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## **Volante Syndicate 1699**

# **Syndicate Annual Report and Accounts**

**31 December 2022**

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## **Directors and administration**

### **Managing Agent**

Asta Managing Agency Ltd

### **Directors**

P A Jardine (Chairman)\*

R P Barke

C V Barley

E M Catchpole\*

K A Green\*

L Harfitt

A J Hubbard\*

D B Jones

L J M McMaster

S D Redmond\*

K Shah\*

\*Non-Executive Directors

### **Managing Agent's Registered Office**

5th Floor  
20 Gracechurch Street  
London  
EC3V 0BG

### **Managing Agent's Registered Number**

1918744

### **Active Underwriter**

R Lillies

### **Bankers**

Barclays  
RBC Dexia  
Citibank

### **Registered Auditor**

Deloitte LLP

### **Signing Actuary**

Phil Dixon, Deloitte MCS Ltd

## Active Underwriter's report

### Volante Chief Executive Officer's comments

The Volante Group launched Syndicate 1699 on the 1st of January 2022 and with the sponsorship of our managing agent Asta, this marked a significant milestone in our underwriting journey. Differentiation has always been the primary objective for Volante and with Syndicate 1699, we launched a syndicate at Lloyd's that defines an international presence with local resident overseas talent, serving local markets and local clients. The year closed with Volante positioned with presence across 14 overseas underwriting locations, across 4 continents and 9 sub-classes of business. Teams in 5 additional overseas locations will commence underwriting activity in 2023, anticipating to bind risks to the 2022 and 2023 underwriting years and future years of account. A formidable underwriting team that we have procured, resides across this unique distribution framework and enables Volante's syndicate 1699 to deliver a well-defined proposition to local markets across the client spectrum in a range of insurance line products. Volante is a disciplined underwriting fraternity with an unerring focus on transparent pricing adequacy to our markets and clients such that our product pricing remains sustainable over the cycle and without surprise to our clients.

Volante's syndicate 1699 has a top tier capital backing with our own management team having represented over 20% of the funds at Lloyd's for the 2022 year of account. We pride ourselves on the alignment we carry and the conviction we hold in our ability to deliver the business plan we agree with Lloyd's and Asta. Our delayed launch into 2022 resulted in a slower start than planned which we have reflected with a reduced top line premium income. Going into 2023, we have no such hurdles, we continue with all of the same capital partners we had in the 2022 year and this long-term strategic partnership with capital underpins our ethos of delivering over the long term to all of our partners.

As we enter 2023 and continued expansion of the Volante Syndicate 1699 proposition, we can reflect on 2022 as a respectable foundation year during which we cemented our market differentiation, our client-focused proposition and a reputation for disciplined underwriting through Lloyd's service company underwriting teams. We look forward with anticipation to the future years of underwriting knowing that our structured proposition, ability to adapt to the prevailing market conditions and equipped with the formidable talent we have in Syndicate 1699, we will continue to deliver on our commitments to our partners across the spectrum.

T Bains  
Volante CEO  
1 March 2023

## Active Underwriter's report continued

### Active Underwriter's comments

We have had a respectable inaugural year and are extremely grateful to our partners, capacity providers, clients, brokers and Lloyd's for their vast support as we launched Syndicate 1699. In this year, we built our international presence with underwriting teams based in Toronto, Vancouver, Stockholm, Copenhagen, Berlin, London, Milan, Warsaw, Barcelona, Paris, Strasbourg, Bordeaux, Singapore, Sydney, Tokyo, Kuala Lumpur, Dubai, Mumbai and Johannesburg; empowering 47 local underwriters across the world to underwrite local business. We are proud of the underwriting talent we have within our syndicate. With our chosen underwriting talent, the world's best (re)insurance platform Lloyd's provides, and the prevailing market conditions, we are excited to continue on the path of delivering profitable underwriting results for our capital providers over the long term.

Our business plan includes direct, facultative reinsurance and treaty reinsurance across our chosen major-classes; Property, Casualty, Motor, Marine and Speciality. Both our class and geographic diversification puts our syndicate in an optimal position to build a significant and profitable portfolio. The timing of our market entry was ideal with robust market conditions for all of our chosen classes of business. Consequentially, we're set to achieve price adequacy in excess of our plan which we are pleased to report. 2022 marked a year where underwriting discipline across the industry strengthened; capacity deployment retrenched, pricing increased, retentions increased and coverage narrowed, in short, much of the soft market broadening was reversed.

The economic environment remains uncertain and inflation levels are reported to be recovering quicker than expected, however we have built a portfolio in Syndicate 1699 which can withstand the ongoing uncertainties and continue to ensure prudent pricing of the evolving exposure landscape. We look ahead with eagerness to build on the foundations we have laid this year and continuing to serve our partners.

R Lillies  
Active Underwriter  
1 March 2023

## Managing Agent's report

The Syndicate's Managing Agent is a company registered in England and Wales. The Directors of the Managing Agent present their report for the period ended 31 December 2022.

This annual report is prepared using the annual basis of accounting as required by Statutory Instrument No 1950 of 2008, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("Lloyd's Regulations 2008").

### Results

The total recognised result for calendar year 2022 is a loss of £8,262,764.

The Syndicate presents its results under FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. In accordance with FRS102, the Syndicate has identified its insurance contracts and accounted for them in accordance with FRS103.

### Principal activity and review of the business

The Syndicate was established in January 2022 to underwrite direct insurance and reinsurance business in the Lloyd's market. The Syndicate underwrites 5 major-classes through Volante service companies.

A further review is included in the Active Underwriter's Report on page 2.

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

	<b>2022</b> <b>£'000</b>
Property	10,765
Casualty	13,055
Specialty	496
Marine	3,996
Motor	2,836
Reinsurance Treaty	<u>20,494</u>
	<u>51,642</u>

The Syndicate's key financial performance indicators during the year were as follows:

	<b>2022</b> <b>£'000</b>
Gross written premiums	51,642
Loss for the financial year	(8,263)
Combined ratio*	152.7%

*\*The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned on a calendar year basis. Lower ratios represent better performance.*

## Managing Agent’s report continued

The performance of the Syndicate has been assessed by measuring, as a percentage of underwriting capacity, the 36-month forecast result on a funded accounting basis for a “closed” underwriting year of account.

The forecast return on capacity for the 2022 year of account at 31 December 2022 is shown below.

	<b>2022 YOA Open</b>
Capacity (£'000)	126,000
Forecast result (£'000)	(7,595)
Forecast return on capacity (%)	-6.0%

## Principal risks and uncertainties

The Syndicate sets risk appetite annually, which is approved by the Agency as part of the Syndicate’s business planning and Solvency Capital Requirement (‘SCR’) process. The Agency Risk Committee meets at least quarterly to oversee the risk management framework. The Syndicate Board, a sub-committee of the Agency Board, reviews the risk profile as reflected in the risk register, and monitors performance against risk appetite using a series of key risk indicators. The principal risks and uncertainties facing the Syndicate are as follows:

### Insurance risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Syndicate Board manages insurance risk through the approved business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Syndicate Board then monitors performance against the business plan through the year. Reserve adequacy is monitored through quarterly review by the Asta Actuarial team and the Reserving Committee.

### Credit risk

The key aspect of credit risk is reinsurance counterparty risk which is the risk of default by one or more of the Syndicate’s reinsurers and intermediaries. The Syndicate Board’s policy is that the Syndicate will only reinsure with approved reinsurers, supported by collateralisation where required. The Agency Reinsurance Security Committee sets approval and usage criteria, monitors reinsurer ratings and is required to approve and oversee the application of the reinsurer approval policy.

### Market risk

Market risk exposure impacting the Syndicate relates to fluctuations in interest rates or exchange rates and inflation. The Syndicate is exposed to foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The Agency’s policy is to maintain received income or incurred expenditure in the core



## Managing Agent's report continued

currencies in which they were received or paid. Any surplus or deficit in a core currency would be subject to review by the Syndicate Board. Through the course of 2022 we have seen large foreign currency fluctuations and the value of the Great British pound (GBP) fall to record lows against the United States Dollar (USD). Other major currencies such as Canadian Dollars (CAD) and Australian Dollars (AUD) have also materially strengthened against the pound.

A multitude of factors including Brexit, the covid 19 pandemic and the Russian invasion of Ukraine has seen inflation increase to its highest level since 1982. Inflation is now expected to remain elevated for longer than previously forecast on higher commodity costs and broader price pressures and these expectations can pose difficulties in the insurance market. Uncertainty surrounding how long existing inflation issues will last could threaten the long-term stability of the insurance industry's reserve levels and underwriting profitability. Inflation has been at the forefront of Lloyd's additional reporting from Q2 2022 onwards and reserves have been analysed and uplifted where appropriate. Expense budgets for both 2022 and 2023 have been adjusted to reflect the current and forecast inflationary environment.

### Liquidity risk

This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash or can only meet obligations at excessive cost. To mitigate this risk the Syndicate Board and Investment Committee reviews cash flow projections regularly and ensures that, where needed, the Syndicate has liquidity facilities in place or has utilised the option of a cash call from Capital providers.

The Syndicate has in place an overdraft facility with Barclays and has a loan facility with Volante Global Limited.

### Operational risk

This is the risk that errors caused by people, processes, systems and external events lead to losses to the Syndicate. The Agency seeks to manage this risk through the use of an operational risk and control framework, detailed procedures manual, thorough training programme and a structured programme of testing of processes and systems by internal audit. Business continuity and disaster recovery plans are in place and are regularly updated and tested.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Agency is required to comply with the requirements of the Financial Conduct Authority (FCA), Prudential Regulatory Authority (PRA) and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. The Agency has a Compliance Officer who manages a function that monitor business activity and regulatory developments to assess any effects on the Agency.

The Syndicate has no appetite for failing to treat customers fairly. The Syndicate manages and monitors its customer risk through a suite of risk indicators and reporting metrics as part of its documented customer risk framework. The customer risk framework is consistently applied across all Asta syndicates and is overseen by the Conduct Oversight Group (COG), which is an Asta Managing Agency (AMA) Board Committee that includes a non-executive Director as a member who fulfils the role of Customer Champion.

## **Managing Agent's report continued**

### **Group / strategic risk**

This is the risk of contagion that arises from being associated with key stakeholders and the impact that activities and events that occur within other connected or third parties has on the business.

Strategic risk covers the risks faced by the Syndicate due to changes in underlying strategy of the business or that of its key stakeholders (including strategic conflicts of interest).

### **Future developments**

The Syndicate will continue to transact the current classes of general direct insurance and reinsurance business. If opportunities arise to write new classes of business, these will be investigated at the appropriate time.

The capacity for the 2023 year of account is £194.6m (2022 year of account £126.0m).

### **Environmental, Social and Governance (ESG)**

During 2022, Asta has agreed its ESG policy, which defines the principles of ESG, the managing agency's approach and key initiatives to implement the policy. Asta has also further supported syndicates in the definition of their own ESG strategies, in line with Lloyd's requirements. The Asta syndicate ESG framework is aligned to Lloyd's ESG guidance from October 2021, and to Asta's climate change work detailed below.

Syndicate 1699 has also defined an ESG strategy which defines its overall strategy statement, principles and specific approach to Underwriting and Investments

### **Climate change**

Following the Prudential Regulation Authority's (PRA) Supervisory Statement in 2019 and subsequent Dear CEO letter in 2020, Asta have built a climate change framework, applicable to all syndicates, covering physical, transition and liability climate change risks, based on the underlying business written by each syndicate. Asta's managed syndicates accept climate change risk where it is an inherent part of an insurance business model, providing it is understood, managed and controlled and/or compensated. There is no appetite for uncontrolled, unmanaged exposure to the financial risks of climate change.

A measure for climate change exposure within insurance risk appetites has been implemented to highlight where time and resource is most required in order to manage the potential exposure and successfully steer portfolios through global changes. The Syndicate has identified the level of climate change exposure in its business plans and will manage this accordingly, with the ability to change the level of risk being taken in future and thereby amend the oversight and monitoring framework.

The framework ensures Board-level engagement and accountability with the PRA's requirements, assigning clear responsibilities for managing the financial risks associated with climate change. The AMA Chief Financial Officer, who is a Board member, is responsible for the climate change framework, including identifying and managing financial climate related risks.

Asta continue to monitor and consider regulatory guidance as it is released on managing the financial risks of climate change (e.g. the PRA's Dear CEO letter in October 2022 giving

## Managing Agent's report continued

feedback on their thematic review of the market's response to the 2019 Supervisory Statement).

Asta continue to monitor and consider regulatory guidance as it is released on managing the financial risks of climate change (eg. the PRA's Dear CEO letter in October 2022 giving feedback on their thematic review of the market's response to the 2019 Supervisory Statement).

## Coronavirus

The company has now fully transitioned to a hybrid working practice that allows staff to work both at home and within the office environment. The Agency has been able to deliver from both a regulatory and client standpoint with no adverse outcomes through remote working. Through 2022 Covid has become very much business as usual and exceptional measures have been phased out.

## Russian Invasion of Ukraine

During February 2022, Russia instigated military action in Ukraine. This event was assessed by the Directors as an event that will increase risk and uncertainty globally in the foreseeable future and that view is unaltered.

The Syndicate has reviewed its portfolio and has little to no direct exposure in the region and no specific claim reserve have been made. The Syndicate has been impacted by secondary factors of the conflict namely the rise in social and economic inflation which impacts operational cost on a day-to-day basis and the increased cost of future claims.

## Directors and Officers

Details of the Directors of the Managing Agent that were serving at the year end and up to the date of signing of the financial statements are provided on page 1. Changes to Directors and officers during the period were as follows:

N J Burdett**	Resigned 13 July 2022
M D Mohn	Resigned 13 July 2022
L J M McMaster	Appointed 12 September 2022
J M Tighe	Resigned 23 November 2022
D J G Hunt	Resigned 1 December 2022
E M Catchpole	Appointed 1 January 2023
D B Jones	Appointed 23 February 2023
S P A Norton	Resigned 23 February 2023
C N Griffiths	Resigned 28 February 2023

Company Secretary\*\*

## **Managing Agent's report continued**

### **Disclosure of information to the auditor**

So far as each person who was a Director of the Managing Agent at the date of approving the report is aware, there is no relevant audit information, being information needed by the Syndicate auditor in connection with the auditor's report, of which the auditor is unaware. Having made enquiries of fellow Directors of the Agency and the Syndicate's Auditors, each Director has taken all the steps that he or she ought to have taken as a Director to become aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

### **Auditors**

The Managing Agent intends to reappoint Deloitte as the Syndicate's auditors.

### **Syndicate Annual General Meeting**

In accordance with the Syndicate Meetings (Amendment No 1) Byelaw (No 18 of 2000) the Managing Agent does not propose holding an annual meeting this year; objections to this proposal or the intention to reappoint the auditors for a further 12 months can be made by Syndicate members before 28 April 2023.

On behalf of the Board

C V Barley  
Director  
1 March 2023

## Statement of Managing Agent's responsibilities

The Managing Agent is responsible for preparing the financial statements in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the Managing Agent to prepare financial statements at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. The Financial statements are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing the financial statements, the Managing Agent is required to:

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

The Managing Agent is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Managing Agent is responsible for the maintenance and integrity of the corporate and financial information included on the business' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent auditor's report to the members of Syndicate 1699

## Report on the audit of the syndicate annual financial statements

### Opinion

In our opinion the syndicate annual financial statements of Syndicate 1699 (the 'syndicate'):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the syndicate annual financial statements which comprise:

- the statement of profit or loss;
- the statement of changes in members' balances;
- the statement of financial position;
- the statement of cash flows;
- and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the syndicate annual financial statements section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the managing agent's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

## **Independent auditor's report continued**

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

### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of managing agent**

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

In preparing the syndicate annual financial statements, the managing agent is responsible for assessing the syndicate's ability to continue in operation, disclosing, as applicable, matters related to the syndicate's ability to continue in operation and to use the going concern basis of accounting unless the managing agent intends to cease the syndicate's operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the syndicate annual financial statements**

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

A further description of our responsibilities for the audit of the syndicate annual financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent auditor's report continued

### Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the syndicate and its control environment, and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the syndicate operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005); and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency II.

We discussed among the audit engagement team including relevant internal specialists such as actuarial and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- Valuation of technical provisions, and specifically IBNR, includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we performed our detailed risk assessment using the Q3 reserving data, to then focus the significant risk to specific lines of the business. We identified and evaluated the design and implementation of internal controls around the reserving cycle and performed attribute testing on data used in the actuarial calculations on a sample basis to test its accuracy and completeness. We worked with our actuarial specialist team to assess the appropriateness of management's assumptions and methodology employed in setting the booked IBNR reserve and that they had been appropriately applied.
- Risk of fraud in notified but unsigned premium as at year end due to the large percentage of premium not received at the year end date. We have analysed the total premium booked in the year to identify the portion of this relating to notified but unsigned premiums and have tested the accuracy and existence of unsigned premiums on a sample basis.



## Independent auditor's report continued

- Estimation of pipeline premiums (“EPI”) requires significant management judgement and therefore there is potential for management bias through manipulation of core assumptions. We have understood the process by which premiums are estimated and have confirmed by inspection the review process by the finance team over EPI to arrive at the year end balance. For a sample of policies and binders subject to estimate, we have obtained the premium estimate and agreed this back to supporting documentation. We have then compared the initially estimated premium for earlier months’ underwriting for the 2022 YOA with the signed premium at year end to analyse if the signed premium is flowing through in accordance with original expectations underlying the estimate and have performed recoverability testing for estimated premium amounts outstanding at year end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## Report on other legal and regulatory requirements

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

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

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

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

## Independent auditor's report continued

### 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 in respect of the following matters if, in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Kirstie Hanley ACA (Senior statutory auditor)**  
**For and on behalf of Deloitte LLP**  
**Statutory Auditor**  
London, United Kingdom  
1 March 2023

## Statement of profit or loss

### Technical account - General business

For the year ended 31 December 2022

	Notes	2022 £'000
Gross premiums written	3	51,642
Outward reinsurance premiums		<u>(15,895)</u>
Net written premiums		35,747
Change in the provision for unearned premiums		
• Gross amount		(28,786)
• Reinsurers' share		<u>10,888</u>
Change in the net provision for unearned premiums	4	(17,898)
<b>Earned premiums, net of reinsurance</b>		17,849
<b>Allocated investment return transferred from the non-technical account</b>		2
Claims paid		
• Gross amount		(492)
• Reinsurers' share		<u>-</u>
		(492)
Changes in claims outstanding		
• Gross amount		(19,006)
• Reinsurers' share		<u>1,278</u>
Change in the net provision for claims	4	(17,728)
<b>Claims incurred, net of reinsurance</b>		(18,220)
<b>Net operating expenses</b>	5	<u>(9,027)</u>
<b>Balance on technical account – general business</b>		<u>(9,396)</u>

All the amounts above are in respect of continuing operations.

The notes on pages 22 to 45 form part of these financial statements.

## Statement of profit of loss continued

### Non-technical account

For the year ended 31 December 2022

	Notes	2022 £'000
<b>Balance on technical account – general business</b>		(9,396)
Investment income	9	2
Unrealised gains on investments		-
Unrealised losses on investments		-
Gains on realisation of investments		-
Investment expenses and charges		-
		<u>(9,394)</u>
Allocated investment return transferred to the general business technical account		(2)
Other income - Profit on exchange		<u>1,133</u>
<b>Loss for the financial year</b>		<u>(8,263)</u>

There were no recognised gains and losses in the year other than those reported in the Statement of Profit or Loss and hence no Statement of Other Comprehensive Income has been presented.

All the amounts above are in respect of continuing operations. The notes on pages 22 to 45 form part of these financial statements.

## Statement of changes in members' balances

For the year to 31 December 2022

	<b>2022</b> <b>£'000</b>
Members' balances brought forward	-
Total comprehensive (loss) for the year	(8,263)
Distribution to members	-
Cash call	-
Members' Agents Fees	<u>-</u>
Members' balances carried forward at 31 December	<u>(8,263)</u>

Members participate on Syndicates by reference to years of account (YOA) and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year.

The notes on pages 22 to 45 form part of these financial statements.

## Statement of financial position

As at 31 December 2022

	Notes	2022 £'000
<b>Assets</b>		
<i>Investments</i>		
Financial investments	10	233
<i>Reinsurers' share of technical provisions</i>		
Provision for unearned premiums	4	11,696
Claims outstanding	4	<u>1,279</u>
		12,975
<i>Debtors</i>		
Debtors arising out of direct insurance operations	12	3,892
Debtors arising out of reinsurance operations	13	28,636
Other debtors		<u>-</u>
		<u>32,528</u>
<i>Cash and other assets</i>		
Cash at bank and in hand	11	3,553
Other assets		<u>-</u>
		3,553
<i>Prepayments and accrued income</i>		
Deferred acquisition costs		5,683
Other prepayments and accrued income		<u>567</u>
		<u>6,250</u>
<i>Total assets</i>		<u>55,539</u>

The notes on pages 22 to 45 form part of these financial statements.

## Statement of financial position continued

As at 31 December 2022

	Notes	2022 £'000
<b>Members' balance and liabilities</b>		
<i>Capital and reserves</i>		
Members' balances		(8,263)
<i>Liabilities</i>		
<i>Technical provisions</i>		
Provision for unearned premiums	4	30,477
Claims outstanding	4	<u>19,423</u>
		49,900
<i>Creditors</i>		
Creditors arising out of direct insurance operations	14	-
Creditors arising out of reinsurance operations	15	6,261
Amounts owed to credit institutions	11	5,292
Other creditors		<u>1,000</u>
		12,553
<i>Accruals and deferred income</i>		<u>1,349</u>
<i>Total liabilities</i>		<u>63,802</u>
<i>Total members' balances and liabilities</i>		<u>55,539</u>

The notes on pages 22 to 45 form part of these annual accounts.

The financial statements on pages 16 to 45 were approved by board of Directors on 28 February 2023 and were signed on its behalf by:

R P Barke  
Director  
1 March 2023

## Statement of cash flows

For the year ended 31 December 2022

	Notes	2022 £'000
<b>Cash flows from Operating activities</b>		
<i>Loss for the financial year</i>		(8,263)
Increase in gross technical provisions		49,900
(Increase) in reinsurers' share of gross technical provisions		(12,975)
(Increase) in debtors		(32,528)
Increase in creditors		7,261
Movement in other assets/liabilities		(4,901)
Investment Return		<u>(2)</u>
<i>Net cash (outflows) from operating activities</i>		<u>(1,508)</u>
<b>Cash from Investing activities</b>		
Purchases of other financial investments		(29)
Sale of other financial investments		-
Investment income received		2
Movement in other assets/liabilities/foreign exchange		<u>-</u>
<i>Net cash (outflows) from investing activities</i>		<u>(27)</u>
<b>Cash from Financing activities</b>		
Payments of loss from members' personal reserve fund		-
Cash calls in period		-
Members' agent fees in period		<u>-</u>
<i>Net cash inflows/(outflows) from financing activities</i>		<u>-</u>
<b>Net (decrease) in cash and cash equivalents</b>		(1,535)
<b>Cash and cash equivalents at beginning of year</b>		-
Changes to market value and currency		<u>-</u>
<b>Cash and cash equivalents at end of year</b>		<u>(1,535)</u>

Further detail of the cash and cash equivalents balance can be found in note 10.



## Notes to the financial statements

### 1. Basis of preparation

#### Statement of compliance

The financial statements have been prepared in compliance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and FRS 102 and FRS 103, being applicable UK GAAP accounting standards, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

The financial statements are prepared under the historical cost convention except for certain financial instruments which are measured at fair value. The financial statements are prepared in GBP which is the functional and presentational currency of the Syndicate and rounded to the nearest £'000.

The Directors of the Managing Agent have assessed the Syndicate's ability to continue as a going concern by considering cash flows, consistency of loss ratios and continued capital support. Based on the assessment, they continue to adopt the going concern basis in preparing the financial statements.

### 2. Accounting Policies

#### Use of estimates and judgements

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

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

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), in the process of applying the Syndicate's accounting policies.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. This is a source of significant estimation uncertainty.

Critical judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate.

The ultimate cost of outstanding claims is estimated using a range of techniques including actuarial and statistical projections, benchmarking, case by case review and judgement.

## Accounting policies continued

Statistical techniques assume that past claims development experience can be used as a basis to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims.

Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated based on the information currently available to them, the ultimate liability will vary as a result of subsequent information and events.

One of the classes for which the gross claim provisions are most uncertain is the Nordic Liability class. Inflation over 2022 has been materially higher than in previous years, and it is not clear to what extent this has been captured in the pricing of the business. An inflation allowance has therefore been included in the earned IBNR element of the gross claims provision, but there is significant uncertainty surrounding the eventual impact of the heightened inflationary environment.

Emerging Markets Treaty is another class with material uncertainty within the gross claims provision. The ultimate liability on this class is heavily dependent on the outcome of claims relating to one large loss, and there is uncertainty around this event, in particular on which policyholders are covered.

## Significant 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 financial statements.

### Gross premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by the contracts entered into during the reporting period, regardless of whether these are wholly due for payment in the reporting period, together with any adjustments arising in the reporting period. They are recognised on the date on which the policy incepts. Gross written premiums are stated gross of brokerage payable and exclude taxes and duties levied on them.

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates, primarily relating to inwards reinsurance business, are judgemental and could result in significant adjustments of revenue recorded in the financial statements. The estimated premium will be adjusted in the accounting period in which further information is available.

Where available past premium development can be used to project future premium development. In absence of past data, underwriters will apply their professional judgement in combination with available facts and projections to arrive at a credible premium estimate.

### Reinsurance premiums

Reinsurance written premiums comprise the total premiums payable for the whole cover provided by contracts entered into the period, including portfolio premiums payable, and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period. They are recognised on the date on which the policy commences.

## Accounting policies continued

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience or where the risk covered cannot be assessed accurately at the commencement of cover. Where written premiums are subject to an increase retrospectively, recognition of any potential increase is recognised as soon as there is an obligation to the policyholder.

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

### Claims incurred

Claims incurred comprise claims and settlement expenses (both internal and external) paid in the year and the movement in provision for outstanding claims, including an allowance for the cost of claims incurred by the balance sheet date, but not reported until after the year end.

The provision for claims comprises amounts set aside for claims notified and claims incurred, but not yet reported (IBNR).

The amount included in respect of IBNR is based on statistical techniques of estimation applied by actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

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

Accordingly, the two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The Syndicate have provided detailed claims data on the classes for which this exists. On classes which are new, Lloyd's Market data has been used at an appropriate risk code level. The outputs from the analysis using the Lloyd's data has been discussed and agreed by Syndicate representatives such as the Chief Actuarial Officer. It remains a critical assumption that this data is a reasonably predictor of the likely level of claims development.

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

Adjustments to the amounts of claims provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

## **Accounting policies continued**

### **Provisions for unearned premiums**

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. In respect of general insurance business, written premiums are recognised as earned over the period of the policy on a time apportionment basis having regard where appropriate, to the incidence of risk. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

### **Unexpired risks**

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

The provision for unexpired risks is calculated after taking into account relevant investment return.

At 31 December 2022 the Syndicate had no unexpired risk provision.

### **Deferred acquisition costs**

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include direct costs, such as intermediary commissions or the cost of drawing up the insurance document or including the insurance contract in the portfolio, connected with the processing of proposals and the issuing of policies.

Deferred acquisition costs are costs arising from conclusion of insurance contracts that are incurred during the reporting period but which relate to a subsequent reporting period and which are carried forward to subsequent reporting periods.

Deferred acquisition costs are amortised over the period in which the related premiums are earned.

### **Reinsurance assets**

The Syndicate cedes insurance risk on most classes of business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Syndicate may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Syndicate will receive from the reinsurer. The impairment loss is recorded in the income statement.

## Accounting policies continued

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. There were no such gains recognised in 2022.

Ceded reinsurance arrangements do not relieve the Syndicate from its obligations to policyholders.

### Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance receivables are not recognised when the de-recognition criteria for financial assets have been met.

### Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

Where permitted under UK GAAP accounting standards, insurance payables are netted off against insurance receivables where the legally enforceable right to offset exists.

### Foreign currencies

The Syndicate's functional currency and presentational currency is GBP.

Transactions denominated in currencies other than the functional currency are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions. Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisition costs) denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

Exchange differences are recorded in the non-technical account.

The following balance sheet rates of exchange have been used in the preparation of these accounts:

	<b>2022</b>
	<b>Year End</b>
USD	1.20
EUR	1.13
CAD	1.63
AUD	1.77

## Accounting policies continued

### Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement.

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, units in unit trusts, and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

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

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

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

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

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

An impairment loss recognised reduces directly the carrying amount of the impaired asset. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was

## **Accounting policies continued**

recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

### **Investment return**

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

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Interest income on financial assets measured at amortised cost is recognised using the effective interest method. For the purpose of separately presenting investment income and unrealised gains and losses for financial assets at fair value through profit or loss, interest income is recognised as it accrues on the next coupon payment.

For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. For investments measured at amortised cost, realised gains and losses represents the difference between the net proceeds on disposal and the latest carrying value (or if acquired after the last reporting date, the purchase price).

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period.

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

### **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.

## Accounting policies continued

### Fair value measurement of investments

Financial instruments that are classified as fair value through the profit or loss account are assigned a level using a fair value hierarchy that reflects the significance of the inputs used in these measurements.

The Syndicate uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

Level 1 financial instruments comprise government bonds that are regularly traded, deposits with credit institutions and collective investment schemes which comprise Money Market Funds.

- Deposits with credit institutions are included at cost plus accrued income.
- Money Market Funds are valued on a stable net asset value (NAV) basis. Money Market Funds are readily convertible into cash, 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.

Level 2 financial instruments are less regularly traded government and agency bonds, supranational bonds, corporate bonds, currency derivatives, bond futures, and fund investments.

- Investments in regulated collective investment schemes are valued based on the valuations of each of the individual funds as published publicly by the managers.
- Investments in investment pools are valued based on the valuations supplied by the investment manager (Lloyd's).

Level 3 financial instruments have a fair value derived from inputs that are not based on observable market data. The Syndicate does not currently hold any level 3 financial instruments.

### 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 (currently at 20%) 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 other overseas tax payable by members on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the balance sheet under the heading 'other debtors'.

### Profit commission

Profit commission is charged by the managing agent at a rate of 10% of profit. Such commission is recognised when the year of account becomes profitable but does not become payable until after the appropriate year of account closes normally at 36 months.



## Accounting policies continued

### Pension costs

The Managing Agent operates a defined contribution scheme. Pension contributions to Syndicate staff are charged to the Syndicate and included within net operating expenses.

### Syndicate operating expenses

Where expenses are incurred by the Managing Agent or on behalf of the Managing Agent on the administration of managed syndicates, these expenses are apportioned using various methods depending on the type of expense. Expenses which are incurred jointly for the Managing Agent and managed syndicates are apportioned between the Managing Agent and the syndicates depending on the amount of work performed, resources used and volume of business transacted.

## 3. Segmental analysis

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

2022	Gross written premiums	Gross premium earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Motor (Third party liability)	1,659	88	(104)	(47)	(12)	(75)
Motor (Other Classes)	1,169	379	(442)	(152)	(54)	(269)
Fire and other damage to property	3,312	741	(5,611)	(232)	205	(4,897)
Third-party liability	2,931	772	(828)	(239)	(115)	(410)
Reinsurance Acceptances	42,571	20,876	(12,513)	(8,357)	(3,753)	(3,747)
	51,642	22,856	(19,498)	(9,027)	(3,729)	(9,398)

Commissions on direct insurance gross premiums written during 2022 were £1.3 million.

All premiums were concluded in the UK.

The segmental analysis is based on Lloyd's of London classes of business, as reported at market level.

Included in net operating expenses are reinsurance ceding commissions of £0.4m.

## 4. Technical provisions

	Gross provisions £'000	2022 Reinsurance assets £'000	Net £'000
<b>Claims outstanding</b>			
Balance at 1 January	-	-	-
Change in claims outstanding	19,006	(1,278)	17,728
Effect of movements in exchange rates	417	(1)	416
<b>Balance at 31 December</b>	<b>19,423</b>	<b>(1,279)</b>	<b>18,144</b>
Claims notified	8,078	-	8,078
Claims incurred but not reported	11,345	(1,279)	10,066
<b>Balance at 31 December</b>	<b>19,423</b>	<b>(1,279)</b>	<b>18,144</b>
<b>Unearned premiums</b>			
Balance at 1 January	-	-	-
Change in unearned premiums	28,786	(10,888)	17,898
Effect of movements in exchange rates	1,691	(808)	883
<b>Balance at 31 December</b>	<b>30,477</b>	<b>(11,696)</b>	<b>18,781</b>
<b>Deferred acquisition costs</b>			
Balance at 1 January	-	-	-
Change in deferred acquisition costs	5,238	(554)	4,684
Effect of movements in exchange rates	445	-	445
<b>Balance at 31 December</b>	<b>5,683</b>	<b>(554)</b>	<b>5,129</b>

## 5. Net Operating Expenses

	<b>2022</b>
	<b>£'000</b>
Acquisition costs	(8,972)
Change in deferred acquisition costs	5,238
Administration expenses	(5,651)
Change in RI deferred ceding commissions	(554)
Reinsurer ceding commissions	912
Net operating expenses	<u>(9,027)</u>

Volante MGA commissions are included as part of acquisition costs, in addition to original brokerage.

## 6. Staff Costs

No salary costs were recharged to the Syndicate during 2022. All services are provided by Volante Underwriting Ltd and the Managing Agent (which invoices the Syndicate for the services provided). The salary costs forming part of the overall service invoices are not separately identifiable.

## 7. Auditor's remuneration

	<b>2022</b>
	<b>£'000</b>
Fees payable to the Syndicate's auditor of these financial statements	(144)
Other audit services pursuant to Regulations and Lloyd's Byelaw	(106)
Other non-audit services relating to actuarial review	(48)
	<u>(298)</u>

Auditor's remuneration is included as part of the administrative expenses in note 5 to the financial statements.

## 8. Emoluments of the Directors of Asta Managing Agency Ltd

The aggregate emoluments of the Directors and staff of the Managing Agency are met by Asta Managing Agency Ltd and are disclosed within the financial statements of that company, with the exception of J M Tighe, S P A Norton, D J G Hunt and L Harfitt. J M Tighe and S P A Norton's remuneration is disclosed in the financial statements of Asta Capital Ltd and the remuneration of D J G Hunt and L Harfitt is disclosed in the financial statements of Asta Insurance Markets Ltd and were all charged in the accounts of Asta Managing Agency Ltd.

No emoluments of the Directors or staff of Asta Managing Agency Ltd were directly charged to the Syndicate.

No other compensation was payable to key management personnel.

The Active Underwriter's salary was not recharged to the Syndicate during 2022. The cost is borne by Volante Management Ltd.

## 9. Investment return

	<b>2022</b>
	<b>£'000</b>
Income from other financial investments	2
Gains on realisation of investments	
- Fair value through profit or loss designated upon initial recognition	-
<i>Total investment income</i>	-
Losses on realisation of investments	
- Fair value through profit or loss designated upon initial recognition	-
Investment expenses and charges	-
Unrealised gains and losses on investments	
- Financial instruments at fair value through profit and loss	-
<i>Total investment return</i>	<u>2</u>

## 10. Financial investments

	2022	
	Carrying value	Purchase price
	£'000	£'000
Shares and other variable yield securities and units in unit trusts	204	204
Debt securities and other fixed income securities	-	-
Overseas deposits	29	29
	<u>233</u>	<u>233</u>

Amounts included within shares and other variable securities include CIS/Unit Trusts where funds are invested in a single entity which invests in investments. These are treated as cash and cash equivalents with the carrying value and purchase price being the same.

There was no material change in fair value for financial instruments held at fair value attributable to credit risk in the period.

The following table shows financial investments recorded at fair value analysed between the three levels in the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
31 December 2022				
Shares and other variable yield securities and units in unit trusts	-	204	-	204
Debt securities and other fixed income securities	-	-	-	-
Overseas deposits	-	29	-	29
Total	-	<u>233</u>	-	<u>233</u>

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 syndicate, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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.

## Financial investments continued

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.

### 11. Cash and Cash equivalents

	<b>2022</b>
	<b>£'000</b>
Short-term deposits with credit institutions	204
Overdraft	(5,292)
Cash at bank and in hand	3,553
Total	<u>(1,535)</u>

### 12. Debtors arising out of direct insurance operations

	<b>2022</b>
	<b>£'000</b>
Debtors arising out of direct insurers (within one year)	3,892
Debtors arising out of direct insurers (after one year)	<u>-</u>
Total	<u>3,892</u>

### 13. Debtors arising out of reinsurance operations

	<b>2022</b>
	<b>£'000</b>
Due from ceding reinsurers (within one year)	28,636
Due from ceding reinsurers (after one year)	<u>-</u>
Total	<u>28,636</u>

## 14. Creditors arising out of direct insurance operations

	2022
	£'000
Due to direct insurers (within one year)	-
Due to direct insurers (after one year)	-
Total	-

## 15. Creditors arising out of reinsurance operations

	2022
	£'000
Due to ceding reinsurers (within one year)	6,261
Due to ceding reinsurers (after one year)	-
Total	6,261

## 16. Related parties

Asta Managing Agency Ltd (Asta) is the Syndicate's Managing Agent. Asta provides services and support to the Syndicate in its capacity as Managing Agent. During the year, managing agency fees of £0.9m were charged to the Syndicate. Asta also recharged £1.6m worth of service charges in the year and as at 31 December 2022 an amount of £0.7m was owed to Asta in respect of this service.

The ultimate parent company of Asta Managing Agency Ltd is Tennessee Topco Limited following the acquisition of Asta Capital Limited by the Davies Group Limited on 13 July 2022.

From time to time, syndicates managed by Asta enter into (re)insurance contracts with one another. All such transactions are subject to Asta's internal controls which ensure that all are compliant with Lloyd's Related Party Byelaw provisions. All transactions are entered into on an arms-length basis.

During 2022 the Syndicate received a cash advance from Volante Global Limited. At 31 December 2022, the advance amount utilised was £1.0m. The total advance available for use by the Syndicate is £3.5m and the partial or full amount advanced to the Syndicate is to be repaid by 31 December 2023.

Acrisure LLC has bought the majority shareholding in Volante Capital Holdings (Bermuda) Limited from Nephila Holdings Limited, which is a subsidiary of Markel Corporation. The sale of Volante Capital Holdings (Bermuda) Limited has been approved by FCA and effective as of 01 October 2022.

## 17. Disclosure of interests

During 2022 Asta was the Managing Agent for twelve Syndicates, two Special Purpose Arrangements and six Syndicate in a Box. Syndicate 1609, 1699, 1729, 1892, 1980, 1988, 2288, 2525, 2689, 2786, 3268 and 4242 as well as Special Purpose Arrangements 1416 and

## Disclosure of interests continued

6131 and Syndicates in a Box 4747, 1796, 1902, 2880, 3456 and 5183 were managed on behalf of third party capital providers.

On 1 January 2022, Asta took on the management of Syndicate 1699.

On 1 January 2022, Asta took on the management of Syndicate in a box 1902.

On 10 February 2022, Asta took on management of Syndicate in a box 2880.

On 10 February 2022, Asta reinsured to close Syndicate 1980 into Riverstone Syndicate 3500.

On 22 March 2022, Asta took on the management of Syndicate in a box 3456.

On 13 May 2022, Asta migrated the management of 3268 to IQUW.

On 10 June 2022, Asta took on the management of Syndicate in a box 5183.

On 18 July 2022, Asta took on the management of Syndicate in a box 1796.

On 1 October 2022, Asta migrated Syndicate 1729 and SPA 6131 to Dale Managing Agency.

On 1 January 2023, Asta took on the management of Syndicate 1985.

On 1 January 2023, Asta took on the management of Syndicate 1322.

The agency also provides administrative services to Syndicates and Special Purpose Arrangements, also undertaking several ancillary roles for other clients.

The Financial Statements of the Managing Agency can be obtained by application to the Registered Office (see page 1).

## 18. Funds at Lloyd's

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

## 19. Off-balance sheet items

The Syndicate has not been party to any arrangement, which is not reflected in its statement of financial position, where material risks and benefits arise for the Syndicate.



## **20. Risk management**

### **a) Governance framework**

The Syndicate's risk and financial management framework aims to protect the Syndicate's members' capital from events that might otherwise prevent the Syndicate from meeting its policyholder obligations, while maximising the returns to its members. The Directors recognise the critical importance of having efficient and effective risk management systems in place.

Asta maintains a risk management function for the Syndicate with clear terms of reference from the Board, its committees and sub committees. Asta supplements this with a clear organisational structure with documented delegated authorities and responsibilities from the main Asta Managing Agency board to the Syndicate who perform the underwriting activities. Lastly, the Syndicate policy framework sets its risk management and control and business conduct standards for operations. Asta reviews and monitors each policy to ensure compliance with the policy throughout the Syndicate.

The Board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the identification of risk and its interpretation to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the Syndicate goals, and specify reporting requirements. The Board places significant emphasis on the assessment and documentation of risks and controls, including the articulation of the Syndicate's risk appetite.

### **b) Capital management objectives, policies and approach**

#### **Capital framework at Lloyd's**

The Society of Lloyd's (Lloyd's) is a regulated undertaking and is subject to the supervision of the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000.

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

Although Lloyd's capital setting processes use a capital requirement set at Syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at Syndicate level. Accordingly the capital requirement in respect of Syndicate 1699, which was set using the Lloyd's Syndicate Benchmark Model, is not disclosed in these financial statements.

#### **Lloyd's capital setting process**

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

A Syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each

## Risk management continued

member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2022 was 35% of the member's SCR 'to ultimate'.

### Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (funds at Lloyd's), held within and managed within a Syndicate (funds in Syndicate) or as the member's share of the members' balances on each Syndicate on which it participates. Accordingly, the ending members balances reported on the statement of financial position on page 18, represent resources available to meet members' and Lloyd's capital requirements.

#### c) Insurance risk

The principal risk the Syndicate faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of

long-term claims. Therefore, the objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Syndicate purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on a non-proportional basis. Non-proportional reinsurance is excess-of-loss reinsurance designed to mitigate the Syndicate's net exposure to large losses. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Syndicate's placement of reinsurance is diversified such that it is not dependent on a single reinsurer.

Sub committees of the Syndicate board oversee the management of reserving risk. The use of standardised and internal modelling techniques, as well as benchmarking and the review of claims development are key in mitigating reserving risk.

The purpose of these underwriting, reinsurance and reserving strategies is to limit exposure to catastrophes or large losses based on the Syndicate's risk appetite as decided by the Syndicate board.

The Syndicate uses both its own and commercially available risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from an un-modelled event are greater than those arising from a modelled event.

## Risk management continued

### Key assumptions

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each underwriting year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

### Sensitivities

The claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on net liabilities, profit and members' balances.

The table below shows how a five percent increase or decrease in gross and net claim liabilities would affect the Syndicate's profit for the financial year and its members' balances.

A 5% move in the loss ratio would be a £0.9m impact on the P&L.

	<b>2022</b>
	<b>Loss/(Profit)</b>
<b>Gross</b>	<b>£'000</b>
Five percent Increase (claims liabilities)	971
Five percent decrease (claims liabilities)	(971)
<b>Net</b>	
Five percent Increase (claims liabilities)	907
Five percent decrease (claims liabilities)	(907)

### Claims development table

The tables below show the Syndicate's cumulative incurred claims development, including both claims notified and IBNR for each underwriting year, together with the cumulative payments to date on a gross and net of reinsurance basis at the balance sheet date.

## Risk management continued

### Estimate of cumulative gross claims incurred:

<b>Underwriting year</b>	<b>2022</b>
	<b>£'000</b>
At end of underwriting year	19,910
One year later	-
Less cumulative paid	<u>-</u>
Liability for gross outstanding claims	<u>(487)</u>
<b>Total gross outstanding claims (all years)</b>	<b><u>19,423</u></b>

### Estimate of cumulative net claims incurred:

<b>Underwriting year</b>	<b>2022</b>
	<b>£'000</b>
At end of underwriting year	18,631
One year later	-
Less cumulative paid	<u>-</u>
Liability for gross outstanding claims	<u>(487)</u>
<b>Total net outstanding claims (all years)</b>	<b><u>18,144</u></b>

The uncertainty associated with the ultimate claims experience of an underwriting year is greatest when the underwriting year is at an early stage of development and the margin for future experience potentially being more adverse than assumed is at its highest. As claims develop, and the ultimate cost of the claims becomes more certain, the relative level of margin should decrease. Due, however, to the uncertainty inherent in the claims estimation process, initial reserves may not always be in a surplus.

### d) Financial risk

The focus of financial risk management for the Syndicate is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The goal of the investment management process is to optimise the risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

## Risk management continued

### 1) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the exposure to credit risk:

- Reinsurance is placed with counterparties that either have a good credit rating or are unrated collateralised reinsurers, and the concentration of risk is avoided by following policy guidelines in respect of counterparties' limits. If the counterparty is downgraded or does not have a good credit rating, then collateral is sought to mitigate any risk. This is monitored by the Reinsurance Security Committee, a sub-committee of the Syndicate Board.

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through collateral agreements and the use of credit derivatives.

2022	£'000			
	Neither past due or impaired	Past due	Impaired	Total
Shares and other variable yield securities	204	-	-	204
Reinsurers share of claims outstanding	1,279	-	-	1,279
Debtors arising out of direct insurance operations	3,892	-	-	3,892
Debtors arising out of reinsurance insurance operations on ceded business	-	-	-	-
Overseas deposits	29	-	-	29
Other debtors	46,582	-	-	46,582
Cash at bank and in hand	3,553	-	-	3,553
Total	55,539	-	-	55,539

The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2022 by classifying assets according to independent credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated. Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated. These non-rated debtors totalled £50.4k.

## Risk management continued

2022	£'000					Total
	AAA	AA	A	BBB or less	Not Rated	
Shares and other variable yield securities	-	-	204	-	-	204
Reinsurers share of claims outstanding	-	73	1,206	-	-	1,279
Debtors arising out of reinsurance operations on ceded business	-	-	-	-	-	-
Overseas deposits	16	5	4	4	-	29
Cash at bank and in hand	-	-	3,553	-	-	3,553
<b>Total</b>	<b>16</b>	<b>78</b>	<b>4,967</b>	<b>4</b>	<b>-</b>	<b>5,065</b>

### 2) Liquidity risk

Liquidity risk is the risk that the Syndicate may not have enough cash to pay insurance claims and other liabilities. The Syndicate tries to reduce this risk by reviewing its expected cash obligations on a quarterly basis and keeping adequate cash on deposit to meet those obligations.

The table below summarises the maturity profile of the Syndicate's financial liabilities based on remaining undiscounted contractual obligations, including interest payable and outstanding claim liabilities based on the estimated timing of claim payments resulting from recognised insurance liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

2022	£'000					Total
	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	
Claims outstanding	-	6,086	7,395	3,001	2,941	19,423
Creditors	-	12,553	-	-	-	12,553
<b>Total</b>	<b>-</b>	<b>18,639</b>	<b>7,395</b>	<b>3,001</b>	<b>2,941</b>	<b>31,976</b>

### 3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Syndicate exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly.

## Risk management continued

### 4) Currency risk

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

The Syndicate's functional currency is GBP and its exposure to foreign exchange risk arises primarily with respect to transactions in US Dollars, Euros, Canadian Dollars and Australian Dollars. The Syndicate seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

The table below summarises the exposure of the financial assets and liabilities to foreign currency exchange risk at the reporting date, as follows:

	£'000					
2022	GBP	EUR	USD	CAD	AUD	Total
Total Assets	9,632	4,297	36,095	5,186	329	55,539
Total Liabilities	(20,041)	(4,107)	(34,770)	(4,555)	(329)	(63,802)
Net Assets	(10,409)	190	1,325	631	-	(8,263)

The Syndicate matches its currency position so holds net assets across a number of currencies. The Syndicate takes into consideration the underlying currency of the Syndicate's required capital and invests its assets proportionately across these currencies so as to protect the solvency of the Syndicate, against variation in foreign exchange rates.

#### Sensitivity to changes

The table below gives an indication of the impact on profit of a percentage change in the relative strength of US Dollars against the value of the Sterling, Euro, Canadian Dollar and Australian Dollar simultaneously. The analysis is based on the information as at 31 December 2022.

	Impact on profit and members' balance
	2022
	£'000
US Dollar weakens	
10% against other currencies	(959)
20% against other currencies	(1,918)
US Dollar strengthens	
10% against other currencies	959
20% against other currencies	(1,918)

## Risk management continued

### 5) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Syndicate to cash flow interest risk, whereas fixed rate instruments expose the Syndicate to fair value interest risk.

The Syndicate has no significant concentration of interest rate risk.

## **21. Post balance sheet events**

The Directors evaluated other events subsequent to the balance sheet date through 1 March 2023, the date the Syndicate issued these annual accounts.

It is highlighted that the Syndicate has potential exposure to losses associated with the earthquakes in Turkey, in early 2023. At the time of reporting, no reliable loss estimates have been provided to the Syndicate.