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Coverys Managing Agency Limited

Report & Financial Statements
Syndicate DTW 1991
for the year ended
31 December 2022

Administration

Managing Agent
Coverys Managing Agency Limited
5th Floor, Dixon House, 1 Lloyd's Avenue
London EC3N 3DS

Registered Number

04690709

Syndicate
Director responsible for Run-off
Robert Forster (resigned 4 August 2022)

Director responsible for Run-off
Michael Sibthorpe (appointed 26 July 2022)

Bankers
Barclays Bank plc
1 Churchill Place
London E14 5HP

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

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

Managing agent's report

Coverys Managing Agency Limited (CMAL) presents its report for syndicate DTW 1991 (Syndicate 1991) for the year ended 31 December 2022.

Strategic report

The managing agent's report should be read in conjunction with the strategic report as it includes information required to be disclosed in the managing agent's report. This information is primarily relating to a review of the business and a description of principal risks and uncertainties, although there is more extensive disclosure of risk management on page 4.

Officers

The directors and company secretary of the managing agent who served during the year ended 31 December 2022 and up to the date of this report were as follows:

E B Bagley	Group non-executive director – resigned 25 June 2022
M Bell	Executive director
C D Charles	Non-executive director
S A Davies	Non-executive director
R D Forster	Executive director – resigned 4 August 2022
D W Hipkin	Non-executive chairman
J Marshall	Secretary
T C Mills	Group non-executive director
M A Sibthorpe	Executive director – appointed 26 July 2022

Annual General Meeting

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

Auditors

With the Reinsurance to Close ("RITC") of Syndicate 1991 into Syndicate 3500 effective from 1 January 2023, Pricewaterhousecoopers LLP will no longer continue as Syndicate 1991's auditors.

Disclosure of Information to Auditors

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

Approved by order of the Board of CMAL.

M A Sibthorpe
Chief Executive Officer
27 February 2022

Strategic report

The directors of CMAL present their strategic report for Syndicate 1991 for the year ended 31 December 2022.

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

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

As at 31 December 2021 CMAL had left the 2018 and 2019 years of account open.

During the course of 2022 there has been an active engagement with external markets in order to conclude the business of the syndicate through a RITC transaction. A number of interested parties provided quotes to RITC the open years. Syndicate 3500 ultimately represented the most favourable solution for the syndicate's members across the open years of account. As a consequence, with effect from 1 January 2023 all of the open years closed by RITC into Syndicate 3500 thereby transferring the syndicate's liabilities. Consequently Syndicate 1991 ceased to exist from this date.

Syndicate 3500's capital is provided by RiverStone Corporate Capital, a wholly owned subsidiary of Riverstone Holdings Limited.

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

GAAP Basis	2022	2021
Gross premiums written	£1.8m	£57.3m
Loss for the year	(£45.2m)	(£73.2m)
Net combined ratio	286.8%	161.6%

Syndicate Underwriting Year Accounts
The return on capacity for the closed years of account, on a three year funded basis, is shown below:

Year of account	2013	2014	2015	2016	2017	2018	2019	2020
Capacity	76.8	150.0	146.2	129.7	126.8	126.8	126.8	110.0
Result £m	(8.8)	(14.2)	(10.6)	(8.5)	(12.4)	(126.0)	(43.7)	(28.0)
Return on capacity	(11.5%)	(9.5%)	(7.3%)	(6.6%)	(9.8%)	(99.4%)	(34.5%)	(25.5%)

The result shown for the 2018, 2019, and 2020 years of account represent finality for the S1991 members.

Results and Business Review
The total recognised result for calendar year 2022 is a loss of £45.2m (2021: loss of £73.2m).

The underwriting result was a loss of £29.1m, of which £23.4m is in respect of the 2018 and prior years of account. The main drivers of this deterioration were further deteriorations in US Liability and UK & International Liability losses, explicit provision for inflation and alignment with the S3500 bid.

Principal activity and review of the business

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

COVID-19

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

The reserves held at year end for COVID-19 are £4.1m gross, -£6.3m net of reinsurance. A material volume of gross claims have now been paid with no RI recoveries received to date, therefore net reserves are negative.

The ultimate amounts of these claims are uncertain which, combined with their total size, increases the level of uncertainty in the actuarial best estimate of the syndicate significantly beyond the normal range of uncertainty for insurance liabilities at this stage of development. The COVID-19 reserves are our best estimates and therefore by definition there is a range where reserves could settle for less or more than the current amount being held. With the RITC to Syndicate 3500 all of the uncertainties are no longer with Syndicate 1991.

Cash Call

The managing agent is making a cash call of the balance of the 2018 year of account loss (69.4%) and the balance of the 2019 year of account loss (9.5%), together with the 2020 year of account loss in full (25.5%)

Post Balance Sheet Events

There have been no relevant post balance sheet events.

Other performance indicators

Staff matters

The managing agent considers the staff that it utilises from its sister company, Coverys MA Services Ltd, to be a key resource and seeks to provide a good working environment that is rewarding and safe and complies with appropriate employee legislation. We continued to develop and implement a Hybrid Working Policy, which recognises and embraces the shift in working patterns to facilitate both in-office and virtual arrangements for staff.

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

Going Concern

Following the closure of all open years of account at 31 December 2022 into an external syndicate, the Syndicate ceased to exist. Accordingly these accounts have been prepared on a basis other than going concern. This has had no impact on the carrying value of the Syndicate's assets and liabilities as at 31 December 2022.

Environmental matters

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

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

Approved by order of the Board of CMAL.

M A Sibthorpe
Chief Executive Officer
27 February 2023

Statement of managing agent's responsibilities

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

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

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

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

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

Independent auditors' report to the members of Syndicate 1991

Report on the audit of the syndicate annual accounts

Opinion

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

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual accounts included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet – Assets and the Balance sheet – Liabilities as at 31 December 2022; the Statement of profit or loss: Technical account – general business, the Statement of profit or loss: Non-technical account, the Statement of other comprehensive income, the Statement of cash flows, and the Statement of changes in members' balances for the year then ended; the Statement of accounting policies, Risk management and the notes to the syndicate annual accounts.

Basis for opinion

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

Independence

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

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

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

Emphasis of matter – Basis of preparation and closure of syndicate

Without modifying our opinion, we draw attention to the statement of accounting policies which explains that the 2018, 2019 and 2020 years of account of the syndicate have closed and all assets and liabilities transferred to the 2021 year of account of Syndicate 3500 by reinsurance to close. The Syndicate has no successor year of account.

As a result, the Syndicate is no longer a going concern. The reinsurance to close occurs in the normal course of business for a syndicate year of account at the 36 months stage of development. The syndicate annual accounts have therefore been prepared on a basis other than going concern where the recorded assets and liabilities represent the amounts that would be realised and discharged in the normal course of business were the going concern basis adopted.

Reporting on other information

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

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

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

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

Managing Agent's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Managing Agent's report for the year ended 31 December 2022 is consistent with the syndicate annual accounts and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the syndicate annual accounts and the audit

Responsibilities of the Managing Agent for the syndicate annual accounts

As explained more fully in the Statement of managing agent's responsibilities, the Managing Agent is responsible for the preparation of the syndicate annual accounts in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual accounts, the Managing Agent is responsible for assessing the syndicate's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the syndicate is unable to continue to realise its assets and discharge its liabilities in the ordinary course of business.

Auditors' responsibilities for the audit of the syndicate annual accounts

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

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

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

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the syndicate annual accounts. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Andrew Box (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2023

COVERYS MANAGING AGENCY LIMITED

Syndicate DTW1991

Statement of profit or loss
Technical account – general business
Year ended 31 December 2022

	Notes		**2022**		**2021** *Restated*
		£000	**£000**	**£000**	**£000**
Earned premiums, net of reinsurance					
Gross premiums written	1	1,768		55,716*	
Outward reinsurance premiums		(951)		(9,366)	
Net premiums written			817		46,350
Change in provision for unearned premiums:					
Gross amount		21,273		66,412	
Reinsurers' share		(2,844)		(1,637)	
Change in the net provision for unearned premiums			18,429		64,775
Earned premiums, net of reinsurance			19,246		111,125
Allocated investment return transferred from the non-technical account			(3,727)		(243)
Total technical income			15,519		110,882
Claims incurred, net of reinsurance					
Claims paid:					
Gross amount		(83,452)		(91,748)	
Reinsurers' share		3,031		1,385	
Net claims paid		(80,421)		(90,363)	
Change in the provision for claims:					
Gross amount		9,599		(64,457)	
Reinsurers' share		27,055		30,755	
Change in other technical provisions		2,799		(2,584)	
Change in the net provision for claims		39,453		(36,286)	
Claims incurred, net of reinsurance			(40,968)		(126,649)
Net operating expenses	3,4,5		(14,230)		(58,171)
Balance on the technical account for general business			(39,679)		(73,938)

The accounting policies and notes on pages 17 to 37 form part of these financial statements

*Refer to note 1 for an explanation of the prior year restatement

Statement of profit or loss
Non-technical account
Year ended 31 December 2022

	Notes	2022 £000	2021 *Restated* £000
Balance on the general business technical account		(39,679)	(73,938)
Investment income	6	1,008	930
Investment expenses and charges	6	(51)	(70)
Realised losses on investments	6	(2,645)	(556)
Unrealised losses on investments	6	(2,038)	(547)
Allocated investment return transferred to technical account – general business		3,726	243
Non-technical account charges		(5,496)	(904)
Loss for the financial year		(45,175)	(74,842)

Statement of other comprehensive income
for the year ended 31 December 2022

	2022 £000	2021 £000
Loss for the financial year	(45,175)	(74,842)
Total comprehensive income for the financial year	(45,175)	(74,842)

Statement of changes in members' balances

	2022	2021
Balance due from members at 1 January	(109,991)	(73,173)
Cash call collected from Members – 2019 / 2018 year of account	31,688	38,025
Three year funded adjustment	(4,544)	-
Total comprehensive income for the financial year	(45,175)	(74,843)*
Balance due from members at 31 December	(128,022)	(109,991)

There are no discontinued operations

*Refer to note 1 for an explanation of the prior year restatement

The accounting policies and notes on pages 17 to 37 form part of these financial statements

Balance sheet - Assets
at 31 December 2022

			2022		2021 *Restated*
	Notes	**£000**	**£000**	**£000**	**£000**
Investments					
Shares and other variable yield securities		4,520		5,393	
Debt securities and other fixed income securities		32,208		37,251	
Participation in investment pools		13,628		60,569	
	8		50,356		103,213
Deposits with ceding undertakings		3,798		3,049	
			3,798		3,049
Reinsurers' share of technical provisions					
Provision for unearned premiums	2	(101)		2,559	
Claims outstanding	2	99,018		68,224	
			98,917		70,783
Debtors					
Debtors arising out of direct insurance operations	9	546		948	
Debtors arising out of reinsurance operations	10	-		-	
Other debtors	11	17,615		16,101	
			18,161		17,049
Other assets					
Cash at bank and in hand		2,136		4,610	
Overseas deposits		15,129		17,282	
			17,265		21,892
Prepayments and accrued income					
Deferred acquisition costs		2,978		11,525	
Other prepayments and accrued income		4,720		5,411*	
			7,698		16,937
Total assets			196,195		232,923

The accounting policies and notes on pages 17 to 37 form part of these financial statements

*Refer to note 1 for an explanation of the prior year restatement

Balance sheet – Liabilities
at 31 December 2022

			2022		2021 *Restated*
	Notes	**£000**	**£000**	**£000**	**£000**
Capital and reserves					
Members' balances			(123,479)		(109,991)*
Technical provisions					
Provision for unearned premiums	2	6,319		26,475	
Claims outstanding	2	304,831		302,130	
			311,150		328,605
Creditors					
Creditors arising out of direct insurance operations	12	2,609		4,947	
Creditors arising out of reinsurance operations	13	2,876		7,101	
Other creditors	14	109		197	
			5,594		12,245
Accruals and deferred income			2,930		2,063
Total liabilities			196,195		232,923

*Refer to note 1 for an explanation of the prior year restatement

The accounting policies and notes on pages 17 to 37 form part of these financial statements

The syndicate annual accounts were approved by the Board of Directors of CMAL and were signed on its behalf by

M A Sibthorpe
Chief Executive Officer

M Bell
Finance Director

27 February 2023

COVERYS MANAGING AGENCY LIMITED

Syndicate DTW1991

Statement of cash flows
Year ended 31 December 2022

	2022	2021
		Restated
	£000	£000
Cash flow from operating activities		
Loss for the financial year	(45,175)	(74,842)*
Adjustments for:		
Decrease in gross technical provisions	(32,041)	(3,258)
Increase in reinsurers' share of technical provisions	(26,823)	(26,772)
Decrease in debtors, prepayments & accrued income	10,944	52,570*
(Increase)/decrease in creditors	(6,154)	2,631
Investment return	3,727	243
Other	4,591	-
Net cash generated from operating activities	(90,930)	(49,429)
Cash flows from investing activities:		
Purchase of equity & debt instruments	(64,785)	(178,556)
Sale of equity & debt instruments	123,458	177,775
Changes to market value and currency	-	1,548
Investment income received	(1,689)	(243)
Other	(419)	(2,990)
Net cash used in investing activities	56,565	(2,466)
Cash flows from financing activities:		
Cash call received on 2019 / 2018 year of account	31,688	38,025
Net cash used in financing activities	31,688	38,025
Net decrease in cash & cash equivalents in year	(2,677)	(13,870)
Cash & cash equivalents at beginning of the year	4,610	18,839
Foreign exchange movements in cash and cash equivalents	203	(359)
Cash & cash equivalents at end of the year	2,136	4,610
Cash & cash equivalents comprise:		
Cash at bank and in hand	2,136	4,610
	2,136	18,839

*Refer to note 1 for an explanation of the prior year restatement

The accounting policies and notes on pages 17 to 37 form part of these financial statements

Statement of accounting policies

General information
Syndicate 1991 is a Lloyd's syndicate domiciled in England and Wales. It is managed by CMAL, a private company limited by shares that is incorporated in England and whose registered office is 5th Floor, Dixon House, 1 Lloyd's Avenue, London, EC3N 3DS.
The syndicate is a specialist in delegated authority underwriting focusing mainly in North America, the UK and Europe (up to 2019).

Compliance with accounting standards
These financial statements have been prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts Regulations 2008).

The 2020 year of account was the final year in which the syndicate wrote new business and all years of account have now closed by RITC. The accounts have therefore been prepared on a basis other than going concern.

Basis of preparation
The financial statements have been prepared on a basis other than going concern.

Going Concern
Following the closure of all open years of account at 31 December 2022 into an external syndicate, the Syndicate ceased to exist. Accordingly these accounts have been prepared on a basis other than going concern. This has had no impact on the carrying value of the Syndicate's assets and liabilities.

Basis of accounting
The underwriting results are determined on an annual basis of accounting. Under the annual basis of accounting, the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

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

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

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

Statement of accounting policies (continued)

Change in provision for reinsurance unearned premiums

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

Technical provisions - claims incurred, net of reinsurance

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

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

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

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The directors consider that the provisions for gross claims outstanding and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. With the RITC to Syndicate 3500 all of the uncertainties are no longer with Syndicate 1991.

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

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

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

Statement of accounting policies (continued)

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

Unexpired risks provision (URP)
A provision for unexpired risks is made where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred. Having established a URP in the prior year (£2.6m) to ensure that reseves are sufficient to cover unearned claims, this has been released in 2022.

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

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

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

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

Foreign currencies
The presentational and functional currency of the syndicate is pounds Sterling. Transactions in US dollars, Euros, Canadian dollars, Australian dollars and New Zealand dollars are translated at the average rates of exchange for the period. Transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

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

Financial Assets and Liabilities

Classification

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

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

Recognition

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

Initial measurement

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

Subsequent measurement

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

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

De-recognition of financial assets and liabilities

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

Statement of accounting policies (continued)

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

Fair value measurement

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

Impairment of financial instruments measured at amortised cost or cost

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

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

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

Offsetting

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

Investment return

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

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

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

Statement of accounting policies (continued)

Taxation

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

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

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

Profit commission

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

Pension costs

Coverys MA Services Limited (CMAS), a sister company of CMAL, operates a defined contribution scheme on behalf of the managing agency. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses and other acquisition costs.

Key accounting judgements and estimation uncertainties

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

Technical provisions

The accounting policy for technical provisions is described on page 18 and the related risks are described on page 25. The net technical provisions after the reinsurers' share is £212,232k (2021: £257,822k). The most uncertain element within these technical provisions is the amount for claims outstanding which covers amounts where either the claim has been notified to the syndicate or where there has not yet been a notification or although notified there has been insufficient information to date to be certain regarding its ultimate costs. The net claims outstanding amounted to £205,812k (2021: £233,905k). As described in the risk management section there is a thorough review process of claims notifications and reserving estimates. IBNR is calculated using standard actuarial techniques projecting future performance using the historical experience of the Syndicate. Market benchmarks are used to assist assumption selection where the Syndicate experience is limited and associated assumption credibility is low.
The uncertainty within technical provisions is mitigated by the element that reinsurers' share, although there are also uncertainties associated with the estimation of these recoveries. The reinsurers' share of claims outstanding amounts to £99,018k (2021: £70,171k).

With the RITC to Syndicate 3500 all of the uncertainties are no longer with Syndicate 1991.

Statement of accounting policies (continued)

Premium income

The accounting policy for written and earned premium income is described on page 17 and the related risks are described on page 24. The estimation of written premium includes amounts for additional or return premiums and business that may have been underwritten but not yet notified. The earning of this premium has been calculated on a basis of time apportionment. The directors consider that this represents a reasonable approximation of the overall earning risk profile of the policies written. As described in the risk management section there is detailed evaluation of premium written estimates at the time of writing risks and these are monitored and checked as remaining valid until they are received.

Investment valuations

All investments are shown at their fair value as described in the accounting policy on page 21 and details of the risks relating to investments are disclosed on page 25. All investments are highly rated securities and regularly traded on major stock exchanges so that the risks in their valuations are reduced.

Risk Management

Coverys approach to syndicate risk management

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

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

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

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

Syndicate risk exposures

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

Risk management (continued)

Insurance risk

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

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

Insurance risk is quantified in the internal model using the plan data and projections (informed by syndicate experience and discussions with business owners) in relation to the above drivers of the risk.

Catastrophic events

The managing agent has developed underwriting guidelines which express limits including limits on individual risks, as well as per class of business. The syndicate has, to date, used modelling tools to monitor the aggregation of exposure and adherence to underwriting limits, to simulate catastrophe losses on aggregate exposures, and the effectiveness of the syndicate's reinsurance programmes. The syndicate has also been conducting Realistic Disaster Scenarios (RDS), as specified by Lloyd's, and developed internally, which provide an estimate of the effect on the syndicate results of an aggregation of claims arising from several extreme scenarios. Exposure management reports and RDS results have continued to be provided to the run off working group for oversight over the course of 2022. Due to the short tail nature of property business and the syndicate being in run off for over a year, the Nat cat risk has reduced dramatically.

Business volumes and rating levels

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

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

	2022	**2021**
	£000	**£000**
Gross premiums earned	23,041	122,129
Result for the period (excl. investment return)	(41,448)	(74,599)
1% reduction in volume pro-rata result for the period (excl. investment return)	(414)	(746)

Reserving risk

There are a number of drivers of reserving risk.

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

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

The Chief Actuary will then make a reserve recommendation to the Board including (if necessary) any loadings required. The level of booked reserves requires formal approval by the Board and is subject to an external audit and further actuarial opinion. The independent reserve assessment is presented in a Statement of Actuarial Opinion (SAO) to confirm the adequacy of the reserves and is provided annually to Lloyd's.

The reserves for COVID-19 held at year end are £4.1m gross of reinsurance (2021: £7.5m) -£6.3m net of reinsurance (2021: -£2.5m). A material volume of gross claims have now been paid with no RI recoveries received to date, therefore net reserves are negative

We have no ongoing reserving risk because Syndicate 1991 has closed with effect from 31 December 2022.

Ongoing deteriorations were observed over the course of 2022 in particular in Liability classes, and as a result of adverse emerging experience several deep dives were conducted, namely in classes COB B (US Liability) and COB D (UK & International Liability). Due to the current global inflationary pressures, the allowance for inflation within the technical provisions increased.

The control environment around the reserving processes and governance continue to be reviewed by the risk function and no areas of concern have been raised. However as a matter of best practice and regulatory trends, a deep dive framework was implemented by Risk and Actuarial.

Investment risk

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

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

Risk management (continued)

Liquidity risk

We have no ongoing liquidity risk because Syndicate 1991 has closed with effect from 31 December 2022.

Currency risk

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

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

We have no ongoing currency risk because Syndicate 1991 has closed with effect from 31 December 2022..

Interest rate risk

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

We have no ongoing interest rate risk because Syndicate 1991 has closed with effect from 31 December 2022.

Credit risk

We have no credit liquidity risk because Syndicate 1991 has closed with effect from 31 December 2022.

Financial instruments risk

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

We have no ongoing credit risk because Syndicate 1991 has closed with effect from 31 December 2022.

Operational risk

We have no ongoing operational risk because Syndicate 1991 has closed with effect from 31 December 2022.

Regulatory risk

The managing agent is required to comply, inter alia, with the requirements of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's. Failure to comply with applicable regulations could

result in a variety of sanctions, the most extreme being a withdrawal of the right to underwrite business. The managing agent has established business operations and processes that follow the applicable regulatory standards. Management has also put in place appropriate monitoring structures to mitigate the risk of failing to meet regulatory compliance. The CMAL Executive Committee monitors regulatory developments to ensure the managing agent remains compliant. In addition, the compliance function and the risk management function monitors the position. The internal audit function supports the monitoring process, and directly reports into the CMAL Audit Committee, itself comprised of non-executive directors of the managing agent.

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

Solvency risk

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

We have no ongoing solvency risk because Syndicate 1991 has closed with effect from 31 December 2022.

1. Analysis of underwriting results

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

	Gross written premiums £000	Gross premiums earned £000	Gross claims incurred £000	Net operating expenses £000	Reinsurance balance £000	Total £000
2022						
Direct insurance:						
Fire and other damage to property	(31)	2,583	(5,374)	(3,828)	3,165	(3,454)
Third party liability	1,647	18,785	(60,378)	(10,296)	21,329	(30,560)
Accident & Health	(19)	(8)	(508)	(82)	87	(511)
Reinsurance: Casualty	135	975	(6,780)	(27)	3,798	(2,034)
Reinsurance: Property	36	707	(133)	3	31	608
	1,768	23,042	(73,173)	(14,230)	28,410	(35,951)
2021						
Restated						
Direct insurance:						
Fire and other damage to property	12,636	32,670	(28,490)	(16,593)	(4,792)	(17,205)
Third party liability	43,386	87,563	(119,833)	(39,455)	21,052	(50,673)
Accident & Health	(217)	521	869	(334)	(499)	557
Reinsurance: Casualty	(89)	1,375	(9,307)	(1,716)	3,641	(6,007)
Reinsurance: Property	-	-	(124)	(73)	(170)	(367)
	55,716	122,129	(156,885)	(58,171)	19,232	(73,695)

Total commissions for direct insurance written in the year amounted to £5,970k (2021: £38,996k).

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

	2022 £000	2021 £000
United Kingdom	2,217	36,683
Other EU countries	164	(138)
Rest of the world	(613)	19,171
	1,768	55,716

Prior Year restatement

The prior year adjustment relates to the AUD and NZD gross written premium being overstated in 2021. The revised figures correct this error and restate the 2021 gross written premiums and the 2022 brought forward members' balances.

The impact of this on the prior year Statement of profit or loss is to restate the gross written premium by £1,622k from £57,338k to £55,716k. The impact on the prior year balance sheet is to restate the members' balances by £1,622k from £108,369k to £109,991k and other prepayments and accrued income by £1,622k, from to £7,033k to £5,411k.

Notes to the annual accounts (continued)

2. Technical provisions

Gross technical provisions

	2022 £000	2021 £000
Claims outstanding	304,831	301,450
Unexpired risk provision	-	680
Provision for unearned premiums	6,319	26,475
	311,150	328,605

Reinsurers' share of technical provisions

	2022 £000	2021 £000
Claims outstanding	99,018	70,171
Unexpired risk provision	-	(1,947)
Provision for unearned premiums	(101)	2,559
	98,917	70,783

Net technical provisions

	2022 £000	2021 £000
Claims outstanding	205,812	231,279
Unexpired risk provision	-	2,627
Provision for unearned premiums	6,420	23,916
	212,232	257,822

Reconciliation of movements in year

2022	At 1 Jan 22 £000	Mvt in tech account £000	Exchange mvt £000	At 31 Dec 22 £000
Gross provision for claims	(302,130)	10,279	(12,980)	(304,831)
Reinsurers' share of provision for claims	68,224	29,001	1,793	99,018
Unearned premium	(26,475)	21,273	(1,117)	(6,319)
Reinsurers' share of unearned premium	2,559	(2,844)	184	(101)
Deferred acquisition costs	11,526	(8,863)	315	2,978

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

Claims development triangulations – earned loss reserves on a pure underwriting year basis
Gross claims development as at 31 December 2022

Pure underwriting year	2013	2014	2015	2016	2017	2018	2019	2020
Estimate of gross claims incurred	£000	£000	£000	£000	£000	£000	£000	£000
After one year	925	443	393	4,934	1,168	4,975	1,585	2,131
After two years	13,752	23,172	28,246	39,987	40,096	37,613	36,625	12,171
After three years	26,332	46,103	61,460	79,053	82,432	102,715	97,184	14,416
After four years	26,893	42,754	60,876	93,179	107,052	147,512	116,112	
After five years	25,859	44,720	63,914	102,155	124,796	167,113		
After six years	28,536	45,491	78,157	120,523	139,502			
After seven years	29,432	51,399	83,212	126,823				
After eight years	30,471	57,053	88,983					
After nine years	31,498	61,679						
After ten years	32,510							
Less gross claims paid	29,833	43,367	69,451	93,574	78,756	80,709	41,081	5,536
Gross Reserves	2,677	18,312	19,532	33,247	60,746	86,404	74,032	8,880

Net claims development as at 31 December 2022

Pure underwriting year	2013	2014	2015	2016	2017	2018	2019	2020
Estimate of net claims incurred	£000	£000	£000	£000	£000	£000	£000	£000
After one year	925	443	336	4,907	1,137	4,920	1,502	2,054
After two years	13,054	20,509	27,607	38,839	39,120	36,078	32,119	11,116
After three years	24,424	41,047	59,790	76,407	80,065	90,773	87,185	11,956
After four years	25,312	41,207	60,273	91,355	99,192	120,735	99,933	
After five years	24,773	42,833	63,320	98,116	111,521	130,537		
After six years	26,240	43,483	70,396	112,893	121,771			
After seven years	27,246	45,225	73,759	116,409				
After eight years	28,284	49,500	76,796					
After nine years	29,326	51,682						
After ten years	30,211							
Less net claims paid	24,941	34,788	54,028	78,312	57,458	58,612	22,473	2,493
Net Reserves	4,385	14,712	19,731	34,581	54,064	62,123	64,712	8,622

Balances have been translated at exchange rates prevailing at 31 December 2022.

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

	2022 £000	2021 £000
Fire and other damage to property	15,499	19,780
Third party liability	130,920	117,268
Accident & Health	1,154	1,099
Reinsurance: Casualty	17,314	18,839
	164,887	156,986

3. Net operating expenses

	2022 £000	2021 £000
Brokerage and commissions	(109)	1,454
Other acquisition costs including certain syndicate expenses deemed to relate to procuring business	(1,387)	24,217
Acquisition costs	(1,496)	25,671
Change in deferred acquisition costs	8,863	22,329
Administration expenses	6,863	10,339
Members' standard personal expenses	-	(169)
	14,230	58,170
Administrative expenses include:		
Auditors' remuneration		
Audit of the syndicate annual accounts	131	156
Audit-related assurance services	48	43
Other assurance services	85	82
	264	281

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

4. Employees

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

	2022 **£000**	**2021** **£000**
Wages and salaries	4,339	6,456
Social security costs	590	793
Other pension costs	269	455
	5,198	7,704

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

	2022	**2021**
Administration and finance	20	18
Underwriting	1	23
Claims	8	8
	29	49

5. Directors' and Active Underwriter's emoluments

The directors of CMAL received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	2022 **£000**	**2021** **£000**
Emoluments	347	379

Active Underwriter's emoluments

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

Emoluments	-	407

Director responsible for Run-off emoluments

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

Emoluments	113	104

6. Investment Return

	2022 £000	2021 £000
Income from investments	1,008	930
Gains on the realisation of investments	43	4
Losses on the realisation of investments	(2,688)	(560)
Investment income	(1,637)	374
Investment expenses and charges	(51)	(70)
Unrealised gains on investments	2	114
Unrealised losses on investments	(2,040)	(661)
Allocated investment return transferred to the technical account	(3,726)	(243)

	2022 £000	2021 £000
This can also be presented as follows:		
Interest and similar income		
Interest from financial instruments designated at fair value	1,008	930
Gains on investments	45	118
	1,053	1,048

7. Investment Expenses and Charges

	2022 £000	2021 £000
Interest and similar income (note 6)	1,053	1,048
Investment management expenses, including interest	(51)	(70)
Realised losses on investments	(2,688)	(560)
Unrealised losses on investments	(2,040)	(661)
	(4,779)	(1,291)
	(3,726)	(243)

8. Other financial investments

	Market value		Cost	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
Listed securities				
Shares and other variable yield securities	4,520	5,393	4,747	5,393
Debt securities and other fixed income securities	32,207	37,251	33,444	37,637
Participation in investment pools	13,629	60,569	14,160	59,421
	50,356	103,213	52,351	102,451

Fair value hierarchy

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

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

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

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

	Level 1	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
As at 31 December 2022				
Total Investments	48,363	-	1,993	50,356
Overseas Deposits	11	15,118	-	15,129
Total	48,374	15,118	1,993	65,485

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

The Level 3 instrument comprises of the ‘Syndicate loans to the Central Fund’.

9. Debtors arising out of direct insurance operations

	2022 £000	2021 £000
Intermediaries	546	948
Policyholders	-	-

10. Debtors arising out of reinsurance operations

	2022 £000	2021 £000
Due from ceding insurers	-	-

All debtors are due within one year.

11. Other debtors

	2022 £000	2021 £000
Amounts held by Third Party Administrators – claims funds	16,241	14,773
US Federal Income Tax	1,252	1,127
VAT receivable	16	31
Other debtors	106	170
	17,615	16,101

12. Creditors arising out of direct insurance operations

	2022 £000	2021 £000
Due within one year	2,609	4,947

13. Creditors arising out of reinsurance operations

	2022 £000	2021 £000
Due within one year	2,876	7,101

14. Other creditors

	2022 £000	2021 £000
Taxation	109	197

15. Regulatory capital requirements

Funds at Lloyd's

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

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

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

Capital framework at Lloyd's

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

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

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

Lloyd's capital setting process

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

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicate(s) on which it participating but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to

Lloyd’s capital setting process (continued)

cover a 1 in 200 year loss ‘to ultimate’ for that member. Over and above this, Lloyd’s applies a capital uplift to the member’s capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd’s not a Solvency II requirement, is to meet Lloyd’s financial strength, licence and ratings objectives. The capital uplift applied for 2021 was 35% of the member’s SCR ‘to ultimate’.

Provision of capital by members

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

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

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

18. Related parties
(i) A number of executive directors of CMAL were also directors and approved persons of other UK subsidiaries within the Coverys Group.
(ii) During the year, the syndicate paid £6,179k (2021: £8,665k) to Coverys MA Services Limited (CMAS) in relation to management fees and £nil (2021: £nil) in managing agency fees to CMAL. These amounts have been charged at cost.
(iii) CMAS, the principal administration company and a subsidiary of CMAL provided a number of services to Syndicate 1991 including IT and Human Resources.
(iv) M A Sibthrope, M Bell and R D Forster (resigned) are directors of CMAS.
(v) M A Sibthrope, M Bell and R D Forster (resigned) are directors of DTW 1991 Underwriting Limited (DTW1991), a Lloyd’s approved service company coverholder which conducts business on behalf of the syndicate. During the year DTW1991 provided £1,297k of premium income to the syndicate (2021: £35,182k). DTW1991’s costs are recharged to the syndicate and treated as acquisition costs. This amounted to £13k in 2022 (2021: £12k).

19. Controlling Party of the Managing Agent

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

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

Group Financial Statements are prepared by the immediate parent undertaking, Coverys UK Holding Co. Limited, a company registered in England & Wales, and can be obtained from Coverys UK Holding Co. Limited, 5th Floor, Dixon House, 1 Lloyd’s Avenue, London, EC3A 5AF.

Coverys Managing Agency Limited

Underwriting year accounts
2018 year of account
Syndicate DTW 1991
At 31 December 2022

Page

Underwriting year accounts

Managing agent's report

CMAL presents its report for the year ended 31 December 2022 in respect of the 2018 year of account of Syndicate 1991. Syndicate 1991 is a specialist in delegated authority underwriting in the SME sector, and was approved by Lloyd's for the 2013 year of account.

CMAL is pleased to report that the 2018 year of account has closed by RITC as at 31 December 2022.

Review of the 2018 year of account at closure

2018 Year of Account	Cumulative position 5 years to 31 December 2022
Allocated Capacity	£126.8m
Gross Written Premium (after deduction of brokerage)	£114.9m
Gross incurred loss ratio	243.3%
Net incurred loss ratio	220.4%
Loss before members' agents' fees	(£125.8m)
Result as proporation of allocated capacity	(99.4%)

Five Year Summary of Results
A five year summary of underwriting results is presented on page 60.

Auditors
With the Reinsurance to Close ("RITC") of Syndicate 1991 into Syndicate 3500 effective from 1 January 2023, Pricewaterhousecoopers LLP will no longer continue as Syndicate 1991's auditors.

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

Approved by order of the Board of CMAL.

M A Sibthorpe
Chief Executive Officer
27 February 2023

Statement of managing agent's responsibilities

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

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

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

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

Independent auditors' report to the members of Syndicate 1991 - 2018 closed year of account

Report on the audit of the syndicate underwriting year financial statements

Opinion

In our opinion, Syndicate 1991's syndicate underwriting year financial statements for the 2018 year of account for the five years ended 31 December 2022 (the "underwriting year financial statements"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2022 and of its loss and cash flows for the 2018 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

We have audited the underwriting year financial statements included within the Underwriting year accounts: 2018 year of account (the "Underwriting Year Accounts"), which comprise: the Balance sheet as at 31 December 2022; the Statement of profit or loss account: Technical account – general business, Statement of profit or loss account: Non technical account and Amounts due from members and Statement of cash flows for the five years then ended; and the notes to the underwriting year financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the underwriting year financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Emphasis of matter – Basis of preparation

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

Reporting on other information

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

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

Responsibilities for the underwriting year financial statements and the audit

Responsibilities of the Managing Agent for the underwriting year financial statements

As explained more fully in the Statement of managing agent's responsibilities, the Managing Agent is responsible for the preparation of the underwriting year financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view of the result for the 2018 closed year of account. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of underwriting year financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the underwriting year financial statements. We also considered those laws and regulations that have a direct impact on the underwriting year financial statements such as The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd’s Syndicate Accounting Byelaw (No. 8 of 2005). We evaluated management’s incentives and opportunities for fraudulent manipulation of the underwriting year financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure or to manipulate members’ balances. We also considered management bias in accounting estimates and judgemental areas of the underwriting year financial statements such as the valuation of the technical provision for claims outstanding. Audit procedures performed by the engagement team included:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the underwriting year financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the syndicate’s members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and Part C of the Lloyd’s Syndicate Accounting Byelaw (No. 8 of 2005) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005), we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Managing Agent in respect of the syndicate; or
- the underwriting year financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Andrew Box (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2023

Statement of profit or loss account
Technical account – general business
2018 closed year of account - 31 December 2022

	Note	Calendar Year £000	Cumulative balance 31/12/22 £000
Syndicate allocated capacity			**126,750**
Earmed premiums net of reinsurance:			
Gross premiums written		14,874	176,534
Outwards reinsurance premiums		(1,410)	(18,374)
		13,464	158,160
Reinsurance to close premium received, net of reinsurance	**4**	34,332	146,443
Allocated investment return transferred from the non-technical account		(2,231)	295
		45,565	304,898
Claims incurred, net of reinsurance:			
Claims paid			
Gross amount		(52,386)	(205,264)
Reinsurers' share		2,662	4,423
		(49,724)	(200,841)
Reinsurance to close premium payable, net of reinsurance	**5**	(16,506)	(147,670)
		(66,230)	(348,511)
Net operating expenses	**6**	(9,189)	(78,873)
Balance on the technical account – general business	**7**	(29,854)	(122,486)

The accounting policies and notes on pages 50 to 60 form part of these financial statements

Statement of profit or loss account
Non technical account and Amounts due from members
2018 closed year of account - 31 December 2022

		Calendar Year £000	Cumulative balance 31/12/22 £000
Balance on the technical account – general business	**7**	(29,854)	(122,486)
Investment income		479	2,192
Investment expenses and charges		(35)	(221)
Realised losses on investments		(1,392)	(1,261)
Unrealised losses on investments		(1,283)	(415)
Allocated investment return transferred to general business technical account	**8**	2,231	(295)
Other charges		(3,728)	(3,496)
Profit or loss for the closed year of account		(33,582)	(125,982)

The above loss was after a £3,496k exchange loss, included within the non-technical account as Other charges.
There was no other comprehensive income.

Amounts due from members

Loss for the 2018 closed year of account	(33,582)	(125,982)
Members' agents' fees advances	-	-
Cash calls made	-	38,025
Amounts due (from) members at 31 December 2022	(33,582)	(87,957)

The accounting policies and notes on pages 50 to 60 form part of these financial statements.

Balance sheet
2018 closed year of account as at 31 December 2022

	Note	£000	£000
Assets			
Investments	9		40,746
Debtors	10		58,198
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5		80,383
Other assets			
Cash at bank and in hand		(48,599)	
Overseas deposits		6,169	
Deposits with ceding undertakings		4,060	
			(38,370)
Prepayments and accrued income			
Deferred acquisition costs	5	2,818	
Prepayments and other accrued income		4,925	
			7,743
Total assets			148,700
Liabilities			
Amount due (from) members			(83,241)
Reinsurance to close premium payable to close the account – gross amount	5		226,850
Creditors	11		3,021
Accruals and deferred income			2,070
Total liabilities			148,700

The accounting policies and notes on pages 50 to 60 form part of these financial statements

The syndicate underwriting year accounts were approved by the Board of CMAL on 27 February 2023 and were signed on its behalf by:

M A Sibthorpe (Chief Executive Officer)

M Bell (Finance Director)

27 February 2023

Statement of cash flows
2018 closed year of account for the five years ended 31 December 2022

	£000
Cash flow from operating activities	
Loss for the 2018 closed year of account	(125,982)
Adjustment for:	
Increase/(decrease) in gross technical provisions	226,850
(Increase)/decrease in reinsurers' share of technical provisions	(80,384)
(Increase)/decrease in debtors, prepayments & accrued income	(65,769)
Increase/(decrease) in creditors	6,999
Investment return	(295)
Net cash generated from operating activities	(38,581)
Cash flows from investing activities:	
Purchase of equity & debt instruments	(370,091)
Sale of equity & debt instruments	326,841
Changes to market value and currency	-
Investment return	710
Other	(4,059)
Net cash used in investing activities	(46,599)
Cash flows from financing activities:	
Members' agents fees	(172)
Cash call	38,025
Net cash used in financing activities	37,853
Net increase/(decrease) in cash & cash equivalents	(47,328)
Cash & cash equivalents at 1 January 2018	-
Foreign exchange movements in cash and cash equivalents	(1,271)
Cash & cash equivalents at 31 December 2022	(48,599)
Cash & cash equivalents comprise:	
Cash at bank and in hand	(48,599)

The accounting policies and notes on pages 50 to 60 form part of these financial statements

Notes to the syndicate underwriting accounts

1. Statement of accounting policies

General information and principal activities

Syndicate 1991 is a Lloyd's syndicate domiciled in England and Wales. It is managed by CMAL, a private company limited by shares that was incorporated in England and whose registered office is Dixon House, 1 Lloyd's Avenue , London EC3N 3DS.

The syndicate is supported by third party members.

Basis of preparation and compliance with accounting standards

These syndicate underwriting year accounts have been prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts Regulations 2008).

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

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These syndicate underwriting year accounts relate to the 2018 year of account which has been closed as at 31 December 2022. Consequently the individual balance sheets represent the assets and liabilities of the 2018 year of account and the profit and loss account and cash flow statement reflect the transactions for that year of account during five years until closure.

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

Significant accounting policies:

Underwriting transactions

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

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

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

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

Notes to the syndicate underwriting accounts (continued)

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

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

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

Financial assets and financial liabilities

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

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

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

(c) Initial measurement
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset

or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

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

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

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

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

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

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

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

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

Taxation
Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with the Inland Revenue.
No provision has been made for any United States Federal Income Tax or any overseas tax payable on the underwriting results or investment earnings. Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

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

Although transactions are translated as described above, the monetary assets and liabilities, including any unearned premiums or deferred acquisition costs, within the balance sheet in the currencies stated above are translated at the rates of exchange ruling on 31 December 2022. Any differences are included within the profit or loss on exchange account in the Non-technical Account. Any non-monetary assets or liabilities are retained at their original exchange rate.

Notes to the syndicate underwriting accounts (continued)

Key accounting judgements and estimation uncertainties
The key accounting judgements, assumptions and estimates made in the preparation of these underwriting year accounts are those relating to the determination of the technical provisions.

The technical provisions after the reinsurers' share is £143.6m. The most uncertain element within these technical provisions is the amount for claims outstanding which covers amounts where either a claim event has occurred but the syndicate has not yet been notified or where although notified there has been insufficient information to date to be certain regarding its ultimate cost. This provision for Incurred but Not Reported ("IBNR") after potential related reinsurance recoveries amount to £71.2m. The 2018 and prior reserves held at year end for COVID-19 are -£7.5m net.

The ultimate amounts of the COVID-19 claims are subject to a great deal of uncertainty which, combined with their total size, increases the level of uncertainty in the actuarial best estimate of the syndicate significantly beyond the normal range of uncertainty for insurance liabilities at this stage of development. With the RITC to Syndicate 3500 all of the uncertainties are no longer with Syndicate 1991.

2. Risk and capital management
Any change in value of the assets or liabilities or further transactions within the 2017 year of account after 31 December 2020 has been borne by the 2018 year of account. The risk remained within the syndicate and are borne by the 2018 and are disclosed in the syndicate annual accounts on pages 12 to 37 and in particular within page 23 on risk management.

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

3. Analysis of underwriting result

2018 year of account	**Gross written premiums**	**Gross premiums earned**	**Gross claims incurred**	**Net operating expenses**	**Reinsurance balance**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Direct insurance:						
Fire and other damage to property	58,097	60,821	(80,364)	(26,945)	19,875	(26,613)
Third party liability	117,442	134,736	(193,223)	(56,428)	33,833	(81,083)
Accident & Health	5,021	6,158	(4,665)	(3,594)	(1,423)	(3,524)
Resinsurance: Casualty	5,077	5,124	(16,815)	(2,150)	7,459	(6,382)
Reinsurance: Property	-	-	(257)	(68)	(139)	(464)
	185,637	206,839	(295,324)	(89,185)	59,605	(118,065)

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

3. Analysis of underwriting result (continued)

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

	£000
United Kingdom	89,112
Other EU countries	2,106
Rest of the world	94,419
	185,637

4. Reinsurance to close premium received, net of reinsurance

2018 year of account	Unearned premium £000	Reported claims £000	IBNR £000	ULAE £000	Total £000
Gross reinsurance to close premiums received	26,805	84,446	48,155	1,651	161,057
Reinsurance recoveries anticipated	(962)	(3,175)	(1,664)	-	(5,801)
	25,843	81,271	46,491	1,651	155,256
Deferred acquisition costs					(8,813)
					146,443

5. Reinsurance to close premium payable, net of reinsurance

2018 year of account

Reinsurance to close premium payable to close the account	Unearned Premium £000	Reported Claims £000	IBNR £000	ULAE £000	Total £000
Gross amount	5,931	123,325	95,358	2,236	226,850
Reinsurance amount	(4)	(56,250)	(24,130)	-	(80,384)
Total	5,927	67,075	71,228	2,236	146,466
Deferred Acquisition Costs					(2,818)
RITC premium payable net of reinsurance – balance sheet					143,648
Foreign exchange gains					4,022
RITC premium payable net of reinsurance – profit and loss account					147,670

Notes to the syndicate underwriting accounts (continued)

6. Net operating expenses

	2018 Year of account
Brokerage and commissions	11,590
Other acquisition costs	50,072
Acquisition costs	61,662
Administrative expenses	17,211
	78,873

Included within administrative costs above are the following:

	2018 Year of account
Auditors' remuneration – audit	318
Standard personal expenses (excluding members' agents' fees)	1,645

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

	2017 & prior years of account £000	2018 year of account £000	Total £000
Technical account balance before allocated investment return and net operating expenses	(52,848)	8,940	(43,908)
Brokerage, commission & other acquisition costs on gross premium	(15,980)	(45,683)	(61,663)
Balance after brokerage and commissions	(68,828)	(36,743)	(105,571)
Administrative expenses	-	(17,210)	(17,210)
Investment return	-	295	295
	(68,828)	(53,658)	(122,486)

Notes to the syndicate underwriting accounts (continued)

8. Investment return

Year of account	2018
Income from investments	2,192
Gain on realisation of investments	712
Investment income	2,904
Investment management expenses, including interest	(221)
Losses on realisation of investments	(1,973)
Investment expenses and charges	(2,194)
Unrealised gains on investments	1,303
Unrealised losses on investments	(1,718)
Net unrealised gains on investments	(415)
Allocated investment return transferred to the technical account	295

This can also be presented as follows:

Interest and similar income	
Interest from financial instruments designated at fair value	2,192
Other income from investments designated at fair value	
Realised gains and losses	(1,261)
Unrealised gains and losses	(415)
Investment expenses	(221)
	295

9. Investments

2018 year of account

	Market value £000	Cost £000
Financial assets at fair value through profit or loss:		
Shares and other variable yield securities	2,902	2,902
Debt securities and other fixed income securities	22,104	22,952
Participation in investment pools	15,740	16,354
	40,746	42,208

Fair value hierarchy

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

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

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

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

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

10. Debtors

Year of account:	2018
Amounts held by Third Party Administrators – claims funds	57,836
Debtors arising out of direct insurance operations - intermediaries	273
Debtors arising out of direct insurance operations – policy holders	-
Members Agency fees	172
Other debtors	(83)
All amounts are due within one year	58,198

Notes to the syndicate underwriting accounts (continued)

11. Creditors

Year of account:	2018
Taxation	(31)
Creditors arising out of reinsurance operations	1,774
Creditor arising out of direct insurance operation	1,278
Amount owed to credit institutions	-
Other creditors	-
All amounts are payable within one year	3,021

12. Borrowings and mortgages or charges

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

13. Related parties

Members' expenses, being agent's fees and profit commission payable to the managing agent, and subscriptions and central guarantee fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis.

For the 2018 year of account CMAL has charged an agent's fee of 0.75% of capacity. Within the 2018 underwriting year accounts, a fee of £1.0m has been reflected within net operating expenses. At 31 December 2022 there were no unpaid fees.

The managing agent's subsidiary, CMAS, incurs a large proportion of the expenses incurred in operating the syndicate and recharges them to the syndicate on a basis that reflects the syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. Included within the recharges are amounts relating to the remuneration of directors of CMAL. The total amount recharged by the managing agent to the syndicate to the 2018 underwriting account was £16.0m excluding agent fees. At 31 December 2022 there were no unpaid fees.

14. Controlling party of the managing agent

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

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

Group Financial Statements are prepared by the immediate parent undertaking, Coverys UK Holding Co. Limited, a company registered in England & Wales, and can be obtained from Coverys UK Holding Co. Limited, 5th Floor, Dixon House, 1 Lloyd's Avenue, London, EC3N 3DS.

Summary of results of closed years 2014-2018

The five-year summary has been prepared from the audited accounts of the syndicate however the table is unaudited.

Years of Account	2014	2015	2016	2017	2018
Syndicate allocated capacity	£150.0m	£146.2m	£129.8m	£126.8m	£126.8m
Number of underwriting members	642	666	617	348	335
Net premium	£36.9m	£67.1m	£89.3m	£98.1m	£106.3m
Results for a £10,000 share	**£**	**£**	**£**	**£**	**£**
Gross premiums	4,419	4,535	11,129	13,263	13,809
Net premiums	3,822	6,747	10,056	11,981	12,478
RITC from an earlier account	1,072	3,187	5,923	6,556	11,554
Net claims	(914)	(2,034)	(3,781)	(6,069)	(15,845)
RITC paid	(2,801)	(5,302)	(8,623)	(8,495)	(11,651)
Profit/(loss) on exchange	(60)	(182)	(83)	35	(276)
Syndicate operating expenses	(1,937)	(3,021)	(3,969)	(5,083)	(6,119)
Balance on technical account	(817)	(604)	(477)	(1,075)	(9,859)
Investment return	4	27	(46)	235	23
Profit/(loss) for the closed year	(813)	(577)	(523)	(840)	(9,836)
Profit commission	-	-	-	-	-
Other personal expenses	(131)	(125)	(105)	(117)	(130)
Profit/(loss) after all expenses	(944)	(702)	(628)	(956)	(9,966)
Percentage of illustrative share:					
Gross premium %	44.2%	45.3%	111.3%	132.6%	138.1%
Net premium %	38.2%	67.5%	100.6%	119.8%	124.8%
Balance on technical account %	(8.2%)	(6.0%)	(4.8%)	(10.7%)	(98.6%)

Notes

1. Personal expenses are those that would apply for an illustrative member underwriting a £10,000 share.
2. Net claims include internal claims settlement expenses.
3. Balance on technical account excludes investment return and personal expenses.

Coverys Managing Agency Limited

Underwriting year accounts
2019 year of account
Syndicate DTW 1991
At 31 December 2022

Managing agent's report

CMAL presents its report for the year ended 31 December 2022 in respect of the 2019 year of account of Syndicate 1991. Syndicate 1991 is a specialist in delegated authority underwriting in the SME sector, and was approved by Lloyd's for the 2013 year of account.

CMAL is pleased to report that the 2019 year of account has closed by RITC as at 31 December 2022.

Review of the 2019 year of account at closure

2019 Year of Account	Cumulative position 4 years to 31 December 2022
Allocated Capacity	£126.8m
Gross Written Premium (after deduction of brokerage)	£89.5m
Gross incurred loss ratio	81.4%
Net incurred loss ratio	80.1%
Loss before members' agents' fees	(£43.5m)
Result as proporation of allocated capacity	(34.5%)

Six Year Summary of Results
A six year summary of underwriting results is presented on page 82.

Auditors
With the Reinsurance to Close ("RITC") of Syndicate 1991 into Syndicate 3500 effective from 1 January 2023, Pricewaterhousecoopers LLP will no longer continue as Syndicate 1991's auditors.

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

Approved by order of the Board of CMAL.

M A Sibthorpe
Chief Executive Officer
27 February 2023

Statement of managing agent's responsibilities

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

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

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

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

Independent auditors' report to the members of Syndicate 1991 - 2019 closed year of account

Report on the audit of the syndicate underwriting year financial statements

Opinion

In our opinion, Syndicate 1991's syndicate underwriting year financial statements for the 2019 year of account for the four years ended 31 December 2022 (the "underwriting year financial statements"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2022 and of its loss and cash flows for the 2019 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

We have audited the underwriting year financial statements included within the Underwriting year accounts: 2019 year of account (the "Underwriting Year Accounts"), which comprise: the Balance sheet as at 31 December 2022; the Statement of profit or loss account: Technical account – general business, Statement of profit or loss account: Non technical account and Amounts due from members and Statement of cash flows for the four years then ended; and the notes to the underwriting year financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the underwriting year financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Emphasis of matter – Basis of preparation

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

Reporting on other information

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

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

Responsibilities for the underwriting year financial statements and the audit

Responsibilities of the Managing Agent for the underwriting year financial statements

As explained more fully in the Statement of managing agent's responsibilities, the Managing Agent is responsible for the preparation of the underwriting year financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view of the result for the 2019 closed year of account. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of underwriting year financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the underwriting year financial statements. We also considered those laws and regulations that have a direct impact on the underwriting year financial statements such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts)

Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). We evaluated management's incentives and opportunities for fraudulent manipulation of the underwriting year financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure or to manipulate members' balances. We also considered management bias in accounting estimates and judgemental areas of the underwriting year financial statements such as the valuation of the technical provision for claims outstanding. Audit procedures performed by the engagement team included:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the underwriting year financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Part C of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005), we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Managing Agent in respect of the syndicate; or
- the underwriting year financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Andrew Box (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2023

Statement of profit or loss account
Technical account – general business
2019 closed year of account - 31 December 2022

	Note	Calendar Year £000	Cumulative balance 31/12/22 £000
Syndicate allocated capacity			**126,750**
Earmed premiums net of reinsurance:			
Gross premiums written		10,017	136,855
Outwards reinsurance premiums		(740)	(15,641)
		9,277	121,214
Reinsurance to close premium received, net of reinsurance		-	-
Allocated investment return transferred from the non-technical account		(1,263)	(1,171)
		8,014	120,043
Claims incurred, net of reinsurance:			
Claims paid			
Gross amount		(17,042)	(40,020)
Reinsurers' share		-	-
		(17,042)	(40,020)
Reinsurance to close premium payable, net of reinsurance	4	4,067	(57,038)
		(12,975)	(97,058)
Net operating expenses	5	(5,423)	(65,653)
Balance on the technical account – general business		(10,384)	(42,668)

The accounting policies and notes on pages 73 to 82 form part of these financial statements

Statement of profit or loss account
Non technical account and Amounts due from members
2019 closed year of account - 31 December 2022

		Calendar Year £000	Cumulative balance 31/12/22 £000
Balance on the technical account – general business		(10,384)	(42,668)
Investment income		416	942
Investment expenses and charges		(14)	(55)
Realised gains on investments		(1,115)	(1,331)
Unrealised gains on investments		(550)	(727)
Allocated investment return transferred to general business technical account	**6**	1,263	1,171
Other charges		(1,040)	(1,043)
Profit or loss for the closed year of account		(11,424)	(43,711)

The above loss was after a £1,043k exchange loss, included within the non-technical account as Other charges.
There was no other comprehensive income.

Amounts due from members

	Calendar Year £000	Cumulative balance 31/12/22 £000
Loss for the 2019 closed year of account	(11,424)	(43,711)
Members' agents' fees advances	-	-
Cash calls made	31,688	31,688
Amounts due (from) members at 31 December 2022	20,264	(12,023)

The accounting policies and notes on pages 73 to 82 form part of these financial statements.

Balance sheet
2019 closed year of account as at 31 December 2022

	Note	£000	£000
Assets			
Investments	7		5,962
Debtors	8		(35,895)
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	4		16,188
Other assets			
Cash at bank and in hand		73,129	
Overseas deposits		7,842	
Deposits with ceding undertakings		(259)	
			80,712
Prepayments and accrued income			
Deferred acquisition costs	4	128	
Prepayments and other accrued income		(183)	
			(55)
Total assets			66,912
Liabilities			
Amount due (from) members			(11,842)
Reinsurance to close premium payable to close the account – gross amount	4		75,366
Creditors	9		2,375
Accruals and deferred income			1,013
Total liabilities			66,912

The accounting policies and notes on pages 73 to 82 form part of these financial statements

The syndicate underwriting year accounts were approved by the Board of CMAL on 27 February 2023 and were signed on its behalf by:

M A Sibthorpe (Chief Executive Officer)

M Bell (Finance Director)

27 February 2023

Statement of cash flows
2019 closed year of account for the four years ended 31 December 2022

	£000
Cash flow from operating activities	
Loss for the 2019 close year of account	(43,711)
Adjustment for:	
Increase/(decrease) in gross technical provisions	75,366
(Increase)/decrease in reinsurers' share of technical provisions	(16,188)
(Increase)/decrease in debtors, prepayments & accrued income	36,133
Increase/(decrease) in creditors	2,553
Investment return	1,172
Net cash generate from operating activities	55,325
Cash flows from investing activities:	
Purchase of equity & debt instruments	(126,427)
Sale of equity & debt instruments	112,719
Changes to market value and currency	-
Investment return	(444)
Other	(277)
Net cash used in investing activities	(14,429)
Cash flows from financing activities:	
Members' agents fees	(182)
Cash call	31,688
Net cash used in financing activities	31,506
Net increase/(decrease) in cash & cash equivalents	72,402
Cash & cash equivalents at 1 January 2019	-
Foreign exchange movements in cash and cash equivalents	727
Cash & cash equivalents at 31 December 2022	73,129
Cash & cash equivalents comprise:	
Cash at bank and in hand	73,129

The accounting policies and notes on pages 73 to 82 form part of these financial statements

Notes to the syndicate underwriting accounts

1. Statement of accounting policies

General information and principal activities

Syndicate 1991 is a Lloyd's syndicate domiciled in England and Wales. It is managed by CMAL, a private company limited by shares that was incorporated in England and whose registered office is Dixon House, 1 Lloyd's Avenue , London EC3N 3DS.

The syndicate is supported by third party members.

Basis of preparation and compliance with accounting standards

These syndicate underwriting year accounts have been prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts Regulations 2008).

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

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These syndicate underwriting year accounts relate to the 2019 year of account which has been closed as at 31 December 2022. Consequently the individual balance sheets represent the assets and liabilities of the 2019 year of account and the profit and loss account and cash flow statement reflect the transactions for that year of account during four years until closure.

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

Significant accounting policies:

Underwriting transactions

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

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

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

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

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

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

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

Financial assets and financial liabilities

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

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

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

(c) Initial measurement
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset

or liability is measured at the present value of the future payments discounted at a market rate if interest for a similar debt instrument.

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

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

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

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

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

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

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

Notes to the syndicate underwriting accounts (continued)

Investment return

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

Syndicate operating expenses

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

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with the Inland Revenue.

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

Basis of currency translation

The syndicate has Sterling as its functional and presentation currency.

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

Although transactions are translated as described above, the monetary assets and liabilities, including any unearned premiums or deferred acquisition costs, within the balance sheet in the currencies stated above are translated at the rates of exchange ruling on 31 December 2022. Any differences are included within the profit or loss on exchange account in the Non-technical Account. Any non-monetary assets or liabilities are retained at their original exchange rate.

Notes to the syndicate underwriting accounts (continued)

Key accounting judgements and estimation uncertainties

The key accounting judgements, assumptions and estimates made in the preparation of these underwriting year accounts are those relating to the determination of the technical provisions.

The technical provisions after the reinsurers' share is £59.1m. The most uncertain element within these technical provisions is the amount for claims outstanding which covers amounts where either a claim event has occurred but the syndicate has not yet been notified or where although notified there has been insufficient information to date to be certain regarding its ultimate cost. This provision for Incurred but Not Reported ("IBNR") after potential related reinsurance recoveries amount to £27.6m. The 2019 reserves held at year end for COVID-19 are £0.9m net.

The ultimate amounts of the COVID-19 claims are subject to a great deal of uncertainty which, combined with their total size, increases the level of uncertainty in the actuarial best estimate of the syndicate significantly beyond the normal range of uncertainty for insurance liabilities at this stage of development. With the RITC to Syndicate 3500 all of the uncertainties are no longer with Syndicate 1991.

2. Risk and capital management

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

3. Analysis of underwriting result

2019 year of account	**Gross written premiums**	**Gross premiums earned**	**Gross claims incurred**	**Net operating expenses**	**Reinsurance balance**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Direct insurance:						
Fire and other damage to property	44,512	44,187	(41,600)	(21,513)	(1,207)	(20,133)
Third party liability	89,888	88,668	(69,019)	(41,679)	1,993	(20,037)
Accident & Health	1,193	1,110	(653)	(807)	(178)	(528)
Resinsurance: Casualty	2,855	2,891	(1,704)	(1,471)	(332)	(616)
	138,448	136,856	(112,976)	(65,470)	276	(41,314)

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

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

	£000
United Kingdom	78,131
Other EU countries	1,635
Rest of the world	58,682
	138,448

4. Reinsurance to close premium payable, net of reinsurance

2019 year of account

Reinsurance to close premium payable to close the account	Unearned Premium £000	Reported Claims £000	IBNR £000	ULAE £000	Total £000
Gross amount	334	39,669	34,699	664	75,366
Reinsurance amount	(9)	(9,069)	(7,110)	-	(16,188)
Total	325	30,600	27,589	664	59,178
Deferred Acquisition Costs					(128)
RITC premium payable net of reinsurance – balance sheet					59,050
Foreign exchange losses					(2,012)
RITC premium payable net of reinsurance – profit and loss account					57,038

5. Net operating expenses

	2019 Year of account
Brokerage and commissions	19,524
Other acquisition costs	27,794
Acquisition costs	47,318
Administrative expenses	18,335
	65,653

Included within administrative costs above are the following:

	2019 Year of account
Auditors' remuneration – audit	266
Standard personal expenses (excluding members' agents' fees)	1,626

6. Investment return

2019 Year of account

Income from investments	942
Gain on realisation of investments	66
Investment income	1,008
Investment management expenses, including interest	(55)
Losses on realisation of investments	(1,398)
Investment expenses and charges	(1,453)
Unrealised gains on investments	54
Unrealised losses on investments	(780)
Net unrealised gains on investments	(726)
Allocated investment return transferred to the technical account	(1,171)

This can also be presented as follows:

Interest and similar income	
Interest from financial instruments designated at fair value	942
Other income from investments designated at fair value	
Realised gains and losses	(1,331)
Unrealised gains and losses	(727)
Investment expenses	(55)
	(1,171)

7. Investments

2019 Year of account

	Market value £000	Cost £000
Financial assets at fair value through profit or loss:		
Shares and other variable yield securities	(1,385)	(1,324)
Debt securities and other fixed income securities	9,094	9,443
Participation in investment pools	(1,747)	(1,815)
	5,962	6,304

Fair value hierarchy

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

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

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

Level 3: If neither of the above are applicable, by the use of a valuation technique to estimate the transaction price of an arm's length exchange under normal business considerations at the relevant date. The syndicate's 2019 year of account financial instruments are classified as: Level 1: £5,427k and Level 3: £535k . The Level 3 instrument is being driven by the 'Syndicate loan to the Central Fund'.

8. Debtors

Year of account:	**2019**
Amounts held by Third Party Administrators – claims funds	(36,574)
Debtors arising out of direct insurance operations - intermediaries	270
Debtors arising out of direct insurance operations – policy holders	-
Members Agency fees	182
Other debtors	227
All amounts are due within one year	(35,895)

9. Creditors

Year of account:	2019
Taxation	148
Creditors arising out of reinsurance operations	1,050
Creditor arising out of direct insurance operation	1,177
Amount owed to credit institutions	-
Other creditors	-
All amounts are payable within one year	2,375

10. Borrowings and mortgages or charges

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

11. Related parties

Members' expenses, being agent's fees and profit commission payable to the managing agent, and subscriptions and central guarantee fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis.

For the 2019 year of account CMAL has charged an agent's fee of 0.75% of capacity. Within the 2019 underwriting year accounts, a fee of £1.0m has been reflected within net operating expenses. At 31 December 2022 there were no unpaid fees.

The managing agent's subsidiary, CMAS, incurs a large proportion of the expenses incurred in operating the syndicate and recharges them to the syndicate on a basis that reflects the syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. Included within the recharges are amounts relating to the remuneration of directors of CMAL. The total amount recharged by the managing agent to the syndicate to the 2019 underwriting account was £17.5m excluding agent fees. At 31 December 2022 there were no unpaid fees.

12. Controlling party of the managing agent

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

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

Group Financial Statements are prepared by the immediate parent undertaking, Coverys UK Holding Co. Limited, a company registered in England & Wales, and can be obtained from Coverys UK Holding Co. Limited, 5th Floor, Dixon House, 1 Lloyd's Avenue, London, EC3N 3DS.

COVERYS MANAGING AGENCY LIMITED

Syndicate DTW1991

Summary of results of closed years 2014-2019

The six-year summary has been prepared from the audited accounts of the syndicate however the table is unaudited.

Years of Account	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Syndicate allocated capacity	£150.0m	£146.2m	£129.8m	£126.8m	£126.8m	£126.8m
Number of underwriting members	642	666	617	348	335	296
Net premium	£36.9m	£67.1m	£89.3m	£98.1m	£106.3m	£81.6m
Results for a £10,000 share	**£**	**£**	**£**	**£**	**£**	**£**
Gross premiums	4,419	4,535	11,129	13,263	13,809	10,923
Net premiums	3,822	6,747	10,056	11,981	12,478	9,563
RITC from an earlier account	1,072	3,187	5,923	6,556	11,554	-
Net claims	(914)	(2,034)	(3,781)	(6,069)	(15,845)	(3,157)
RITC paid	(2,801)	(5,302)	(8,623)	(8,495)	(11,651)	(4,500)
Profit/(loss) on exchange	(60)	(182)	(83)	35	(276)	(82)
Syndicate operating expenses	(1,937)	(3,021)	(3,969)	(5,083)	(6,119)	(5,037)
Balance on technical account	(817)	(604)	(477)	(1,075)	(9,859)	(3,214)
Investment return	4	27	(46)	235	23	(92)
Profit/(loss) for the closed year	(813)	(577)	(523)	(840)	(9,836)	(3,306)
Profit commission	-	-	-	-	-	-
Other personal expenses	(131)	(125)	(105)	(117)	(130)	(143)
Profit/(loss) after all expenses	(944)	(702)	(628)	(956)	(9,966)	(3,449)
Percentage of illustrative share:						
Gross premium %	44.2%	45.3%	111.3%	132.6%	138.1%	109.2%
Net premium %	38.2%	67.5%	100.6%	119.8%	124.8%	95.6%
Balance on technical account %	(8.2%)	(6.0%)	(4.8%)	(10.7%)	(98.6%)	(32.1%)

Notes

1. Personal expenses are those that would apply for an illustrative member underwriting a £10,000 share.
2. Net claims include internal claims settlement expenses.
3. Balance on technical account excludes investment return and personal expenses.

Coverys Managing Agency Limited

Underwriting year accounts
2020 year of account
Syndicate DTW 1991
At 31 December 2022

Managing agent's report

CMAL presents its report for the year ended 31 December 2022 in respect of the 2018, 2019 and 2020 years of account of Syndicate 1991. Syndicate 1991 is a specialist in delegated authority underwriting in the SME sector, and was approved by Lloyd's for the 2013 year of account.

CMAL is pleased to report that the 2020 year of account has closed by RITC as at 31 December 2022.

Review of the 2020 year of account at closure

2020 Year of Account	Cumulative position 3 years to 31 December 2022
Allocated Capacity	£110.0m
Gross Written Premium (after deduction of brokerage)	£6.1m
Gross incurred loss ratio	82.4%
Net incurred loss ratio	265.2%
Loss before members' agents' fees	(£28.0m)
Result as proporation of allocated capacity	(25.5%)

Seven Year Summary of Results
A seven year summary of underwriting results is presented on page 104.

Auditors
With the Reinsurance to Close ("RITC") of Syndicate 1991 into Syndicate 3500 effective from 1 January 2023, Pricewaterhousecoopers LLP will no longer continue as Syndicate 1991's auditors.

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

Approved by order of the Board of CMAL.

M A Sibthorpe
Chief Executive Officer
27 February 2023

Statement of managing agent's responsibilities

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

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

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

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

Independent auditors' report to the members of Syndicate 1991 - 2020 closed year of account

Report on the audit of the syndicate underwriting year financial statements

Opinion

In our opinion, Syndicate 1991's syndicate underwriting year financial statements for the 2020 year of account for the three years ended 31 December 2022 (the "underwriting year financial statements"):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2022 and of its loss and cash flows for the 2020 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

We have audited the underwriting year financial statements included within the Underwriting year accounts: 2020 year of account (the "Underwriting Year Accounts"), which comprise: the Balance sheet as at 31 December 2022; the Statement of profit or loss account: Technical account – general business, Statement of profit or loss account: Non technical account and Amounts due from members and Statement of cash flows for the three years then ended; and the notes to the underwriting year financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and other applicable law. Our responsibilities under ISAs (UK) are further described in the *Auditors' responsibilities for the audit of the underwriting year financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Emphasis of matter – Basis of preparation

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

Reporting on other information

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

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

Responsibilities for the underwriting year financial statements and the audit

Responsibilities of the Managing Agent for the underwriting year financial statements

As explained more fully in the Statement of managing agent's responsibilities, the Managing Agent is responsible for the preparation of the underwriting year financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view of the result for the 2020 closed year of account. The Managing Agent is also responsible for such internal control as they determine is necessary to enable the preparation of underwriting year financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the underwriting year financial statements. We also considered those laws and regulations that have a direct impact on the underwriting year financial statements such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). We evaluated management's incentives and opportunities for fraudulent manipulation of the underwriting year financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to increase revenue or reduce expenditure or to manipulate members' balances. We also considered management bias in accounting estimates and judgemental areas of the underwriting year financial statements such as the valuation of the technical provision for claims outstanding. Audit procedures performed by the engagement team included:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the underwriting year financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the syndicate's members as a body in accordance with part 2 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Part C of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005), we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Managing Agent in respect of the syndicate; or
- the underwriting year financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Andrew Box (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2023

COVERYS MANAGING AGENCY LIMITED

Syndicate DTW1991

Statement of profit or loss account
Technical account – general business
2020 closed year of account - 31 December 2022

	Note	Cumulative balance 31/12/22 £000
Syndicate allocated capacity		**110,000**
Earmed premiums net of reinsurance:		
Gross premiums written		16,049
Outwards reinsurance premiums		(11,845)
		4,204
Reinsurance to close premium received, net of reinsurance		-
Allocated investment return transferred from the non-technical account		(211)
		3,993
Claims incurred, net of reinsurance:		
Claims paid		
Gross amount		(5,444)
Reinsurer' share		-
		(5,444)
Reinsurance to close premium payable, net of reinsurance	**4**	(5,491)
		(6,942)
Net operating expenses	**5**	(20,549)
Balance on the technical account – general business		(27,491)

The accounting policies and notes on pages 95 to 104 form part of these financial statements

Syndicate DTW1991

Statement of profit or loss account
Non technical account and Amounts due from members
2020 closed year of account - 31 December 2022

	Note	Cumulative balance 31/12/22 £000
Balance on the technical account – general business		(27,491)
Investment income		197
Investment expenses and charges		(2)
Realised losses on investments		(154)
Unrealised losses on investments		(252)
Allocated investment return transferred to general business technical account	**6**	211
Other charges		(551)
Profit or loss for the closed year of account		(28,042)

The above loss was after a £551k exchange loss, included within the non-technical account as Other charges. There was no other comprehensive income.

Amounts due from members

Loss for the 2020 closed year of account	(28,042)
Members' agents' fees advances	-
Cash calls made	-
Amounts due (from) members at 31 December 2022	(28,042)

The accounting policies and notes on pages 95 to 104 form part of these financial statements.

COVERYS MANAGING AGENCY LIMITED

Syndicate DTW1991

Balance sheet
2020 closed year of account as at 31 December 2022

	Note	£000	£000
Assets			
Investments	7		3,648
Debtors	8		(3,725)
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	4		2,346
Other assets			
Cash at bank and in hand		(22,394)	
Overseas deposits		1,118	
Deposits with ceding undertakings		(3)	
			(21,279)
Prepayments and accrued income			
Deferred acquisition costs	4	33	
Prepayments and other accrued income		(23)	
			10
Total assets			(19,000)
Liabilities			
Amount due (from) members			(27,979)
Reinsurance to close premium payable to close the account – gross amount	4		8,934
Creditors	9		199
Accruals and deferred income			(154)
Total liabilities			(19,000)

The accounting policies and notes on pages 95 to 104 form part of these financial statements

The syndicate underwriting year accounts were approved by the Board of CMAL on 27 February 2023 and were signed on its behalf by:

M A Sibthorpe (Chief Executive Officer)

M Bell (Finance Director)

27 February 2023

Statement of cash flows
2020 closed year of account for the three years ended 31 December 2022

	£000
Cash flow from operating activities	
Loss for the 2020 close year of account	(28,042)
Adjustment for:	
Increase/(decrease) in gross technical provisions	8,935
(Increase)/decrease in reinsurers' share of technical provisions	(2,346)
(Increase)/decrease in debtors, prepayments & accrued income	3,778
Increase/(decrease) in creditors	155
Investment return	211
Net cash generate from operating activities	(17,309)
Cash flows from investing activities:	
Purchase of equity & debt instruments	(7,536)
Sale of equity & debt instruments	4,050
Changes to market value and currency	-
Investment return	41
Other	(1,455)
Net cash used in investing activities	(4,900)
Cash flows from financing activities:	
Members' agents fees	(63)
Cash call	-
Net cash used in financing activities	(63)
Net increase/(decrease) in cash & cash equivalents	(22,272)
Cash & cash equivalents at 1 January 2020	-
Foreign exchange movements in cash and cash equivalents	(122)
Cash & cash equivalents at 31 December 2022	(22,394)
Cash & cash equivalents comprise:	
Cash at bank and in hand	(22,394)

The accounting policies and notes on pages 95 to 104 form part of these financial statements

Notes to the syndicate underwriting accounts

1. Statement of accounting policies

General information and principal activities

Syndicate 1991 is a Lloyd's syndicate domiciled in England and Wales. It is managed by CMAL, a private company limited by shares that was incorporated in England and whose registered office is Dixon House, 1 Lloyd's Avenue , London EC3N 3DS.

The syndicate is supported by third party members.

Basis of preparation and compliance with accounting standards

These syndicate underwriting year accounts have been prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts Regulations 2008).

The syndicate underwriting year accounts have been prepared on a basic other than going concern, except for financial assets at fair value through profit or loss which are measured at fair value. The syndicate underwriting year accounts are presented in Sterling which is also the syndicate's functional currency.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These syndicate underwriting year accounts relate to the 2020 year of account which has been closed as at 31 December 2022. Consequently the individual balance sheets represent the assets and liabilities of the 2020 year of account and the profit and loss account and cash flow statement reflect the transactions for that year of account during three years until closure.

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

Significant accounting policies:

Underwriting transactions

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

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

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

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

Notes to the syndicate underwriting accounts (continued)

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

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

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

Financial assets and financial liabilities

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

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

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

(c) Initial measurement
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset

or liability is measured at the present value of the future payments discounted at a market rate if interest for a similar debt instrument.

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

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

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

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

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

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

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

Notes to the syndicate underwriting accounts (continued)

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

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

Taxation
Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with the Inland Revenue.
No provision has been made for any United States Federal Income Tax or any overseas tax payable on the underwriting results or investment earnings. Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

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

Although transactions are translated as described above, the monetary assets and liabilities, including any unearned premiums or deferred acquisition costs, within the balance sheet in the currencies stated above are translated at the rates of exchange ruling on 31 December 2022. Any differences are included within the profit or loss on exchange account in the Non-technical Account. Any non-monetary assets or liabilities are retained at their original exchange rate.

Key accounting judgements and estimation uncertainties
The key accounting judgements, assumptions and estimates made in the preparation of these underwriting year accounts are those relating to the determination of the technical provisions.

The technical provisions after the reinsurers' share is £6.6m. The most uncertain element within these technical provisions is the amount for claims outstanding which covers amounts where either a claim event has occurred but the syndicate has not yet been notified or where although notified there has been insufficient information to date to be certain regarding its ultimate cost. This provision for Incurred but Not Reported ("IBNR") after potential related reinsurance recoveries amount to £4.4m. The 2020 reserves held at year end for COVID-19 are £0.3m net.

The ultimate amounts of the COVID-19 claims are subject to a great deal of uncertainty which, combined with their total size, increases the level of uncertainty in the actuarial best estimate of the syndicate significantly beyond the normal range of uncertainty for insurance liabilities at this stage of development. With the RITC to Syndicate 3500 all of the uncertainties are no longer with Syndicate 1991.

2. Risk and capital management

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

3. Analysis of underwriting result

2020 year of account	**Gross written premiums**	**Gross premiums earned**	**Gross claims incurred**	**Net operating expenses**	**Reinsurance balance**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Direct insurance:						
Fire and other damage to property	7,101	6,935	(6,887)	(9,448)	(8,044)	(17,444)
Third party liability	7,248	7,443	(5,855)	(8,233)	(109)	(6,754)
Reinsurance: Casualty	1,719	1,671	(739)	(2,806)	(1,360)	(6,754)
	16,068	16,049	(13,481)	(20,487)	(9,513)	(27,432)

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

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

	£000
United Kingdom	2,855
Other EU countries	1,763
Rest of the world	11,450
	16,068

4. Reinsurance to close premium payable, net of reinsurance

2020 year of account

Reinsurance to close premium payable to close the account	Unearned Premium £000	Reported Claims £000	IBNR £000	ULAE £000	Total £000
Gross amount	54	1,893	6,899	88	8,934
Reinsurance amount	114	-	(2,460)	-	(2,346)
Total	168	1,893	4,439	88	6,588
Deferred Acquisition Costs					(32)
RITC premium payable net of reinsurance – balance sheet					6,556
Foreign exchange losses					(1,065)
RITC premium payable net of reinsurance – profit and loss account					5,491

5. Net operating expenses

	2020 Year of account
Brokerage and commissions	4,631
Other acquisition costs	5,295
Acquisition costs	9,926
Administrative expenses	10,623
	20,549

Included within administrative costs above are the following:

	2020 Year of account
Auditors’ remuneration – audit	112
Standard personal expenses (excluding members’ agents’ fees)	676

6. Investment return

Year of account	2020
Income from investments	197
Gain on realisation of investments	4
Investment income	201
Investment management expenses, including interest	(2)
Losses on realisation of investments	(159)
Investment expenses and charges	(161)
Unrealised gains on investments	5
Unrealised losses on investments	(257)
Net unrealised gains on investments	(252)
Allocated investment return transferred to the technical account	(211)
This can also be presented as follows:	
Interest and similar income	
Interest from financial instruments designated at fair value	197
Other income from investments designated at fair value	
Realised gains and losses	(154)
Unrealised gains and losses	(252)
Investment expenses	(2)
	(211)

Notes to the syndicate underwriting accounts (continued)

7. Investments

2020 year of account

	Market value £000	Cost £000
Financial assets at fair value through profit or loss:		
Shares and other variable yield securities	3,003	3,170
Debt securities and other fixed income securities	1,010	1,048
Participation in investment pools	(365)	(379)
	3,648	3,839

Fair value hierarchy

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

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

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

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

The syndicate's 2020 year of account financial instruments are classified as: Level 1: £2,191k and Level 3: £1,457k The Level 3 instrument is being driven by the 'Syndicate loan to the Central Fund'.

Notes to the syndicate underwriting accounts (continued)

8. Debtors

Year of account:	**2020**
Amounts held by Third Party Administrators – claims funds	(5,020)
Debtors arising out of direct insurance operations - intermediaries	3
Debtors arising out of direct insurance operations – policy holders	-
Members Agency fees	63
Other debtors	1,229
All amounts are due within one year	(3,725)

9. Creditors

Year of account:	2020
Taxation	(9)
Creditors arising out of reinsurance operations	53
Creditor arising out of direct insurance operation	155
Amount owed to credit institutions	-
Other creditors	-
All amounts are payable within one year	199

10. Borrowings and mortgages or charges

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

11. Related parties

Members' expenses, being agent's fees and profit commission payable to the managing agent, and subscriptions and central guarantee fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis.

For 2020 year of account CMAL has charged an agent's fee of 0.75% of capacity. Within the 2020 year of account a fee of £0.8m has been reflected within net operating expenses. At 31 December 2022 there were no unpaid fees.

The managing agent's subsidiary, CMAS, incurs a large proportion of the expenses incurred in operating the syndicate and recharges them to the syndicate on a basis that reflects the syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. Included within the recharges are amounts relating to the remuneration of directors of CMAL. The total amount recharged by the managing agent to the syndicate to the 2020 underwriting account was £12.1m excluding agent fees. At 31 December 2022 there were no unpaid fees.

12. Controlling party of the managing agent

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

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

Group Financial Statements are prepared by the immediate parent undertaking, Coverys UK Holding Co. Limited, a company registered in England & Wales, and can be obtained from Coverys UK Holding Co. Limited, 5th Floor, Dixon House, 1 Lloyd's Avenue, London, EC3N 3DS.

Summary of results of closed years 2014-2020

The seven-year summary has been prepared from the audited accounts of the syndicate however the table is unaudited.

Years of Account	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Syndicate allocated capacity	£150.0m	£146.2m	£129.8m	£126.8m	£126.8m	£126.8m	£110.0m
Number of underwriting members	642	666	617	348	335	296	15
Net premium	£36.9m	£67.1m	£89.3m	£98.1m	£106.3m	£81.6m	£6.0m
Results for a £10,000 share	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Gross premiums	4,419	4,535	11,129	13,263	13,809	10,923	1,461
Net premiums	3,822	6,747	10,056	11,981	12,478	9,563	382
RITC from an earlier account	1,072	3,187	5,923	6,556	11,554	-	-
Net claims	(914)	(2,034)	(3,781)	(6,069)	(15,845)	(3,157)	(495)
RITC paid	(2,801)	(5,302)	(8,623)	(8,495)	(11,651)	(4,500)	(519)
Profit/(loss) on exchange	(60)	(182)	(83)	35	(276)	(82)	(50)
Syndicate operating expenses	(1,937)	(3,021)	(3,969)	(5,083)	(6,119)	(5,037)	(1,801)
Balance on technical account	(817)	(604)	(477)	(1,075)	(9,859)	(3,214)	(2,482)
Investment return	4	27	(46)	235	23	(92)	(20)
Profit/(loss) for the closed year	(813)	(577)	(523)	(840)	(9,836)	(3,306)	(2,502)
Profit commission	-	-	-	-	-	-	-
Other personal expenses	(131)	(125)	(105)	(117)	(130)	(143)	(67)
Profit/(loss) after all expenses	(944)	(702)	(628)	(956)	(9,966)	(3,449)	(2,569)
Percentage of illustrative share:							
Gross premium %	44.2%	45.3%	111.3%	132.6%	138.1%	109.2%	14.6%
Net premium %	38.2%	67.5%	100.6%	119.8%	124.8%	95.6%	3.8%
Balance on technical account %	(8.2%)	(6.0%)	(4.8%)	(10.7%)	(98.6%)	(32.1%)	(24.8%)

Notes
1. Personal expenses are those that would apply for an illustrative member underwriting a £10,000 share.
2. Net claims include internal claims settlement expenses.
3. Balance on technical account excludes investment return and personal expenses.