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Syndicate 44 Annual Report & Accounts

As at 31 December 2021

Contents

Directors and Advisers

Managing Agent
Canopius Managing Agents Limited

Registered office
Floor 29
22 Bishopsgate
London
EC2N 4BQ

Managing Agent's registration No. 01514453

FCA firm registration No. 204847

Directors

N J Betteridge		
M Bishop		Appointed 11 May 2021
P Ceurvorst	Non-Executive Director	
L Davison		Resigned 20 May 2021
M P Duffy		
M V Greenwood	Non-Executive Director	Appointed 7 December 2021
P F Hazell	Non-Executive Director	
S Lacy		
P Meader	Non-Executive Director	
N S Meyer		Resigned 2 June 2021
I B Owen	Non-Executive Chairman	
N D Robertson		Appointed 20 October 2021
M C Watson	Non-Executive Director	

Run-off Management
Executive Responsible:
S Lacy

Run-off manager:
A Howarth

Syndicate: 44

Bankers
Barclays Bank PLC
Citibank N.A.

Statutory Auditor
KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

Report of the Directors of the Managing Agent

The directors of the Managing Agent, Canopius Managing Agents Limited ('CMA') present their report, which incorporates the strategic review, for the year ended 31 December 2021. The Syndicate's Managing Agent is a company registered in England and Wales.

This Annual Report is prepared using the annual basis of accounting as required by Statutory Instrument No 1950 of 2008, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (Lloyd's Regulations 2008). These Financial Statements and related notes have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 100 ('Application of Financial Reporting Requirements'), FRS 102 ('The Financial Reporting Standard Applicable in the UK and Republic of Ireland') and FRS 103 ('Insurance Contracts') as promulgated by the Financial Reporting Council (FRC).

Principal activity

The Syndicate's principal activity continues to be the transaction of term life insurance and reinsurance business as the Syndicate runs-off its business following the previous Managing Agent's, AmTrust Syndicates Limited ('ASL'), decision to cease underwriting at the end of 2018. With effect from 1 January 2019 the Syndicate was placed into run-off. The Syndicate capacity for the 2018 year of account was £20.0m.

Significant events

The sole remaining open year of account, 2018 did not close at 36 or 48 months and remains open given the lack of either a successor year of account or a market for an external RITC.

Management continues to work towards concluding the business of the Syndicate at the earliest opportunity. A Part VII transfer of the Syndicate's remaining policies has been determined to represent the best option for achieving this end. The first stage of this process, a 100% quota share of the Syndicate's technical liabilities has been entered into effective from 1 January 2021. As a result, there will be no further development of ultimate net claims from that date.

The quota share reinsurer does not have licences to take on the Syndicate's remaining individual policies on completion of the Part VII. Therefore, the Syndicate is seeking to conclude a fronting reinsurance arrangement with an appropriately licenced reinsurer. Additionally, to maintain the service levels provided to customers, management are seeking to conclude an outsourcing agreement with a third party administrator experienced in Lloyd's business

The UK departed from the European Union on 31 January 2020 and the transitional arrangements ended on 31 January 2021. The formation of Lloyd's Brussels, Lloyd's Insurance Company S.A. ('LIC'), a fully regulated insurance company, created a solution for non-life syndicates at Lloyd's for new business and the completion of a Part VII transfer to LIC and subsequent 100% quota share reinsurance agreements back to the Syndicate on 31 December 2020 created a solution for existing business. However, Lloyd's Brussels is not licensed to transact life business and as such the Syndicate has not benefited from these arrangements. The Syndicate continues to collect premiums and pay claims as normal operating on its historical basis to honour its policyholder commitments. Management are mindful that they must strike a careful balance between acting in the best interests of policyholders, capital providers and managing the regulatory risk that arises from the United Kingdom's withdrawal from the European Union.

In addition to the Syndicate's financial exposure, as noted below, the Covid-19 pandemic has been a huge test of operational resilience. Our Business Continuity Plans proved effective with key systems and processes remaining fully operational whilst the business operated remotely. We have worked closely with our outsource partners to minimise disruption and ensure services remain in line with existing service level agreements. Our Enterprise Risk Management processes have remained effective throughout the period. There has been no evidence of a deterioration in internal control performance or an increase in risk incidents.

Whilst the business has proven to be resilient, we recognise there is an increased inherent risk in certain areas such as cyber and regulatory risks. In response, additional management actions and controls have been implemented and are closely monitored to address this elevated risk.

The managing agent recognises the strain that these events have had on our staff again in 2021 and the huge effort that has gone into ensuring the business continues to operate effectively in these unprecedented times. For this we are extremely grateful.

Key performance indicators

Being in run-off, the Syndicate's key financial performance indicators had concerned claims developments, management of operating expenses, the adequacy of the run-off provision and the maintenance of sufficient liquidity to meet the Syndicate's obligations as they fall due. Following the reinsurance of the liabilities to the quota share reinsurer, the focus is now on the adequacy of the run-off provision and achieving closure of the Syndicate, this is monitored through regular Financial review and active engagement with potential fronting partners, as such no KPI's have been presented.

A run-off provision has been included within the technical provisions of the Syndicate, Note 6, since the decision to place the Syndicate into run-off was made as of 31 December 2018. The provision represents management's best estimate assessment of the expected future developments in finalising the Syndicate's liabilities. Whilst allowing for future expenses, the provision would be insufficient if no run-off solution is found before the final claim is settled. Management are confident that a solution to conclude the Syndicate's business will be found such that the provision is appropriate at the year end.

The table below presents the movement in the run-off provision during the year compared to the result for the period excluding the impact of investment income and foreign exchange gains and losses;

	£m
Run-off provision at 31 December 2020	(3.7)
Run-off provision at 31 December 2021	(2.1)
Movement in run-off provision during the year	1.6
Result excluding movement in run-off provision, investment income and foreign exchange	(1.7)
Result development	(0.1)

During the period the run-off provision reduced in line with expectation with the exception of an increase in relation to expenses, due to the delay in finding a fronting reinsurer for a part VII transfer of the Syndicate's policies. The Syndicate made a loss of £0.1m due to this adverse movement in the run-off provision, partly offset by foreign exchange movements.

Cash, investments and overseas deposits

On a combined basis the Syndicate's funds decreased by £5.5m from last year end following another year in run-off and partial payment of the premium to the quota share reinsurer. Management closely monitors the Syndicate's cash flow projections, any net outflow in respect of claims will be reimbursed by the quota share reinsurer under the terms of the quota share arrangement. Additionally, up to £2 million of cash can be retained by the Syndicate as a claims float to ensure short term liquidity.

Member's balances

Amounts due from the member of £0.1m have decreased by £2.3m from 31 December 2020, following the 2021 calendar year loss and receipt of last year's cash call of £2.4m.

Open year of account

The 2018 year of account, the sole remaining year of the syndicate, remains open at 48 months with no successor year to close into and there being no market within Lloyd's for an external RITC of a Life syndicate. Management continues to work closely with the Syndicate's member to conclude the Syndicate's liabilities as soon as possible.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit. The Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

CMA's governance structure ensures a clear definition of responsibility for the management and oversight of the many risks faced by the business. CMA has established an Enterprise Risk Management ("ERM") framework that is designed to identify, assess, measure, mitigate, monitor and report all material financial and non-financial risk.

The key uncertainties facing the Syndicate are (i) the ultimate cost and timing of arrangements to conclude the Syndicate's business, including the future expenses associated therewith; and (ii) any additional costs incurred in complying with the regulatory framework following the end of the Brexit transitional period.

A description of the principal risks and uncertainties facing the syndicate is set out in note 4 to the financial statements (management of risk).

Future developments

CMA continues to manage actively the run-off of the Syndicate and seeks opportunities to conclude the Syndicate's liabilities at the earliest opportunity in order to achieve a positive outcome for its capital provider.

Going concern

With effect from 1 January 2019 the Syndicate ceased underwriting and was put into run-off. A run-off provision has been included within the Syndicate's technical provisions representing management's best estimate of the expected future cost of finalising the Syndicate's liabilities. Accordingly, these accounts have not been prepared on a going concern basis. This has had no impact on the carrying value of the Syndicate's assets and liabilities.

Directors and directors' interests

The names of persons who were members of the Board of directors at any time during the period are given on page 2. Directors' interests are shown in note 22 as part of the related parties note to the accounts.

Disclosure of information to the 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 required by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow directors of the Agent and of the Syndicate's auditor, 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 auditor is aware of that information.

Auditors

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

M J Bishop
Finance Director
Canopius Managing Agents Limited
3 March 2022

Statement of Managing Agent's Responsibilities

The directors of the managing agent are responsible for preparing the Syndicate annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires the directors of the managing agent to prepare their Syndicates annual accounts for each financial year. Under that law they have elected to prepare the annual accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- Assess the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

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

The directors of the managing agent are responsible for the maintenance and integrity of the Syndicate and financial information included on the Syndicate's website. Legislation in the UK governing the preparation and dissemination of Syndicate annual accounts may differ from legislation in other jurisdictions.

On behalf of the board

M J Bishop
Finance Director
Canopius Managing Agents Limited

3 March 2022

Independent auditor's report to the member of Syndicate 44

Opinion

We have audited the Syndicate annual accounts of Syndicate 44 for the year ended 31 December 2021 which comprise the Income Statement: Technical account – Long Term Business, Income Statement: Non-technical account, Statement of Financial Position- Assets, Statement of Financial Position- Liabilities, Statement of Changes in Members' Balances, Statement of Cash Flows, and related notes, including the accounting policies in note 3.

In our opinion the Syndicate annual accounts:

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

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

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the Syndicate annual accounts which explains that the Syndicate annual accounts have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the long-term business provision . On this audit we do not believe there is a fraud risk related to revenue recognition given the run-off nature of the business there is limited gross written premium. The income that has been recognised has been recorded on inception of the insurance policy and earned evenly over the remaining life of the contract with no additional management judgement applied.

We did not identify any additional fraud risks.

We performed procedures including:

- Assessed the consistency of the application in the reserving methodology;
- Considered the extent to which there has been any override to the governance around the reserving estimate;
- Engaged our actuarial specialists to assist us in evaluating management bias in the reserves;
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals not authorized to post, those posted and approved by the same user, those posted after the year-end, and those made post closure of the books up to the year end;
- Assessed significant accounting estimated for bias.

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

As the Syndicate is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the annual accounts varies considerably.

Firstly, the Syndicate is subject to laws and regulations that directly affect the annual accounts including financial reporting legislation (including Lloyd's regulations), Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related annual accounts items.

Secondly, the Syndicate is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the annual accounts, for instance through the imposition of fines or litigation or the loss of the Syndicate's capacity to operate. We identified the following areas as those most likely to have such an effect: GDPR fraud, corruption and bribery, money laundering, Foreign Corrupt Practices Act, financial products and services and Solvency II regime, recognising the financial and regulated nature of the Syndicate's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the annual accounts, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the annual accounts, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Responsibilities of the directors of the Managing Agent

As explained more fully in their statement set out on page 6, the directors of the Managing Agent are responsible for: the preparation of the Syndicate annual accounts and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Syndicate annual accounts that are free from material misstatement, whether due to fraud or error; assessing the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Umar Jamil (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

3 March 2022

Income Statement: Technical Account – Long Term Business

Year Ended 31 December 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Earned premiums, net of reinsurance					
Gross premiums written	5	(201)		1,994	
Outward reinsurance premiums		(12,264)		(275)	
Net premiums written			(12,465)		1,719
Earned premiums, net of reinsurance			(12,465)		1,719
Allocated investment return transferred from the non-technical account			1		3
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(2,736)		(3,486)	
Reinsurers' share		2,729		394	
Net claims paid			(7)		(3,092)
Change in the provision for claims					
Gross amount	6	621		694	
Reinsurers' share	6	821		(9)	
Change in the net provision for claims			1,442		685
Claims incurred, net of reinsurance			1,435		(2,407)
Changes in other technical provisions, net of reinsurance					
Long term business provision					
Gross amount	6	5,528		8,174	
Reinsurers' share	6	5,996		(2,170)	
			11,524		6,004
Net operating expenses	7		(601)		(2,933)
Balance on the technical account for long term business			(106)		2,386

The Syndicate has ceased trading forward and therefore there are no component parts of the business to be separately classified and disclosed as discontinued.

The accompanying notes form an integral part of the financial statements.

Income Statement: Non-technical Account

Year Ended 31 December 2021

	Note	2021 £'000	2020 £'000
Balance on the Technical Account - Long Term Business		(106)	2,386
Investment income	10	1	3
Allocated investment return transferred to the long term business technical account		(1)	(3)
(Loss) / profit for the financial year		(106)	2,386

The accompanying notes form an integral part of the financial statements.

There is no other comprehensive income and consequently no Statement of Other Comprehensive Income has been presented.

Statement of Financial Position – Assets

As at 31 December 2021

Assets	Note	2021	2021	2020	2020
		£'000	£'000	£'000	£'000
Investments					
Other financial investments	11		1,516		2,116
Reinsurers' share of technical provisions					
Long term business provision	6	10,497		4,514	
Claims outstanding	6	1,004		170	
			11,501		4,684
Debtors					
Debtors arising out of direct insurance operations	12	2,926		6,086	
Debtors arising out of reinsurance operations	13	-		10	
Other debtors	14	138		173	
			3,064		6,269
Other assets					
Cash at bank and in hand		2,170		7,051	
Overseas deposits	15	1,982		1,900	
			4,152		8,951
Total assets			20,233		22,020

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position – Liabilities

As at 31 December 2021

Liabilities	Note	2021	2021	2020	2020
		£'000	£'000	£'000	£'000
Capital and reserves					
Member's balances			(106)		(2,402)
Technical provisions					
Claims outstanding	6	1,004		1,654	
Long term business provision	6	12,597		18,377	
			13,601		20,031
Creditors					
Creditors arising out of reinsurance operations	16	6,563		4,066	
Other creditors	17	175		325	
			6,738		4,391
Total liabilities			20,233		22,020

The accompanying notes form an integral part of the financial statements.

The annual accounts on pages 10 to 35 were approved by the Board of CMA on 3 March 2022 and were signed on its behalf by:

M J Bishop
Finance Director
Canopius Managing Agents Limited

3 March 2022

Statement of Changes in Member's Balances

Year Ended 31 December 2021

	2021	2020
	£'000	£'000
Member's balances brought forward at 1 January	(2,402)	(5,808)
(Loss)/profit for the financial year	(106)	2,386
Receipt from member's personal reserve funds	2,402	1,020
Member's balances carried forward at 31 December	(106)	(2,402)

Members participate on syndicates by reference to years of account and the ultimate result therefrom. Assets and liabilities are allocated to members by reference to policies incepting in the year of account on which they participate.

Statement of Cash Flows

Year Ended 31 December 2021

	2021 £'000	2020 £'000
(Loss) / Profit for the year	(106)	2,386
Adjustment for:		
Decrease in gross technical provisions	(6,430)	(8,595)
(Increase) / Decrease in reinsurers' share of gross technical provisions	(6,817)	2,096
Operating cash outflow before movement in working capital	(13,353)	(4,113)
Decrease in debtors	3,205	2,397
Increase / (Decrease) in creditors	2,347	(769)
Decrease in other assets	-	4
Investment return	(1)	(3)
Foreign exchange movements	2	87
Net cash outflow from operating activities	(7,800)	(2,397)
Cash flows from investing activities		
Sale of other financial instruments	600	1,050
Investment income received	1	3
Decrease in overseas deposits	(82)	(917)
Net cash flow from investing activities	519	136
Net cash flow from financing activities:		
Receipt from/(Payment to) member in respect of underwriting participations	2,402	1,020
Foreign exchange	(2)	(87)
Net cash flow from financing activities	2,400	933
Net decrease in cash and cash equivalents	(4,881)	(1,328)
Cash and cash equivalents at 1 January	7,051	8,379
Cash and cash equivalents at 31 December	2,170	7,051

Notes to the Financial Statements

1. Basis of preparation

The Syndicate is supported by a single corporate member of Lloyd's (AmTrust Corporate Member Two Limited) that underwrote business in the London Market.

The financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the Regulations") and Financial Reporting Standard (FRS) 100 ('Application of Financial Reporting Requirements'), Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard 103 Insurance Contracts (FRS 103).

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

The financial statements are presented in Pound Sterling (GBP), which is the Syndicate's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The Syndicate ceased actively underwriting with effect from 1 January 2019. A run-off provision has been included within the technical provisions of the Syndicate representing management's best estimate of the expected costs to be incurred in finalising the Syndicate's liabilities. Accordingly, these accounts have not been prepared on a going concern basis. This has had no impact on the carrying value of the Syndicate's assets and liabilities.

CMA will actively manage the run-off of the Syndicate and seek opportunities to conclude its liabilities at the earliest opportunity in order to achieve a positive outcome for its capital provider.

2. Use of judgements and estimates

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which they are identified.

The Syndicate's principal estimates are for claims provisions, related recoveries and the run-off provision included within the long-term business provision. Management regularly reviews and revises these estimates as appropriate based on current information. Any adjustments made to these estimates are reflected in the period the estimates are revised.

The measurement of the long-term business provision involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The long-term business provision includes the estimated cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not as well as the expected costs required to conclude the Syndicate. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate. Net of reinsurance, the whole account quota share provides certainty for the Syndicate with regard to claims balances but the cost of concluding the Syndicate's business within the long-term business provision remains managements best estimate as at the balance sheet date.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's in-house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to estimate the likely ultimate claims to be experienced and for more recent underwriting years, having regard to variations in business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs as well as the expected future costs in concluding the business of the Syndicate. For the most recent years, estimates may be based in part on output from rating and other models of business accepted and assessments of underwriting conditions.

In arriving at the level of claims provisions a margin may be applied over and above the actuarial best estimate in line with the Syndicate's Reserving Policy to address the risk of un-modelled claims development.

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in note 6.

3. Significant accounting policies

The following principal accounting policies have been applied consistently in accounting for items which are considered material in relation to the Syndicate's financial statements.

Gross premiums written

Premiums, including reinsurance premiums, are accounted for on inception. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

Single premium contracts consist of those contracts under which there is no expectation of continuing premiums being paid at regular intervals. Additional single premiums paid in respect of existing individual contracts are also included within single premiums.

Portfolio premiums received are included within written premiums with any amount unearned at the reporting date being carried forward in the unearned premium provision. RITC premiums received from the transaction of inwards external RITC's are fully written in the year in which they incept. An assessment is performed at the date of acquisition of the fair value of the insurance liabilities assumed and insurance assets acquired in line with the Syndicate's accounting policies. Any adjustments to the fair value arising are not capitalised but are recorded within the technical account as required by Statutory Instrument No 1950 of 2008, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (Lloyd's Regulations 2008).

Outwards reinsurance premiums

Written outwards reinsurance premiums comprise the total premiums payable for contracts entered into during the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience. Where written premiums are subject to a re-measurement retrospectively, adjusted premiums are recognised as soon as there is an obligation to the reinsurer.

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

Long-term business provision

The long term business provision is determined following an annual investigation of the long term fund in accordance with the requirements of EU Directive 92/96/EEC, under which certain contingency and other reserves required by insurance company regulations are excluded from the long term business provision. The basis of calculation is as follows:

Individual Life - Reserves are calculated using the gross premium method. The principle for the calculation of the reserve is, for each policy separately, to calculate the discounted value of expected future claims less the discounted value of expected future premium as received by the Syndicate (i.e. net of commission) plus an allowance for expenses.

Group Life (including schemes) - The reserves are calculated as the unexpired proportion at the valuation date of the premium received net of commission. Additional reserves are included to allow for claims that have been incurred but not reported (IBNR) based on a reporting delay of eight to twelve weeks. Reserves are also held for some policies that have expired, but claims may still arise in the future due to reporting delays. The Syndicate actuary is satisfied that this method of reserving is prudent.

The provision for claims also includes amounts in respect of claims handling costs and a run-off provision. The run-off provision has been calculated as management's best estimate of the expected future developments in finalising the Syndicate's liabilities.

Accordingly, the most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development, that the outstanding claims estimates are reasonable and that appropriate provision has been incorporated for the run-off of exposures to ultimate, particularly given the decreasing volume of exposures as the portfolio continues to run off.

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. Long term insurance provisions, together with related reinsurance recoveries, are established on the basis of current information. Such provisions are subject to subsequent reassessment as changes to underlying factors such as mortality occur. These factors are discussed in more detail in note 6.

Net operating expenses (including acquisition costs)

Net operating expenses include acquisition costs and amounts charged to the member through the Syndicate.

Certain contracts between the Syndicate and its producing agents and brokers include the requirement to pay overrider commissions based on the volume of business produced on the Syndicate's behalf. Amounts in relation to this and other commissions are accrued and earned in line with the premium to which they relate and classified as acquisition costs.

Acquisition costs comprise costs arising from the conclusion of insurance contracts and include direct costs such as brokerage and commission. Acquisition costs incurred and not deferred are included in net operating expenses.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions. The Syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the Statement of Financial Position date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. Under FRS 103, insurance assets and insurance liabilities are deemed monetary items.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the technical account in line with the requirements for Life accounting.

Financial assets and liabilities

The Syndicate has elected to apply the provisions of Section 11 (Basic Financial Instruments) and Section 12 (Other Financial Instruments Issues) of FRS 102 for the treatment and disclosure of financial assets and liabilities.

The Syndicate's investments comprise cash and cash equivalents. The Syndicate does not invest in derivative financial instruments.

Recognition:

Financial assets and liabilities are recognised when the Syndicate becomes a 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 assets of an undertaking after deducting all of its liabilities. The Syndicate does not hold any equity instruments.

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 finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The Syndicate was not party to any financing transactions during the period.

Subsequent measurement:

All debt instruments are measured at fair value through the profit or loss.

Realised and unrealised gains and losses arising from changes in the fair value of investments are initially presented in the non-technical account in the period in which they arise. Dividend and interest income is recognised when earned. Investment management and other related expenses are recognised when incurred. The overall investment return is subsequently transferred to the Technical Account to reflect the investment return on funds supporting the underwriting business.

Derecognition of financial assets and liabilities:
Financial assets are derecognised when and only when a) the contractual rights to the cash flows 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.

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 of time since the transaction took place. If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the Managing Agent estimates the fair value by using a valuation technique.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, yield curves, credit spreads, liquidity statistics and other factors.

The use of different valuation techniques could lead to different estimates of fair value.

FRS 102 section 34.22 provides the fair value hierarchy criteria upon which the financial instruments should be categorised, as defined below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

- Level 1: The unadjusted quoted price 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 (i.e. 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.

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.

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 the income statement immediately.

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

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

Realised gains and losses on investments carried at market value 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.

The investment return is credited to the technical account. No transfer is made to the non-technical account as all investment assets relate to the technical account.

Taxation

Under Schedule 19 of the Finance Act 1993 Managing Agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax (currently at 20%) deducted from syndicate investment income is recoverable by the Managing Agent and consequently the distribution made to the member 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 statement of financial position under the heading 'other debtors'.

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

Retirement benefit scheme costs

The Canopius Group service company operates a defined contribution retirement benefit scheme for all qualifying employees. Pension contributions relating to Managing Agency staff working on behalf of the Syndicate are charged to the Syndicate and included within net operating expenses.

4. Risk and capital management

The Syndicate's activities expose the Managing Agent to a number of key risks which have the potential to affect the Managing Agent's ability to achieve its and the Syndicate's objectives. The Managing Agent's Risk Committee oversees the operation of the Syndicate's risk management framework and reviews and monitors the management of the risks to which the Syndicate is exposed. Risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The principal risks and uncertainties facing the Syndicate are as follows:

Insurance Risk

i. Management of Insurance Risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Board then monitors performance against the business plan.

The Syndicate makes use of reinsurance to mitigate risk incurring significant losses linked to one event.

ii. Concentration of Insurance Risk

The Syndicate's exposure to insurance risk is as shown by the following table which provides an analysis of the geographical breakdown of its gross written premiums by destination.

Territory	2021 £'000	2020 £'000
United Kingdom	(125)	1,601
Other Europe	(29)	149
Other Worldwide	(47)	244
Total	(201)	1,994

iii. Sensitivity to Insurance Risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses or from changes in the level of attritional losses. A five per cent increase or decrease in the ultimate cost of settling gross claims arising is considered to be reasonably possible at the reporting date and would have the following approximate effect on the result of the Syndicate.

	2021 £'000		2020 £'000	
	Gross	Net	Gross	Net
5% increase in total claims liabilities	(575)	-	(1,002)	(767)
5% decrease in total claims liabilities	575	-	1,002	767

Investment risk

Given the need to maintain liquidity and the relatively small amount of funds available the Syndicate's funds are held in cash and collective investment pools. The investment risk is low and related to market interest rates.

Credit risk

Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to discharge a contractual obligation. The Syndicate is exposed to credit risk in respect of the following:

- Listed investment pools
- Overseas deposits;
- Cash at bank and deposits with credit institutions;
- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of settled claims;
- Amounts due from group undertakings; and
- Amounts due from insurance intermediaries.

The Syndicate's credit risk in respect of participation in listed investment pools is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. The Syndicate also limits the amount of cash and cash equivalents that can be deposited with a single counterparty.

The Syndicate's exposure to reinsurance counterparties is managed by the Reinsurance Committee which establishes standards applicable to all reinsurers and the reinsurance department which monitors the financial status of reinsurance debtors.

The Syndicate's exposure to intermediaries is monitored as part of the credit control processes. All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

Debtors arising out of direct operations are comprised of pipeline premiums, balances relating to outstanding receipts from Lloyd's Central Accounting ('LCA') and amounts for business settled outside of Xchanging ('settled direct'). By their nature, it is not possible to classify these balances by credit rating.

The credit rating of the assets within the statement of financial position is as follows:

As at 31 December 2021	AAA £'000	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
Financial investments:						
Participation in investment pools	-	-	1,516	-	-	1,516
Overseas deposits	1,354	-	628	-	-	1,982
Reinsurers' share of outstanding claims	-	8,538	2,963	-	-	11,501
Debtors arising out of direct insurance operations	-	-	-	-	2,926	2,926
Debtors arising out of reinsurance operations	-	-	-	-	-	-
Cash at bank and in hand	-	-	2,170	-	-	2,170
Other Debtors and accrued income:						
Other debtors	-	-	-	-	138	138
Total	1,354	8,538	7,277	-	3,064	20,233

As at 31 December 2020	AAA £'000	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
Financial investments:						
Participation in investment pools	-	-	2,116	-	-	2,116
Overseas deposits	1,370	-	530	-	-	1,900
Reinsurers' share of outstanding claims	-	1,062	3,622	-	-	4,684
Debtors arising out of direct insurance operations	-	-	-	-	6,086	6,086
Debtors arising out of reinsurance operations	-	-	10	-	-	10
Cash at bank and in hand	-	-	7,051	-	-	7,051
Other Debtors and accrued income:						
Other debtors	-	-	-	-	173	173
Total	1,370	1,062	13,329	-	6,259	22,020

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below.

Debtors arising from (re)insurance operations	2021 £'000	2020 £'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	-	-
91 to 180 days	-	-
More than 180 days	-	-
Past due but not impaired financial assets	-	-
Impaired financial assets	-	-
Neither past due nor impaired financial assets	2,926	6,096
Net carrying value	2,926	6,096

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices which could be caused by movements in interest rates or exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk

Interest rate risk arises primarily from the Syndicate's financial investments, cash and overseas deposits. The risk of change in the fair value of these assets is managed by solely investing in short-duration financial investments and cash and cash equivalents.

An analysis of the Syndicate's sensitivity to interest rate changes on the result and net assets of the Syndicate is presented in the table below.

	2021 Profit or loss for the year £'000	2021 Net assets £'000	2020 Profit or loss for the year £'000	2020 Net assets £'000
+ 50 basis points shift in yield curves	29	29	58	58
- 50 basis points shift in yield curves	(1)	(1)	(3)	(3)

Exchange rate risk

Exchange rate risk arises when the Syndicate incurs losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated.

As at 31 December 2021	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	8,667	3,673	4,680	3,213	20,233
Total liabilities	(8,919)	(6,572)	(3,114)	(1,734)	(20,339)
Net assets / (liabilities)	(252)	(2,899)	1,566	1,479	(106)

The main currency rates of exchange are shown below:

	31 Dec 21	Average for 2021	31 Dec 20	Average for 2020
US $	1.35	1.38	1.37	1.28
Euro	1.19	1.16	1.12	1.13
Swiss Francs	1.23	1.26	1.21	1.20

As at 31 December 2020	Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Total assets	11,996	2,377	4,306	3,341	22,020
Total liabilities	(15,090)	(5,458)	(2,045)	(1,829)	(24,422)
Net assets / (liabilities)	(3,094)	(3,081)	2,261	1,512	(2,402)

If the exchange rates of all non-GBP currencies moved by a foreseeable 5% either to the benefit or detriment of the Syndicate at the same time, the impact on both the result for the year and the member's balances would be £80k (2020: £39k).

Liquidity risk

This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. The Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses. The nature of the Syndicate's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Syndicate's reputation. The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts and overheads over the short, medium and long term;
- The Syndicate purchases assets with durations not greater than its estimated insurance contract liabilities and expense outflows;
- Assets purchased by the Syndicate are required to satisfy specified marketability requirements;
- The Syndicate maintains cash and liquid assets to meet daily calls; and
- The Syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

The table below summarises the maturity profile of the Syndicate's Statement of Financial Position based on the estimated timing of claims payments and other undiscounted contractual obligations.

			Undiscounted net cash flows			
As at 31 December 2021	Carrying amount £'000	Total cash flows £'000	Less than 1 year £'000	1-3 years £'000	3-5 years £'000	More than 5 years £'000
Financial investments:						
Participation in investment pools	1,516	1,516	1,516	-	-	-
Overseas deposits	1,982	1,982	1,982	-	-	-
Reinsurers' share of outstanding claims	11,501	11,501	5,401	2,568	3,158	374
Debtors arising out of insurance and reinsurance operations	2,926	2,926	2,926	-	-	-
Cash at bank and in hand	2,170	2,170	2,170	-	-	-
Other debtors and accrued income:						
Other debtors	138	138	138	-	-	-
Total assets	20,233	20,233	14,133	2,568	3,158	374
Outstanding claims	13,601	13,601	6,387	3,037	3,735	442
Creditors arising out of insurance and reinsurance operations	6,563	6,563	6,563	-	-	-
Other creditors	175	175	175	-	-	-
Total liabilities	20,339	20,339	13,125	3,037	3,735	442
Net liabilities	(106)	(106)	1,008	(469)	(577)	(68)

As at 31 December 2020	Carrying amount	Total cash flows	Undiscounted net cash flows Less than 1 year	1-3 years	3-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Financial investments:						
Participation in investment pools	2,116	2,116	2,116	-	-	-
Overseas deposits	1,900	1,900	1,900	-	-	-
Reinsurers' share of outstanding claims	4,684	4,684	2,283	955	1,254	192
Debtors arising out of insurance and reinsurance operations	6,096	6,096	6,096	-	-	-
Cash at bank and in hand	7,051	7,051	7,051	-	-	-
Other debtors and accrued income:						
Other debtors	173	173	173	-	-	-
Total assets	22,020	22,020	19,619	955	1,254	192
Outstanding claims	20,031	20,031	9,766	4,083	5,363	819
Creditors arising out of insurance and reinsurance operations	4,066	4,066	4,066	-	-	-
Other creditors	325	325	325	-	-	-
Total liabilities	24,422	24,422	14,157	4,083	5,363	819
Net liabilities	(2,402)	(2,402)	5,462	(3,128)	(4,109)	(627)

Operational risk

This is the risk that errors caused by people, processes, systems or external events lead to losses to the Syndicate. The Managing Agent seeks to manage this risk through the use of detailed procedures manuals and regular reviews of systems and controls, and a structured programme of testing of processes and systems by internal audit. The internal audit process is designed to provide management and the Board, through its Audit Committee, with reasonable assurance that the controls and procedures are able to contain the risks within acceptable limits.

Regulatory (including Conduct) risk

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agent is required to comply with the requirements of the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA) and the Council of Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US Situs business. The Managing Agent has a compliance officer who monitors regulatory developments and assesses the impact on the Managing Agent's policy.

Conduct Risk is the risk that customers experience poor outcomes in their engagement with CMA and is part of Regulatory Risk. This risk applies to all of the Syndicate's business but is particularly focused where the Syndicate insures retail risks especially using delegated underwriting. This has been an area of particular emphasis by the FCA and by Lloyd's. CMA has a Risk Committee which oversees its response to these requirements and operates a conduct framework designed to ensure that appropriate outcomes are delivered to customers.

Supplementing and informing the assessment of risk in the categories identified above, management receives regular risk reports highlighting the material areas of risk, uncertainty and comparison with risk appetite as well as risk events, near misses and emerging risks.

Capital management (excluding Funds at Lloyd's)

The Managing Agent's objectives in managing the capital of the Syndicate, consistent with the risk profile and the regulatory and market requirements of its business are:

- To match the profile of assets and liabilities, taking account of the risks inherent in the business;
- To satisfy the requirements of the policyholders, regulators and rating agencies; and
- To manage exposure to movements in exchange rates.

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 the Solvency II framework. Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II requirements, 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 the Syndicate 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 Syndicates on which it participates though not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR is therefore determined by the sum of the member's shares of the Syndicates' SCR to ultimate. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss to ultimate for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the combination of both is 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 was 35% of the member's SCR to ultimate.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a syndicate (Funds in Syndicate), or as the member's share of the members' balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the Statement of Financial Position on pages 12 to 13, represent resources available to meet members' and Lloyd's capital requirements.

Funds at Lloyd's

Funds at Lloyd's (FAL) are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these financial statements by way of such capital resources. However, the Managing Agent is able to make a call on the member's FAL to meet liquidity requirements or to settle losses through a formal process controlled by Lloyd's.

5. Segmental analysis

An analysis of the technical account result by business class before investment return is set out below:

	Note	2021 £'000	2020 £'000
Scheme	(a)	(15)	148
Binder		(111)	1,089
Individual		(59)	592
Group	(a)	(16)	165
Gross premium written	(b)	(201)	1,994
Gross premiums earned		(201)	1,994
Gross claims incurred		3,413	5,382
Net operating expenses		(601)	(2,933)
Reinsurance balance	(c)	(2,718)	(2,060)
Total		(107)	2,383

Total commissions on direct business (£9k) (2020: £1,414k)

Notes:

(a) *Group business written through a coverholder is included in the above table as scheme business.*

(b) *All premiums written are in respect of contracts concluded in the UK and are in respect of term life business and ancillary covers. An analysis of the geographical breakdown of written premiums by destination is included within note 4.*

(c) *The reinsurance balance comprises reinsurance recoveries less outward reinsurance premiums. All gross premiums written by the Syndicate are in respect of direct business.*

6. Technical provisions

The Syndicate has applied a similar approach to establishing technical provisions for claims outstanding reserves and reinsurer's share thereof, as included within the Long-Term Business Provision, to that employed at the end of the previous year.

	2021 £'000	2020 £'000
LTBP Gross Reserves and Outstanding Claims		
At 1 January	20,031	28,626
Movement in provision	(6,149)	(8,868)
Foreign exchange	(281)	273
At 31 December	13,601	20,031
LTBP Reinsurers' Share of Reserves and Outstanding Claims		
At 1 January	4,684	6,780
Movement in provision	6,817	(2,179)
Foreign exchange	-	83
At 31 December	11,501	4,684
Net Long-Term technical provisions		
At 31 December	2,100	15,347
At 1 January	15,347	21,846

The basis of calculation of the long-term business provisions is as follows:

The long term business provision of individual life business is calculated based on the discounted value of expected future claims less discounted value of expected future premiums (net of commissions) plus allowance for expenses. The technical provisions have been calculated on actuarial bases considered most appropriate by the Board.

The portfolio of the Syndicate is too small to carry out a quantitative analysis of mortality experience. The assumptions used are based on standard industry tables, but with additional provision for uncertainty to ensure that the reserving basis remains prudent.

The principal assumptions underlying the calculation of the long term business provision are as follows:

	2021	2020
Mortality table	TMN00/TFN00 for non-smokers, TMS00/TFS00 for smokers, TMC00/TFC00 where status unknown 5 year select.	TMN00/TFN00 for non-smokers, TMS00/TFS00 for smokers, TMC00/TFC00 where status unknown 5 year select.
Mortality rating	160% for Italian binder, 140% for Think Money, 150% for Leadenhall Polska, 200% for Pulse.	160% for Italian binder, 140% for Think Money, 150% for Leadenhall Polska, 200% for Pulse.
Discount rate	Nil	Nil
Allowance for negative reserves:	100%	100%

Long term business provisions for binder, group life and scheme business are calculated based on the unexpired premium at year end plus a claims 'incurred but not reported' reserve.

As the assets are all in cash, and we have used a zero discount rate, we have not considered it necessary to hold any additional resilience reserve. An increase in the discount rate would not impact the discounting on the long term business provision, as a zero per cent investment income is assumed and therefore no discounting is applied.

If a lower mortality rate were assumed to apply, the long term business provision would decrease. A 5% reduction in mortality would not decrease the liability materially.

The level of expenses included in the valuation is based on an assessment of the cost of running off the Syndicate's existing business.

7. Net operating expenses

	2021 £'000	2020 £'000
Acquisition costs – brokerage and commissions	253	1,414
Administrative expenses	530	1,209
(Gain)/loss on foreign exchange	(182)	310
	601	2,933

Administrative expenses include:

Auditors' remuneration:	2021 £'000	2020 £'000
Fees payable to the Syndicate's auditor for the audit of these financial statements	147	140
Fees payable to the Syndicate's auditor and its associates in respect of other services pursuant to legislation	32	30
	179	170

8. Staff numbers and costs

All staff are employed by the Canopius Group service company, Canopius Services Limited. The average number of persons working for the Syndicate during the year, analysed by category, was as follows:

	2021	2020
Finance and administration	1	2
Underwriting	-	1
Technical Support	1	2
	2	5

The following amounts were recharged to the Syndicate in respect of payroll costs:

	2021 £'000	2020 £'000
Wages and salaries	273	404
Social security costs	28	53
Other pension costs	21	39
	322	496

9. Key management personnel compensation

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

	2021 £'000	2020 £'000
Emoluments	-	11
Contributions to defined contribution pension schemes	-	1
	-	12

The remuneration of 1 director was charged to the Syndicate (2020: 1).

Following cessation of the Syndicate, the Syndicate was charged a proportion of expense attributable to a Run-Off Manager.

	Run-Off Manager 2021 £'000	Run-Off Manager 2020 £'000
Emoluments	22	40
Contributions to defined contribution pension schemes	2	3
	24	43

10. Investment return

The investment return transferred from the technical account to the non-technical account comprises the following:

	2021 £'000	2020 £'000
Investment income:		
Total investment return transferred to the technical account from the non-technical account	1	3

The total income, expenses, net gains or losses, including changes in fair value, recognised on all financial assets and financial liabilities comprises the following:

	2021 £'000	2020 £'000
Financial assets at fair value through profit or loss	1	3
Total investment return	1	3

11. Financial investments

The carrying values of the Syndicate's financial assets are summarised by category below:

Financial assets	2021 £'000	2020 £'000
Measured at fair value through profit and loss		
• Investment pool	1,516	2,116
• Overseas deposits (see note 15)	1,982	1,900
	3,498	4,016
Measured at cost		
• Cash and cash equivalents	2,170	7,051
Measured at undiscounted amount receivable		
• Other debtors (see note 14)	138	173
Total financial assets	5,806	11,240

All investments are measured at fair value through profit or loss. The Syndicate did not hold any derivative financial instruments during the year (2020: none). The Syndicate does not enter into or trade instruments for speculative purposes.

The Syndicate classifies its financial instruments held at fair value in its statement of financial position using a fair value hierarchy, as follows:

- Level 1: The unadjusted quoted price 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 (i.e. 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.

The table below analyses financial instruments held at fair value in the Syndicate's statement of financial position at the reporting date by its level in the fair value hierarchy.

As at 31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Participation in investment pools	1,516	-	-	1,516
Overseas deposits	1,520	462	-	1,982
	3,036	462	-	3,498

As at 31 December 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Participation in investment pools	2,116	-	-	2,116
Overseas deposits	1,553	347	-	1,900
	3,669	347	-	4,016

The participation in investment pools comprises the Lloyd's American Trust Fund (LATF). Overseas deposits are lodged as a condition of conducting underwriting business in certain countries and are managed by Lloyd's centrally or by investment managers on their behalf.

12. Debtors arising out of direct insurance operations

	2021 £'000	2020 £'000
Due within one year – intermediaries	2,926	6,086

13. Debtors arising out of reinsurance operations

	2021 £'000	2020 £'000
Due within one year – intermediaries	-	10

14. Other debtors

	2021 £'000	2020 £'000
Due within one year:		
Tax debtor	138	173
	138	173

15. Overseas deposits

	2021 £'000	2020 £'000
Overseas deposits	1,982	1,900

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries and are managed by Lloyd's centrally or by investment managers on their behalf. Overseas deposits have not been included on the statement of financial position within investments or cash at bank or in hand as they are not under the direct control of the Managing Agency.

16. Creditors arising out of reinsurance operations

	2021 £'000	2020 £'000
Due within one year – intermediaries	6,563	4,066

17. Other creditors

	2021 £'000	2020 £'000
Balances with group companies	175	325

18. Claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date, related direct and indirect claims handling costs and, for the latest calendar year, the run-off provision representing management's estimated future developments to be incurred in finalising the Syndicate's liabilities. Balances have been translated at exchange rates prevailing at 31 December 2021 in all cases. The entity chose not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which FRS 103 is applied in line with a transitional provision (FRS 103.6.3).

Gross basis as at 31 December 2021:

Pure underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	Total £'000
Incurred gross claims								
At end of underwriting year	2,249	3,240	3,530	4,465	4,164	7,653	6,086	31,387
one year later	3,185	5,101	6,808	8,294	7,261	14,192	34,282	79,123
two years later	3,230	4,239	6,257	8,331	6,547	13,809	29,858	72,271
three years later	2,837	4,107	5,668	8,118	6,204	13,189	26,410	66,533
four years later	2,952	4,115	5,668	8,118	5,969	13,226	-	40,048
five years later	2,937	4,120	5,668	8,118	5,969	-	-	26,812
six years later	2,937	4,120	5,668	8,118	-	-	-	20,843
seven years later	2,937	4,120	5,668	-	-	-	-	12,725
eight years later	2,937	4,120	-	-	-	-	-	7,057
nine years later	2,937	-	-	-	-	-	-	2,937
Gross ultimate claims on premium earned to date	2,937	4,120	5,668	8,118	5,969	13,226	26,410	66,448
Less Gross claims paid	(2,937)	(4,120)	(5,668)	(8,118)	(5,969)	(13,218)	(12,817)	(52,847)
Gross claims reserves	-	-	-	-	-	8	13,593	13,601

Net basis as at 31 December 2021:

Pure underwriting year	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	Total £'000
Incurred net claims								
At end of underwriting year	1,758	2,620	3,175	4,072	3,771	6,931	5,469	27,796
one year later	3,101	5,073	6,791	8,002	6,729	12,342	27,336	69,374
two years later	3,189	4,239	6,257	7,921	6,057	12,026	24,602	64,291
three years later	2,796	4,107	5,668	7,708	5,719	11,412	11,605	49,015
four years later	2,911	4,115	5,668	7,708	5,484	11,448	-	37,334
five years later	2,896	4,120	5,668	7,708	5,484	-	-	25,876
six years later	2,896	4,120	5,668	7,708	-	-	-	20,392
seven years later	2,896	4,120	5,668	-	-	-	-	12,684
eight years later	2,896	4,120	-	-	-	-	-	7,016
nine years later	2,896	-	-	-	-	-	-	2,896
Net ultimate claims on premium earned to date	2,896	4,120	5,668	7,708	5,484	11,448	11,605	48,929
Less net claims paid	(2,896)	(4,120)	(5,668)	(7,708)	(5,484)	(11,440)	(9,513)	(46,829)
Net claims reserves	-	-	-	-	-	8	2,092	2,100

19. Year of account result development

The table below presents the annual results for each year of account until the earlier of the current year end and closure of the year of account by reinsurance to close. Subsequent movements in results for closed years of account are reflected within the results for the year into which they closed.

Year of Account	2011[1] £'000	2012[1] £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000	Profit / (loss) £'000
2011	*(2,223)*	*1,833*	944	-	-	-	-	-	-	-	-	554
2012	-	*(2,236)*	1,700	1,653	-	-	-	-	-	-	-	1,117
2013	-	-	(2,933)	2,794	1,246	-	-	-	-	-	-	1,107
2014	-	-	-	(2,339)	2,575	1,031	-	-	-	-	-	1,267
2015	-	-	-	-	(1,559)	631	864	-	-	-	-	(64)
2016	-	-	-	-	-	(1,311)	1,652	1,041	-	-	-	1,382
2017	-	-	-	-	-	-	(2,261)	275	967	-	-	(1,019)
2018	-	-	-	-	-	-	-	(2,366)	(2,422)	2,386	(106)	(2,508)
Calendar year result	(298)	(484)	(289)	2,108	2,262	351	255	(1,050)	(1,455)	2,386	(106)	

[1] The 2011 and 2012 calendar year results include the movement on the earlier years of account open during those periods in the total calendar year result but are not included in the table above.

The 2018 year of account remains open at 31 December 2021.

20. Retirement benefit schemes

The Canopius Group service company operates a defined contribution scheme for all qualifying employees. The funds of the scheme are administered by third parties and are held separately. Pension contributions relating to staff working on behalf of the Syndicate are charged to the Syndicate and included within net operating expenses. The total expense charged to the Syndicate's income statement for the year ended 31 December 2021 in respect of these was £21k (2020: £39k).

21. Related parties

Lloyd's market regulations require that a Managing Agent be responsible for engaging underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the Syndicate members. The Managing Agent of the Syndicate is Canopius Managing Agents Limited ('CMA').

Throughout 2021 the expenses incurred in operating the Syndicate were incurred by the Canopius Group service company and recharged under an intragroup service agreement with CMA on a basis that reflected the Syndicate's usage of resources.

Group recharges are charged on a cost basis and predominantly represent recharges of staff costs for employees working on syndicate business as well as associated other administrative expenses including accommodation, professional fees and information technology. These recharges, included within amounts disclosed as net operating expenses, acquisition costs and claims incurred were as follows:

	2021 £'000	2020 £'000
Canopius Services Limited ('CSL')	700	1,300
Total expenses recharged	700	1,300

The following amounts were outstanding at 31 December 2021 and 31 December 2020:

	2021 £'000	2020 £'000
CSL	175	325
Total amount outstanding in relation to group recharges	175	325

The following directors of CMA during the period were also directors of CSL during the period: M C Watson, N S Meyer, M J Bishop and L Davison.

CMA and CSL are both 100% subsidiaries of Canopius Holdings UK Limited ('CHUKL'). The following directors of CMA during the period were also directors of CHUKL during the period: M C Watson, N S Meyer and M P Duffy.

Member's expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions payable to Lloyd's, are charged on an underwriting year of account, rather than a calendar year basis. As the Syndicate ceased underwriting at the end of 2018, no managing agent's fee was charged by CMA in 2021 (2020: £nil).

Syndicate capital

Syndicate 44's entire capital is provided by AmTrust Corporate Member Two Limited, a subsidiary of AmTrust Lloyd's Holdings Limited, an intermediate parent company of ASL.

Directors' interests

None of the directors or the run-off manager participate on the Syndicate.

22. Ultimate parent company

As at 31 December 2021, Syndicate 44 was managed by CMA and CMA's immediate UK parent is Canopius Holdings UK Limited ('CHUKL'), which is registered in England and Wales. CHUKL is part of Canopius Group Limited ('CGL') which is registered in Jersey.

The ultimate controlling parties of CGL are CCP GP Investors Holdings (Cayman) LP, Centerbridge Associates III, LP, CCP III Cayman GP Limited and CCP III SBS Cayman GP Limited.