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Syndicate 5000

Annual Accounts as at December 2023

Travelers Syndicate 5000 Annual Accounts 2023

Contents

Directors and Administration

Managing Agent:

Managing Agent
Travelers Syndicate Management Limited (TSML)

Directors
A G Coughlan (Independent Non-Executive Chair)
P R McConnell (appointed 12/05/2023)
W A McKee (Independent Non-Executive Director)
M Olivo (Non-Executive Director)
G D Somerville (Independent Non-Executive Director)
M L Wilson
M W Woods (Non-Executive Director)

Company Secretary
Esterina Fiore (resigned 11/10/2023)
Jennifer Foley (appointed 11/10/2023)

Managing agent's registered office
One Creechurch Place, Creechurch Lane
London, EC3A 5AF

Managing agent's company number
3207530

Syndicate:

Active underwriter
C Allison

Bankers
Citibank N.A.
Royal Bank of Canada
Barclays Bank PLC

Investment manager
The Travelers Indemnity Company

Registered auditor
Mazars LLP
30 Old Bailey
London, EC4M 7AU

Strategic Report

The Directors of Travelers Syndicate Management Limited present their strategic report for the year ended 31 December 2023.

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

	2023 £000	2022 £000	Change
Gross premiums written	**433,370**	398,990	8.6%
Net premiums earned	**331,720**	287,634	15.3%
Total recognised profit for the year	**41,129**	12,277	235.0%

	2023 %	2022 %	Change
Claims ratio	**49.3**	57.7	(8.4)
Commission ratio	**26.9**	26.8	0.1
Expense ratio	**15.2**	14.9	0.3
Combined ratio	**91.4**	99.4	(8.0)

The claims, commission, expense and combined ratios are all expressed as a percentage of net premiums earned.

Principal Activities

The principal activity of Syndicate 5000 (the Syndicate) during the year continued to be the transaction of insurance in its chosen direct and predominantly non-liability classes, namely:

- Marine
- Special Risks
- Aviation
- Energy
- Professional Lines
- Property

The Syndicate's business is produced through the Lloyd's broker network and written in the subscription market, in either a lead or follow capacity.

Review of the Business

The result for the year ended 31 December 2023 is a profit of £41.1m (2022: profit of £12.3m) and a combined ratio of 91.4% (2022: 99.4%).

The improved 2023 combined ratio reflects the impact of benign catastrophe losses activity in the year, as well as the benefit of favourable prior year reserve releases. The current period includes 5.5pts of favourable prior year reserve development compared to 0.6pts in 2022. Catastrophe losses in the year contribute 1.9pts of the loss ratio vs 8.7pts in 2022. The combined ratio excluding catastrophe losses and prior year development is 95.0%, and driven by the continued disciplined execution of the underwriting remediation plan over the last few years and the benefit of the favourable market trading environment.

Gross premiums written are up year on year by £34m (8.6%) and is mainly driven by exceeding the source year production plan, with higher than expected rate increases and new business being the drivers. Source year production is up on the previous year by £26m spread across a number of lines of business. The underlying growth is driven by Transactional Liability, Property and Power and Marine lines of business.

Investment return for the year is £14.4m (2022: £10.1m), driven primarily by strong returns and growth in the fixed income investment portfolio.

The priority for the Syndicate in 2023 was to continue to deliver an underwriting profit, which has been achieved. The priority for 2024 is to repeat this whilst growing the Syndicate book via new follow line opportunities within the Lloyd's market, plus additional cyber business as a result of the acquisition of Corvus by Travelers.

At 31 December 2023 the Member’s balances were £198.7m (2022: £144.5m). The Directors consider this position to be satisfactory.

Going Concern

The Directors have assessed the suitability of using the Going Concern assumption in preparing these accounts. In making this assessment they have looked forward for a period of twelve months from the date that these accounts are signed. Due to the manner in which capital is provided, the nature of the business, and the investment and planning periods involved, there are no dates after this period that are material to the assessment of going concern. The Syndicate does not have any external debt nor is it dependent on any banking facilities. The Directors have prepared these accounts on the going concern basis. In doing so the Directors considered the 2024 business plan, the likely trading environment over the next twelve months and the financial strength of the parent company, The Travelers Companies, Inc., whose wholly owned subsidiaries are the capital providers of the Syndicate. The Directors concluded that it remained appropriate to continue to prepare the Syndicate’s financial statements using the going concern assumption.

Strategic Report (continued)

Changing Climate Conditions

The Syndicate follows The Travelers Companies, Inc. in its approach to climate-related risks and opportunities. The approach is multi-faceted and allows the Syndicate to mitigate exposure to climate-related risks and provide products and services that both help customers mitigate those risks and support the transition to a low carbon economy. In the latter regard, the Syndicate provides insurance coverage to the Renewable Energy sector.

As part of its regular risk management activities, the Managing Agent's Board of Directors and its Risk and Remuneration Committee consider changing climate conditions, including changes in frequency and severity of catastrophe losses and uncertainty surrounding weather volatility and climate-related risk, and the impact on investment valuations that may occur as part of the transition to a low carbon economy.

The Syndicate's underwriting risk appetite is dependent on the ability to understand the property and casualty risks that it underwrites. Understanding the climate-related impacts on insured perils is part of this fundamental risk evaluation process. Core to this strategy is the incorporation of climate variability into underwriting and pricing decisions. We are also committed to supporting our clients with meaningful risk management and insurance capacity to help them transition to a low carbon future.

Market Risk is managed by employing a thoughtful and responsible investment philosophy that focuses on appropriate risk-adjusted returns. The investment strategy, approved by our Board of Directors, reflects a long-term approach to sustainable value creation and requires that Travelers consider environmental, social and governance (ESG) factors in the investment process to the extent relevant.

As part of the Syndicate's annual Own Risk and Solvency Assessment ('ORSA') process, two stress scenarios relating to changing climate conditions were considered and applied to our current balance sheet. Keeping the significant uncertainties associated with climate stress testing in mind, these scenarios took into consideration the insurance and market risks noted above, and in both scenarios the potential impacts on the Syndicate's modelled capital position were modest.

Investment Report

The Syndicate's investment portfolio is managed by The Travelers Indemnity Company, a subsidiary of The Travelers Companies, Inc. A summary of the invested assets and returns is as follows:

	2023	2022
	£m	£m
Cash & investment balance at 1 January	**704.7**	642.2
Cash & investment balance at 31 December	**737.5**	704.7

	2023	2022
	£m	£m
Interest and realised gains and losses	**14.4**	10.1
Unrealised gains/(losses)	**20.7**	(45.7)
Total investment return profit/(loss)	**35.1**	(35.6)

The credit risk in the portfolio is actively managed. Investment guidelines are designed to mitigate credit risk by ensuring a diversification of holdings and setting average credit rating targets across the whole portfolio. The stratification of the portfolio's credit quality at 31 December was:

	2023	2022
AAA	**37%**	36%
AA	**32%**	34%
A	**31%**	30%
Total	**100%**	100%
Average credit quality	**AA**	AA
Average duration	**2.5**	2.7

The Syndicate's total investment return was a profit of £35.1m compared to the prior year loss of £35.6m. The portfolio is predominantly comprised of fixed income assets. The currency mix of the portfolio is:

	2023	2022
US Dollar	**69%**	70%
Sterling	**18%**	20%
Euro	**8%**	5%
Canadian Dollar	**5%**	5%
Total	**100%**	100%

The total investment returns achieved for the major currencies were as follows:

	2023	2022
US Dollar	**2.4%**	-5.3%
Sterling	**2.2%**	-5.0%
Euro	**1.1%**	-11.2%
Canadian Dollar	**0.9%**	-4.5%

Investment returns are largely driven by prevailing market yields which remain low by historic standards. This applies to all currencies the Syndicate invests in.

The Syndciate does not anticipate any changes to the investment strategy in 2024.

Strategic Report (continued)

Risk Review

Principal Risks and Uncertainties

The Board of Directors of Travelers Syndicate Management Limited has overall responsibility for the establishment and oversight of the Syndicate's Risk Management Framework.

The Board of Directors has established a Board Risk and Remuneration Committee and an Executive Risk Committee responsible for setting the risk appetite and approving it annually as part of the Syndicate's business planning process. The Board Risk and Remuneration Committee meets regularly to provide oversight of key risks and issues and to oversee performance against risk appetite. The Executive Risk Committee meets regularly to review and update key risks and issues arising from the risk register and to monitor performance against risk appetite using a series of metrics.

The principal risks and uncertainties facing the Syndicate are set out below.

Inflation Risk

There was a continued high inflationary environment throughout 2023. Management monitored and reviewed the potential effect on inflation on the value of it's insurance liabilities and pricing of risks. Management has considered the effects of inflation in pricing risks in 2023. We have carefully considered the impact of the current inflationary environment on our business plan and have reviewed our inflation assumptions for all classes. The key assumptions that impact the loss ratios will be the excess inflation, what proportion of the exposure inflation is assumed to be captured within pricing and how long the higher inflationary environment lasts.

A sensitivity analysis can be found on page 21 of these accounts.

Market Risk

The primary source of market risk is the risk of adverse movements in the value of assets due to movements in interest rates, currency rates and other market factors. Market risk exposures are monitored through the Finance Committee.

A sensitivity analysis can be found on page 21 of these accounts.

Conduct Risk

Conduct risk is the risk that the Syndicate fails to pay due regard to the interest of its customers or fails to treat them fairly at all times. Conduct risk exposures are monitored through the Executive Risk Committee.

Regulatory Risk

Regulatory risk comprises the failure to comply with relevant regulations and laws. This risk is overseen by the Executive Risk Committee.

Insurance Risk

Insurance risk relates to underwriting and claims management and the risk that arises from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, and includes catastrophe risk and reserve risk.

The Managing Agent manages insurance risk by setting an appetite annually through the business planning process, which sets down the Syndicate's targets for underwriting classes, underwriting volumes, pricing sufficiency, line sizes and retentions by class of business. The Managing Agent subsequently monitors performance against the business plan throughout the year. The Syndicate uses catastrophe modelling software to model probabilities of loss from catastrophe exposed business.

Reserve adequacy is monitored through quarterly internal actuarial review. The Underwriting Committee oversees underwriting and catastrophe risks and the Finance Committee oversees reserving risk.

One aspect of underwriting risk is the risk of changing climate conditions. This is discussed further in the Report of the Directors of the Managing Agent.

Credit Risk

The major sources of credit risk arise from the risk of default by one or more of the Syndicate's reinsurers or from one or more of the Syndicate's investment counterparties. The Syndicate operates a rigorous policy for the selection of reinsurers and managing the quantum of exposure ceded to any one reinsurer. The Syndicate has a conservative appetite to credit risk from investment counterparties and maintains a high quality investment portfolio with an average credit rating of AA. The Finance Committee monitors and manages the Syndicate's exposure to credit risk.

Operational Risk

The primary source of operational risk is the failure of people, processes or systems. These risks are managed through well documented policies and procedures, sound internal control processes and business continuity management procedures. The Executive Risk Committee oversees this risk type.

Approved by the Board of Travelers Syndicate Management Limited on 27 February 2024.

M L Wilson
Chief Executive Officer
27 February 2024

Report of the Directors of the Managing Agent

The Directors of the Managing Agent present their report for Syndicate 5000 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 and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102') and Financial Reporting Standard 103: Insurance Contracts ('FRS103').

The Managing Agent has agreed with the Syndicate's members to take advantage of the dispensation available and will not be producing separate underwriting year accounts for the Syndicate.

Results

The result for the year ended 31 December 2023 is a profit of £41.1m (2022: profit of £12.3m).

Principal Activities

The principal activities of the Syndicate are described within the Strategic Report.

Business Review

An analysis of the performance of the Syndicate and likely future developments in the business are described within the Strategic Report.

There have been no important events affecting the syndicate which have occurred since the end of the financial year.

Directors' Interests

All of the Directors set out at the beginning of these accounts served throughout the year and to the date of this report.

No director participated in the Syndicate during the period under review.

The Directors benefited from qualifying third party indemnity provisions.

Active Underwriter

Chris Allison served as the Active Underwriter for the period under review.

Disclosure of Information to the Auditor

The Directors of the Managing Agent who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Syndicate's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

Auditor

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

On behalf of the Board

Jennifer Foley
Company Secretary
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 (Lloyd'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 and Financial Reporting Standard 103 Insurance Contracts (FRS 103).

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 judgments 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;
- 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 annual accounts 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 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 annual accounts may differ from legislation in other jurisdictions.

On behalf of the Board

Jennifer Foley
Company Secretary
27 February 2024

Independent Auditor's Report to the Members of Syndicate 5000

Opinion

We have audited the syndicate annual accounts of Syndicate 5000 (the "syndicate") for the year ended 31 December 2023 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Members' Balances, the Statement of Cash Flows, and the notes to the syndicate annual accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the "Auditor's responsibilities for the audit of the syndicate annual accounts" 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 accounts in the UK, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the syndicate annual accounts, we have concluded that the Managing Agent's use of the going concern basis of accounting in the preparation of the syndicate annual accounts is appropriate.

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

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

Other information

The other information comprises the information included in the Syndicate Annual Accounts, other than the syndicate annual accounts and our auditor's report thereon. The directors of the Managing Agent is responsible for the other information. Our opinion on the syndicate annual accounts 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 accounts or our knowledge obtained in 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 there is a material misstatement in the syndicate annual accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on the 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 syndicate annual accounts are prepared is consistent with the syndicate annual accounts; and
- the Managing Agent's Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we have not identified material misstatements in the Managing Agent's Report.

We have nothing to report in respect of the following matters in relation to which The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you, if in our opinion:

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

Responsibilities of the Managing Agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 8, the Managing Agent is responsible for the preparation of the syndicate annual accounts 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 the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual accounts, the Managing Agent is responsible for assessing the syndicate's ability to continue in operation, disclosing, as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the Managing Agent either intends to cease to operate the syndicate, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the syndicate annual accounts

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the syndicate and the insurance sector in which it operates, we considered that non-compliance with the following laws and regulations might have a material effect on the syndicate annual accounts: regulatory and supervisory requirements of the Prudential Regulation Authority and the Financial Conduct Authority, and regulations set by the Council of Lloyd’s.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring of directors and management of the Managing Agent and the syndicate’s management as to whether the syndicate is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the syndicate which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct impact on the preparation of the syndicate annual accounts such as The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008.

In addition, we evaluated the directors’ and management of the Managing Agent’s and the syndicate management’s incentives and opportunities for fraudulent manipulation of the syndicate annual accounts, including the risk of management override of controls and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of the provisions for the settlement of future claims and application of earning patterns, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the directors and management of the Managing Agent and syndicate management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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.

Andrew Heffron (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

30 Old Bailey
London
EC4M 7AU

Date: 27 February 2024

Profit and Loss Account: Technical Account

	Note	2023 £000	2022 £000
Gross premiums written	5	433,370	398,990
Outward reinsurance premiums		(77,860)	(88,313)
Net premiums written		**355,510**	310,677
Change in the provision for unearned premiums - Gross amount	15	(25,564)	(39,547)
Change in the provision for unearned premiums - Reinsurers' share	15	1,774	16,504
Earned Premiums, net of reinsurance		**331,720**	287,634
Allocated Investment Return transferred from the non-technical account		**11,547**	7,318
Gross claims paid		(216,476)	(167,588)
Reinsurers' share		66,810	24,731
Net claims paid		**(149,666)**	(142,857)
Change in the provision for claims - Gross amount	15	14,553	(59,502)
Change in the provision for claims - Reinsurers' share	15	(28,557)	32,424
Change in the net provision for claims		**(14,004)**	(27,078)
Claims incurred, net of reinsurance		**(163,670)**	(169,935)
Change in other technical provisions net of reinsurance		-	4,108
Net operating expenses	7	**(139,650)**	(120,035)
Balance on the technical account for general business		**39,947**	9,090

Profit and Loss Account: Non-Technical Account

	Note	2023 £000	2022 £000
Balance on the technical account for general business		**39,947**	9,090
Realised gains on investments		**1,736**	485
Investment Income		**16,906**	12,600
Investment expenses and charges		**(502)**	(479)
Realised losses on investments		**(3,739)**	(2,516)
Investment return	18	**14,401**	10,090
Allocated investment return transferred to technical account for general business		**(11,547)**	(7,318)
(Loss)/Profit on exchange		**(1,672)**	415
Profit for the financial year		**41,129**	12,277

All operations relate to continuing activities.

Comprehensive Profit/(Loss)

	Note	2023 £000	2022 £000
Profit for the year		**41,129**	12,277
Unrealised gains/(losses) on investments	18	**20,664**	(45,692)
Currency translation differences		**(7,243)**	19,702
Total comprehensive profit/(loss) for the year		**54,550**	(13,713)

The notes on pages 13 to 27 form part of these annual accounts.

Balance Sheet

	Note	2023 £000	2022 £000
Investments	11	705,846	663,489
Provision for unearned premiums	15	50,020	50,400
Claims outstanding	15	90,326	124,277
Reinsurers' share of technical provisions		140,346	174,677
Arising out of direct insurance operations	12	108,599	98,186
Arising out of reinsurance operations	12	41,342	27,651
Other debtors	12	3,925	8,241
Debtors		153,866	134,078
Cash and cash equivalents	16	13,451	22,578
Overseas deposits		17,799	18,307
Deposits with ceding undertakings		389	360
Other Assets		31,639	41,245
Accrued interest		5,294	4,007
Deferred acquisition costs	13	56,331	57,225
Prepayments and accrued income		61,625	61,232
Total Assets		1,093,322	1,074,721
Members' balances		198,707	144,471
Provision for unearned premiums	15	262,589	246,811
Claims outstanding	15	587,305	625,990
Technical Provisions		849,894	872,801
Arising out of direct insurance operations		1,949	4,048
Arising out of reinsurance operations		42,433	52,854
Other creditors		339	547
Creditors		44,721	57,449
Total Liabilities		1,093,322	1,074,721

The Syndicate's financial statements on pages 10 to 27 were approved by the Board of Travelers Syndicate Management Limited on 27 February 2024 and were signed on its behalf by:

P R McConnell
Director
27 February 2024

The notes on pages 13 to 27 form part of these annual accounts.

Statement of Changes in Members' Balances

	2023 £000	2022 £000
Members' balances brought forward at 1 January	**144,471**	153,613
Profit for the financial year	**41,129**	12,277
Other comprehensive profit/(loss)	**13,421**	(25,989)
Total comprehensive profit/(loss)	**54,550**	(13,713)
Members' funds transferred to Funds in Syndicate	**(15,650)**	(38,088)
Payment of closed year account losses	**15,324**	42,684
Non-standard Personal Expenses	**12**	(24)
Members' balances carried forward at 31 December	**198,707**	144,471

Statement of Cash Flows

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the financial year		**41,129**	12,277
(Decrease)/increase in gross technical provisions		**(22,906)**	162,520
Decrease/(increase) in reinsurers' share of gross technical provisions		**34,330**	(61,273)
Increase in debtors		**(18,657)**	(52,694)
(Decrease)/increase in creditors		**(12,728)**	24,169
Movement in other assets/liabilities		**508**	(1,159)
Investment return		**(14,401)**	(10,090)
Other *		**17,265**	(33,806)
Net cash inflow from operating activities		**24,540**	39,944
Cash flows from investing activities			
Acquisition of financial instruments		**(464,725)**	(187,282)
Proceeds from sale of financial instruments		**416,224**	129,590
Investment income received		**14,427**	10,569
Other		**1,184**	5,699
Net cash outflow from investing activities		**(32,890)**	(41,424)
Cash flows from financing activities			
Payment of closed year account losses		**15,324**	42,684
Net movement on Funds in Syndicate		**(15,324)**	(37,575)
Net cash inflows from financing activities		**-**	5,109
Net (decrease)/increase in cash and cash equivalents		**(8,350)**	3,629
Foreign exchange on cash and cash equivalents		**(777)**	1,496
Cash and cash equivalents at 1 January		**22,578**	17,452
Cash and cash equivalents at 31 December	**16**	**13,451**	22,578

* Included within other is the foreign exchange movement on opening balances.

The notes on pages 13 to 27 form part of these annual accounts.

Notes to the Accounts

1. Basis of Preparation

Syndicate 5000 (the Syndicate) is supported by two corporate members' of the Society of Lloyd's and underwrites insurance business in the London market. The Syndicate's Managing Agent is Travelers Syndicate Management Limited. The registered address of the Syndicate's Managing Agent is One Creechurch Place, Creechurch Lane, London, EC3A 5AF.

These financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and 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).

These annual accounts are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The Directors have assessed the suitability of using the Going Concern assumption in preparing these accounts. In making this assessment they have looked forward for a period of twelve months from the date that these accounts are signed. Due to the manner in which capital is provided, the nature of the business, and the investment and planning periods involved, there are no dates after this period that are material to the assessment of going concern. The Syndicate does not have any external debt nor is it dependent on any banking facilities. The Directors have prepared these accounts on the going concern basis. In doing so the Directors considered the 2024 business plan, the likely trading environment over the next twelve months and the financial strength of the parent company, The Travelers Companies, Inc., whose wholly owned subsidiaries are the capital providers of the Syndicate. The Directors concluded that it remained appropriate to continue to prepare the Syndicate’s financial statements using the going concern assumption.

The financial statements are presented in Pound Sterling (GBP), which is the Syndicate's presentational currency. The functional currency of the Syndicate is US Dollars (USD). All amounts have been rounded to the nearest thousand, unless otherwise indicated. The Syndicate has chosen to have a presentational currency of sterling, which is different to its functional currency of dollars, as its regulatory reporting to Lloyd’s is required in sterling and this allows for consistency between the Syndicate’s Report and Accounts and its regulatory reporting to Lloyd’s.

2. Use of Judgements and Estimates

The preparation of the annual accounts requires the use of certain critical accounting estimates which are sensitive to changes in future economic conditions and regulatory environment. It also requires management to exercise its judgement in the process of applying the Syndicate’s accounting policies. However, it is not possible to consider all future outcomes when determining asset and liability valuations, and timing of future cash flows, as these are unknown. A sensitivity analysis can be found in note 4 of these accounts.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual accounts are those listed below:

Incurred but not reported claims (IBNR)
The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Syndicate, where more information about the claim event is generally available. In calculating the estimated cost of unpaid claims the Syndicate uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- The impact of large losses.
- Changes in processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods.
- Changes in the legal environment.
- The effects of inflation.
- Changes in the mix of business.
- Movements in industry benchmarks.

A component of these estimation techniques is the estimation of the cost of notified but not paid claims. In estimating the cost of these claims, regard is given to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims affecting each relevant business class are generally assessed separately, either measured on a case by case basis or projected separately, in order to allow for the possible distorting effect of the development and incidence of these large claims. Where possible, multiple techniques are adopted in order to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year. 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, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements in the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability. An estimate of the future cost of indirect claims handling is calculated as a percentage of the claims reserves held at the balance sheet date.

The gross IBNR held at 31 December 2023 was £301.9m (2022: £336.1m). This is disclosed in note 15 to these accounts.

A sensitivity of the results and members balances to a 5% increase or decrease in net claims liabilities is disclosed on page 18 of these accounts.

Notes to the Accounts (continued)

2. Use of Judgements and Estimates (continued)

Premiums written
Written premium is reported according to management estimation of when risks will be attaching. An estimate of premiums written during the year that have not yet been booked by the financial year-end 'pipeline premiums' is made on a risk by risk basis. The pipeline premium is booked as written and an assessment is made of the related unearned premium provision and an estimate of claims incurred but not reported in respect of the earned element. For delegated authority business the underwriters estimate how much business will attach to a facility based on information provided by the broker and using their experience with reference to the trading conditions of the market. This estimate is updated on a regular basis. It is assumed that risks attaching to the master facility incept evenly across the period of the facility and therefore only the proportion of risks which have incepted to the master facility by the year-end date are reported within written premium in these financial statements.

The premium debtors receivable held at 31 December 2023 was £108.6m (2022: £98.2m). This is disclosed in note 12 to these accounts.

Provision for unexpired risks
All reasonable steps are taken to ensure that the appropriate information regarding claims exposures is obtained. The calculation is based upon statistical analyses of historical experience, which assumes that the development pattern of premium and claims will be similar to past experience. However, given the uncertainty in establishing a provision for unexpired risks, it is likely that the final outcome will prove to be different from the original liability established.

No provision was held at 31 December 2023: £ Nil (2022: £ Nil). This is disclosed in note 15 to these accounts.

3. Significant Accounting Policies

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

Gross premiums written
Gross premiums written comprise premiums written on direct insurance contracts and inwards reinsurance contracts incepting during the financial year. Written premiums are disclosed gross of commission payable to intermediaries and exclude taxes and duties levied on these premiums.

Written premium is reported according to management estimation of when risks will be attaching. An estimate of premiums written during the year that have not yet been booked by the financial year-end, 'pipeline premiums', is made on a risk by risk basis. The pipeline premium is booked as written and an assessment is made of the related unearned premium provision. For delegated authority business the underwriters estimate how much business will attach to a facility based on information provided by the broker and using their experience with reference to the trading conditions of the market. This estimate is updated on a regular basis. It is assumed that risks attaching to the master facility incept evenly across the period of the facility and therefore only the proportion of risks which have incepted to the master facility by the year-end date are reported within written premium in these financial statements.

Unearned premiums
For open market risks premiums are assumed to earn evenly over the duration of the policy. For facilities, on the whole the underlying risks are assumed to attach evenly through the policy period of the facility and period of the underlying risk. No adjustments are made for seasonal exposures. A bespoke long tail earning pattern is used in proportion to the release of risk for the Transactional Liability line of business.

Outward reinsurance premiums
Outwards reinsurance premiums are accounted for in the accounting period in which the underlying reinsurance treaty or facultative contract incepts. Reinstatement premiums arise when a loss has been incurred that impacts our reinsurances and there is a clause in the underlying reinsurance policy which requires the reinstatement of the policy with the payment of a further premium. Reinstatement premiums are recognised as written and earned in full at the date of the event giving rise to the reinstatement premium.

Claims paid, claims incurred, claims provisions
Paid claims represent all claims paid during the year and include claims handling expenses. Claims incurred comprise paid claims and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported (IBNR) and related expenses, together with any adjustments to claims from previous years.

The provision for claims outstanding is assessed on an individual case basis for reported claims and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred by the balance sheet date but not reported until after the year end (IBNR), based on statistical methods.

Notes to the Accounts (continued)

3. Significant Accounting Policies (continued)

These methods generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced from more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. 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, together with a contract by contract assessment of problematical areas and major catastrophes that do not lend themselves to projection based methods.

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

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

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

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate, to reduce the likelihood of adverse run-off deviation.

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, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Unexpired risks provision
A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period, in respect of contracts concluded before that date, are expected to exceed the unearned premiums after the deduction of any deferred acquisition costs. The provision for unexpired risks is calculated at a reporting year of account level which is the level the contracts are managed together, after taking into account the future investment return on investments held to back the unearned premiums.

If an unexpired risk provision is required it will be disclosed as a component of technical provisions. The calculation is based upon statistical analyses of historical experience, which assumes that the development pattern of premiums and claims will be similar to past experience. However, given the uncertainty in establishing a provision for unexpired risks, it is likely that the final outcome will prove to be different from the original liability established.

Acquisition costs
Acquisition costs are comprised of commission and fees paid to brokers and coverholders. They are deferred to the extent that they are attributable to premiums unearned at the balance sheet date. Where proportional reinsurances are bought the relevant share of gross commission is treated as commissions ceded to reinsurers.

Foreign currencies
Transactions in foreign currencies are translated to the functional currency using exchange rates at the date of 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 balance sheet date. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts into the functional currency are included in the non-technical account. Differences arising from the conversion of the functional to the presentational currency are included in the statement of comprehensive income.

Financial assets and liabilities
The Syndicate chose to apply recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted in the relevant jurisdiction), the disclosure requirements of Sections 11 and 12 and the presentation requirements of paragraphs 11.38A and 12.25W.

Classification
The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values presented in the statement of profit and loss or the statement of comprehensive income. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Debt and other fixed-income securities are designated as available for sale and initially recognised at cost which equates to fair value at initial recognition. After initial measurement, these assets are subsequently measured at fair value. Interest earned whilst holding available for sale financial assets is reported as interest income. Other fair value changes are recognised in other comprehensive income.

Notes to the Accounts (continued)

3. Significant Accounting Policies (continued)

If an available-for-sale investment is sold or impaired, the net cumulative gain or loss accumulated in other comprehensive income is reclassified to profit or loss. Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in other comprehensive income to profit or loss. The net cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment, and the current fair value, less any impairment loss recognised previously in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. Otherwise it is reversed through the statement of comprehensive income.

Deposits with credit institutions, overseas deposits, debtors and accrued interest are classified as loans and receivables.

When loans and receivables are recognised initially, they are measured at the transaction price that approximates fair value. After initial recognition loans and receivables are measured at amortised cost using effective interest rate.

Recognition
Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial instruments are derecognised if the Syndicate's contractual rights to the cash flows from the financial instruments expire or 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 the Syndicate's contractual obligations are discharged, cancelled, or expire.

Identification & measurement of impairment
The Syndicate conducts a periodic review to identify invested assets that are impaired. Some of the factors considered in identifying assets that are impaired include: (1) whether the Syndicate intends to sell the investment or whether it is more likely than not that the Syndicate will be required to sell the investment prior to an anticipated recovery in value; (2) the likelihood of the recoveries in full of the principal and interest; (3) the financial condition, near-term and long-term prospects for the issuer, including the relevant industry conditions and trends, and implications of rating agency actions and offering prices.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after initial recognition of an asset, and that the loss event has an impact of future cash flows on the asset that can be estimated reliably. All impairment losses are recognised in full in the profit and loss.

Offsetting
Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Syndicate has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Investment return
Investment return comprises investment income, and realised investment gains and losses, net of investment expenses and charges.

Realised gains and losses on investments are calculated as the difference between sale proceeds and the purchase price.

Interest income is recognised on an accruals basis in the profit and loss account.

Investment return is initially recorded in the non-technical account. The investment return relating to the profits on closed years retained within the Syndicate is allocated to the non-technical account. The balance of the investment return is allocated to the technical account.

Movements in unrealised gains and losses on investments are reported in the statement of comprehensive income. They represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, as well as the reversal of previously recognised unrealised gains and losses in respect of investments disposed of in the current period.

Overseas deposits
Overseas deposits are stated at market value at the balance sheet date. US Situs trust funds are classified as investments.

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

Taxation
Under Schedule 19 of the Finance Act of 1993 Managing Agents are not required to deduct basic income tax from trading income, including capital appreciation, of syndicates.

It remains the responsibility of members to agree their corporation tax liabilities with HM Revenue & Customs.

Notes to the Accounts (continued)

3. Significant Accounting Policies (continued)

No provision has been made for any United States Federal Income Tax or Canadian Federal Income Tax payable on underwriting results and investment income. The Syndicate is required to fund on account assessments of US Dollar and Canadian Dollar source income and these amounts are then recovered by reimbursements from the Member Services Unit. Any payments on account made by the Syndicate during the year are included in the balance sheet under the heading 'Other debtors'.

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

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

Pensions costs
Travelers Management Limited, a service company and fellow group subsidiary, operates a group personal pension plan. Pension contributions relating to syndicate staff are charged to the Syndicate and included within net operating expenses or, where in respect of claims handling staff, as claims handling costs within gross claims paid.

Contingencies and commitments
Contingent liabilities arise as a result of past events when either it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Syndicate’s control. Contingent liabilities are disclosed in the annual accounts unless the probability of an outflow of resources is remote.

Debtors and creditors arising out of direct and reinsurance operations
Debtors and creditors arising out of direct and reinsurance operations are initially recognised at transaction price and are subsequently carried at the recoverable amount. The carrying value is reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss. Debtors arising out of direct insurance and reinsurance operations are stated net of specific provisions against doubtful debts which are made on the basis of reviews conducted by management.

Other debtors and creditors
Any other debtors and creditors are recognised initially at transaction price and subsequently carried at the recoverable amount. The carrying value of other debtors is reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss account. All other debtors and creditors are due within one year, unless otherwise stated.

4. Risk and Capital Management

Introduction and overview
This note presents information about the nature and extent of insurance and financial risks to which the Syndicate is exposed and the Managing Agent's objectives, policies and processes for measuring and managing these risks and for managing the Syndicate's capital.

Risk Management Framework
As described in the Report of the Directors of the Managing Agent, the Board of Directors has overall responsibility for the establishment and oversight of the Syndicate's risk management framework.

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.

Insurance Risk

Management of insurance risk
A key component of the management of underwriting risk for the Syndicate is a disciplined underwriting strategy that is focused on writing quality business and not writing for volume. Product pricing is designed to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Syndicate's total exposure to specific risks and classes of business, together with limits on geographical and industry exposures.

The aim is to ensure that a well-diversified book is maintained with no over-exposure in any one geographical region, class or industry. Insurance contracts can contain a number of features which help to manage the underwriting risk, such as the use of deductibles, or capping the maximum permitted loss, or number of claims (subject to local regulatory and legislative requirements).

The Syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to one risk or event, including excess of loss, quota share and catastrophe reinsurance. Where an individual exposure is deemed to be in excess of the Syndicate's appetite additional facultative reinsurance is also purchased.

The Underwriting Committee oversees the management of insurance risk, whilst the Finance Committee oversees reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the quarterly reviews of claims development are all instrumental in mitigating reserving risk.

Notes to the Accounts (continued)

4. Risk and Capital Management (continued)

The Managing Agent's in-house actuaries perform a reserving analysis on a quarterly basis, liaising closely with underwriters, claims and reinsurance technicians. The aim of this exercise is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The Finance Committee performs a review of the results from the reserving analysis, both gross and net of reinsurance.

Following the quarterly reviews the Finance Committee makes recommendations to the Managing Agent's Board of Directors of the claims provisions to be established. In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate to reduce the probability of adverse run-off deviation.

Concentration of insurance risk

The liabilities established as at 31 December 2023 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 reserves for large losses and catastrophes, or from changes in estimates of claims incurred but not reported (IBNR). A five per cent increase or decrease in the ultimate cost of settling claims arising is considered to be reasonably possible at the reporting date.

A five per cent increase or decrease in total net claims liabilities would have the following effect on the Syndicate's result and financial position:

	2023 £000	2022 £000
Impact on profit and Members' balances	**24,849**	25,086

The Syndicate's exposure to insurance risk is well diversified. The following table provides an analysis of the geographical breakdown of its gross premiums written:

	2023 £000	2022 £000
Risks located in UK	**145,178**	141,163
Risks located in member states of the EU	**39,772**	35,869
Risks located in other countries	**248,420**	221,958
	433,370	398,990

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:

- Debt securities
- Amounts due from intermediaries
- Amounts due from reinsurers in respect of settled claims
- Cash and cash equivalents
- Reinsurers' share of insurance liabilities
- Other debtors and accrued interest

The nature of the Syndicate's exposures to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

Management of credit risk

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty by reference to the credit rating of the counterparty. Financial assets are graded according to current credit ratings issued by rating agencies. The Syndicate has a policy of investing only in high quality government and corporate fixed income securities. The Syndicate targets an average portfolio credit quality of AA+.

The Syndicate has maintained its commitment to high quality assets with 69% of bonds having credit ratings of AA or higher.

The Syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty, and maintains an authorised list of acceptable counterparties.

The Syndicate's exposure to intermediaries is monitored as part of its 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.

The Syndicate assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly. The Syndicate only uses reinsurers that have been pre-approved by its internal credit processes.

Notes to the Accounts (continued)

4. Risk and Capital Management (continued)

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure. The Syndicate does not hold any collateral as security or purchase any credit enhancements (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).

The following table provides counterparty credit exposure by credit rating:

2023	**AAA £000**	**AA £000**	**A £000**	**<A £000**	**NR £000**	**Total £000**
Financial Investments:						
Debt securities and other fixed income securities	**253,131**	**217,493**	**209,091**	**761**	**-**	**680,476**
Loans with credit institutions	**-**	**-**	**-**	**-**	**3,837**	**3,837**
Deposits with credit institutions	**-**	**-**	**-**	**-**	**-**	**-**
Overseas deposits	**5,704**	**8,511**	**1,133**	**805**	**5,380**	**21,533**
	258,835	**226,004**	**210,224**	**1,566**	**9,217**	**705,846**
Reinsurers' share of technical provisions	**-**	**50,582**	**33,421**	**-**	**6,323**	**90,326**
Debtors arising out of direct insurance operations	**-**	**-**	**-**	**-**	**108,599**	**108,599**
Debtors arising out of reinsurance operations	**-**	**23,152**	**15,296**	**-**	**2,894**	**41,342**
Overseas deposits	**10,093**	**1,570**	**1,410**	**4,551**	**175**	**17,799**
Deposits with ceding undertakings	**-**	**-**	**389**	**-**	**-**	**389**
Cash and cash equivalents	**-**	**1,208**	**12,243**	**-**	**-**	**13,451**
Other debtors and accrued interest	**-**	**-**	**-**	**-**	**9,219**	**9,219**
Total	**268,928**	**302,516**	**272,983**	**6,117**	**136,427**	**986,971**

2022	AAA £000	AA £000	A £000	<A £000	NR £000	Total £000
Financial Investments:						
Debt securities and other fixed income securities	229,633	218,302	188,722	-	-	636,657
Loans with credit institutions	-	-	-	-	4,085	4,085
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	6,616	9,876	1,463	1,508	3,284	22,746
	236,249	228,178	190,185	1,508	7,369	663,488
Reinsurers' share of technical provisions	-	65,866	50,953	-	7,457	124,276
Debtors arising out of direct insurance operations	-	-	-	-	98,186	98,186
Debtors arising out of reinsurance operations	-	14,655	11,337	-	1,659	27,651
Overseas deposits	8,758	2,357	1,421	5,238	533	18,307
Deposits with ceding undertakings	-	-	360	-	-	360
Cash and cash equivalents	-	1,893	20,685	-	-	22,578
Other debtors and accrued interest	-	-	-	-	12,249	12,249
Total	245,007	312,949	274,941	6,746	127,453	967,095

At 31 December 2023 the largest concentration of risk within the investment portfolio was to the Canadian government and amounted to £40m (2022: Canadian government £35.9m).

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date.

An analysis of the carrying amounts of past due debtors as at 31 December is presented in the tables below:

Debtors arising from direct insurance operations	**2023 £000**	2022 £000
Past due but not impaired financial assets:		
up to 90 days	**12,607**	9,551
91 to 180 days	**5,112**	4,562
Over 180 days	**2,597**	1,977
Past due but not impaired financial assets	**20,316**	16,090
Impaired financial assets	**-**	-
Neither past due not impaired financial assets	**88,284**	82,096
Net carrying value	**108,600**	98,186

Debtors arising from reinsurance operations	**2023 £000**	2022 £000
Past due but not impaired financial assets:		
up to 90 days	**1,703**	3,144
91 to 180 days	**6,639**	126
Over 180 days	**289**	483
Past due but not impaired financial assets	**8,631**	3,753
Impaired financial assets	**(155)**	(96)
Neither past due not impaired financial assets	**32,866**	23,994
Net carrying value	**41,342**	27,651

4. Risk and Capital Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities as they fall due. The Syndicate is exposed to daily calls on its available cash resources, mainly from claims arising from insurance contracts.

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.

Management of liquidity risk

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 over the short, medium and long term;
- The Syndicate maintains cash and liquid assets to meet daily calls on its insurance contracts.

Liquidity risk is not considered to be a principal risk to the Syndicate and therefore is not specifically quantified within these accounts.

2023	**Total £000**	**Up to 1 year £000**	**2-5 years £000**	**Over 5 years £000**
Gross Technical Provision	**587,305**	**176,191**	**323,018**	**88,096**
Creditors	**44,720**	**44,720**	**-**	**-**
	632,025	**220,911**	**323,018**	**88,096**

2022	Total £000	Up to 1 year £000	2-5 years £000	Over 5 years £000
Gross Technical Provision	625,990	250,396	312,995	62,599
Creditors	57,449	57,449	-	-
	683,439	307,845	312,995	62,599

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Syndicate comprises two principal types of risk: interest rate risk and currency 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's exposure to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Management of market risk

For each of the major components of market risk the Syndicate has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of market risk and the exposure of the Syndicate at the reporting date to each of these major components are addressed below.

Interest rate risk

Interest rate risk arises from primarily from the Syndicate's financial investments, cash and overseas deposits. The risk of changes in the fair value of these assets is managed by primarily investing in short-term financial investments and cash and cash equivalents. The Finance Committee monitors the duration of these assets on a regular basis and ensures the asset duration approximates the duration of the underlying liabilities.

Sensitivity analysis to market risks

An analysis of the Syndicate's sensitivity to interest rate and currency price risk is presented in the table below. The table shows the effect on the result and net assets of reasonably possible changes in the relevant risk variable, assuming that all other variables remain constant, if that change had occurred at the end of the reporting period and had been applied to the risk exposures at that date.

Interest rate risk

50 Basis points	**2023 £000**	2022 £000
Increase on result and net assets	**(6,890)**	(7,271)
Decrease on result and net assets	**7,011**	7,403
200 Basis points		
Increase on result and net assets	**(26,862)**	(28,312)
Decrease on result and net assets	**28,787**	30,433

Currency risk

	2023 £000	2022 £000
15% weakening in sterling on results and net assets	**(24,787)**	(15,600)
15% strengthening in sterling on results and net assets	**28,505**	17,939

50 and 200 basis points increase/(decrease) in yield curves and a 15% increase/(decrease) in exchange rates have been selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year.

Notes to the Accounts (continued)

4. Risk and Capital Management (continued)

The sensitivity analysis demonstrates the effect of a change in a key variable while other assumptions remain unchanged. However, the occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

Sensitivity analysis to inflation risk

An analysis of the Syndicate's sensitivity to inflation risk is presented in the table below. The table below shows the potential impact on the Syndicate's loss reserves for an indefinite increase/(decrease) in inflation (e.g. the 100 basis point shows the impact if inflation remains 100 basis point higher than expected from now until all liabilities are run-off). Inflation is calculated as the inflation in the cost of settling claims.

Inflation risk	**Gross £000**	Net £000
100 basis point increase on loss reserves	**(13,079)**	(10,985)
100 basis point decrease on loss reserves	**13,079**	10,985

Inflation risk	**Gross £000**	Net £000
200 basis point increase on loss reserves	**(26,675)**	(22,412)
200 basis point decrease on loss reserves	**26,675**	22,412

100 and 200 basis points increase/(decrease) in inflation have been selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year.

The sensitivity analysis demonstrates the effect of a change in a key variable while other assumptions remain unchanged. However, the occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

Currency risk

The Syndicate primarily writes business in Sterling, Euros, and US Dollars and is therefore exposed to currency risk arising from fluctuations in the exchange rates of these currencies.

The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled in order to hedge the currency risk inherent in these contracts. Any surplus assets are held in US Dollars. The table below summarises the carrying value of the Syndicate's assets and liabilities, at the reporting date:

2023	**Sterling £000**	**Euro £000**	**US Dollar £000**	**Other £000**	**Total £000**
Financial investments	**128,821**	**51,400**	**471,351**	**54,274**	**705,846**
Reinsurers' share of technical provisions	**23,890**	**10,240**	**99,929**	**6,287**	**140,346**
Debtors	**16,714**	**2,238**	**128,242**	**2,747**	**149,941**
Cash and cash equivalents, Overseas deposits	**4,453**	**2,815**	**8,349**	**15,633**	**31,250**
Other assets	**13,153**	**10,017**	**41,118**	**1,651**	**65,939**
Total assets	**187,031**	**76,710**	**748,989**	**80,592**	**1,093,322**
Technical provisions	**(200,688)**	**(68,091)**	**(557,399)**	**(23,716)**	**(849,894)**
Insurance and reinsurance payables	**(2,214)**	**(4,044)**	**(36,085)**	**(2,039)**	**(44,382)**
Creditors	**209**	**(162)**	**(386)**	**-**	**(339)**
Total liabilities	**(202,693)**	**(72,297)**	**(593,870)**	**(25,755)**	**(894,615)**
Net assets	**(15,662)**	**4,413**	**155,119**	**54,837**	**198,707**

2022	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Financial investments	130,780	33,519	446,895	52,295	663,489
Reinsurers' share of technical provisions	21,356	6,475	138,395	8,451	174,677
Debtors	14,713	4,791	104,914	1,418	125,836
Cash and cash equivalents, Overseas deposits	4,881	3,999	14,880	17,125	40,885
Other assets	16,707	8,348	43,513	1,265	69,833
Total assets	188,437	57,132	748,597	80,554	1,074,720
Technical provisions	(180,282)	(62,239)	(604,743)	(25,537)	(872,801)
Insurance and reinsurance payables	(8,215)	(1,547)	(45,659)	(1,481)	(56,902)
Creditors	(1,751)	382	658	164	(547)
Total liabilities	(190,248)	(63,404)	(649,744)	(26,854)	(930,250)
Net assets	(1,811)	(6,272)	98,853	53,700	144,470

Notes to the Accounts (continued)

4. Risk and Capital Management (continued)

Capital Management

Capital Framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to supervision by the Prudential Regulatory 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 the Solvency II requirements, and beyond that to meet its own financial strength, license and ratings objectives.

Although Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only, not at syndicate level, accordingly, the capital requirement in respect of Syndicate 5000 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 is participating, but not other members' shares. Accordingly, the capital requirements 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 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 and 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'.

In the case of Syndicate 5000, the Funds at Lloyd's ("FAL") is wholly provided by Aprilgrange Limited and F&G UK Underwriters Limited, which are both wholly owned subsidiaries of The Travelers Companies, Inc.

5. Analysis of Underwriting Result

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

2023	**Gross premiums written £000**	**Gross premium earned £000**	**Gross claims incurred £000**	**Gross operating expenses £000**	**Reinsurance balance £000**	**Total £000**	**Net technical provisions £000**
Direct Insurance							
Accident & Health	**11,442**	**8,677**	**(1,144)**	**(4,607)**	**(1,528)**	**1,398**	**(3,614)**
Marine, Aviation & Transport	**84,828**	**84,643**	**(36,898)**	**(37,274)**	**(9,158)**	**1,313**	**(119,983)**
Fire & Other Damage to Property	**98,293**	**83,235**	**(43,340)**	**(27,226)**	**(4,034)**	**8,635**	**(147,727)**
Third Party Liability	**72,208**	**40,998**	**(18,363)**	**(16,181)**	**1,153**	**7,607**	**(41,204)**
Energy	**28,037**	**27,976**	**(12,196)**	**(12,320)**	**(3,027)**	**433**	**(39,657)**
Other	**4,156**	**3,627**	**(1,319)**	**(1,958)**	**(922)**	**(572)**	**(5,570)**
	298,964	**249,156**	**(113,260)**	**(99,566)**	**(17,516)**	**18,814**	**(357,755)**
Reinsurance	**134,406**	**158,650**	**(88,663)**	**(53,612)**	**(6,789)**	**9,586**	**(351,793)**
Total	**433,370**	**407,806**	**(201,923)**	**(153,178)**	**(24,305)**	**28,400**	**(709,548)**

2022	Gross premiums written £000	Gross premium earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000	Net technical provisions £000
Direct Insurance							
Accident & Health	11,570	7,819	(3,759)	(3,851)	(2,502)	(2,293)	(17,328)
Marine, Aviation & Transport	88,048	82,445	(47,509)	(32,900)	136	2,172	(118,626)
Fire & Other Damage to Property	91,990	79,033	(59,571)	(24,175)	(4,092)	(8,805)	(206,726)
Third Party Liability	62,663	40,322	(30,641)	(14,261)	11,920	7,340	(44,413)
Energy	27,027	25,307	(12,858)	(10,099)	(390)	1,961	(36,413)
Other	3,850	3,379	(1,616)	(1,655)	3,240	3,348	(6,545)
	285,148	238,305	(155,954)	(86,940)	8,312	3,723	(430,051)
Reinsurance	113,842	121,138	(71,135)	(46,814)	(5,140)	(1,951)	(268,073)
Total	398,990	359,443	(227,089)	(133,754)	3,172	1,772	(698,124)

Notes to the Accounts (continued)

6. Claims Outstanding

The surplus/(deficit) following the reassessment of claims outstanding, net of expected reinsurance recoveries, held at the end of the previous year are set out below:

	2023	2022
	£000	£000
Accident & health	5,852	70
Marine, aviation and transport	5,053	551
Fire and other damage to property	1,275	643
Third party liability	15,972	292
Energy	4,522	153
Professional Lines	(14,539)	(16)
Total direct	18,135	1,693
Reinsurance acceptances	(27)	(24)
	18,108	1,669

7. Net Operating Expenses

	2023	2022
	£000	£000
Acquisition costs - commissions	90,386	83,733
Change in deferred acquisition costs	(1,305)	(6,565)
Administrative expenses	50,569	42,867
	139,650	120,035

Included in acquisition costs are £71.7m (2022: £69.6m) in relation to commissions on direct business.

8. Administrative Expenses

Administrative expenses for the year ended 31 December include:

	2023	2022
Auditor's remuneration:	£000	£000
Fees payable to the Syndicate's auditor for the audit of these financial statements	228	213
Fees payable to the Syndicate's auditor and its associates in respect of other services	172	160
	400	373
Members' standard personal expenses	3,316	2,849

9. Key Management Personnel Compensation

The Directors of Travelers Syndicate Management Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses for the years ended 31 December:

	2023	2022
	£000	£000
Fees	104	100
Emoluments	684	643
	788	743

The Active Underwriter received remuneration during the year of £799,722 (2022: £714,348). These amounts were charged to the Syndicate.

10. Staff Numbers and Costs

The Syndicate and its Managing Agent have no employees, all staff are employed by Travelers Management Limited (TML). During the year the Syndicate did not directly incur staff costs (2022 : Nil).

The following salary and related costs were recharged to the Syndicate during the year:

	2023	2022
	£000	£000
Wages and salaries	29,130	25,894
Social security costs and pension costs	5,407	5,052
	34,537	30,947

11. Financial Investments

	2023	2022
Market Value	£000	£000
Debt and other fixed income securities	680,476	636,658
Loans with credit institutions	3,837	4,085
Deposits with credit institutions	-	-
Overseas deposits	21,533	22,746
	705,846	663,489

	2023	2022
Cost	£000	£000
Debt and other fixed income securities	701,388	679,272
Loans with credit institutions	4,555	4,555
Deposits with credit institutions	-	-
Overseas deposits	21,533	22,746
	727,476	706,573

Notes to the Accounts (continued)

11. Financial Investments (continued)

The Syndicate's estimates of fair value for investments are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Syndicate's significant market assumptions. The level in the fair value hierarchy within which the fair value measurement is reported is based on the lowest level input that is significant to the measurement of its entirety. The three levels of the hierarchy are 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 and therefore, prices are determined using a valuation technique.

The Syndicate utilized a pricing service to estimate the fair value of its investments at both 31 December 2023 and 31 December 2022.

The fair value of a financial instrument is the estimated amount at which the instrument could be exchanged in an orderly transaction between knowledgeable, unrelated, willing parties, i.e. not in a forced transaction. The estimated fair value of a financial instrument may differ from the amount that could be realised if the security was sold in an immediate sale, e.g. a forced transaction. Additionally, the valuation of investments is more subjective when markets are less liquid due to the lack of market based inputs, which may increase the potential that the estimated fair value of an investment is not reflective of the price at which an actual transaction would occur.

For investments that have quoted market prices in active markets, the Syndicate uses the unadjusted quoted market prices as fair value and includes these prices in the amounts disclosed in Level 1 of the hierarchy. The Syndicate receives the quoted market prices from third party, nationally recognized, pricing services. When quoted market prices are unavailable, the Syndicate utilises these pricing services to determine an estimate of fair value. The fair value estimates provided from these pricing services are included in the amount disclosed in Level 2 of the hierarchy. If quoted market prices and an estimate from a pricing service are unavailable, the Syndicate produces an estimate of fair value based on internally developed valuation techniques, which, depending on the level of observable market inputs, will render the fair value estimate as Level 2 or Level 3. The Syndicate bases all of its estimates of fair value for assets on the bid price as it represents what a third-party market participant would be willing to pay in an arm's length transaction.

The following table presents the level within the fair value hierarchy at which the Syndicate's investments are categorised as at 31 December:

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Debt securities and other fixed income securities	**34,190**	**646,286**	**-**	**680,476**
Loans and deposits with credit institutions	**-**	**-**	**3,837**	**3,837**
Overseas deposits as investments	**18,096**	**3,437**	**-**	**21,533**
Financial investments	**52,286**	**649,723**	**3,837**	**705,846**
Overseas deposits as other assets	**190**	**17,609**	**-**	**17,799**
	52,476	**667,332**	**3,837**	**723,645**

2022	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Debt securities and other fixed income securities	31,213	605,445	-	636,658
Loans and deposits with credit institutions	-	-	4,085	4,085
Overseas deposits as investments	17,840	4,906	-	22,746
Financial investments	49,053	610,351	4,085	663,489
Overseas deposits as other assets	508	17,799	-	18,307
	49,561	628,150	4,085	681,796

Notes to the Accounts (continued)

12. Debtors

	2023 £000	2022 £000
Due within one year	**108,599**	98,186
Due after one year	**-**	-
Arising out of direct insurance operations	**108,599**	98,186
Due within one year	**41,279**	27,569
Due after one year	**63**	82
Arising out of reinsurance operations	**41,342**	27,651
Other debtors	**3,925**	8,241
Total debtors	**153,866**	134,078

13. Deferred Acquisition Costs

The table below shows changes in deferred acquisition costs assets from the beginning of the period to the end of the period:

	2023 £000	2022 £000
Balance at 1 January	**57,225**	44,767
Incurred costs deferred	**90,385**	83,733
Amortisation	**(89,081)**	(77,168)
Effect of movement in exchange rates	**(2,198)**	5,893
Balance at 31 December	**56,331**	57,225

14. Claims Development

Claims development is shown in the tables below, both gross and net of reinsurance ceded, on an underwriting year basis. The Syndicate has taken advantage of the transitional arrangements incorporated in FRS103 and accordingly is presenting the data for the last ten underwriting years only. Balances have been translated at exchange rates prevailing at 31 December 2023.

Gross — Pure Underwriting Year - Estimate of ultimate claims (£m)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
At end of underwriting year	95.5	83.6	77.1	139.1	94.9	91.2	85.5	55.2	76.3	90.2	90.2
One year later	162.7	183.2	215.0	257.1	283.3	215.4	171.7	171.2	179.5	-	179.5
Two years later	178.8	201.6	240.3	309.2	297.0	231.6	193.4	194.7	-	-	194.7
Three years later	189.6	205.7	252.6	311.3	303.7	234.5	174.4	-	-	-	174.4
Four years later	198.2	208.3	248.9	312.8	315.0	251.5	-	-	-	-	251.5
Five years later	194.6	208.2	249.7	315.3	309.7	-	-	-	-	-	309.7
Six years later	194.4	209.1	252.4	309.6	-	-	-	-	-	-	309.6
Seven years later	194.3	211.2	259.6	-	-	-	-	-	-	-	259.6
Eight years later	191.4	220.2	-	-	-	-	-	-	-	-	220.2
Nine years later	179.4	-	-	-	-	-	-	-	-	-	179.4
	179.4	**220.2**	**259.6**	**309.6**	**309.7**	**251.5**	**174.4**	**194.7**	**179.5**	**90.2**	**2,168.6**
Cumulative payments	175.6	198.1	236.9	287.1	240.2	198.2	99.3	98.3	51.8	9.6	1,594.9
Estimated balance to pay	**3.8**	**22.2**	**22.7**	**22.5**	**69.5**	**53.3**	**75.1**	**96.4**	**127.7**	**80.6**	**573.7**
Provision in respect of prior years											**13.6**
Total gross provision included in the balance sheet											**587.3**

Net — Pure Underwriting Year - Estimate of ultimate claims (£m)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
At end of underwriting year	88.2	77.8	84.7	122.9	88.3	84.9	74.7	50.3	64.3	81.6	81.6
One year later	153.3	160.5	206.0	223.8	253.0	194.7	156.7	134.4	153.2	-	153.2
Two years later	154.0	179.7	234.3	273.2	262.8	196.3	165.4	147.4	-	-	147.4
Three years later	163.1	182.5	246.2	280.1	266.1	198.8	154.4	-	-	-	154.4
Four years later	165.1	194.0	238.9	280.1	268.9	203.2	-	-	-	-	203.2
Five years later	164.2	193.0	239.0	293.3	260.5	-	-	-	-	-	260.5
Six years later	164.2	192.7	244.0	288.1	-	-	-	-	-	-	288.1
Seven years later	162.8	196.1	241.1	-	-	-	-	-	-	-	241.1
Eight years later	160.5	205.2	-	-	-	-	-	-	-	-	205.2
Nine years later	158.8	-	-	-	-	-	-	-	-	-	158.8
	158.8	**205.2**	**241.1**	**288.1**	**260.5**	**203.2**	**154.4**	**147.4**	**153.2**	**81.6**	**1,893.5**
Cumulative payments	155.5	183.1	224.1	268.3	209.2	160.0	89.3	86.9	48.0	9.4	1,433.7
Estimated balance to pay	**3.4**	**22.1**	**17.0**	**19.8**	**51.3**	**43.2**	**65.1**	**60.5**	**105.2**	**72.3**	**459.8**
Provision in respect of prior years											**37.2**
Total net provision included in the balance sheet											**497.0**

Notes to the Accounts (continued)

15. Technical Provisions

The table below shows changes in the insurance contract liabilities and assets from the beginning of the period to the end of the period.

	2023 Gross provisions £000	2023 Reinsurance assets £000	2023 Net provisions £000	2022 Gross provisions £000	2022 Reinsurance assets £000	2022 Net provisions £000
Claims Outstanding						
Balance at 1 January	**625,990**	**(124,276)**	**501,714**	526,192	(83,367)	442,825
Change in claims outstanding	**(14,553)**	**28,557**	**14,004**	59,502	(32,424)	27,078
Effect of movements in exchange rates	**(24,132)**	**5,393**	**(18,739)**	40,296	(8,485)	31,811
Balance at 31 December	**587,305**	**(90,326)**	**496,979**	625,990	(124,276)	501,714
Claims notified	**272,544**	**(44,722)**	**227,822**	275,936	(60,324)	215,612
Claims incurred but not reported	**301,914**	**(45,604)**	**256,310**	336,057	(63,952)	272,105
Unallocated loss adjustment expenses	**12,847**	**-**	**12,847**	13,997	-	13,997
Unexpired risk provision	**-**	**-**	**-**	-	-	-
Balance at 31 December	**587,305**	**(90,326)**	**496,979**	625,990	(124,276)	501,714
Unearned Premiums						
Balance at 1 January	**246,811**	**(50,400)**	**196,411**	184,089	(30,037)	154,052
Change in unearned premiums	**25,564**	**(1,774)**	**23,790**	39,547	(16,504)	23,043
Effect of movements in exchange rates	**(9,786)**	**2,154**	**(7,632)**	23,175	(3,859)	19,316
Balance at 31 December	**262,589**	**(50,020)**	**212,569**	246,811	(50,400)	196,411

16. Cash and Cash Equivalents

	2023 £000	2022 £000
Total cash and cash equivalents	**13,451**	22,578

17. Foreign Exchange Rates

The following currency exchange rates have been used for principal foreign currency translations:

Rates ruling at 31 December:	2023	2022
US Dollar	**1.27**	1.21
Canadian Dollar	**1.69**	1.64
Euro	**1.15**	1.13

Average rates applied for calendar year:	2023	2022
US Dollar	**1.24**	1.24
Canadian Dollar	**1.68**	1.61
Euro	**1.15**	1.17

18. Investment Yield

The average Syndicate funds available for investment during the year, including cash and overseas deposits, and the investment return and yield for the calendar year, were as follows:

Average Syndicate funds available for investment during the year:

	2023 £000	2022 £000
Sterling	**159,600**	168,125
US Dollar	**471,006**	457,353
Canadian Dollar	**36,605**	34,532
Euro	**47,727**	34,349
Total funds available for investment	**714,938**	694,359

Analysis of investment return:

	2023 £000	2022 £000
Interest income and realised gains and losses	**14,401**	10,090
Unrealised investment losses	**20,664**	(45,692)
Total investment return profit/(loss)	**35,065**	(35,602)
Total annual investment yield	**4.9%**	-5.1%

Analysis of investment yield by currency:

	2023	2022
Sterling	**2.2%**	-5.0%
US Dollar	**2.4%**	-5.3%
Canadian Dollar	**0.9%**	-4.5%
Euro	**1.1%**	-11.2%

The above investment yields are calculated on total investment returns, including unrealised gains and losses, from all interest generating assets and include all income earned from investments, cash balances and overseas deposits.

Notes to the Accounts (continued)

19. Related Party Transactions

No guarantees were given to, or received from, related parties during the year (2022: £ Nil). No provision was held for uncollectible receivables from related parties at 31 December 2023 (2022: £ Nil) and no bad debt expense in relation to such balances recognised during the year (2022: £ Nil).

The Syndicate is related to Travelers Underwriting Agency Limited (TUAL) by virtue of common control. TUAL acts as a coverholder to Lloyd's underwriters. During the year TUAL placed inwards premium income with the Syndicate on normal commercial terms. Brokerage and commissions paid by the Syndicate to TUAL in the year amounted to £0.3m (2022: £0.2m).

The Syndicate is related to The Travelers Indemnity Company (TIC) by virtue of common control. Investment Management fees paid by the Syndicate to TIC in the year amounted to £0.5m (2022: £0.5m). Intercompany reinsurance premiums ceded to TIC in the year amounted to £9.6m (2022: £24.2m).

The Syndicate is also related to Travelers Casualty and Surety Company of America by virtue of common control. Intercompany reinsurance premiums ceded to Travelers Casualty and Surety Company of America amounted to £0.4m (2022: £0.9m).

The Syndicate is also related to Travelers Syndicate Management Limited (TSM) by virtue of common control. The agency fees charged to the Syndicate amounted to £0.2m (2022: £0.2m).

The Syndicate is also related to Travelers Management Limited (TML) by virtue of common control. The recharged expenses amounted to £53m (2022: £38.8m).

The following balance sheet amounts were outstanding at year end with related parties:

	2023 **£000**	2022 £000
Travelers Underwriting Agency Limited (TUAL)	**319**	-
The Travelers Indemnity Company (TIC)	**(7,709)**	(10,959)
Travelers Casualty and Surety Company of America	**(426)**	(218)
Travelers Syndicate Management Limited (TSM)	**-**	-
Travelers Management Limited (TML)	**86**	5,483

20. Contingent Liabilities

At 31 December 2023 the Syndicate had no contingent liabilities (2022: £ Nil).

21. Ultimate Controlling Party

The immediate and ultimate parent company of Travelers Syndicate Management Limited (TSM) is The Travelers Companies, Inc. (TRV), a company registered in the USA. Group accounts for TRV are available from the Company Secretary of TSM, at One Creechurch Place, Creechurch Lane, London, EC3A 5AF.

22. 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 Prudential Regulatory Authority requirements. The determination of 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.

23. Off-balance Sheet Items

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

24. Post Balance Sheet Event

There were no post balance sheet events.