)
Marine, aviation and transport	72,883	73,522	(95,591)	(21,290)	42,664	(695)
Fire and other damage to property	67,110	62,958	(26,823)	(21,680)	(997)	13,458
Third party liability	214,118	204,828	(121,541)	(76,131)	9,924	17,080
Miscellaneous	8,665	10,317	(17,674)	(3,409)	1,849	(8,917)
Total direct	**371,060**	**361,322**	**(275,859)**	**(125,654)**	**53,383**	**13,192**
Reinsurance	111,588	118,940	(47,565)	(40,312)	(24,267)	6,796
Total	**482,648**	**480,262**	**(323,424)**	**(165,966)**	**29,116**	**19,988**

2020 Calendar Year	Gross Written Premiums £'000	Gross Earned Premiums £'000	Gross Claims Incurred £'000	Gross Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
Direct insurance						
Accident & health	17,214	24,211	(16,470)	(6,199)	334	1,876
Marine, aviation and transport	84,630	91,219	(40,531)	(30,475)	(9,108)	11,105
Fire and other damage to property	64,513	68,973	(28,078)	(23,231)	(6,315)	11,349
Third party liability	167,251	156,392	(49,903)	(60,227)	(14,333)	31,929
Miscellaneous	13,712	16,938	(191,218)	(4,936)	43,793	(135,423)
Total direct	**347,320**	**357,733**	**(326,200)**	**(125,068)**	**14,371**	**(79,164)**
Reinsurance	174,550	172,496	(146,547)	(62,856)	(29,163)	(66,070)
Total	**521,870**	**530,229**	**(472,747)**	**(187,924)**	**(14,792)**	**(145,234)**

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

b) Analysis of premium by destination:

	Gross Written Premiums	
	2021 £'000	**2020 £'000**
UK	74,167	82,174
Europe (excluding UK)	32,344	32,360
USA	97,423	142,702
Canada	116,727	103,584
Rest of the world	161,987	161,050
Total	**482,648**	**521,870**

5 Claims outstanding

Net reserves for claims outstanding at 31 December 2020 were reduced by £17.4m in calendar year 2021. Net reserves for claims outstanding at 31 December 2019 were reduced by £33.1m in calendar year 2020.

6 Net operating expenses

	2021 £'000	2020 £'000
Commission costs	104,001	114,301
Other acquisition costs	9,637	11,507
Change in deferred acquisition costs	3,415	2,132
Administrative expenses	51,774	59,984
Gross operating expenses	168,827	187,924
Reinsurance commissions and profit participations	(2,860)	(2,128)
Net operating expenses	**165,967**	**185,796**

Commission paid during the year in respect of direct insurance business amounted to £83.4m (2020, £80.4m).

7 Investment income

	2021 £'000	2020 £'000
Income from investments	17,404	20,468
Gains on the realisation of investments	312	2,459
Total	**17,716**	**22,927**

8 Investment expenses and charges

	2021 £'000	2020 £'000
Investment management expenses, including interest	2,092	2,074
Losses on the realisation of investments	6,192	2,675
Total	**8,284**	**4,749**

9 Investment return

	2021 £'000	2020 £'000
Investment income	17,716	22,927
Net unrealised (losses)/gains on investments	(19,039)	15,564
Investment expenses and charges	(8,284)	(4,749)
Actual return on investments	**(9,607)**	**33,742**

10 Staff numbers and costs

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

The Directors' emoluments in the year were paid by MISL. A full disclosure of the Directors' emoluments in the year is included in the accounts of MIICL.

11 Auditor's remuneration

	2021 £'000	2020 £'000
Audit of these Financial Statements	412	367
Audit-related assurance services	134	124
Total Auditor's remuneration	**546**	**491**

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

12 Remuneration of the active underwriter

The active underwriter received the following remuneration charged as a Syndicate expense:

	2021 £'000	2020 £'000
Emoluments	**174**	**164**

13 Financial Investments

	Market Value		Cost	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Shares and other variable yield securities and units in unit trusts	39,029	39,666	22,240	24,789
Holdings in collective investment schemes	148,973	133,502	148,973	133,502
Debt securities and other fixed income securities	533,563	539,316	526,780	511,290
Overseas deposits	133,690	82,089	133,690	82,089
Total	**855,255**	**794,573**	**831,683**	**751,670**
Deposits with ceding undertakings	4,853	-	4,853	-
Total	**860,108**	**794,573**	**836,536**	**751,670**

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

2021	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Shares and other variable yield securities and units in unit trusts	32,521	-	6,508	39,029
Holdings in collective investment schemes	148,973	-	-	148,973
Debt securities and other fixed income securities	31,110	502,453	-	533,563
Overseas Deposits	30,616	103,074	-	133,690
Deposits with ceding undertakings	4,853	-	-	4,853
Total	**248,073**	**605,527**	**6,508**	**860,108**

2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Shares and other fixed income securities and units in unit trusts	32,207	-	7,459	39,666
Holdings in collective investment schemes	133,502	-	-	133,502
Debt securities and other fixed income securities	-	539,316	-	539,316
Overseas deposits	-	82,089	-	82,089
Deposits with ceding undertakings	-	-	-	-
Total	**165,709**	**621,405**	**7,459**	**794,573**

14 Debtors arising out of direct insurance operations and reinsurance operations

	Direct insurance operations		**Reinsurance operations**	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Amounts owed by intermediaries within one year	121,736	106,076	59,222	40,189
Amounts owed by intermediaries after more than one year	-	-	2	16
Total	**121,736**	**106,076**	**59,224**	**40,205**

15 Other debtors

	2021 £'000	**2020 £'000**
Amounts due from group undertakings	4,682	22,738
Other debtors	5,168	4,703
Amounts due within one year	**9,850**	**27,441**

16 Year of Account development

Year of Account	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	Profit to Member at 36 months £'000
2014 & prior	60,982	73,243						134,225
2015	(48,036)	32,043	37,621					21,628
2016		(69,313)	18,395	44,173				(6,745)
2017			(128,714)	19,255	49,260			(60,199)
2018				(83,484)	9,594	8,131		(65,759)
2019					(53,234)	(66,496)	22,527	(97,203)
2020						(57,095)	32,916	
2021							(45,722)	
Calendar Year Result	**12,946**	**35,973**	**(72,698)**	**(20,056)**	**5,620**	**(115,460)**	**9,721**	

A cash call of £22.2m from the corporate member, to be collected in 2022, has been proposed in relation to the 2019 year of account, which is in addition to the £75.0m open year cash call already received during 2019 (2021, £30.8m cash call from the corporate member in relation to the 2018 year of account following an open year cash call of £35.0m paid during 2019).

17 Technical provisions

	2021			2020		
Provision for claims outstanding	**Gross £'000**	**Reinsurance £'000**	**Net £'000**	**Gross £'000**	**Reinsurance £'000**	**Net £'000**
At 1 January	1,184,606	134,475	1,050,131	1,123,995	170,608	953,387
Movement in provision	(32,208)	48,723	(80,931)	70,419	(35,454)	105,873
Movement due to foreign exchange	(5,924)	1,204	(7,128)	(9,808)	(679)	(9,129)
Total movement in reserves	(38,132)	49,927	(88,059)	60,611	(36,133)	96,744
At 31 December	**1,146,474**	**184,402**	**962,072**	**1,184,606**	**134,475**	**1,050,131**

Provision for unearned premiums	2021 Gross £'000	2021 Reinsurance £'000	2021 Net £'000	2020 Gross £'000	2020 Reinsurance £'000	2020 Net £'000
At 1 January	178,031	10,647	167,384	190,203	11,079	179,124
Movement in provision	2,386	5,298	(2,912)	(8,359)	(223)	(8,136)
Movement due to foreign exchange	39	95	(56)	(3,813)	(209)	(3,604)
Total movement in reserves	2,425	5,393	(2,968)	(12,172)	(432)	(11,740)
At 31 December	**180,456**	**16,040**	**164,416**	**178,031**	**10,647**	**167,384**

Deferred acquisition costs	2021 £'000	2020 £'000
At 1 January	39,336	42,318
Change in deferred acquisition costs	(3,415)	(2,132)
Movement due to foreign exchange	76	(850)
At 31 December	**35,997**	**39,336**

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

Gross outstanding claims provision as at 31 December 2021
Before the effect of reinsurance, the loss development table is:

Underwriting year	All prior years £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	Total £'000
Estimate of cumulative claims incurred												
At end of underwriting year		228,480	157,662	116,959	109,370	129,938	332,940	195,697	125,575	137,724	120,156	
One year later		322,928	301,957	234,118	230,310	289,894	493,473	362,590	419,389	318,487		
Two years later		403,530	340,250	257,810	236,661	308,228	520,582	395,270	424,951			
Three years later		431,367	302,330	233,948	244,509	305,830	529,436	384,713				
Four years later		419,989	316,840	252,891	232,511	298,090	505,640					
Five years later		418,844	305,341	253,559	228,535	322,933						
Six years later		414,125	307,466	248,111	251,038							
Seven years later		418,471	308,567	251,173								
Eight years later		416,962	313,157									
Nine years later		423,365										
Cumulative paid claims												
At end of underwriting year		(18,379)	(13,584)	(8,216)	(10,690)	(20,940)	(38,929)	(18,821)	(15,683)	(16,472)	(7,289)	
One year later		(104,215)	(87,533)	(63,839)	(71,331)	(97,816)	(189,004)	(112,185)	(117,969)	(66,099)		
Two years later		(191,400)	(177,747)	(105,213)	(120,072)	(174,771)	(302,443)	(211,683)	(244,878)			
Three years later		(282,387)	(196,709)	(142,655)	(148,643)	(215,100)	(363,387)	(280,759)				
Four years later		(297,194)	(208,602)	(166,667)	(170,323)	(246,974)	(398,336)					
Five years later		(302,436)	(226,117)	(200,038)	(188,499)	(264,226)						
Six years later		(320,856)	(235,265)	(212,570)	(203,685)							
Seven years later		(333,983)	(246,080)	(211,170)								
Eight years later		(341,310)	(256,611)									
Nine years later		(348,124)										
Gross outstanding claims provision at 31 December 2021	**112,038**	**75,240**	**56,546**	**40,003**	**47,353**	**58,707**	**107,304**	**103,954**	**180,073**	**252,389**	**112,867**	**1,146,474**

Net outstanding claims provision as at 31 December 2021

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

Underwriting year	All prior years £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	Total £'000
Estimate of cumulative claims incurred												
At end of underwriting year		178,960	151,295	111,015	99,776	121,906	205,011	151,471	115,866	120,279	82,160	
One year later		284,505	266,874	210,312	212,141	262,876	368,938	311,336	369,677	256,876		
Two years later		340,471	297,304	204,820	194,093	282,281	392,678	335,860	336,280			
Three years later		356,217	252,673	196,847	202,171	281,387	391,210	321,659				
Four years later		344,544	273,941	211,347	191,801	287,986	367,552					
Five years later		348,712	260,824	216,427	188,967	318,136						
Six years later		342,424	263,247	213,466	207,911							
Seven years later		338,369	264,527	205,523								
Eight years later		337,362	268,971									
Nine years later		342,383										
Cumulative paid claims												
At end of underwriting year		(16,967)	(11,651)	(8,066)	(10,336)	(20,745)	(31,073)	(18,634)	(15,623)	(16,246)	(5,218)	
One year later		(91,229)	(70,578)	(60,737)	(68,147)	(93,300)	(143,059)	(98,018)	(98,925)	(64,882)		
Two years later		(154,559)	(140,834)	(97,173)	(113,361)	(163,137)	(230,818)	(175,193)	(193,323)			
Three years later		(224,315)	(155,381)	(124,912)	(140,789)	(202,280)	(258,048)	(232,453)				
Four years later		(232,046)	(165,702)	(141,627)	(161,354)	(233,504)	(291,434)					
Five years later		(237,096)	(183,032)	(168,534)	(178,696)	(249,866)						
Six years later		(252,096)	(192,137)	(180,628)	(193,845)							
Seven years later		(264,163)	(202,841)	(180,103)								
Eight years later		(271,383)	(211,874)									
Nine years later		(278,068)										
Net outstanding claims provision at 31 December 2021	**125,688**	**64,315**	**57,097**	**25,419**	**14,066**	**68,270**	**76,118**	**89,206**	**172,957**	**191,994**	**76,942**	**962,072**

18 Creditors arising out of direct insurance operations and reinsurance operations

	Direct insurance operations		Reinsurance operations	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts owed to intermediaries within one year	(7,490)	(2,813)	19,807	461
Total	**(7,490)**	**(2,813)**	**19,807**	**461**

The debit balances within amounts owed to intermediaries results from cash paid after the closure of our underwriting system, which occurs prior to year end. This cash represents paid claims which, when the Underwriting Signing Messages are recognised in the following period, will reduce insurance reserves and hence reduce the liabilities on the Statement of Financial Position.

19 Other creditors

	2021 £'000	2020 £'000
Amounts due to other group undertakings	105,431	77,972
Inter-Group loan payable	51,849	-
Total	**157,280**	**77,972**

The inter-group loan of £51.8m represents a loan facility provided by Markel Corporation, which was drawn down during the year.

20 Discounted claims

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

	Discount rates		Mean term of liabilities	
Class of business	**2021**	**2020**	**2021**	**2020**
Motor	3.0%	3.0%	20.1 years	19.3 years

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

The claims provisions before discounting are as follows:

	2021 £'000	2020 £'000
Total claims provisions before discounting	85,849	95,287
Reinsurers' share of total claims provisions before discounting	-	-
Net claims provisions before discounting	**85,849**	**95,287**
Discount credit	(44,160)	(49,393)
Net claims provisions post discounting	**41,689**	**45,894**

21 Related parties

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

	2021 £'000	2020 £'000
Expenses recharged	(41,161)	(48,333)
Expenses settled in the year	29,599	65,816
Year end balance due from the Syndicate	(19,307)	(7,744)

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

	2021 £'000	2020 £'000
United States and Canadian Income Tax paid by the Syndicate in the year	3,461	707
United States and Canadian Income Tax reimbursed by MCAP in the year	-	(2,193)
Other Income Taxes paid to the Syndicate in the year	2	(6)
Year end balance due to the Syndicate	3,464	1

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

	Management Fees Charged 2021 £'000	Management Fees Settled 2021 £'000	YE balance due (from)/to the Syndicate 2021 £'000	Management Fees Charged 2020 £'000	Management Fees Settled 2020 £'000	YE balance due (from)/to the Syndicate 2020 £'000
Markel International Singapore PTE Limited	(5,134)	4,675	(1,399)	(3,380)	3,245	(940)
Markel International Hong Kong Limited	(787)	742	(426)	(1,859)	1,771	(381)
Markel International Labuan Limited	(267)	265	(10)	(729)	724	(8)
Markel International Dubai Limited	(871)	875	(16)	(1,168)	1,182	(19)
Markel Underwriting Services Limited	-	-	-	-	(203)	-

In the year Markel Resseguradora Do Brasil S.A was sold and is no longer a fellow group company. Therefore no related party disclosure is required for 2021.

	2021 £'000	2020 £'000
Premiums assumed	-	90
Incurred claims movement	-	309
Year end balance due from the Syndicate	-	(263)

The Syndicate has a reinsurance arrangement with MIICL in relation to its US Wind and Quake, Japanese Wind and Quake and European Wind exposure.

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

	2021 £'000	**Restated 2020 £'000**
Premiums ceded to MIICL	(1,478)	(4,205)
Incurred claims movement	-	(782)
Year end balance due to the Syndicate	9,318	13,801

The prior year balance has been restated to include the IBNR loss reserves due to the Syndicate at the year end.

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

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

	2021 £'000	**2020 £'000**
Premiums ceded to MIICL	(16,228)	-
Incurred claims movement	3,720	-
Year end balance due to the Syndicate	11,284	-

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

	2021 £'000	**2020 £'000**
Fees paid	2,092	2,074
Year end balance due from the Syndicate	-	-

During 2021, Wai Au provided advisory services to Oaktree Capital Management L.P. The advisory roles were in respect of Duolgi, a digital lending business, and EZBOB, an Israeli tech company. Wai no longer provides advice to the tech company, but continues to advise Duologi. The Syndicate has a 6.25% line on a $37m xs 0 declaration in respect of Oaktree Capital Management L.P. under a Marsh Terrorism Line Slip.

During 2021, Kalpana Shah was appointed as a Director of Just Group Plc. Syndicate 3000 has a 1.5% line on a declaration in respect of Just Group Plc under the Aon 'Genesis' UK Terrorism Binder.