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**Victor Syndicate 2288**

**Annual Report and Accounts**  
**31 December 2023**

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## **Directors and administration**

### **Managing Agent**

Asta Managing Agency Ltd

### **Directors**

P A Jardine (Chairman)\*  
R P Barke  
C V Barley  
S Bradbury  
E M Catchpole\*  
K A Green\*  
L Harfitt  
D B Jones  
L J M McMaster  
S D Redmond\*  
K Shah\*

\*Non-Executive Directors

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

5th Floor  
20 Gracechurch Street  
London  
EC3V 0BG

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

1918744

### **Run Off Manager**

T Carter

### **Bankers**

Barclays Plc  
Citibank N.A.,  
RBC Dexia

### **Registered Auditor**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

### **Signing Actuary**

Phil Dixon, Deloitte MCS Ltd

## Managing Agent's report

The Syndicate's Managing Agent is a company registered in England and Wales. The Directors of the Managing Agent present their report for the year ended 31 December 2023.

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

## Results

The total recognised result for calendar year 2023 is a profit of \$8,671,442 (2022: loss of \$29,033,778).

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

## Principal activity and review of the business

The Syndicate was established in January 2020 to underwrite direct insurance and reinsurance business in the Lloyd's market. The Syndicate predominantly underwrote property insurance derived from the U.S., as well as other international business via smaller coverholders. The Syndicate ceased underwriting new risks, with the exception of mandatory renewals required under local law, from 11:59pm on 31 December 2021 and the Syndicate was put into run-off. As of 1 January 2024 the Syndicate has Reinsured-to-close (RITC) to RenaissanceRe Syndicate 1458 (managed by RenaissanceRe Syndicate Management Limited) and as such, the Syndicate ceases to exist.

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

	2023 \$'000	2022 \$'000
U.S.	264	(216)
U.K.	(268)	(310)
Central Europe	(117)	118
Canada	237	3,973
	116	3,565

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

	2023 \$'000	2022 \$'000
Gross written premiums	116	3,565
Profit / (Loss) for the financial year	8,671	(29,034)
Combined ratio*	227.3%	201.3%

## Managing Agent's report continued

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

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

The return for the 2021 year of account at 31 December 2023 are shown below.

	<b>2021 Closed</b>
	<b>\$'000</b>
Capacity	71,628
Loss	(37,645)
Return on insurance capacity	(52.6)%

## Principal risks and uncertainties

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

### Insurance risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). Because the Syndicate was in run-off during 2023, management consider underwriting risk to be of lesser materiality, compared with claims risk and reserving risk. The Run Off Committee monitors the aggregation of risk through exposure management reporting through the year. Reserve adequacy is monitored through quarterly review by the Asta Actuarial team and the Reserving Committee.

### Credit risk

The key aspect of credit risk is reinsurance counterparty risk which is the risk of default by one or more of the Syndicate's reinsurers and intermediaries. The Syndicate policy is to only use approved reinsurers, supported by collateralisation where required. The Agency Reinsurance Security Committee sets approval and usage criteria, monitors reinsurer ratings and is required to approve and oversee the application of the reinsurer approval policy. The syndicate may also be exposed to broker credit risk, in particular where risk transfer arrangements are in place. Aged debt reporting for premiums is reviewed in the Run Off Committee.

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

### **Market risk**

Market risk exposure impacting the Syndicate relates to fluctuations in interest rates or exchange rates and inflation. The Syndicate is exposed to foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The Agency's policy is to maintain received income or incurred expenditure in the core currencies in which they were received or paid. Any surplus or deficit in a core currency would be subject to review by the Run Off Committee.

The Syndicate underwrites the majority of its business in U.S. Dollars, which is its functional currency. The Syndicate incurs the majority of its expenses in Sterling; these expenses, however, do not create material currency risk for the Syndicate.

The Syndicate does not currently own any financial investments beyond investing in highly liquid Money Market Funds via the regulated US Trust Funds and providing a loan to the Lloyd's Central Fund. Both of these investments are low risk, with low interest rates, and so exposure to interest rate risk is negligible.

### **Liquidity risk**

This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash or can only meet obligations at excessive cost. To mitigate this risk the Run Off Committee reviews cash flow projections regularly and ensures that, where needed, the Syndicate has liquidity facilities in place or has utilised the option of a cash call from capital providers. The Syndicate had made use of Letter of Credit provisions in the main catastrophe reinsurance programme during the year, to help meet the Syndicate's US Trust Fund obligations. By the end of 2023, the Syndicate had no reliance on these Letters of Credit.

### **Operational risk**

This is the risk that errors caused by people, processes, systems and external events lead to losses to the Syndicate. The Agency seeks to manage this risk through robust operational risk and control framework including, detailed procedure manuals and a thorough training programme. This is underpinned by a structured programme of testing of processes and systems by internal audit, who serve as an independent line of assurance, reporting directly to the Chair of the Agency Audit Committee. Business continuity and disaster recovery plans are in place and are regularly updated and tested.

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

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

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

### **Group / strategic risk**

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

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

### **Going Concern**

The Syndicate ceased underwriting new risks from 11:59pm on 31 December 2021 and the Syndicate was put into run-off. As of 1 January 2024 the Syndicate has Reinsured-to-close (RITC) to RenaissanceRe Syndicate 1458 (managed by RenaissanceRe Syndicate Management Limited) and as such, the Syndicate ceases to exist.

Accordingly, the financial statements have been prepared on a basis other than that of a going concern. This has had no impact on the carrying values of the assets and liabilities presented in these financial statements.

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

The Syndicate has an ESG policy in place, which was aligned to Lloyd's ESG guidance from October 2021. In November 2023, Lloyd's launched a consultation on their roadmap for "Insuring the transition", setting out their proposed approach for the next three years across all areas of sustainability for the market, including underwriting, investments, exposure management, capital and reserving. The Managing Agent has concluded that any future risks relating to ESG will likely be minimal, given that the Syndicate's operations are in run-off, and that these risks will transfer to the accepting reinsurer to manage, following the RITC.

### **Managing the Financial Risks of Climate change**

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

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

Asta continue on an ongoing basis to monitor against regulatory guidance and expectations, as it is released, on managing the financial risks of climate change.



## Managing Agent's report continued

### Emerging Risks

An emerging risk or opportunity is defined as “a developing issue, triggered externally, with the potential to have a significant business impact but which may not be sufficiently understood or accounted for”. The business impact in this case could represent a downside risk or an upside opportunity. Emerging risks and opportunities include:

- Syndicate insurable risks, as areas of potential future losses or new product offerings;
- Those risks that may affect a syndicate's ability to carry out normal business operations and/or lead to unplanned significant costs/income;
- Both new risks and those which are re-emerging in a new context.

The Agency and Syndicate continue to monitor the impact of emerging risks on Syndicate business, taking into account their impacts on the strategic direction of the Syndicate. Monitoring takes place in various forums, including the Asta Emerging Risks and Opportunities Group (“EROG”) which meets quarterly and considers emerging risks and opportunities from both an internal and external lens. Specific areas of focus over the external environment across the year at Syndicate and Asta level include:

- The geopolitical landscape from a tension and broader political risk impact, including any exposures stemming from regional conflicts (e.g. Russia - Ukraine conflict).
- The heightened inflationary environment and subsequent volatility surrounding inflation risk. This has also been considered by the Syndicate within their reserve reviews.

### Directors and Officers

Details of the Directors of the Managing Agent that were serving at the year end and up to the date of signing of the Syndicate annual accounts are provided on page 1. Changes to the Directors and officers from the last report were as follows:

C N Griffiths	Resigned 28 February 2023
S Bradbury	Appointed 22 May 2023
A J Hubbard	Resigned 30 June 2023

### Disclosure of information to the auditor

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

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

### **Auditor**

The Syndicate has now Reinsured-to-Close its net liabilities to RenaissanceRe Syndicate 1458 as of 1 January 2024. The Syndicate will not have any future account periods, and so the Managing Agent will not reappoint Deloitte LLP as the Syndicate's auditors.

### **Syndicate Annual General Meeting**

In accordance with the Syndicate Meetings (Amendment No 1) Byelaw (No 18 of 2000) the Managing Agent does not propose holding an annual meeting this year; objections to this proposal or the intention to reappoint the auditor for a further 12 months can be made by Syndicate members within 21 days of this notice.

On behalf of the Board

C V Barley  
Director  
27 February 2024

## 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 (Lloyds's Syndicate and Aggregate Accounts) Regulations 2008 requires the Directors of the managing agent to prepare their Syndicate's 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 (Lloyds'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 Syndicate annual accounts comply with the Insurance Accounts Directive (Lloyds's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of Syndicate 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 company and to prevent and detect fraud and other irregularities.

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

# **Independent auditor's report to the members of Syndicate 2288**

## **Report on the audit of the Syndicate annual financial statements**

### **Opinion**

In our opinion the Syndicate annual financial statements of Syndicate 2288 (the 'Syndicate'):

- give a true and fair view of the state of the Syndicate's affairs as at 31<sup>st</sup> December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the Syndicate annual financial statements which comprise:

- the Statement of profit and loss account, technical account and non-technical account;
- the Statement of changes in members' balances;
- the Statement of Financial Position;
- the Statement of Cash Flows and
- the related notes 1 to 20.

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

### **Basis for opinion**

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

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

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

### **Emphasis of matter – financial statement prepared other than on a going concern basis**

We draw attention to Note 1 in the financial statements, which indicates that the financial statement have been prepared on basis other than that of a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the 2023 annual report and Financial Statements (the “annual report”), other than the Syndicate annual financial statements and our auditor’s report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the Syndicate annual financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Responsibilities of managing agent**

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

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

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

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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these syndicate annual financial statements.

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Statutory Instrument No 1950 of 2008, The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("Lloyd's Regulations 2008"), The Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005); and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency II.

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

As a result of performing the above, we identified the greatest potential for in the following areas, and our specific procedures performed to address them are described below:

- Valuation of technical provisions includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we involved our actuarial specialists to develop independent estimates of the technical provisions and we tested the late journal entries to technical provisions.

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

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

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

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

## **Report on other legal and regulatory requirements**

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

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

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

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

## **Matters on which we are required to report by exception**

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

- the managing agent in respect of the Syndicate has not kept adequate accounting records; or
- the Syndicate annual financial statements are not in agreement with the accounting records; or

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

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## **Use of our report**

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

**Adam Knight (Senior Statutory Auditor)**

**For and on behalf of Deloitte LLP**

**Statutory Auditor**

London, United Kingdom

27 February 2024



## Statement of profit or loss

### Technical account - General business

For the year ended 31 December 2023

	Notes	2023 \$'000	2022 \$'000
Gross premiums written	3	116	3,565
Outward reinsurance premiums		<u>681</u>	<u>(5,902)</u>
Net written premiums		797	(2,337)
Change in the provision for unearned premiums			
• Gross amount		1,823	35,331
• Reinsurers' share		<u>(37)</u>	<u>(4,495)</u>
Change in the net provision for unearned premiums	4	1,786	30,836
<b>Earned premiums, net of reinsurance</b>		2,583	28,499
<b>Allocated investment return transferred from the non-technical account</b>		622	167
Claims paid			
• Gross amount		(19,894)	(31,658)
• Reinsurers' share		<u>5,602</u>	<u>12,679</u>
		(14,292)	(18,979)
Changes in claims outstanding			
• Gross amount		31,544	(7,846)
• Reinsurers' share		<u>(8,183)</u>	<u>(15,672)</u>
Change in the net provision for claims	4	23,361	(23,518)
<b>Claims incurred, net of reinsurance</b>		9,069	(42,497)
<b>Net operating expenses</b>	5	<u>(3,199)</u>	<u>(14,872)</u>
<b>Balance on technical account – general business</b>		<u>9,075</u>	<u>(28,703)</u>

All the amounts above are in respect of continuing operations.

The notes on pages 20 to 44 form part of these financial statements.

## Statement of profit or loss continued

### Non-technical account

For the year ended 31 December 2023

	Notes	2023 \$'000	2022 \$'000
<b>Balance on technical account – general business</b>		9,075	(28,703)
Investment income	9	614	196
Unrealised gains on investments		8	-
Unrealised losses on investments		-	(29)
Gains on realisation of investments		-	-
Investment expenses and charges		-	-
		9,697	(28,536)
Allocated investment return transferred to the general business technical account		(622)	(167)
Other income – (Loss) on exchange		(404)	(331)
<b>Profit / (loss) for the financial year</b>		8,671	(29,034)

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

All the amounts above are in respect of continuing operations. The notes on pages 20 to 44 form part of these financial statements.

## Statement of changes in members' balances

For the year ended 31 December 2023

	2023 \$'000	2022 \$'000
Members' balances brought forward at 1 January	(6,244)	(38,711)
Total comprehensive profit / (loss) for the year	8,671	(29,034)
Final distribution for the 2020 YOA	(2,073)	-
Cash calls in year	-	61,500
Members' Agents Fees	-	1
Members' balances carried forward at 31 December	354	(6,244)

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

The notes on pages 20 to 44 form part of these financial statements.

## Statement of financial position

As at 31 December 2023

	Notes	2023 \$'000	2022 \$'000
<b>Assets</b>			
<i>Investments</i>			
Financial investments	10	15,200	16,541
<i>Reinsurers' share of technical provisions</i>			
Provision for unearned premiums	4	-	37
Claims outstanding	4	<u>7,384</u>	<u>15,553</u>
		7,384	15,590
<i>Debtors</i>			
Debtors arising out of direct insurance operations	11	532	7,617
Debtors arising out of reinsurance operations	12	5,248	8,177
Other debtors		<u>-</u>	<u>-</u>
		<u>5,780</u>	<u>15,794</u>
<i>Cash and other assets</i>			
Cash at bank and in hand		11,627	20,000
Other assets		<u>-</u>	<u>-</u>
		11,627	20,000
<i>Prepayments and accrued income</i>			
Deferred acquisition costs	4	-	499
Other prepayments and accrued income		<u>-</u>	<u>-</u>
		<u>-</u>	<u>499</u>
<i>Total assets</i>		<u>39,991</u>	<u>68,424</u>

The notes on pages 20 to 44 form part of these financial statements.

## Statement of financial position continued

As at 31 December 2023

	Notes	2023 \$'000	2022 \$'000
<b>Members' balance and liabilities</b>			
<i>Capital and reserves</i>			
Members' balances		354	(6,244)
<i>Liabilities</i>			
<i>Technical provisions</i>			
Provision for unearned premiums	4	-	1,684
Claims outstanding	4	<u>34,715</u>	<u>65,213</u>
		34,715	66,897
<i>Creditors</i>			
Creditors arising out of direct insurance operations	13	-	-
Creditors arising out of reinsurance operations	14	4,219	6,668
Amounts owed to credit institutions		-	-
Other creditors		<u>-</u>	<u>1</u>
		4,219	6,669
<i>Accruals and deferred income</i>		<u>703</u>	<u>1,102</u>
<i>Total liabilities</i>		<u>39,637</u>	<u>74,668</u>
<i>Total members' balances and liabilities</i>		<u>39,991</u>	<u>68,424</u>

The notes on pages 20 to 44 form part of these annual accounts.

The financial statements on pages 14 to 44 were approved by board of Directors on 22 February 2024 and were signed on its behalf by:

R P Barke  
Director  
27 February 2024

## Statement of cash flows

For the year ended 31 December 2023

	Notes	2023 \$'000	2022 \$'000
<b>Cash flows from Operating activities</b>			
<i>Profit / (loss) for the financial year</i>		8,671	(29,034)
(Decrease) in gross technical provisions		(32,182)	(28,176)
Decrease in reinsurers' share of gross technical provisions		8,206	20,188
Decrease in debtors		10,014	11,014
(Decrease) in creditors		(2,450)	(17,481)
Movement in other assets/liabilities/foreign exchange		100	12,364
Investment Return		<u>(622)</u>	<u>(167)</u>
<i>Net cash (outflows) from operating activities</i>		(8,263)	(31,292)
<b>Cash from Investing activities</b>			
Purchases of other financial investments		-	(10,501)
Sale of other financial investments		991	-
Investment income received		622	167
Decrease/(Increase) in overseas deposits		350	(868)
Changes to market value and currency		<u>-</u>	<u>-</u>
<i>Net cash Inflows/(outflows) from investing activities</i>		<u>1,963</u>	<u>(11,202)</u>
<b>Cash from Financing activities</b>			
Distribution to members		(2,073)	-
Cash calls in period		-	61,500
Members' agent fees in period		<u>-</u>	<u>1</u>
<i>Net cash (outflows)/ inflows from financing activities</i>		<u>(2,073)</u>	<u>61,501</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(8,373)	19,007
<b>Cash and cash equivalents at beginning of year</b>		<u>20,000</u>	<u>993</u>
<b>Cash and cash equivalents at end of year</b>		<u>11,627</u>	<u>20,000</u>

## Notes to the financial statements

### 1. Basis of preparation

#### Statement of compliance

The Syndicate comprises a group of members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate's Managing Agent is stated on page 1.

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

As permitted by FRS 103 the Syndicate continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

The Syndicate's functional currency is USD. The financial statements are prepared in USD which is the reporting and presentational currency of the Syndicate and rounded to the nearest \$'000.

#### Going concern

The Syndicate ceased underwriting new risks from 11:59pm on 31 December 2021 and the Syndicate was put into run-off. As of 1 January 2024 the Syndicate's final underwriting year has Reinsured-to-close to RenaissanceRe Syndicate 1458. As such, the Syndicate ceases to exist. Accordingly, the financial statements have been prepared on a basis other than that of a going concern. This has had no impact on the carrying values of the assets and liabilities presented in these financial statements. The financial statements are prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

### 2. Accounting Policies

#### Critical accounting 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.

#### Claims outstanding

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

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

## **Accounting policies continued**

Critical judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate. The ultimate cost of outstanding claims is estimated using a range of techniques including actuarial and statistical projections, benchmarking, case by case review and judgement. Statistical techniques assume that past claims development experience can be used as a basis to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in the future. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims.

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

### **Gross premiums**

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

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates, primarily relating to binder business, are judgemental and could result in misstatements of revenue recorded in the financial statements.

### **Significant accounting policies**

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

#### **Reinsurance premiums**

Reinsurance written premiums comprise the total premiums payable for the whole cover provided by contracts entered into the period, including portfolio premiums payable, and are recognised on the date on which the policy incepts.

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

#### **Claims incurred**

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

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



## Accounting policies continued

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

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

Accordingly, the two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

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

## Inflation

There are a number of factors which impact the inflationary environment; such as government or central bank actions, movements in exchange rates impacting the cost of imports, and geopolitical factors such as those already noted above. As such there is a high level of uncertainty around forward-looking inflation assumptions in both the short and long term.

## Provisions for unearned premiums

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

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

## **Accounting policies continued**

### **Unexpired risks**

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

The provision for unexpired risks is calculated separately by reference to classes of business which are managed together, after taking into account relevant investment return.

At the 31 December 2023 the Syndicate had no unexpired risk provision (2022: nil).

### **Deferred acquisition costs**

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

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

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

### **Reinsurance assets**

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

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

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. There were no such gains recognised in 2023.

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

### **Insurance receivables**

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method.

## Accounting policies continued

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

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

### Insurance payables

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

### Foreign currencies

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

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

Exchange differences are recorded in the non-technical account.

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

	<b>2023</b>	<b>2022</b>
	<b>Year End</b>	<b>Year End</b>
GBP	0.79	0.83
CAD	0.60	1.36
EUR	1.10	0.94

## Accounting policies continued

### Financial assets and liabilities

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

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

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

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date the Syndicate commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

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

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

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

## Accounting policies continued

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

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

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

### 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 is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting underwriting business.

### Fair value measurement of investments

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

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

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

- Bonds have been valued at fair value using quoted prices in an active market.
- Deposits with credit institutions are included at cost plus accrued income.
- Money Market Funds are valued on a stable net asset value (NAV) basis. Money Market Funds are readily convertible into cash, are subject to an insignificant risk of changes in fair value, and are used by the Syndicate in the management of its short-term commitments.

## Accounting policies continued

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

- Bonds are included in the balance sheet at bid price using prices supplied by the custodian or by the investment managers, who obtain market data from numerous independent pricing services. The prices used are reconciled against a common market pricing source.
- Investments in regulated collective investment schemes are valued based on the valuations of each of the individual funds as published publicly by the managers.
- Investments in pooled investments in unregulated investment schemes (hedge funds) are valued based on the underlying NAVs of each of the individual funds. Hedge fund NAVs are provided by the administrators of the schemes.
- Investments in investment pools are valued based on the valuations supplied by the investment manager (Lloyd's).

Level 3 financial instruments have a fair value derived from inputs that are not based on observable market data.

## 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% (2022: 20%), deducted from Syndicate investment income is recoverable by Managing Agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any other overseas tax payable by members on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the balance sheet under the heading 'Other Debtors'.

## Syndicate operating expenses

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

### 3. Segmental analysis

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

<b>2023</b>	<b>Gross written premiums</b>	<b>Gross premium earned</b>	<b>Gross claims incurred</b>	<b>Net operating expenses</b>	<b>Reinsurance balance</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fire and other damage to property	73	1,446	12,984	(2,369)	(2,125)	9,936
Third-party liability	(1)	(361)	1,600	662	19	1,920
Reinsurance Acceptances	44	854	(2,934)	(1,492)	169	(3,403)
	116	1,939	11,650	(3,199)	(1,937)	8,453

<b>2022</b>	<b>Gross written premiums</b>	<b>Gross premium earned</b>	<b>Gross claims incurred</b>	<b>Net operating expenses</b>	<b>Reinsurance balance</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fire and other damage to property	(2,345)	26,735	(38,023)	(9,759)	(11,696)	(32,743)
Third-party liability	5,920	7,710	(2,648)	(3,289)	(544)	1,229
Reinsurance Acceptances	(10)	4,451	1,167	(1,824)	(1,150)	2,644
	3,565	38,896	(39,504)	(14,872)	(13,390)	(28,870)

All premiums were concluded in the UK.

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

Included in net operating expenses are reinsurance ceding commissions of \$0.0m (2022: \$0.4m).

## 4. Technical provisions

	2023			2022		
	Gross provisions \$'000	Reinsurance assets \$'000	Net \$'000	Gross provisions \$'000	Reinsurance assets \$'000	Net \$'000
<b>Claims outstanding</b>						
Balance at 1 January	65,213	(15,553)	49,660	58,893	(31,709)	27,184
Change in claims outstanding	(31,544)	8,183	(23,361)	7,846	15,672	23,518
Effect of movements in exchange rates	1,046	(14)	1,032	(1,526)	484	(1,042)
<b>Balance at 31 December</b>	<b>34,715</b>	<b>(7,384)</b>	<b>27,331</b>	<b>65,213</b>	<b>(15,553)</b>	<b>49,660</b>
Claims notified	7,146	(1,234)	5,912	17,917	(3,947)	13,970
Claims incurred but not reported	27,569	(6,150)	21,419	47,296	(11,606)	35,690
<b>Balance at 31 December</b>	<b>34,715</b>	<b>(7,384)</b>	<b>27,331</b>	<b>65,213</b>	<b>(15,553)</b>	<b>49,660</b>
<b>Unearned premiums</b>						
Balance at 1 January	1,684	(37)	1,647	37,588	(4,599)	32,989
Change in unearned premiums	(1,823)	37	(1,786)	(35,331)	4,495	(30,836)
Effect of movements in exchange rates	139	-	139	(573)	67	(506)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,684</b>	<b>(37)</b>	<b>1,647</b>
<b>Deferred acquisition costs</b>						
Balance at 1 January	499	(13)	486	10,299	(330)	9,969
Change in deferred acquisition costs	(541)	13	(528)	(9,646)	317	(9,329)
Effect of movements in exchange rates	42	-	42	(154)	-	(154)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499</b>	<b>(13)</b>	<b>486</b>

Included within the Gross claims outstanding balance is a run-off provision. This includes two elements; a run-off margin and a run-off expenses provision. The run-off margin is the risk premium to be paid in order to transfer the Syndicate's liabilities to the run-off provider. The run-off expenses provision is an estimate for future administrative expenses that are likely to be incurred whilst running off the Syndicate's liabilities.



## 5. Net Operating Expenses

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Acquisition costs	(55)	(1,158)
Change in deferred acquisition costs	(541)	(9,646)
Administration expenses	(2,616)	(4,468)
Reinsurer ceding commissions	13	400
Net operating expenses	<u>(3,199)</u>	<u>(14,872)</u>

## 6. Staff Costs

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	(245)	(300)
Social security costs and other pension costs	-	-
	<u>(245)</u>	<u>(300)</u>

Victor International pay the salaries of the run off manager. A proportion of these salaries get recharged to the Syndicate, but they are not a full-time employee.

The average staff headcount for 2023 was 1 (2022: 1).

Staff costs has been included as part of the administrative expenses in note 5 to the financial statements.

## 7. Auditor's remuneration

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Fees payable to the Syndicate's auditor of these financial statements	(122)	(111)
Other services pursuant to Regulations and Lloyd's Byelaw	(125)	(113)
Other services relating to actuarial review	(54)	(51)
	<u>(301)</u>	<u>(275)</u>

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

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

The aggregate emoluments of the Directors and staff of the Managing Agency are met by Asta Managing Agency Ltd and are disclosed within the financial statements of that company, with the exception of SPA Norton, L Harfitt and RP Barke. SPA Norton's and L Harfitt's remuneration is disclosed in the financial statements of Asta Capital Ltd and the remuneration of RP Barke is disclosed in the financial statements of Asta Insurance Markets Ltd and were all charged in the accounts of Asta Managing Agency Ltd.

No emoluments of the Directors or staff of Asta Managing Agency Ltd were directly charged to the Syndicate. (2022:nil)

No other compensation was payable to key management personnel.

Run Off Manager's emoluments have been included as part of the staff costs in note 6 to the financial statements.

## 9. Investment return

	2023	2022
	\$'000	\$'000
Income from other financial investments	614	196
Gains on realisation of investments		
- Fair value through profit or loss designated upon initial recognition	-	-
<i>Total investment income</i>	-	-
Losses on realisation of investments		
- Fair value through profit or loss designated upon initial recognition	-	-
Investment expenses and charges	-	-
	-	-
Unrealised gains and losses on investments		
- Financial instruments at fair value through profit and loss	8	(29)
<i>Total investment return</i>	622	167

## 10. Financial investments

	2023	
	Carrying value	Purchase price
	\$'000	\$'000
Shares and other variable yield securities and units in unit trusts		
- Designated at fair value through profit or loss	14,067	14,067
Debt securities and other fixed income securities		
- Designated at fair value through profit or loss	-	-
Deposits with credit institutions (overseas deposits)	1,133	1,133
	<u>15,200</u>	<u>15,200</u>
	2022	
	Carrying value	Purchase price
	\$'000	\$'000
Shares and other variable yield securities and units in unit trusts		
- Designated at fair value through profit or loss	15,058	15,058
Debt securities and other fixed income securities		
- Designated at fair value through profit or loss	-	-
Deposits with credit institutions (overseas deposits)	1,483	1,483
	<u>16,541</u>	<u>16,541</u>

Amounts included within shares and other variable securities include CIS/Unit Trusts where funds are invested in a single entity which invests in investments. These are treated as cash instruments with the carrying value and purchase price being the same. Also included is the Syndicate loan to the Lloyd's Central Fund.

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

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

## Financial investments continued

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2023</b>				
Shares and other variable yield securities and units in unit trusts	-	12,984	1,083	14,067
Debt securities and other fixed income securities	-	-	-	-
Overseas deposits	-	1,133	-	1,133
<b>Total</b>	<b>-</b>	<b>14,117</b>	<b>1,083</b>	<b>15,200</b>

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2022</b>				
Shares and other variable yield securities and units in unit trusts	-	14,035	1,023	15,058
Debt securities and other fixed income securities	-	-	-	-
Overseas deposits	1	1,482	-	1,483
<b>Total</b>	<b>1</b>	<b>15,517</b>	<b>1,023</b>	<b>16,541</b>

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

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

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

## 11. Debtors arising out of direct insurance operations

	2023	2022
	\$'000	\$'000
Debtors arising out of direct insurers (within one year)	532	7,617
Debtors arising out of direct insurers (after one year)	-	-
Total	532	7,617

## 12. Debtors arising out of reinsurance operations

	2023	2022
	\$'000	\$'000
Due from ceding reinsurers (within one year)	5,248	8,177
Due from ceding reinsurers (after one year)	-	-
Total	5,248	8,177

## 13. Creditors arising out of direct insurance operations

	2023	2022
	\$'000	\$'000
Due to direct insurers (within one year)	-	-
Due to direct insurers (after one year)	-	-
Total	-	-

## 14. Creditors arising out of reinsurance operations

	2023	2022
	\$'000	\$'000
Due to ceding reinsurers (within one year)	4,219	6,668
Due to ceding reinsurers (after one year)	-	-
Total	4,219	6,668

## **15. Related parties**

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

Asta provides services and support to Syndicate 2288 in its capacity as Managing Agent. During the year, Managing Agency Fees of \$0.0m (2022: \$0.1m) were charged to the Syndicate.

Asta also recharged \$1.7m (2022: \$2.3m) of service charges in the year and as at 31 December 2023 an amount of \$0.8m (2022: \$0.5m) was owed to Asta in respect of this service. Agency staff are employed and paid by a service company, Asta Management Services Limited.

From time to time, Syndicates managed by Asta enter into (re)insurance contracts with one another. All such transactions are subject to Asta's internal controls which ensure that all are compliant with Lloyd's Related Party Byelaw provisions. All transactions are entered into on normal market conditions.

Several of the members feature in the Syndicate's catastrophe reinsurance programme, along with other 3<sup>rd</sup> party reinsurers – these arrangements are conducted at arm's length.

## **16. Disclosure of interests**

During 2023 Asta was the Managing Agent for twelve Syndicates, one Special Purpose Arrangements and five syndicate in a Box. Syndicates 1322,1609,1699,1892,1985,1988, 2288, 2525, 2689, 2786, 3268,4242 and 4747 as well as Special Purpose Arrangement 1416 and Syndicates in a Box 1796,1902,2880,3456 and 5183 were managed on behalf of third-party capital providers.

On 1 January 2024, Asta took on the management of Syndicate in a box 1922.

On 1 January 2024, Asta reinsured-to-close Syndicate 2288 into RenaissanceRe Syndicate 1458. Renaissance Re Group own a corporate member (RenRe Corp Member No 2) which participates as a member of Syndicate 2288.

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

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

## **17. Funds at Lloyd's**

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

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the

## **Funds at Lloyd's continued**

reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these financial statements by way of such capital resources. However, the Managing Agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

## **18. Off-balance sheet items**

To support the US trust fund requirements the Syndicate utilised some letters of credit provided by reinsurers during 2023. By the end of 2023, the Syndicate placed no financial reliance on these letters of credit (2022: \$10.0m).

## **19. Risk management**

### **a) Governance framework**

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

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

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

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

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

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

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

## **Risk management continued**

Although Lloyd's capital setting processes use a capital requirement set at Syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at Syndicate level. Accordingly the capital requirement in respect of Syndicate 2288 is not disclosed in these financial statements.

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

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

A Syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR 'to ultimate'. Where a member participates on more than one Syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2023 was 35% (2022: 35%) of the member's SCR 'to ultimate'.

### **Provision of capital by members**

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

#### **c) Insurance risk**

The principal risk the Syndicate faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities.

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

The Syndicate purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on a non-proportional basis. Non-proportional reinsurance is excess-of-loss reinsurance designed to mitigate the Syndicate's net exposure to large losses. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims



## **Risk management continued**

provision and are in accordance with the reinsurance contracts. The Syndicate's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations substantially dependent upon any single reinsurance contract.

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

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

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

### **Key assumptions**

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

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

### **Sensitivities**

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

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

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

## Risk management continued

	2023 Loss/(Profit)	2022 Loss/(Profit)
Gross	\$'000	\$'000
Five percent Increase (claims liabilities)	1,736	3,261
Five percent decrease (claims liabilities)	(1,736)	(3,261)
Net		
Five percent Increase (claims liabilities)	1,367	2,483
Five percent decrease (claims liabilities)	(1,367)	(2,483)

### Claims development table

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

#### Estimate of cumulative gross claims incurred:

Underwriting year	2020 \$'000	2021 \$'000
At end of underwriting year	89,738	25,023
One year later	118,228	70,887
Two years later	112,242	62,326
Three years later	108,868	-
Four years later	-	-
Less cumulative paid	(97,851)	(38,628)
Liability for gross outstanding claims	11,017	23,698
<b>Total gross outstanding claims (all years)</b>		<b>34,715</b>

#### Estimate of cumulative net claims incurred:

Underwriting year	2020 \$'000	2021 \$'000
At end of underwriting year	37,795	22,967
One year later	50,319	66,123
Two years later	50,036	58,048
Three years later	48,754	-
Four years later	-	-
Less cumulative paid	(44,011)	(35,460)
Liability for gross outstanding claims	4,743	22,588
<b>Total net outstanding claims (all years)</b>		<b>27,331</b>

## Risk management continued

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

### d) Financial risk

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

#### 1) Credit Risk

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

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

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

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

2023	\$'000			
	Neither past due or impaired	Past due	Impaired	Total
Other financial investments	14,067	-	-	14,067
Overseas Deposits	1,133	-	-	1,133
Reinsurers share of claims outstanding	7,384	-	-	7,384
Debtors arising out of direct insurance operations	532	-	-	532
Debtors arising out of reinsurance insurance operations	5,248	-	-	5,248
Other debtors	-	-	-	-
Cash at bank and in hand	11,627	-	-	11,627
Total	39,991	-	-	39,991

## Risk management continued

2022	\$'000			
	Neither past due or impaired	Past due	Impaired	Total
Other financial investments	15,058	-	-	15,058
Overseas Deposits	1,483	-	-	1,483
Reinsurers share of claims outstanding	15,553	-	-	15,553
Debtors arising out of direct insurance operations	8,171	-	-	8,171
Debtors arising out of reinsurance insurance operations	7,617	-	-	7,617
Other debtors	542	-	-	542
Cash at bank and in hand	20,000	-	-	20,000
Total	68,424	-	-	68,424

The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2023 by classifying assets according to independent credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated. Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated.

2023	\$'000					Total
	AAA	AA	A	BBB or less	Not Rated	
Other financial investments	-	-	14,067	-	-	14,067
Reinsurers share of claims outstanding	-	1,779	5,169	-	436	7,384
Overseas Deposits	827	53	145	108	-	1,133
Debtors arising out of reinsurance operations	-	1,471	3,655	-	122	5,248
Cash at bank and in hand	-	-	11,627	-	-	11,627
Total	827	3,303	34,663	108	558	39,459

## Risk management continued

	\$'000					
	AAA	AA	A	BBB or less	Not Rated	Total
<b>2022</b>						
Other financial investments	-	-	15,058	-	-	15,058
Reinsurers share of claims outstanding	-	1,936	11,255	-	2,362	15,553
Overseas Deposits	943	203	205	132	-	1,483
Debtors arising out of reinsurance operations	-	1,244	4,952	-	1,975	8,171
Cash at bank and in hand	-	-	20,000	-	-	20,000
<b>Total</b>	<b>943</b>	<b>3,383</b>	<b>51,470</b>	<b>132</b>	<b>4,337</b>	<b>60,265</b>

### 2) Liquidity risk

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

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

	\$'000					
<b>2023</b>	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	Total
Claims outstanding	-	13,984	11,642	4,534	4,555	34,715
Creditors	-	4,219	-	-	-	4,219
<b>Total</b>	<b>-</b>	<b>18,203</b>	<b>11,642</b>	<b>4,534</b>	<b>4,555</b>	<b>38,934</b>

	\$'000					
<b>2022</b>	No stated maturity	0-1 Year	1-3 Years	3-5 Years	More than 5 years	Total
Claims outstanding	-	33,701	19,930	6,383	5,199	65,213
Creditors	-	6,669	-	-	-	6,669
<b>Total</b>	<b>-</b>	<b>40,370</b>	<b>19,930</b>	<b>6,383</b>	<b>5,199</b>	<b>71,882</b>

## Risk management continued

### 3) Market risk

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

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

#### a) Currency risk

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

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

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

	\$'000				
<b>2023</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CAD</b>	<b>Total</b>
Total Assets	1,299	2,193	28,277	8,222	39,991
Total Liabilities	(15,107)	(531)	(19,422)	(4,577)	(39,637)
Net (Liabilities)/Assets	(13,808)	1,662	8,855	3,645	354

	\$'000				
<b>2022</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CAD</b>	<b>Total</b>
Total Assets	2,148	1,669	56,229	8,378	68,424
Total Liabilities	(17,630)	(1,445)	(49,210)	(6,383)	(74,668)
Net (Liabilities)/Assets	(15,482)	224	7,019	1,995	(6,244)

The Syndicate matches its currency position so holds net assets across a number of currencies. The Syndicate takes into consideration the underlying currency of the Syndicate's required capital and invests its assets proportionately across these currencies so as to protect the solvency of the Syndicate, against variation in foreign exchange rates. It is noted that the Syndicate does not currently have great exposure to foreign currency risk, as the majority of its business is conducted in US Dollars.

## Risk management continued

### Sensitivity to changes

The table below gives an indication of the impact on profit of a percentage change in the relative strength of US Dollars against the value of the Sterling, Euro and Canadian Dollar simultaneously. The analysis is based on the information as at 31 December 2023.

	Impact on profit and members' balance	
	2023	2022
	\$'000	\$'000
US Dollar weakens		
10% against other currencies	(850)	(1,326)
20% against other currencies	(1,700)	(2,653)
US Dollar strengthens		
10% against other currencies	850	1,326
20% against other currencies	1,700	2,653

#### b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Syndicate to cash flow interest risk, whereas fixed rate instruments expose the Syndicate to fair value interest risk.

The Syndicate has no significant concentration of interest rate risk.

Insurance liabilities are not discounted and therefore not exposed to interest rate risk.

## 20. Post balance sheet events

The Directors evaluated other events subsequent to the balance sheet date through 27 February 2024, the date the Syndicate issued these annual accounts.

In 2024, the Syndicate will pay a \$0.4m surplus to members in relation to the 2021 underwriting year.

On 1 January 2024 the Syndicate reinsured-to-close to RenaissanceRe Syndicate 1458.