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Annual Report and Financial Statements

Syndicate 2488

CHUBB®

31 December 2023

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Active Underwriter's Report

Introduction

I am pleased to report that 2023 was yet another successful year for Syndicate 2488 ("the syndicate"). We grew our top line 7% despite increasing levels of competition, through the strong execution of our underwriting strategies, service capabilities and distribution initiatives. Market conditions were relatively stable; rate increases slowed as the year progressed, turning negative in some areas, but strong rate adequacy across the portfolio allowed us to continue to grow our exposures, even as terms began to come off their historic highs. We reported a very healthy underwriting profit of £118.8 million with an associated combined ratio of 78.9%, and, aided by a bounce-back in investment performance, generated a profit for the year of £234.0 million.

Reflections on 2023

Insurance provides clients with the financial stability, through payment of claims and risk mitigation services, to expand their businesses, and the security to take the risks needed to facilitate change. Brokers and clients continue to recognise Chubb Underwriting Agencies Limited's ("CUAL") qualities, strong balance sheet, brand and reputation, and our delivery of superior service at all times.

This year we sharpened our focus on proactive distribution initiatives, increasing our engagement with established strategic partners and developing closer ties with others to generate increased submission flows, leading to significant growth. We opportunistically deployed additional US CAT capacity to drive growth in our Property book, and expanded our Marine portfolio through the launch of a Cargo consortium and a broadening of our other sub-class capabilities. We maintained underwriting discipline, cutting back new business targets in some of the more challenged areas of Financial Lines in order to protect our profitability margins. From an operations perspective we enhanced our operating model, re-allocating various tasks in the underwriting process to the appropriate support function, and improved our systems and processing capabilities through the roll-out of AdvantageGo Underwriter Workbench. These initiatives have helped free-up underwriter capacity, allowing them to increase focus on renewals and client service and target more new business.

2023 Financial Performance

Syndicate 2488 underwrote £694.2 million of gross written premium in the year, an increase of 7.0% on the £649.0 million reported at year end 2022 (or 5.7% at constant rates of exchange). Net written premiums for the year increased by 10.7%, rising to £595.3 million from £537.9 million the previous year.

Overall price adequacy in 2023 remained very strong. Rate increases continued to be seen across a range of business classes, with an average of circa 6% attained on the syndicate's renewal portfolio. Property prices increased across all classes, particularly on accounts with US CAT exposures, and more than compensated for the challenging conditions in the Financial Lines and Aviation markets. Marine Liability pricing also rose and offset small reductions in the Cargo book where the market looks to have peaked.

The syndicate reported underwriting profits of £118.8 million, almost £40 million higher than in 2022. The results benefited from prior period reserve releases of £32.7 million, predominantly in Marine and Financial Lines. Net catastrophe related losses, including those relating to Californian storms and wildfires in Canada and Maui, amounted to £28.0 million, well within with the syndicate's risk tolerances. Investments performed better this year than last, generating net investment income of £113.5 million and contributing to a profit for the year of £234.0 million.

Looking Ahead

Many economists are forecasting a slowdown in the world economy in 2024 reflecting headwinds related to the tightened monetary policies implemented to bring high levels of inflation under control, the cost-of-living crisis, disruption in energy and food markets as a consequence of the Russia / Ukraine war, and towards the end of the year, the outbreak of war in the Middle East. From an underwriting perspective, these economic conditions and elevated geopolitical uncertainty, together with the increased risk of significant natural catastrophe losses as a result of climate change, dampen the outlook for the insurance industry, however we believe that opportunities for growth remain strong.

Profitable growth remains our number one priority for next year. We will focus on retaining business in a plateauing market and work with our broker partners to increase the flow of in-appetite submissions to achieve our 2024 growth and profitability targets. We will remain agile, optimising our portfolio to weather any deterioration in market conditions and seeking out opportunistic plays in areas where conditions are favourable. We constantly review our product offerings to ensure we continue to deliver the best insurance solutions for our clients. We will also continue to embrace digitalisation and develop lower touch underwriting processes for simple risks, enhancing our processes and further integrating data and analytics into our workflows.

I am pleased to report that Syndicate 2488 has been rated "Outperforming" by Lloyd's, reflecting our performance, governance and effective business planning, and leading to the lowest level of regulatory oversight.

The Lloyd's Market is a unique place in which to operate and brings with it its own unique opportunities and challenges. Phase one of Lloyd's 'Blueprint Two' programme is scheduled to go-live in July 2024, marking a significant milestone in the creation of a digital marketplace as we transition to a resilient platform that is fit for the future and delivers solutions to make operating in the London market better, faster and cheaper for all participants and delivering enhanced service to our customers. As the global risk landscape continues to evolve, we must ensure that Lloyd's remains at the forefront of technology and innovation to retain its position as the world's leading insurance and reinsurance marketplace.

And finally…

Chubb has a very strong culture and is committed to superior underwriting, service and execution. We aim to attract and retain the best talent and strive to create a diverse and inclusive environment where all colleagues feel comfortable to perform to their full potential, regardless of their differences, and are recognised for their contributions. We hold ourselves to exacting standards and endeavour to deliver the best outcomes for our customers and business partners. We could not have achieved the excellent results we have reported this year without the hard work and dedication of CUAL's employees, and I would like to take the opportunity to thank all my colleagues across the organisation for their continued efforts.

Tim Wade, independent non-executive director of CUAL and chair of the Audit & Risk Committee, will step down from his position on 26 February 2024, after almost 10 years in the role. On behalf of the Board and myself, I would like to thank Tim for his unwavering support and guidance throughout the years and wish him well for the future. The Board have agreed to appoint Karen Briggs as Tim's successor, subject to regulatory approval, and I am delighted to be able to welcome her to Chubb.

I would also like to thank our broker partners, old and new, for their support. Our strong relationships have enabled us to align growth initiatives with specific underwriting strategies to build additional revenue and I look forward to increasing our engagement with the London Market broker community even further in the year ahead.

We are viewed as a leader in our chosen market segments, and we will continue to build on our reputation as one of the pre-eminent insurers in the Lloyd's Market. I believe that we are in an excellent position to deliver on our objectives and meet the targets we have set ourselves in 2024.

R Q Wilson

Chief Underwriting Officer and Active Underwriter, Chubb Underwriting Agencies Limited

27 February 2024

Managing Agent's Report

The Board of Directors ("the Board") of the syndicate's managing agent, CUAL are pleased to submit their report and the audited syndicate annual accounts for the year ended 31 December 2023.

This report and accounts are prepared using the annual basis of accounting as required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Lloyd's Regulations") as amended by The Statutory Auditors and Third Country Auditors Regulations 2017 (the "Regulations"). In addition to this statutory requirement, the report also addresses other aspects of the syndicate's business which the Board believes will be of benefit to interested parties.

Ownership

Chubb Limited, the ultimate parent of CUAL, is the Swiss-incorporated holding company of the Chubb Group of Companies. Chubb Limited and its direct and indirect subsidiaries, collectively the Chubb Group of Companies ("Chubb") are a global insurance and reinsurance organisation. At 31 December 2023, Chubb Limited held total assets of $228.9 billion and shareholders' equity of $63.7 billion. It is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. Chubb maintains executive offices in Zurich, New York, London, Paris and other locations, and employs approximately 40,000 people worldwide.

Business Overview

Chubb is a world leader in insurance. With operations in 54 countries and territories, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients.

Chubb is defined by its extensive product and service offerings, broad distribution capabilities, direct-to-consumer platform partnerships, exceptional financial strength and local operations globally. It serves multinational corporations, mid-size companies and small businesses with property and casualty insurance and risk engineering services; affluent individuals with substantial assets to protect; individuals purchasing life, personal accident, supplemental health, homeowners, automobile and specialty personal insurance coverage; companies and affinity groups providing or offering accident and health insurance programs and life insurance to their employees or members; and insurers managing exposures with reinsurance coverage.

Chubb assesses, assumes and manages risk with insight and discipline. It services and pays claims fairly and promptly and offers an array of services designed to help clients minimise the chances of a loss and make sure they are prepared and protected. Chubb aims to create sustainability for clients and shareholders by focusing on disciplined risk selection, pricing, and terms and conditions that appropriately reflect the transfer of risk.

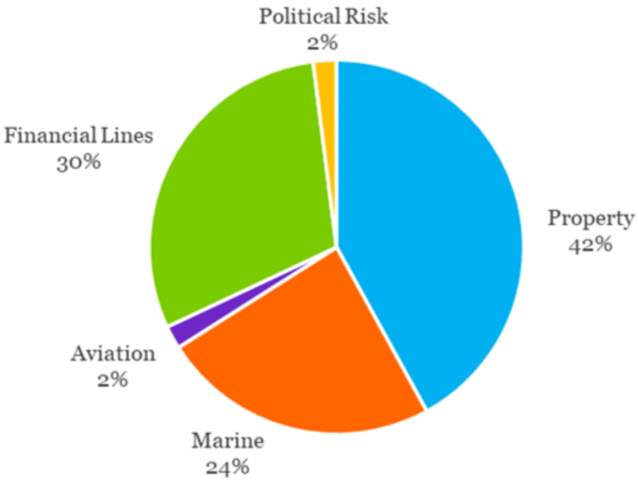
Chubb's core operating insurance companies maintain financial strength ratings of "AA" from Standard & Poor's and "A++" from A.M. Best.

Syndicate 2488 is a strategically important business within Chubb, allowing the group to access specialist Lloyd's and London market risks. The syndicate offers its clients a broad range of insurance and risk solutions, with policies primarily written under the name "Chubb Global Markets" ("CGM") which capitalises on the distinctiveness and strength of the Chubb brand and acknowledges the group's strong insurance platforms, reputation, skill sets and consistent management philosophy.

The structure of the syndicate's operations allows the underwriters formal and informal interaction with their Chubb underwriting peers across the world. With longstanding client relationships and multi-line global platforms, Syndicate 2488 enjoys a position as a lead insurer in the key lines in which it chooses to compete, with a significant presence in the Lloyd's market.

CGM's underwriting products are offered principally through Syndicate 2488 and Chubb European Group SE ("CEG"), a French domiciled company which offers a wide range of property, casualty and accident and health insurance and reinsurance products to both retail and wholesale markets. Business may also be written through a number of overseas Chubb companies. Factors influencing the decision to place business with the syndicate, CEG or an overseas company include licensing eligibilities and capitalisation requirements, but predominantly reflect client and broker preference.

Syndicate 2488 underwrites a diverse portfolio of business organised into product lines including aviation, property, marine, political risk and financial lines. The 2023 split of gross written premiums by major product line is illustrated overleaf:



* Other includes energy, environmental liability, terrorism and other non-core lines

Syndicate 2488 benefits from comprehensive and fully integrated support functions encompassing claims, finance and actuarial, risk management, legal and compliance, human resources, operations and IT. Some of the support functions are outsourced to specialist third party service providers and some of their services are performed outside of the UK.

Business Objectives & Strategy

Syndicate 2488 has market-leading risk expertise, a disciplined approach to underwriting and is fully committed to meeting the insurance needs of its clients. It is distinguished by its ability to manage the challenging and constantly changing external environment, the clarity of its strategy and the thoroughness of its execution.

The syndicate's strategy focuses on an established underwriting ethos that permeates the business. Whilst they strive for top line year on year growth, underwriters are fully prepared to shed volume as necessary in order to maintain an underwriting profit. Using CUAL's underwriting skills and targeted marketing strategies, the syndicate aims to generate growth in areas where risk-adjusted underwriting margins are favourable and achieve better terms or shrink business where they are not.

The syndicate's product line segmental structure enables underwriters to manage each business class at a detailed level, essential for the identification and analysis of the characteristics, challenges and opportunities of each class. Rating adequacy, competition, volatility and margins are analysed at a micro level by the underwriting teams with significant input from CUAL's actuaries and management team.

The syndicate strives to offer superior service levels in all aspects of its operations, particularly claims, and it continues to invest in technology to improve its operational efficiency, underwriter support and broker interfaces.

The syndicate and CUAL are committed to protecting and preserving its assets. It operates a conservative investment strategy and has maintained its focus on cash flow management and liquidity to secure its long-term position in the Lloyd's insurance market.

Investment Strategy

Syndicate 2488 operates a conservative investment strategy by establishing highly liquid, diversified, high quality portfolios managed by expert external managers. Detailed investment guidelines are established for each managed portfolio including Chubb customised benchmarks against which manager performance is measured.

Syndicate 2488 maintains seven active investment grade fixed income portfolios, held in US dollars, sterling, Canadian dollars and euro. The syndicate also maintains a US dollar investment grade portfolio, a US dollar high yield portfolio, a private equity fund and an investment grade collateralised loan obligations portfolio in respect of the Funds in Syndicate.

The approximate currency split of the syndicate investment portfolios, including Funds in Syndicate and deposits managed centrally by Lloyd's, is US dollars 75%, Canadian dollars 10%, Sterling 4%, Euros 8%, and Other currencies 3%. During the year the syndicate continued to maintain diversified actively managed portfolios with exposure to a broad range of sectors. No changes to the asset allocation policy were implemented during 2023.

Presentation of Financial Statements

The basis of preparation of Syndicate 2488's annual financial statements is in accordance with the 2008 Lloyd's Regulations, as amended by The Statutory Auditors and Third Country Auditors Regulations 2017, and applicable accounting standards in the United Kingdom. These financial statements recognise a calendar year profit or loss, driven by net earned premium and net incurred losses arising on that net earned premium.

Managing agents are required to prepare syndicate underwriting accounts, similar to those previously prepared on a three-year underwriting basis in respect of any year of account which is being closed by reinsurance to close, unless all the members on the closing year agree otherwise. Syndicate 2488 is a fully aligned syndicate, with 100% of the underwriting capital provided by one corporate capital vehicle, Chubb Capital 1 Limited. Chubb Capital 1 Limited has agreed to waive its right to receive syndicate underwriting accounts in respect of Syndicate 2488's closed 2021 year of account and, as such, no information on this basis has been provided within this report and annual accounts.

Key Performance Indicators

The following financial key performance indicators ("KPIs") have been deemed relevant to the syndicate business. These KPIs are reviewed regularly by the CUAL Board.

£ million	**2023**	**2022**
Gross premiums written	694.2	649.0
Net premiums written	595.3	537.9
Combined ratio % *	78.9%	84.6%
Profit / (loss) for financial year	234.0	(10.6)

** Ratio of net claims incurred, commission and expenses to net premiums earned, excluding profit / (loss) on exchange*

Management also uses a variety of other performance indicators, including production volumes, retention ratios, price monitoring, loss and expense analyses, and operating metrics in assessing the performance of each of the product lines. All financial results are monitored against plan, forecast and prior year on a regular basis.

CUAL seeks to manage syndicate capacity levels in order to make the most effective use of available capital. The 2024 capacity of Syndicate 2488 has been set at £630.0 million (2023: £630.0 million).

Results & Performance

Syndicate 2488's business is principally conducted in US dollars however, for accounting purposes, the financial results are presented in sterling. Syndicate 2488's functional currency is US dollars. Fluctuations in exchange rates during the year can therefore impact the comparability of the income statement and balance sheet for the current year with the prior year.

Syndicate 2488 produced a profit for the 2023 financial year of £234.0 million and a combined ratio of 78.9%. A summary of the reported financial results is shown below.

£ million	**2023**	**2022**
Gross premiums written	694.2	649.0
Net premiums written	595.3	537.9
Net premiums earned	564.0	520.7
Incurred losses	(258.1)	(260.4)
Operating expenses	(187.1)	(180.1)
Underwriting profit	**118.8**	**80.2**
Profit / (loss) on exchange	1.7	(1.2)
Investment return	113.5	(89.6)
Profit /(loss) for financial year	**234.0**	**(10.6)**
Combined ratio %	78.9%	84.6%

Rating Environment

Largely as a result of overcapacity in the market, wholesale insurance pricing became increasingly competitive as the year progressed, although rate adequacy remained good in most areas. The overall rate movement on 2488's renewal portfolio was 5.6% with double digit increases in Property driven by a hard US CAT market partly offset by small reductions in Aviation, with Financial Lines and Marine renewals effectively flat.

Drivers of Underwriting Result

Syndicate 2488 recorded an underwriting profit for 2023 of £118.8 million (2022: £80.2 million) and associated combined ratio of 78.9% (2022: 84.6%). The underwriting profit benefited from a prior period reserve release of £32.7 million (2022: £24.3 million). The combined ratio excluding the prior period reserve releases was 79.8% (2022: 83.6%), 5.0 points (2022: 5.7 points) of which related to catastrophe losses. Syndicate 2488's exposure to large losses is managed by adherence to clear risk management and underwriting guidelines, and the use of reinsurance protection and sophisticated modelling and analysis, with reported losses well within risk tolerances.

The syndicate's loss ratio excluding prior period reserve movements and catastrophe losses was 46.6% (2022: 49.0%) demonstrating the strength of the underlying portfolio. The loss ratios for the current and prior years are both reported after allowing for the impact of higher rates of inflation in the countries and economic sectors in which the syndicate trades.

Gross written premiums of £694.2 million in 2023 were 7.0% higher than the prior year, or 5.7% if the impact of changes in foreign exchange rates are eliminated. Underlying growth was driven by rate, increased exposure and new business, primarily in Property and Marine.

The syndicate purchases reinsurance to mitigate the impact of major events and an undue frequency of smaller losses and seeks to limit its loss exposures by purchasing reinsurance up to its maximum line sizes and accumulations. The principal reinsurance programmes operated by the syndicate during the year were partly shared with other Chubb companies including CEG. There were no major changes to the syndicate's reinsurance purchasing strategy in 2023.

Operating expenses constitute acquisition costs, Lloyd's subscriptions, Central Fund contributions and general administrative expenses. CUAL continues to focus on the management of each of these components in line with the growth and needs of the business.

Investment Performance

Investment grade fixed income returns were positive in 2023 as both sovereign and corporate yields decreased. Returns for alternative asset classes held by Syndicate 2488 including high yield bonds and private loans also produced positive returns for the full year as a result of the prevailing market conditions.

Overall Syndicate 2488 generated a total return of 6.7% in 2023 (2022: -6.4%) on balances available for investment. For investment grade portfolios, total returns of 7.8%, 7.4% and 5.8% were generated for Sterling, Euro and Canadian dollar portfolios respectively (2022: -9.2%, -13.2%, -6.6%). The US dollar investment grade portfolios which comprise over 81% of the investment grade bonds generated a total return of 6% in the year (2022: -7.3%).

Syndicate 2488's alternative investment assets, constituting around 18% of the total portfolio, are comprised of US dollar upper tier high yield bonds (12%) along with the Oak Hill Advisors private equity fund (6%). The high yield portfolio generated a return of 12.1% and the Oak Hill Advisors fund 10.5% for the year.

Cash Flow

Total syndicate cash flow derived from operating activities in the year was positive. The syndicate made a profit on the 2020 closing year of account which was retained as Funds in Syndicate to support capital.

Capital

A syndicate's capital requirements are determined through the submission and agreement by Lloyd's of a Solvency Capital Requirement ("SCR") adjusted by Lloyd's through the application of a market wide uplift of 35%. The uplifted SCR is referred to as the Lloyd's Economic Capital Assessment ("ECA").

The Prudential Regulation Authority ("PRA") conducts reviews directly with Lloyd's on the overall SCR for the Lloyd's Market rather than at a syndicate level. Under the governance processes surrounding the Lloyd's internal model, the syndicate is obligated to ensure compliance with Lloyd's requirements for the internal model tests and standards, and processes are in place to meet these obligations.

In order to determine the SCR, the syndicate assesses its risk profile and capital requirements using an internal model which has been developed to meet Solvency II requirements. The internal model is supported by a robust validation and governance framework which ensures its ongoing appropriateness and is refined to reflect the syndicate's experience, changes in the risk profile and advances in modelling methodologies. For 2024, the SCR shows an increase compared with the 2023 requirement of approximately 11%. The increase is mainly attributable to planned business growth and an expected reduction in reinsurance protection.

A Quarterly Corridor Test ("QCT") is undertaken each quarter to establish whether the syndicate's capital remains within Lloyd's corridor of 90% to 110% of the ECA. The syndicate maintained capital either within or above the corridor throughout 2023.

Syndicate 2488 meets its Funds at Lloyd's ("FAL") requirement by the provision of investments held within the syndicate which are designated as Funds in Syndicate. The overall quantum of FAL for 2023 year end was £716.5 million (2022: £639.4 million).

Ratings

All active syndicates benefit from the financial strength ratings assigned to the Lloyd's market by various rating agencies. Lloyd's currently holds financial strength ratings of "A (Excellent)" from A.M. Best, "AA- (Very Strong)" from Standard & Poor's, "AA- (Very Strong)" from Fitch and "AA- (Very Strong)" from Kroll Bond Rating Agency. In view of these robust ratings, together with Chubb's core operating insurance companies' ratings of "A++" and "AA" from A.M. Best and Standard & Poor's respectively, it has not been considered necessary to obtain an individual rating for the syndicate.

Governance

CUAL has a documented corporate governance framework, the purpose of which is to exercise oversight and control over the management of its own and the syndicate's business.

The Board of Directors ("the Board") has reserved responsibility for decisions in connection with a number of matters, including those of a significant strategic, structural, capital, financial reporting, internal control, risk (including sustainability risk), contractual, policy or compliance nature.

The Board meets at least four times a year and additionally on other occasions to discharge its responsibilities in respect of these and other matters. In 2023 the Board met eight times.

Membership of the Board is kept under review to ensure that the composition and available expertise remains relevant to the current needs of the syndicate. As at the date of this report the Board comprises two independent non-executive directors, two non-executive regional Chubb representatives and three executive directors. In November 2023 regulatory approval was received for the appointment of Sian Kate Richards as a non-executive regional Chubb representative. CUAL greatly values the contribution of its non-executive directors in providing contrasting insights, experience and challenge in the Board's discussions and the insights of the regional Chubb representatives into the wider Chubb Group. Details of the directors, including appointments and resignations can be found on page 15.

In addition to the changes to the Board, key non-routine Board activity during the year included: i) CUAL's adherence with the Operational Resilience and Consumer Duty requirements and ii) the regulatory focus on oversight of third parties and the ways in which the company would meet its requirements. The Board updated its critical and important outsourced arrangements and made changes to the Risk Management Framework to include sustainability factors. In addition, the Board conducted deep dives into Cyber Information Security and the Cyber Products offered by Chubb. It also had refresher training on Solvency II and the Internal Model.

The Board received regular reports on the status of business results, business and function plans, resourcing, developments in the risk and regulatory environments, regulatory compliance, underwriting controls, actuarial and solvency matters. The Board reviewed and updated its responses to the Lloyd's Principles of Doing Business, with a focus on diversity, equity and inclusion matters. It approved the 2024 Syndicate Business Forecast and the annual whistleblowing report. One meeting each year is dedicated to the syndicate's business strategy. An annual effectiveness review was carried out and no material issues were identified.

The Board has delegated a number of matters to committees. Each of the following committees has formal terms of reference and matters reserved to it and report regularly to the Board.

The Audit & Risk Committee, which is comprised exclusively of non-executive directors, considered and made recommendations to the Board on areas including the validation of solvency calculations, reserving, internal controls, financial reporting, actuarial matters, resilience and the external audit. In addition, it oversaw and advised the Board on emerging risk exposures including geopolitical risk and the management of resourcing pressures which improved throughout the year. It reviewed updates to the risk management framework, solvency and capital matters. It also ensured that business risks and controls were recorded and monitored.

This Committee received reports from the compliance, conduct, actuarial, finance and resilience functions on a quarterly basis. Other regular reporting included updates on the syndicate's "Own Risk and Solvency Assessment" metrics, which helps to provide an independent overview of management's assessment of risk, including performance against Board approved risk appetites. It also reviewed the Company's compliance with the Lloyd's Principles of Doing Business and the completion of various CUAL Lloyd's returns and other regulatory requirements. The Underwriting Risk Committee reports on a quarterly basis to the Audit & Risk Committee, with a focus on underwriting strategy.

In relation to the external audit process, the Audit & Risk Committee monitored the nature and scope of work in the audit of the financial statements and other external reporting requirements. It received regular reports from the External Auditor and the independent non-executive directors met regularly with the External Auditor without management being present.

In the case of the internal audit function, this Committee's role involved agreeing and monitoring, in conjunction with the group audit function, the nature and scope of work to be carried out by the internal audit team and the availability of sufficient resources. It received regular reports from the Internal Auditor and the independent non-executive directors met regularly with the Head of Internal Audit without management being present. In addition, the independent non-executive directors met with the Chief Risk Officer without management being present.

The Audit & Risk Committee's role was aimed at providing assurance to the Board that the internal control systems, agreed by executive management, were appropriate for the prudent management of the business during the year and were operating as designed. At all times the Committee members were expected to challenge any aspect of these processes which it considered weak or generally poor practice.

During 2023 the Committee reviewed the control environment, including the impact of implementation of a number of new systems during the year and how this was being addressed by Chubb and CUAL's adherence with the Operational Resilience and Consumer Duty requirements. Other areas of focus were the pressures on rate due to areas of market softening and increased competition.

The CUAL Management Committee comprises executive directors and other members of the senior management team. The primary role of the Management Committee is to oversee the day-to-day management of business operations and performance, and to assist the Chief Executive Officer in implementing and overseeing operational strategies and decisions determined by the Board. The CUAL Management Committee oversees the support function activities, key steering groups and supporting committees which form part of the company's governance.

The supporting committees reporting into the Management Committee include the: delegated authority review; finance, capital & credit; reserve; investment; internal model steering; operational resilience steering and IT steering committees. During 2023 the cyber security governance committee was established and also reported into the Management Committee, which received reporting from the business lines and function and from the supporting committees.

CUAL has a Routine Board Committee. It meets on an ad hoc basis between formal Board meetings to consider authorisation of routine activity and its activities are reported at the subsequent quarterly Board meeting.

Risk & Control Framework

The Chubb Group is a global underwriting franchise whose risk management obligation to stakeholders is simple: ensure sufficient financial strength over the long term in order to pay policyholder claims while simultaneously building and sustaining shareholder value.

The Chubb Enterprise Risk Management ("ERM") strategy helps achieve the goal of building shareholder value by systematically identifying, and then monitoring and managing, the various risks to the achievement of corporate business objectives and thereby minimising potential disruptions that could otherwise diminish shareholder value or balance sheet strength.

CUAL has adopted the Chubb Group Enterprise Risk Management Framework ("RMF"), which describes the role of ERM within CUAL and how it helps the syndicate achieve its business objectives, meet its corporate obligations and maintain the reputation of the Chubb franchise. Chubb's documented RMF is principles-based and sets out the organisational framework for risk taking, risk management, monitoring and governance.

The RMF adopts a "three lines of defence" model, comprising day-to-day risk management and controls, risk management oversight, and independent assurance.

The RMF identifies the key risks to which each business segment and the syndicate as a whole is exposed, and their resultant impact on economic and regulatory capital. This framework employs Solvency II principles to assess risk and manage capital requirements to ensure the capital required to support CUAL's business objectives and to meet the requirements of policyholders and regulators.

The Board is ultimately responsible for ensuring that the syndicate operates within an established framework of effective systems of internal control, including the approval of the overall risk tolerance for the organisation and compliance with policies, procedures, internal controls and regulatory requirements.

The Board's oversight of the RMF is exercised through the various committees and functions with particular purposes and direction around the monitoring of risk tolerances and oversight of internal controls and compliance procedures. The risk management function has a strong mandate from the Board to promote the RMF and embed it across the syndicate.

The RMF was re-approved by the Board in 2023 together with a review of individual risk policies and risk appetite statements which set out defined risk-tolerance constraints for the execution of the business strategy. All key policies and procedures are subject to Board approval and ongoing review by executive management, the risk management function and internal audit function.

Disclosures regarding risks and capital management are provided in note 3 to the financial statements. CUAL employs and monitors risk guidelines to ensure acceptable risk accumulations in the syndicate.

Compliance

Compliance with regulation, legal and ethical standards is a high priority for Chubb and CUAL, and the compliance function has an important oversight role in this regard. Annual affirmation of the Chubb Code of Conduct is required of all employees and directors.

As a material subsidiary of Chubb Limited, a US listed company, the financial control environment in which the financial statements are derived is subject to the requirements of US Sarbanes-Oxley legislation. CUAL has formalised documentation and tested controls to enable Chubb Limited to fulfil the requirements of the legislation.

CUAL is also committed to fulfilling its other compliance-related duties, including its observance of customer-focused policies in line with regulatory principles, and it uses various metrics to assess its performance.

The managing agency utilises a skilled and specialist workforce employed by Chubb Services UK Limited and Chubb European Group SE, to manage its regulatory and compliance responsibilities and aims to operate to a high standard. CUAL recognises and values its relationships with regulators in each of its jurisdictions and engages in open dialogue and communication to address and resolve any issues.

Social, Environmental and Employee Matters

Chubb is a diverse team, serving diverse customers, markets, and distribution channels, and is united in its commitment to the highest ethical standards through the prism of culture, values and beliefs.

Chubb's culture is the heart of 'The Chubb Way' which defines who we are, the behaviours we expect, and what we recognise and reward. Chubb's Code of Conduct guides employee conduct and business activities and provides clear expectations of how colleagues, customers and business partners are treated.

Diversity, inclusion, and equity are integral to Chubb's culture. Chubb is powered by people – a talented and dedicated team with diverse skills, backgrounds, and experiences. CUAL is committed to ensuring it has an inclusive working environment where all employees are treated with dignity, fairness, and respect, regardless of their differences; individual contributions and perspectives are listened to and valued; and every individual can thrive, knowing that they are respected and protected from harassment, bullying and other non-inclusive behaviours.

CUAL strives to ensure that every applicant, candidate and employee feels welcomed and valued and has access to the resources they need to succeed. Chubb continues to invest in providing the critical experiences, resources, tools and opportunities for employees. As a global company, Chubb's geographical, product and distribution diversification provides unprecedented opportunities for those who want to take advantage of a multitude of career path options. This long-standing commitment to ensuring all employees have the opportunity to evolve professionally and reach their full potential significantly contributes to Chubb's ability to deliver outstanding business results.

The Chubb Code of Conduct

The Chubb Code of Conduct addresses, among other things, conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of company assets, compliance with laws and regulations and reporting illegal or unethical behaviour. All employees, officers and directors of CUAL are expected to acknowledge acceptance of this code, confirming that they know and understand the standards expected. CUAL expects its business partners such as consultants, agents, third party representatives and service providers to also comply with the code. Appropriate measures may be taken if anyone fails to meet those standards or contractual obligations.

Diversity, Equity & Inclusion ("DE&I")

CUAL's DE&I approach is based on three key principles:

1. Inclusion: creating a working culture and environment where we value the whole person and the experiences they bring to work and where everyone can achieve their full potential. Our aim is to be an organisation where people feel valued, involved, respected, supported and connected to the success of the business.
2. Equity: promoting equity by removing barriers, eliminating discrimination and ensuring fair opportunity and access for all.
3. Diversity: accepting each person as an individual, respecting and appreciating differences and the value that these bring to the workplace every day.

All Chubb employees are expected to contribute to a more diverse and inclusive working environment by role modelling inclusive actions and behaviours and voicing any concerns in a timely manner to ensure Chubb is a welcoming place to work for everyone. Additional manager responsibilities include setting the tone by role modelling inclusive leadership and prioritising building their knowledge and understanding of diversity, equity and inclusion so that they can best support their team.

Talent Strategy

Chubb's ability to deliver outstanding business results relies on the calibre of its talent and the efforts of its employees at all levels of the organisation. CUAL aims to maintain a mid- and long-term talent pipeline to ensure the right quality and quantity of diverse talent is available for the company to deliver its key business objectives.

Chubb has a talent strategy that actively supports the personal and professional development of all its people. The company strives to attract, retain and develop employees to meet their career aspirations and has a robust DE&I strategy to ensure that all available talent is accessed and given equal opportunity.

A core element of Chubb's employee value proposition is the opportunity to constantly evolve as a professional and reach one's full potential. CUAL endeavours to identify talent on a regular basis and provide high quality development programmes that build the necessary leadership qualities for now and the future. Formal succession plans are in place at the senior level with more informal plans in place at lower management grades. CUAL internally sources talent to fill open positions where appropriate.

CUAL expects all employees to own and drive their development by availing themselves of the structured and unstructured learning on offer. In turn, it will help those employees who are motivated to develop and grow by providing the critical experiences, resources, tools and opportunities to succeed in their career. CUAL supports employees with job-related professional qualifications and external development opportunities where appropriate. It also provides regulatory and technical e-learning to new starters and existing employees.

Environmental Matters

Chubb recognises and is responding to the reality of climate change across its business. It provides clients with insurance and reinsurance protection from the impact of natural catastrophes, including weather events that are more frequent and severe, and helps manage environmental risk for customers through innovative products and risk engineering solutions. It supports environmental resiliency projects that help protect biodiversity and also aims to reduce the environmental footprint of its own operations.

Chubb has published its Climate Change Policy which summarises the company's approach to support the transition to a net-zero economy and its climate related actions and commitments, including specific fossil fuel commitments. It also produces an annual Climate Related Financial Disclosure which utilises the Task Force on Climate-Related Financial Disclosures ("TCFD") reporting framework and outlines the scope of the company's environmental program and initiatives. Both documents are available on Chubb's website.

Chubb believes the most effective use of its resources to support society's transition to net-zero is to provide clients with the risk transfer capacity necessary to facilitate their transition efforts. Chubb's climate strategy is underwriting-focused and consists of three main pillars:

1. Applying underwriting and engineering expertise to support the technologies that will promote the transition to the net-zero economy.
2. Promoting climate resilience through engineering and new service offerings.
3. Applying a science-based underwriting approach to develop technical underwriting criteria that encourage the adoption of controls and best practices in high-emitting industries.

Chubb recognises its responsibility to encourage the transition to a net–zero carbon economy and supports the global goal of net–zero carbon emissions by 2050. Chubb has taken significant actions to address climate change through a holistic effort across its business, including limitations on underwriting and investing in certain fossil fuel activities. Chubb's support for the transition to a net–zero economy by 2050 includes specific commitments regarding certain fossil fuels:

- Coal Fired Electric Generating Plants: Chubb no longer underwrites risks for the construction and operation of new coal–fired electric generating plants. Exceptions to this policy were considered (i) in regions that do not have practical near–term alternative energy sources, and (ii) taking into account the insured's commitments to reduce coal dependence.
- Mining: Chubb will not underwrite new risks for companies that generate more than 30% of revenues from thermal coal mining. Chubb is phasing out coverage of existing risks that exceed this threshold.
- Utilities and Power Generation Companies: Chubb will not underwrite new risks for companies involved in power generation that generate more than 30% of their energy production from coal. Chubb will phase out coverage of existing risks that exceed this threshold beginning in 2022, taking into account the viability of alternative energy sources in the impacted region.
- Investments: Chubb will not make new debt or equity investments in companies that generate more than 30% of revenues from thermal coal mining or that generate more than 30% of energy production from coal.
- Oil Sands: Chubb will not underwrite risks for projects involving direct mining or in–situ extraction and processing of bitumen from oil sands.

In accordance with guidelines issued by Lloyd's, the portfolio is also prohibited from new purchases in securities issued by companies that generate over 30% of revenues from:

- Thermal coal extraction or power generation
- Tar (oil) sands
- Arctic energy extraction

Additionally, by the end of 2025, all existing investments in companies that derive 30% or more of revenues from these same industries must be divested.

Citizenship & Charitable Giving

The Chubb Charitable Foundation believes that meaningful contributions that support communities globally provide lasting benefits to society, to Chubb and to Chubb employees. Chubb supports a wide range of activities that benefit the community through the global Chubb Foundation, predominantly in the areas of education, poverty eradication, health and the environment.

'Charity at Chubb' is Chubb's European charity committee with a remit to make the best, most relevant charitable impact aligned to Chubb's wider corporate & social responsibility and diversity, equity & inclusion strategies. Employees also participate in a number of local voluntary community schemes and personal fundraising efforts which the company supports through a charitable contribution scheme.

Charity at Chubb continues to focus on championing and encouraging activities under the pillars of: Community & Employee Engagement; Social Mobility; Wellbeing & Disability Confidence; and Education & Youth. CUAL employees participated in a wide range of charitable activities during the year including Chubb's "Week of Giving", an initiative encouraging colleagues to volunteer their time to support their local communities.

Guarding against Financial Crime

Chubb recognises the importance of the effective management of financial crime risk in terms of its obligations to its customers, the expectations of its regulators and long-term financial stability. The management of financial crime risk is fully integrated into Chubb's wider Risk Management Framework. The Financial Crime Framework is comprised of Board policies and procedures and sets out the company's approach to the management of financial crime risk and is underpinned by the Chubb Code of Conduct.

The Financial Crime Framework sets out Chubb's approach to managing financial crime risk, including the governance procedures in place, how financial crime risk is assessed, the control framework in place, and oversight procedures.

All business lines are required to implement appropriate risk-based procedures and controls at each stage of the insurance transaction to mitigate financial crime risk exposure and to ensure compliance with the agreed standards.

Detailed and regular financial crime reports are provided that enable Senior Management, the Audit & Risk Committee and the Board to understand the financial crime risks to which CUAL is exposed. This enables CUAL to manage financial crime risk in accordance with Chubb's risk appetite, and to ensure that controls operate effectively.

Financial crime training including sanctions restrictions, anti-bribery and anti-money laundering is provided for all new starters and risk-based training, tailored to specific roles is provided regularly thereafter. Training material is reviewed periodically to ensure consistency and effectiveness and is updated when required to ensure that it is relevant and up to date.

Human Rights

Chubb conducts its business in a manner that respects the human rights and dignity of all and supports international efforts to promote and protect human rights. Chubb does not tolerate abuse of human rights in a Chubb workplace or in the course of its business. Chubb aims to comply with legal and regulatory requirements everywhere it conducts business and to embed the values in the Chubb Code of Conduct in its activities which affirms its commitment to compliance with equal employment opportunity laws and other applicable civil rights, human rights and labour laws.

Chubb policies, frameworks and actions, which aim to prevent modern slavery and human trafficking in its business and supply lines include:

- Attestation to the Chubb Code of Conduct;
- Undertaking employment verification checks as part of the hiring process where allowed by local legislation;
- Requiring agencies who supply workers to carry out employment verification checks, wherever staff are located and where allowed by local legislation;
- Procurement agreements require third party suppliers to comply with applicable laws and regulations and permit Chubb to terminate relationships where they fail to do so;
- Subjecting key business transactions to both on boarding and periodic regulatory screening;
- Providing training and support for all staff on how and where they can raise concerns about wrongdoing and assurances that they will not suffer reprisals for doing so; and
- Taking appropriate action where potential issues are identified.

Chubb has policies, procedures and training materials to make its commitment to anti-slavery and human trafficking explicit to customers, employees, suppliers and business partners. Furthermore, Chubb's General Data Protection Regulations communications make reference to the continued expectation that third-party vendors must abide by modern slavery and human trafficking legislation.

Chubb's Modern Slavery and Human Trafficking Transparency statement has been published on the Chubb website.

Directors

The following have been directors of the managing agent from 1 January 2023 to the date of this report unless otherwise indicated:

Executive directors:

D M A Furby	Chief Executive Officer
C P J O'Brien	
R Q Wilson	Chief Underwriting Officer

Non-executive directors:

M A Connole	
S K Richards	Appointed 30 November 2023
J A Turner	Chairman and Independent Non-Executive Director
T C Wade	Resigned 26 February 2024, Independent Non-Executive Director and Chairman of the Audit & Risk Committee

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) are in place for the benefit of the directors and, at the date of this report, are in in force in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

The managing agent also has the benefit of a group insurance company management activities policy effected by Chubb Limited (CUAL's ultimate holding company). No charge was made to CUAL during the year for this policy.

Directors' Participations

None of the directors participates on the syndicate on a bespoke basis. Certain directors participate indirectly on the syndicate by virtue of their interests in the stock of Chubb Limited.

Managing Agent's Report

Statement of Managing Agent's Responsibilities

The managing agent is required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, as amended by The Statutory Auditors and Third Country Auditors Regulations 2017 (the "Regulations"), to prepare syndicate annual accounts for Syndicate 2488 for each financial year which give a true and fair view of the state of affairs of the syndicate and of its profit or loss for that year.

In preparing these syndicate annual accounts the managing agent is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 and FRS 103 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors of the managing agent confirm that they have complied with the above requirements in preparing the syndicate annual accounts.

The managing agent is 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 it to ensure that the syndicate annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. The managing agent is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The 2008 Lloyd's Regulations, as amended by The Statutory Auditors and Third Country Auditors Regulations 2017 (the "Regulations") require that the auditors of the syndicate annual accounts be appointed by the members of the syndicate, initially for the syndicate annual accounts for the 2009 year end after which provisions for deemed reappointment of auditors will apply. PricewaterhouseCoopers LLP is deemed to have been reappointed as the auditors of the syndicate annual accounts for the 2023 year end.

On 10th December 2001, Lloyd's granted consent to PricewaterhouseCoopers LLP continuing to act as syndicate auditors for Syndicate 2488 (for the 2002 and previous years of account) and as corporate auditors for CUAL and other Chubb group companies (for the 2002 financial year). This consent was, in effect, an extension of the consent granted previously in relation to the 2001 and prior years of account and has been further extended without time limit.

Approved by the Board and signed on its behalf:

C P J O'Brien

Director

27 February 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SYNDICATE 2488

Report on the audit of the syndicate annual accounts

Opinion

In our opinion, 2488's 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 and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual accounts included within the the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2023; the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Members' Balances for the year then ended; and the notes to syndicate annual accounts which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

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

Other than those disclosed in note 6, we have provided no non-audit services to the syndicate in the period under audit.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the syndicate's ability to continue as a going concern.

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

Reporting on other information

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

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

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

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

Managing Agent's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Managing Agent's Report for the year ended 31 December 2023 is consistent with the syndicate annual accounts and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the syndicate annual accounts and the audit

Responsibilities of the Managing Agent for the syndicate annual accounts

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

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

Auditors' responsibilities for the audit of the syndicate annual accounts

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

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

Based on our understanding of the syndicate and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the syndicate annual accounts. We also considered those laws and regulations that have a direct impact on the syndicate annual accounts such as The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 . We evaluated management's incentives and opportunities for fraudulent manipulation of the syndicate annual accounts (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgemental areas, including the valuation of claims incurred but not reported, estimated premium income, and the posting of inappropriate journals.. Audit procedures performed by the engagement team included:

- Discussions with senior management involved in the Legal and Internal Audit functions, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of any matters reported on the managing agent's whistleblowing helpline and the results of the management's investigation of such matters;
- Reading key correspondence with Lloyd's, the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Audit and Risk Committee;
- Testing journal entries identified in accordance with our risk assessment;
- Challenging assumptions made by the management in their significant accounting estimates, in particular, in relation to the valuation of incurred but not reported claims and estimates within gross premiums written; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of this report

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Siobhan Byrne (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2024

Income Statement for the year ended 31 December 2023

Technical account – general business	Notes	2023 £000	2022 £000
Earned premiums, net of reinsurance			
Gross premiums written	4	694,185	649,031
Outwards reinsurance premiums		(98,857)	(111,093)
Net premiums written		595,328	537,938
Change in the gross provision for unearned premiums		(25,040)	(12,798)
Change in the provision for unearned premiums, reinsurers' share		(6,331)	(4,424)
Change in unearned premiums, net of reinsurance		(31,371)	(17,222)
Earned premiums, net of reinsurance		563,957	520,716
Allocated investment loss transferred from the non-technical account	8	61,274	(56,586)
Total technical income		625,231	464,130
Claims incurred, net of reinsurance			
Claims paid, gross amount	4	(289,265)	(321,474)
Claims paid, reinsurers' share		82,816	79,546
Net claims paid		(206,449)	(241,928)
Change in the provision for claims, gross amount	4	19,283	(26,351)
Change in the provision for claims, reinsurers' share		(70,930)	7,860
Change in the provision for claims, net of reinsurance		(51,647)	(18,491)
Claims incurred, net of reinsurance		(258,096)	(260,419)
Net operating expenses	6	(187,092)	(180,126)
Total technical charges		(445,188)	(440,545)
Balance on the general business technical account		180,043	23,585

The notes on pages 26 to 48 form an integral part of these financial statements.

Income Statement for the year ended 31 December 2023

Non-technical account	Notes	2023 £000	2022 £000
Balance on the general business technical account		180,043	23,585
Investment return			
Investment income	8	79,632	59,987
Unrealised gains on investments	8	134,689	72,155
Investment expenses and charges	8	(12,918)	(33,696)
Unrealised losses on investments	8	(87,934)	(188,035)
Allocated investment (gain) / loss transferred to general business technical account	8	(61,274)	56,586
Investment return	8	52,195	(33,003)
Profit / (loss) on exchange		1,732	(1,144)
Profit / (loss) for the financial year		233,970	(10,562)

The above results are all derived from continuing operations.

The notes on pages 26 to 48 form an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 December 2023

	2023 £000	2022 £000
Profit / (loss) for the financial year	233,970	(10,562)
Currency translation differences	(17,247)	37,410
Total comprehensive income for the financial year	216,723	26,848

Statement of Financial Position as at 31 December 2023

Assets	Notes	2023 £000	2022 £000
Investments			
Other financial investments	9	1,796,388	1,555,224
Reinsurers' share of technical provisions			
Provision for unearned premiums	16	48,598	55,953
Claims outstanding	16	233,001	308,124
		281,599	364,077
Debtors – amounts falling due within one year			
Debtors arising out of direct insurance operations		101,702	97,566
Debtors arising out of reinsurance operations		82,314	68,957
Other debtors	10	4,358	9,908
		188,374	176,431
Other assets			
Cash at bank and in hand	12	181,237	209,673
Deposits with ceding undertakings		3,236	2,527
		184,473	212,200
Prepayments and accrued income			
Deferred acquisition costs	16	71,940	68,973
Other prepayments and accrued income		13,686	11,090
		85,626	80,063
Total assets		2,536,460	2,387,995

The notes on pages 26 to 48 form an integral part of these financial statements.

Statement of Financial Position as at 31 December 2023

Member's balance and liabilities	**Notes**	**2023 £000**	**2022 £000**
Capital and reserves			
Members' balances		855,757	646,888
Technical provisions			
Provision for unearned premiums	16	319,594	300,896
Claims outstanding	16	1,109,398	1,147,299
		1,428,992	1,448,195
Creditors – amounts falling due within one year			
Creditors arising out of reinsurance operations		82,230	91,394
Bank loans and overdrafts	12	137,281	166,789
Other creditors including taxation and social security		18,523	20,493
		238,034	278,676
Accruals and deferred income		13,677	14,236
Total member's balance and liabilities		2,536,460	2,387,995

The notes on pages 26 to 48 form an integral part of these financial statements.

The syndicate annual accounts on pages 20 to 48 were approved by the board of Chubb Underwriting Agencies Ltd on the 27 February 2024 and were signed on its behalf by:

C P J O'Brien

Director
27 February 2024

Statement of Changes in Members' Balances

	Members' Balances £000
At 1 January 2022	622,749
Loss for the financial year	(10,562)
Net transfer out of members' balances designated as Funds in Syndicate	(4,602)
Loss collection	3,147
Other	(1,254)
Currency translation differences	37,410
At 31 December 2022	646,888
Profit for the financial year	233,970
Net transfer into members' balances designated as Funds in Syndicate	36,330
Profit distribution	(40,820)
Other	(3,364)
Currency translation differences	(17,247)
At 31 December 2023	855,757

Statement of Cash Flows for the year ended 31 December 2023

Operating activities	Notes	2023 £000	2022 £000
Operating profit / (loss)		233,970	(10,562)
(Decrease) / increase in gross technical provisions		(19,203)	110,636
Decrease / (increase) in reinsurers' share of gross technical provisions		82,478	(22,122)
Increase in debtors		(17,505)	(45,813)
(Decrease) / increase in creditors		(11,693)	25,750
Investment return		(113,469)	89,589
Other		12,602	(73,887)
Net cash inflows from operating activities		167,180	73,591
Investing activities			
Investment income received		66,713	26,292
Purchase of debt and equity investments		(495,567)	(429,063)
Sale of debt and equity investment		244,778	293,561
Other		7,052	(13,465)
Net cash outflows from investing activities		(177,024)	(122,675)
Financing activities			
Transfers (to) / from members in respect of underwriting participations		(40,820)	3,147
Amounts added / (released) to FIS by member		36,330	(4,602)
Net cash outflows from financing activities		(4,490)	(1,455)
Decrease in cash and cash equivalents		(14,334)	(50,539)
Cash and cash equivalents at 1 January		91,154	78,086
Exchange differences on opening cash		(5,775)	63,607
Cash and cash equivalents at 31 December	12	71,045	91,154
Cash at bank and in hand	12	181,237	209,673
Short-term deposits with credit institutions	12	27,089	48,270
Overdraft	12	(137,281)	(166,789)
Cash and cash equivalents at 31 December	12	71,045	91,154

1. BASIS OF PREPARATION

The syndicate annual accounts have been prepared in accordance with applicable accounting standards in the United Kingdom, including:

- Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102");
- Financial Reporting Standard FRS 103, "Insurance Contracts" ("FRS 103");
- the provisions of Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI2008/410"); and
- Regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Lloyd's Regulations"), as amended by The Statutory Auditors and Third Country Auditors Regulations 2017 (the "Regulations").

These annual accounts include all sources of capital supporting the operations of the syndicate. Given that Syndicate 2488 is a fully aligned syndicate, with 100% of the underwriting capacity provided by Chubb corporate capital vehicles, these accounts are able to disclose the total Funds at Lloyd's ("FAL") capital supporting the operations of the syndicate (see note 14).

These annual accounts have been prepared on a going concern basis. The principal accounting policies, which are set out below, have been applied consistently to all the years presented unless otherwise stated.

Syndicate 2488's functional currency is US dollars. The presentational currency is sterling which is common practice in the Lloyd's market and aids comparability.

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

In preparing these financial statements, the directors of the managing agent have made judgements, estimates and assumptions that affect the application of the syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The measurement of the provision for claims outstanding involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements. The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported ("IBNR") to the syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the in-house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time in view of the likely ultimate claims to be experienced and for more recent underwriting, having regard to variations in business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. 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 business accepted and assessments of underwriting conditions.

The gross written premium is initially based on estimated premium income ("EPI") for each contract. EPI estimates are based on information provided by the brokers, policyholders, coverholders, past underwriting experience and the contractual terms of the policy. The EPI estimates are reviewed on a regular basis. Premiums in respect of insurance contracts underwritten under binding authorities have the highest degree of uncertainty at the time of the initial premium booking. In 2023 £302.6 million (2022 £290.6 million) of premium was written under binding authorities. Binding authority premiums are booked as the underlying contracts

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – continued

incept (a straight-line basis is selected for this inception pattern) and any difference between the EPI for these policies and the actual premium received is eliminated before each year of account closes.

Premiums are earned on a straight-line basis over the life of each contract. At a portfolio level this is considered to provide a reasonable estimate for the full year of the pattern of risk over the coverage period.

The significant accounting policies used in the preparation of these financial statements are as follows:

Premiums written

Premiums written, which are stated gross of brokerage but exclusive of premium taxes, relate to business incepted during the year, together with adjustments made in the year to premiums written in prior accounting periods. Estimates are made of pipeline premiums, representing amounts due but not yet received or notified to the syndicate by intermediaries;

Unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of established risk profiles or time apportionment as appropriate.

Acquisition costs

Acquisition costs comprise brokerage, commissions and other related costs, and are deferred over the period in which the related premiums are earned.

Claims incurred

Claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect expenses and adjustments to claims outstanding from previous years. Where applicable, deductions are made for reinsurance, salvage and other recoveries.

Provision for claims outstanding and related reinsurance recoveries

The provision for claims outstanding is assessed on an individual case basis 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 and deduction for expected salvage and other recoveries. The provision also includes the estimated cost of claims incurred but not reported ("IBNR") at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and where material reported as an asset.

The reinsurers' share of the provision for claims outstanding 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.

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

The directors consider that the provision for gross claims outstanding 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

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – continued

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. When calculating the provision for claims outstanding, the reported business segments are subject to specific issues, as set out below:

Fire and other damage to property; marine, aviation and transport; accident and health

These business segments are predominantly "short tail"; that is there is not a significant delay between the occurrence of the claim and the claim being reported to the syndicate. The costs of claims notified to the syndicate at the balance sheet date are estimated on a case by case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims is projected from this data by reference to statistics, which show how estimates of claims incurred in previous periods have developed over time to reflect changes in the underlying estimates of the cost of notified claims and late notifications.

Third party liability (including marine and aviation liability)

Liability claims are longer tail than the classes of business described above and so a larger element of the provision for claims outstanding relates to IBNR. Claims estimates for the syndicate's liability business are derived from a combination of loss ratio based estimates and an estimate based upon actual claims experience using a predetermined formula whereby greater weight is given to actual claims experience as time passes. The initial estimate of the loss ratio based on the experience of previous years adjusted for factors such as premium rate changes and claims inflation, and on the anticipated market experience, is an important assumption in this estimation technique. In respect of liability claims, the assessment of claims inflation and anticipated market experience is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. The liability class of business is also subject to the emergence of new types of latent claims but no allowance is included for this as at the balance sheet date.

Reinsurance acceptances

This business segment includes both short tail and longer tail business, and is subject to the issues laid out in the preceding two sections.

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 and premiums receivable under these contracts, after the deduction of any acquisition costs deferred. The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return. No unexpired risk provision has been made in 2023 (2022 £Nil).

Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. Both realised investment gains and losses are included as part of investment return in the profit and loss account. Dividends receivable are accounted for by reference to the date on which the price of the investment is quoted ex-dividend. Interest and expenses are accounted for on an accruals basis.

Realised gains and losses on investments carried at bid value are calculated as the difference between net sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price or, if they have previously been revalued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

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

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – continued

investment return on Funds at Lloyd's retained within the syndicate, all investment return has been wholly allocated to the technical account.

Investments

Investments in marketable securities are stated at bid value on the balance sheet date. For quoted investments where there is an active market, this is their quoted bid price at the balance sheet date. For quoted and non-quoted investments where there is no active market, the bid value is determined by reference to prices for similar assets in active markets.

Overseas deposits are stated at cost or market value, as notified by Lloyd's.

Investments – fair value through profit and loss

A financial asset is classified into this category at inception if they are acquired principally for the purpose of selling in the short term, if they form part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated to minimise any measurement or recognition inconsistency with the associated liabilities.

Financial assets designated as fair value through profit and loss are initially recognised at fair value with any transaction costs being expensed through the profit and loss account. For quoted investments where there is an active market, the fair value is their quoted bid price at the balance sheet date. For quoted investments where there is no active market, the fair value is determined by reference to prices for similar assets in active markets.

Insurance and other receivables

Insurance and other receivables are recognised at fair value less any provision for impairment. Any impairment of a receivable will be recognised if there is evidence that the company will not be able to collect the amounts receivable according to the original terms of the receivable.

Insurance and other payables

Payables arising from insurance contracts, creditors and deposits received from reinsurers, are initially measured at cost, which is equal to fair value, net of transaction costs. Insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

Taxation

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

A provision has been made for overseas taxes payable (United States Federal Income Tax, Canadian Federal Income Tax, Japanese Income Tax) on underwriting results or investment earnings. Any payments on account during the year, made by the syndicate on behalf of its corporate member have been set off against members' balances in the balance sheet.

Foreign currencies

Foreign currency transactions are accounted for, in functional currency, at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions, from translating such transactions into the functional currency of the syndicate, and from the revaluation to year end exchange rates of monetary assets and liabilities, are recognised in the profit and loss account.

At each period end foreign currency monetary items are translated using the closing rate. For this purpose all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are

2. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES – continued

monetary items. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Results recorded in their functional currency, are translated into sterling at average rates of exchange for the year while assets and liabilities are translated to sterling at year end exchange rates. Differences arising on translation are recorded in the statement of comprehensive income.

Profit commission

Profit commission is chargeable by the managing agent at a rate of 15% of the year of account profit, subject to the operation of a deficit clause. This does not become payable until after the appropriate year of account closes, normally at 36 months.

The managing agent has waived its right to the receipt of profit commission for the 2020 and 2021 years of account. It is currently anticipated that the profit commission will also be waived for the 2022 and 2023 years of account.

Reinsurance to close ("RITC") received from a third party syndicate

When the syndicate accepts a RITC premium from another syndicate it records all of the assets and liabilities transferred from the other syndicate on the balance sheet at fair value on the date the RITC agreement is effective. Any unearned gross and reinsurance premiums included with the RITC transaction are recorded in the income statement on the date of the RITC agreement is effective and immediately deferred as movements in gross and reinsurers' share of unearned premiums and are subsequently earned over the remaining life of the relevant contracts. The RITC transaction has no impact on the syndicate's profit or net assets at the time that it is first recorded.

3. CAPITAL MANAGEMENT & FINANCIAL RISK MANAGEMENT

Capital management

CUAL assesses the capital needs for Syndicate 2488 and maintains an efficient capital structure consistent with its risk profile and business requirements and to meet regulatory requirements. The company then seeks to maintain financial strength and capital adequacy to support business growth and meet the requirements of policyholders, rating agencies and regulators, whilst retaining financial flexibility by ensuring substantial levels of liquidity. Once the capital needs have been met, it is the policy of the company to distribute any surplus capital through dividends to its ultimate parent company.

From a prudential perspective, the Lloyd's market is regulated by the PRA and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held. In line with regulatory requirements CUAL managed its capital levels in 2023 in the context of Solvency II and the Funds at Lloyd's requirement.

Syndicate 2488's regulatory capital requirement is set according to the Solvency II Internal Model. The company performs tests and controls to ensure continuous and full compliance with the Solvency II regulations.

The primary objectives for managing capital can be summarised as follows:

- to satisfy the requirements of policyholders, regulators and rating agencies;
- to match the profile of assets and liabilities, taking account of the risks inherent in the business;
- to manage exposures to key risks; and
- to retain financial flexibility by maintaining strong liquidity.

Insurance risk

Insurance risk arises from underwriting activities both prospective and retrospective. Key risks include unexpected losses arising from inaccurate pricing, fluctuations in the timing, frequency and/or severity of claims compared to expectations, inadequate reinsurance protection and inadequate reserving. The syndicate mitigates the risk of inaccurate pricing by maintaining underwriting discipline throughout its operations with the use of underwriting guidelines, technical expertise and appropriate

3. CAPITAL MANAGEMENT & FINANCIAL RISK MANAGEMENT – continued

authority limits which are monitored through price monitoring procedures, an established peer review process and exception monitoring. These guidelines are updated regularly to reflect developments in the nature of the insurance risks being underwritten.

The syndicate's exposures are continually monitored and the catastrophe management function, independent of underwriting management, has responsibility to model aggregate risk and assists with the pricing of risk, providing a key control to the underwriting process.

The syndicate also uses reinsurance to help mitigate insurance risk by providing coverage against and limiting large individual or aggregated losses. However, the use of reinsurance provides additional risk where reinsurance may transpire to be inadequate in coverage or recoveries cannot be collected due to reinsurer default.

The reserving process is owned by the Actuarial Function and includes: coordinating the calculation of technical provisions; selecting appropriate methods and assumptions for each element of the reserve calculation; ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the technical provisions; assessing the sufficiency and quality of the data used in the calculation of the technical provisions; comparing best estimate against experience; reviewing sufficiency of reserves; monitoring of large losses; forecasting and planning; regular deep dives; calculation of a range of reasonable estimates; arranging appropriately independent external review and peer review of assumptions and calculations. Challenge and oversight is provided by the Reserve Committee. The Responsibilities of this committee include monitoring the risk appetite statements related to reserve risk. CUAL's independent non-executive directors attend the Reserve Committee meetings.

Sensitivity to insurance risk

As highlighted in note 2, there is inherent uncertainty in the ultimate cost of claims for which the company uses a variety of different actuarial techniques to estimate the provision for claims outstanding. If the net claims ratio for the year had been higher by 1%, then the profit for the financial year would have been lower by £5.6 million (2022: £5.2 million) and members' balances would have been lower by £5.6 million (2022: £5.2 million). If the net claims ratio had been lower by 1%, then the profit for the financial year would have been higher by £5.6 million (2022: £5.2 million) and members' balances would have been higher by £5.6 million (2022: £5.2 million).

Concentrations of insurance risk

As shown in note 4, the syndicate writes a diverse book of business across a number of underwriting classes. Approximately 82% of the gross written premiums for 2023 (2022: approximately 79%) related to property and casualty lines of insurance, with the remainder split across a number of other classes.

Geographically, 56% (2022: 54%) of gross premiums written in 2023 relate to risks within the United States of America, with the remainder being spread across Europe, Asia Pacific, Latin America, Africa and the Middle East.

Financial risk management objectives

The syndicate is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of this financial risk are market risk (including interest rate risk and currency risk), liquidity risk and credit risk.

These financial risks principally arise from the investment activity of the business and consequent holdings in fixed income investments, all of which are exposed to general and specific market movements. The underwriting activity of the business also generates financial risk, particularly in the form of currency risk as well as liquidity and credit risk through its insurance and reinsurance receivables and payables. The notes below explain how financial risks are managed. The processes used to manage these risks are unchanged from previous periods, and cover areas such as investment activity through stochastic modelling of the portfolio, within its internal capital model and consequent capital requirements.

3. CAPITAL MANAGEMENT & FINANCIAL RISK MANAGEMENT – continued

Investment activity governance

The managing agent operates an Investment Committee which functions under terms of reference determined by the Board. The Committee is charged with establishing and effecting an appropriate investment policy for the syndicate having regard to the financial risk appetite of the syndicate. In addition, the Committee has the responsibility for recommending the appointment and removal of investment managers, for reviewing the managers' performance and for reporting on all other material aspects of the investment function.

The Investment Committee comprises senior Chubb management along with representatives from Chubb Asset Management, the group's investment specialists who provide advisory services to Chubb group companies and is chaired by David Furby.

The investment management function is outsourced to specialist external managers.

Asset allocation policy

The Investment Committee has established an asset allocation policy which defines the limits for different asset types. The broad asset allocation policy cites two major asset classes: investment grade fixed income securities and alternative assets. The policy includes limits within the alternative assets for high yield, emerging market debt, liquid loans and equities. The policy stipulates a target range of between 70% and 100% for investment grade fixed income securities and a range of between 0% and 30% for alternative asset classes. At the end of 2023 the total allocation to alternative assets was approximately 18% (2022: 19%) and is monitored by the Investment Committee.

Investment guidelines

Investment management agreements have been established with the external investment managers. The agreements include specific guidelines for each individual portfolio in order to limit risks arising from duration, currency, liquidity, credit and counterparty exposures. The managers provide quarterly affirmation of compliance with these guidelines.

Interest rate risk

The syndicate is exposed to interest rate risk primarily through its investments in fixed interest securities and, to the extent that claims inflation is correlated to interest rates, its liabilities to policyholders. Interest rate risk arises in the fixed income investment portfolio primarily through instrument duration. Accordingly, the investment guidelines include restrictions relating to the maximum weighted average duration of the portfolio. The restriction is stated by reference to the permissible duration variance compared to the customised benchmark index by which the external investment managers' performance is assessed.

Sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. To illustrate the downside risk within the fixed interest portfolio of £1,558.9 million at external managers as at 31 December 2023 (2022: £1,298.8 million), the impact of an increase of 50 basis points in interest yields across all portfolios consecutively (principally sterling, euros and US dollars) has been calculated. Such an increase would decrease the market value of the investment portfolio and lead to a decrease in the total investment return of £25.2 million (2022: £25.4 million) and accordingly decrease total shareholders' funds by £25.2 million (2022: £25.4 million).

The impact of higher rates of inflation in the countries and economic sectors in which the syndicate trades has been analysed and reflected in the loss ratios selected for the current and prior underwriting years and is allowed for in forecasts and risk pricing.

Equity price risk

The syndicate held £0.6 million of equities in 2023 (2022: £0.4 million (restated from £7.9m to exclude the Lloyd's Loan element of the balance)) and as a result the syndicate is exposed to changes in the level and volatility of equity prices. To illustrate the downside risk within the equity portfolio, the impact of a 5% decrease in stock market prices has been calculated. Such a decrease would decrease the market value of the equity portfolio and lead to a decrease in the total investment return of £0.1 million (2022: £0.1 million) and accordingly decrease total shareholders' funds by £0.1 million (2022: £0.1 million).

3. CAPITAL MANAGEMENT & FINANCIAL RISK MANAGEMENT – continued

Currency risk

The syndicate is primarily exposed to currency risk in respect of assets and liabilities under policies of insurance denominated in currencies other than sterling. The syndicate maintains various currency balances generated through regular business activity but the majority of the funds held are denominated in Sterling, Euros, Canadian Dollars and US Dollars. The syndicate's policy seeks to ensure that an approximate currency match of assets and liabilities is maintained, with the bulk of surplus funds held in Canadian Dollars and US Dollars.

Any component of the members' funds denominated in currencies other than Sterling gives rise to currency risk due to exchange rate volatility relative to Sterling.

The accounting policy for foreign currencies is stated in note 2 to the financial statements.

For the profit and loss account, the 2023 average US Dollar/Sterling rate of US$1.244/£1 shows Sterling is weaker by 0.2% compared with the prior period (2022: US$1.246/£1). Had the average Sterling rate weakened against the US Dollar by 10% compared to the actual 2023 average and all other variables remained constant, the profit for the year would have been £23.3 million more than the amount reported (2022: £9.5 million less).

For the monetary components of the balance sheet, the year-end rates of US$1.262/£1 used to convert US Dollar to Sterling shows Sterling is stronger by 2.0% (2022: US$1.237/£1). Assuming sterling had weakened by 10% against the US Dollar and all other variables remained constant, the effect of translating year-end net assets based on these parameters would have resulted in an increase in members' balances of £95.1 million, which would have appeared as a gain in the statement of comprehensive income (2022: £71.9 million gain).

Liquidity risk

Liquidity risk is the risk that the syndicate is unable to meet its obligations as they fall due. To counter this risk, the syndicate aims to maintain funds in the form of cash or cash equivalents to meet known cash flows. In addition, the asset allocation policy and the investment guidelines are structured in order to ensure that funds are predominantly held in investment grade fixed income securities, the proceeds of which are readily realisable.

However, a significant share of the syndicate's investments is held to meet regulatory deposit requirements which may not be available to meet recommended liquidity needs.

Syndicate 2488 participates in a notional pooling programme with other Chubb group companies under a facility operated by Bank Mendes Gans, a subsidiary of ING, which specialises in global liquidity management. The facility operates by the notional pooling of designated balances of the Chubb group participants in order to provide additional liquidity. Chubb group participants may overdraw individual account balances to fund immediate short term needs against credit balances held elsewhere within the pool. On this basis, CUAL maintained an overdraft of £137.3 million at year end (2022: £166.8 million) and credit balances of £172.1 million (2022: £197.9 million) in designated accounts.

The syndicate also benefits from letter of credit facilities which can be utilised to meet certain funding needs and notional pooling facilities with other Chubb group companies which serve to provide additional liquidity.

3. CAPITAL MANAGEMENT & FINANCIAL RISK MANAGEMENT – continued

As indicated in the balance sheet, the syndicate's financial liabilities are all payable within one year. Non-derivative financial liabilities with contractual maturities are paid within agreed terms of trade. Non-derivative financial liabilities with contractual maturities are limited to reinsurance premiums payable and expense accruals.

£000 **31 December 2023**	**No Stated Maturity**	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Claims outstanding	-	355,957	348,090	176,063	229,288	1,109,398
Creditors	-	238,034	-	-	-	238,034
Total	-	593,991	348,090	176,063	229,288	1,347,432

£000 **31 December 2022**	**No Stated Maturity**	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Claims outstanding	-	410,577	351,397	178,399	206,926	1,147,299
Creditors	-	278,676	-	-	-	278,676
Total	-	689,253	351,397	178,399	206,926	1,425,975

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The syndicate is exposed to credit risk through its investment activity and its insurance operations.

The syndicate is exposed to investment credit and price risk as a result of its holdings in fixed income. The risk in respect of fixed income investments is moderated by the application of detailed investment guidelines which limit the size of holdings with individual issuers, restrict duration and dictate minimum credit quality, both for individual holdings and for the aggregate weighted portfolio.

The average credit quality of investment portfolios remained high throughout the year and at year end was "A" (2022: "A").

The investment guidelines seek to limit the credit risk of each of the portfolios through specifying eligible/ineligible investments, setting maximum counterparty exposures and minimum weighted credit quality and individual issuer credit quality.

Credit risk – insurance operations

The syndicate is exposed to credit risk as a result of its regular insurance and reinsurance activity. The areas of key exposure are:

- reinsurers' share of provision for claims outstanding;
- debtors arising from reinsurers in respect of claims already paid;
- amounts due from direct insurance and reinsurance policyholders; and
- amounts due from direct insurance and reinsurance intermediaries.

Ceded reinsurance is used to manage and mitigate inwards direct insurance and reinsurance risk. Ceded reinsurance does not discharge the syndicate's liability as primary insurer. If a ceded reinsurer fails to pay a claim, the syndicate remains liable for the payment to the policyholder. A Reinsurance Security Committee is operated by the Chubb group which analyses the creditworthiness of ceded reinsurers on a quarterly basis by reviewing their financial strength. In addition, the recent payment history of ceded reinsurers is used to update the reinsurance purchasing strategy.

3. CAPITAL MANAGEMENT & FINANCIAL RISK MANAGEMENT – continued

With regard to direct insurance and reinsurance receivables, the syndicate operates a committee to review broker security, a process for monitoring arrangements with managing general agents, and, in certain circumstances, the requirement for collateral to be posted by the policyholder to the benefit of the syndicate.

The assets bearing credit risk are summarised below:

	2023	2022
	£000	£000
Other financial investments	1,796,388	1,555,224
Reinsurers' share of technical provisions	281,599	364,077
Debtors arising out of direct insurance operations	101,702	97,566
Debtors arising out of reinsurance operations	82,314	68,957
	2,262,003	2,085,824

Other financial investments are designated as fair value through the income statement at inception, and their performance evaluated on a fair value basis, in accordance with a documented investment strategy as detailed in note 3. The Moody's credit rating for other financial investments is detailed below.

	2023	2022
	£000	£000
AAA	184,925	153,229
AA	603,946	503,394
A	375,760	338,891
BBB	289,763	240,051
Below BBB or not rated	341,994	319,659
	1,796,388	1,555,224

The value of £342.0 million that is below BBB or not rated includes the Oakhill Equity portfolio which is not rated and Swiss Overseas deposits.

Other financial investments are neither past due nor impaired.

The amount of change, during the period and cumulatively, in the fair value of receivables that is attributed to changes in credit risk is represented by a provision for impairment against receivables past due.

Reinsurers' share of technical provisions includes claims outstanding, related claims handling costs and IBNR. This is described along with the valuation methods in note 2. This balance includes 2.6% past due that have been impaired (2022: 2.0%).

3. CAPITAL MANAGEMENT & FINANCIAL RISK MANAGEMENT – continued

Debtors arising out of direct and reinsurance operations are held at fair value less any provision for impairment as described in note 2. Debtors arising out of direct and reinsurance operations include:

	2023	2022
Impaired	0.0%	0.0%
Past due but not impaired:		
0 to 6 months past due	24.8%	17.0%
6 to 12 months past due	2.3%	3.3%
Over 12 months past due	(1.2)%	2.1%
Total past due but not impaired	25.9%	22.4%

The Standard & Poor's credit rating for reinsurers' share of claims outstanding and debtors arising out of reinsurance operations that are neither past due nor impaired are detailed below.

	2023 £000	2022 £000
AA	184,207	233,656
A	58,225	93,669
BBB	161	301
Below BBB	25	24
Not rated	1,908	3,724
	244,526	331,374

4. SEGMENTAL ANALYSIS

Segmental information in the format required by Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by The Statutory Auditors and Third Country Auditors 2017 ("the Regulations"), is as presented below.

Year to 31 December 2023	Gross premiums written £000	Gross premiums earned £000	Gross Claims Incurred £000	Gross Operating Expenses £000	Reinsurance balance £000
Direct Insurance					
Fire and other damage to property	251,753	229,192	(106,457)	(72,933)	6,672
Marine, aviation and transport	141,540	138,031	(43,332)	(44,056)	(7,403)
Accident and health	(21)	(21)	(96)	5	159
Third party liability	178,091	179,309	(95,505)	(61,619)	(18,611)
Miscellaneous	3,323	5,483	(4,307)	(1,413)	(490)
Reinsurance acceptances	119,499	117,151	(20,285)	(19,193)	(61,512)
Total	694,185	669,145	(269,982)	(199,209)	(81,185)

4. SEGMENTAL ANALYSIS - continued

Year to 31 December 2022	Gross premiums written £000	Gross premiums earned £000	Gross Claims Incurred £000	Gross Operating Expenses £000	Reinsurance balance £000
Direct Insurance					
Fire and other damage to property	211,082	211,129	(87,931)	(73,741)	(7,374)
Marine, aviation and transport	118,020	112,199	(44,542)	(37,378)	8,012
Accident and health	(26)	(26)	(80)	(86)	102
Third party liability	184,221	178,757	(190,922)	(54,805)	52,275
Miscellaneous	7,063	8,318	3,822	(2,288)	(8,806)
Reinsurance acceptances	128,671	125,856	(28,172)	(28,540)	(55,608)
Total	649,031	636,233	(347,825)	(196,838)	(11,399)

The reinsurance balance represents the credit/(charge) to the technical account from the aggregate of all items relating to outwards reinsurance. All business is completed in the United Kingdom.

Gross written premium information by destination (location of risk) as required by Schedule 1, Regulations 2015 (Part V, 84) is as follows:

	2023 £000	2022 £000
United Kingdom	104,288	82,317
United States of America	388,692	351,125
Continental Europe	18,207	28,213
Africa and Middle East	23,402	22,085
Asia Pacific	53,781	47,168
Americas	105,815	118,123
	694,185	649,031

5. MOVEMENT IN PRIOR YEAR'S PROVISION FOR CLAIMS OUTSTANDING

The prior year's net provision for claims outstanding generated a surplus for 2023 (2022: surplus) as detailed below:

	2023 £000	2022 £000
Direct insurance		
Fire and other damage to property	2,309	7,572
Marine, aviation and transport	23,582	34,267
Accident and health	-	(70)
Third party liability	7,729	(18,233)
Reinsurance acceptances	(877)	723
	32,743	24,259

6. NET OPERATING EXPENSES

	2023 £000	2022 £000
Acquisition costs	166,678	157,768
Change in deferred acquisition costs	(6,807)	(4,271)
Administrative expenses	39,337	43,342
Reinsurance commission	(12,116)	(16,713)
	187,092	180,126

"Acquisition costs" includes total commissions for direct business amounting to £139.2 million (2022: £129.8 million).

"Administrative expenses" covers most expenses generally classified as syndicate expenses, net of an element of those expenses which are indirect acquisition costs and therefore included within acquisition costs, Lloyd's Central Fund contributions and Lloyd's subscriptions.

The managing agent's fee in 2023 was in line with 2022 (£0.6 million compared with £0.6 million). Most of the services used by the syndicate (including staff costs, accommodation, IT, professional fees and travel) are provided by Chubb Services UK Limited ("CSUK").

Auditors' remuneration

During the year, the syndicate obtained the following services from the managing agent's auditors and their associates.

	2023 £000	2022 £000
Fees payable to the syndicate's auditors and their associates for the audit of the syndicate's annual accounts	578	503
Fees payable to the syndicate's auditors and their associates for other services:		
Audit-related assurance services	124	124
	702	627

"Audit-related assurance services" includes the audit of the syndicate's regulatory returns.

7. DIRECTORS AND EMPLOYEES

Staff costs

The managing agency has no employees (2022: none). Staff that support the syndicate and managing agency are employed by Chubb Services UK Limited ("CSUK"), Chubb European Group SE ("CEGSE") and other fellow Chubb group undertakings (together the "employing entities").

Directors' emoluments

All directors of the managing agent received emoluments from the employing entities in respect of their services to the syndicate and Chubb group companies. The cost of these emoluments is included in a fee reimbursed directly to the employing entities by the syndicate. It is not practical to allocate these amounts to the underlying entities to which the directors provide services. Consequently, the following amounts represent the total emoluments paid by the employing entities in respect of the directors of the managing agent for the period during the year in which they served as directors.

	2023 £000	2022 £000
Aggregate emoluments and benefits	3,271	2,940
Company pension contributions to money purchases pension schemes	28	44
	3,299	2,984

Amounts paid by the employing entities in respect of the Active Underwriter (2022: Active Underwriter) and highest paid director are summarised below.

	2023 £	2022 £
Emoluments and benefits paid to the Active Underwriters	583,439	535,184
Emoluments and benefits paid to the highest paid director	1,410,671	1,294,312

The aggregate emoluments above do not include share-based remuneration. All executive directors of the managing agent are entitled to shares in Chubb Limited under long-term incentive plans. During the year, five directors received shares in Chubb Limited under long-term incentive plans and three directors exercised options over the shares of Chubb Limited. The highest paid director received shares in Chubb Limited under long-term incentive plans. Disclosures relating to the share-based payments are contained within the financial statements of the employing entities.

8. INVESTMENT RETURN

	2023 £000	2022 £000
Investment Income		
Investment income	78,245	43,878
Gains on the realisation of investments	1,387	16,109
	79,632	59,987
Investment expenses and charges		
Investment management expenses	(6,493)	(3,327)
Losses on the realisation of investments	(6,425)	(30,369)
	(12,918)	(33,696)
Net unrealised gains and losses on investments		
Unrealised gains on investments	134,689	72,155
Unrealised losses on investments	(87,934)	(188,035)
	46,755	(115,880)
Total Investment Return	113,469	(89,589)

Investment return is analysed between:

	2023 £000	2022 £000
Allocated investment return transferred to the general business technical account	61,274	(56,586)
Net investment return included in the non-technical account	52,195	(33,003)
	113,469	(89,589)

9. OTHER FINANCIAL INVESTMENTS

	2023 £000	2022 £000
Market value:		
Shares and other variable yield securities	8,182	7,913
Debt securities and other fixed interest securities	1,558,883	1,298,752
Overseas deposits	95,148	102,839
Deposits with credit institutions	27,089	48,270
Other Investments	107,086	97,450
	1,796,388	1,555,224
Cost:		
Shares and other variable yield securities	7,810	7,816
Debt securities and other fixed interest securities	1,624,481	1,414,016
Overseas deposits	95,148	102,839
Deposits with credit institutions	27,089	48,270
Other Investments	85,398	85,203
	1,839,926	1,658,144

The overseas deposits are held under Lloyd's premium trust deed arrangements where applicable and are administered by Lloyd's. The syndicate is required to lodge deposits in various overseas insurance markets as a condition of conducting underwriting business in those markets. All such overseas deposits are calculated in accordance with the relevant territorial authority's requirements, usually by reference to outstanding liabilities derived from business written in those territories.

£726.8 million (2022: £649.9 million) of the total market value relates to Funds at Lloyd's, as explained in note 11. This is analysed as follows:

	2023 £000	2022 £000
Market value:		
Equity Shares	646	376
Debt securities and other fixed interest securities	614,626	543,919
Deposits with credit institutions	4,488	8,119
Other Investments	107,086	97,450
	726,846	649,864
Cost:		
Equity Shares	273	279
Debt securities and other fixed interest securities	637,694	585,927
Deposits with credit institutions	4,488	8,119
Other Investments	85,398	85,203
	727,853	679,528

9. OTHER FINANCIAL INVESTMENTS - continued

Fair Value Hierarchy

FRS 102 requires the syndicate to classify financial instruments into a fair value hierarchy as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the syndicate 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.

An analysis of financial instruments at 31 December 2023 by fair value hierarchy is set out below:

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Shares and other variable yield securities	298	-	7,884	8,182
Debt securities and other fixed income securities	183,814	1,375,069	-	1,558,883
Loans and deposits with credit institutions	5,258	21,831	-	27,089
Overseas deposits	28,282	66,866	-	95,148
Other Investments	-	-	107,086	107,086
Total	217,652	1,463,766	114,970	1,796,388

An analysis of financial instruments at 31 December 2022 by fair value hierarchy is set out below:

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Shares and other variable yield securities	122	-	7,791	7,913
Debt securities and other fixed income securities	140,346	1,158,406	-	1,298,752
Loans and deposits with credit institutions	5,213	43,057	-	48,270
Overseas deposits	33,613	69,226	-	102,839
Other Investments	-	-	97,450	97,450
Total	179,294	1,270,689	105,241	1,555,224

'Debt securities and other fixed interest securities' with active markets such as Government securities are classified within Level 1, as fair values are based on quoted market prices. For debt securities and other fixed interest securities that trade in less active markets, including corporate securities, fair values are based on the output of pricing models, the significant inputs into which include, but are not limited to, yield curves, credit risks and spreads, measures of volatility, and prepayment speeds. These debt securities and other fixed interest securities are classified within Level 2. For debt securities and other fixed interest securities and debt securities and other fixed interest securities for which pricing is unobservable, these are classified within Level 3.

'Loans and deposits with credit institutions' include short term investments, such as liquidity funds. Where such securities are traded in active markets, they are classified within Level 1, as fair values are based on quoted market prices. Where no active market exists for such securities they are typically classified within Level 2 and where pricing is unobservable, Level 3.

For securities in level 3 where pricing is based on unobservable inputs, valuations are sourced from models and / or third parties. Any third party models are reviewed and approved by the Chubb Group's specialist asset management function on a quarterly basis. Significant uncertainty would be considered to exist in relation to pricing based on unobservable inputs.

9. OTHER FINANCIAL INVESTMENTS - continued

However, for Syndicate 2488 this uncertainty is considered to be immaterial as the exposure to these types of assets is only a small proportion, 6.4%, of the investment portfolio as at 31 December 2023 (2022: 6.7%).

An analysis of movements during the year in Level 3 balances is as follows:

	2023	2022
	£000	£000
Balance at 1 January	105,241	104,626
Gains recognised in profit and loss account	7,832	5,710
Purchases / (Sales)	1,897	(5,222)
Transfers in / (out) of Level 3	-	127
Balance at 31 December	114,970	105,241

10. OTHER DEBTORS

	2023	2022
	£000	£000
Amounts falling due within one year:		
Amounts due from group companies	2,861	8,383
Unsettled investment trades	1,135	1,499
Other debtors	362	26
	4,358	9,908

There are no debtors due in greater than 1 year.

11. MEMBERS' BALANCES

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

Members' balances are supported by Funds at Lloyd's ("FAL"), as disclosed in note 14.

Members' balances at 31 December 2023 include £716.5 million (2022: £639.4 million) designated as FAL.

Members' balances designated as FAL are included in the following asset headings:

	2023	2022
	£000	£000
Other financial investments	722,357	641,745
Deposits with credit institutions	4,488	8,119
Other prepayment and accrued income	(10,368)	(10,428)
Total assets designated as Funds at Lloyd's	716,477	639,436

12. CASH AND CASH EQUIVALENTS

An analysis of cash and cash equivalents is as follows:

	2023 £000	2022 £000
Cash at bank and in hand	181,237	209,673
Short-term deposits with credit institutions	27,089	48,270
Overdrafts	(137,281)	(166,789)
	71,045	91,154

Short-term deposits with credit institutions include deposits held at call with banks and other short term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

Overdrafts arise as part of the notional pooling programme that is described in more detail in the Liquidity risk section of note 3.

13. TRANSACTIONS WITH RELATED PARTIES

The ultimate holding company of the syndicate's managing agent, Chubb Underwriting Agencies Limited ("CUAL"), is Chubb Limited, a company which is registered in Zurich, Switzerland and quoted on the New York Stock Exchange.

Copies of the ultimate holding company's consolidated accounts can be obtained from Investor Relations at Chubb's executive offices at 1133 Avenue of the Americas, New York, NY 10036.

The principal related reinsurance partner of the syndicate is Chubb Tempest Re, a leading global multi-line reinsurer that is part of the Chubb group. The syndicate may have reinsured, or have been reinsured by, insurance companies in which Chubb Limited has interests and of which it and certain of its subsidiaries are controllers.

During calendar year 2023, a number of outwards reinsurance contracts were effected with group companies. The main excess of loss reinsurance programmes in operation during 2023 were shared with other Chubb companies, including Chubb European Group SE.

The following is a summary of the reinsurance transactions and balances with related parties in 2023 and as at 31 December 2023:

Reinsurance Premium Related	**Chubb Tempest Reinsurance**	**Chubb European Group SE**	**Chubb America**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Reinsurance Premiums	9.8	0.4	-	0.4	10.6
Reinsurance Commissions	(0.3)	(0.1)	-	-	(0.4)
Reinsurers' share of Unearned Premium Reserve	4.5	0.4	-	0.1	5.0
Reinsurance Creditor	(9.3)	(0.8)	(0.1)	0.9	(9.3)

13. TRANSACTIONS WITH RELATED PARTIES - continued

Reinsurance Recovery Related	**Chubb Tempest Reinsurance**	**Chubb European Group SE**	**Chubb America**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Change in reinsurers' share of Claims Incurred	14.7	0.8	2.2	-	17.7
Balance of reinsurers' share of Claims Outstanding	41.8	0.9	3.5	0.7	46.9
Reinsurance Debtor	9.7	0.1	2.5	10.7	23.0

The syndicate's capacity for all years of account is provided entirely by Chubb Capital I Limited, which is a corporate member of Lloyd's, participating only on Syndicate 2488. Chubb Capital I Limited is a wholly owned subsidiary within the Chubb group.

Managing agency fees of £0.6 million (2022: £0.6 million) were paid by the syndicate to CUAL. Staff providing services to CUAL and the syndicate are employed by Chubb Services UK Limited ("CSUK"), another Chubb Limited company. CSUK settles expenses on behalf of, and provides services to, the syndicate and CUAL. During 2023 the syndicate incurred expenses of £42.5 million (2022: £45.7 million) from CSUK and had an outstanding balance with CSUK of £3.8 million payable as at 31 December 2023 (2022: £5.7 million payable).

14. 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 and can therefore be considered as the capital supporting the operations of the syndicate.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on Prudential Regulatory Authority ("PRA") requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and assessment of the reserving risk in respect of business that has been underwritten. The syndicate's members have met their FAL requirements by the retention of closed year of account profits in the syndicate. At 31 December 2023 FAL totaled £716.5 million (2022: £639.4 million).

15. CLAIMS DEVELOPMENT TABLES

The following tables show the development of claims over a period of time on both a gross and net of reinsurance basis. FRS 103 requires that claims development shall go back to the period when the earliest claim arose for which there is still uncertainty about the amount and timing of the claims payment but need not go back more than 10 years. The top half of the table shows how the estimates of total claims for each underwriting year develop over time. The lower half of the table reconciles the cumulative claims to the amount appearing in the balance sheet.

The cumulative claims estimates and payments for each underwriting year are translated into sterling at the current year-end rates.

Claims development as at 31 December – Gross

	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	Total £000
Estimate of ultimates:											
End of underwriting year	133,543	147,672	136,530	154,290	105,334	98,986	176,879	141,567	142,104	150,636	1,387,541
One Year Later	303,345	313,654	330,241	313,482	277,789	294,421	323,063	326,366	297,122	-	2,779,483
Two Years Later	302,601	341,289	341,408	348,074	300,298	308,545	299,483	317,439	-	-	2,559,137
Three Years Later	300,608	325,984	341,614	344,916	313,190	290,375	304,145	-	-	-	2,220,832
Four Years Later	298,622	307,555	347,632	349,523	329,145	285,240	-	-	-	-	1,917,717
Five Years Later	299,128	305,705	346,673	366,247	348,681	-	-	-	-	-	1,666,434
Six Years Later	299,267	307,526	350,711	375,917	-	-	-	-	-	-	1,333,421
Seven Years Later	295,170	308,941	359,182	-	-	-	-	-	-	-	963,293
Eight Years Later	307,992	301,337	-	-	-	-	-	-	-	-	609,329
Nine Years Later	296,784	-	-	-	-	-	-	-	-	-	296,784
Current estimate of ultimate claims	296,784	301,337	359,182	375,917	348,681	285,240	304,145	317,439	297,122	150,636	3,036,483
Cumulative payments	(265,892)	(260,095)	(301,461)	(324,265)	(287,645)	(207,618)	(171,976)	(155,626)	(95,400)	(29,932)	(2,099,910)
In balance sheet	30,892	41,242	57,721	51,652	61,036	77,622	132,169	161,813	201,722	120,704	936,573
Provision for prior financial years											172,825
Liability in the balance sheet											1,109,398

15. CLAIMS DEVELOPMENT TABLES - continued

Claims development as at 31 December– Net

	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	Total £000
Estimate of ultimates:											
End of underwriting year	107,222	116,592	106,581	107,376	82,861	79,375	122,875	117,784	122,041	129,013	1,091,720
One Year Later	251,053	249,289	258,317	247,156	214,942	235,677	245,769	269,498	266,633	-	2,238,334
Two Years Later	256,242	276,613	277,992	271,199	228,317	240,572	234,402	267,586	-	-	2,052,923
Three Years Later	263,608	266,683	270,683	267,457	232,427	222,732	233,633	-	-	-	1,757,223
Four Years Later	260,787	253,031	264,014	269,172	233,134	220,298	-	-	-	-	1,500,438
Five Years Later	257,468	251,723	259,868	275,225	233,780	-	-	-	-	-	1,278,064
Six Years Later	257,179	253,461	264,645	277,298	-	-	-	-	-	-	1,052,583
Seven Years Later	252,159	255,031	271,062	-	-	-	-	-	-	-	778,252
Eight Years Later	256,838	252,821	-	-	-	-	-	-	-	-	509,659
Nine Years Later	256,849	-	-	-	-	-	-	-	-	-	256,849
Current estimate of ultimate claims	256,849	252,821	271,062	277,298	233,780	220,298	233,633	267,586	266,633	129,013	2,408,973
Cumulative payments	(233,390)	(219,042)	(239,996)	(237,678)	(190,336)	(157,668)	(130,649)	(134,080)	(88,502)	(29,489)	(1,660,830)
In balance sheet	23,459	33,779	31,066	39,620	43,444	62,630	102,984	133,506	178,131	99,524	748,143
Provision for prior financial years											128,254
Liability in the balance sheet											876,397

16. RECONCILIATION OF INSURANCE BALANCES

The reconciliation of opening and closing deferred acquisition costs is as follows:

	2023	2022
	£000	£000
At 1 January	68,973	62,434
Change in acquisition costs deferred during the year	6,807	4,271
Foreign exchange movement	(3,840)	2,268
At 31 December	71,940	68,973

The reconciliation of opening and closing unearned premium provision is as follows:

	Gross		Reinsurers' share	
	2023	2022	2023	2022
	£000	£000	£000	£000
At 1 January	300,896	270,920	55,953	56,329
Increase / (decrease) in provision	25,040	12,798	(6,331)	(4,424)
Foreign exchange movements	(6,342)	17,178	(1,024)	4,048
At 31 December	319,594	300,896	48,598	55,953

The reconciliation of opening and closing provision for claims is as follows:

	Gross		Reinsurers' share	
	2023	2022	2023	2022
	£000	£000	£000	£000
At 1 January	1,147,299	1,066,639	308,124	285,626
(Decrease) / increase in provision	(19,283)	26,351	(70,930)	7,860
Foreign exchange movements	(18,618)	54,309	(4,193)	14,638
At 31 December	1,109,398	1,147,299	233,001	308,124

17. ULTIMATE HOLDING COMPANY

The managing agent's immediate holding company is Chubb Leadenhall Limited. The managing agent's ultimate holding company is Chubb Limited, a company which is registered in Zurich, Switzerland and quoted on the New York Stock Exchange. Copies of the ultimate holding company's consolidated accounts can be obtained from Investor Relations at Chubb's executive offices at 1133 Avenue of the Americas, New York, NY 10036.