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Syndicate 1947

Annual Report

Year ended
31 December 2023

CONTENTS

SYNDICATE 1947
DIRECTORS AND ADVISERS

Managing Agent

Hamilton Managing Agency Limited

Registered Office

Level 3
8 Fenchurch Place
London
EC3M 4AJ

Registered Number

05832065

Directors

A. J. Baker	Executive
M. J. Beane (resigned 14 March 2023)	Independent Non-Executive
P. Billingham (appointed 14 March 2023)	Independent Non-Executive
A. J. Daws	Executive
K. Forte	Independent Non-Executive
P. C. F. Haynes	Independent Non-Executive, Chairman
R. S. Vetch	Executive

Company Secretary

L. McCammond

Syndicate

Active Underwriter

N. Attwood

Bankers

Citibank N.A.
HSBC
Royal Bank of Canada

Investment Manager

Conning Asset Management Limited

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

The Directors of Hamilton Managing Agency Limited ("HMA") present the Managing Agent's Report for Syndicate 1947 ("the Syndicate") for the year ended 31 December 2023.

Principal Activity

The principal activity of the Syndicate is the underwriting of general insurance and reinsurance business at Lloyd's. The Syndicate commenced underwriting on 1 April 2018.

The Syndicate's allocated capacity for the 2024 year of account is £125.0m. The capacity for the 2023 and 2022 years of account were £125.0m and £147.5m respectively.

Capital provider to the Syndicate

Capital to support the underwriting of the Syndicate is provided by GIC Re, India, Corporate Member Limited, which is ultimately owned by General Insurance Corporation of India ("GIC Re").

Business of the Syndicate

The Syndicate is a provider of specialist insurance and reinsurance products. This includes inwards cession of domestic Indian business from GIC Re. In both 2022 and 2023 the business ceded from GIC Re was restricted to an Indian agriculture portfolio, with the Property – Domestic line being in run-off since 2021.

During the 2023 financial year gross written premium by product area was as follows:

	2023	**2022**
	£000	**£000**
Property – London Market	74,781	83,691
Specialty	27,972	50,489
Space	6,104	3,474
Personal Lines	1,859	21,926
Agriculture	6,543	17,882
Property - Domestic	(213)	(76)
Total	117,046	177,386

Further details of the product areas are provided below.

Property – London Market

This comprises Property D&F and Property Treaty portfolios. The Property D&F portfolio is written to achieve a blend and balance of both excess and primary layer, cat and non-cat exposed, across both US and international portfolios. The business written is predominantly open market, with two binding authorities written during 2023 (2022: two).

The Property Treaty portfolio is written worldwide but the main exposures are very much US weighted, driven by the catastrophe covers purchased by US cedants and, to a lesser extent, on direct and facultative accounts written in London.

Specialty

This product area comprises:

- A Specialty Reinsurance portfolio including worldwide terrorism and complimented by a range of specialty Marine contracts.
- Participation in a UK motor reinsurance consortium (until 2023).
- Quota share of niche PA risks.
- A casualty portfolio consisting of blue chip insurers writing a broad and diversified portfolio.

Business of the Syndicate (continued)

Space

This product is written via two Lloyd's consortium arrangements which comprises both launch and in-orbit risks (2022: one arrangement).

Personal Lines

No new business incepted for this product area in 2023. The business bound in prior years arises from an inwards quota share cession in relation to risks across a diversified portfolio, covering homeowners, motor, liability, collections and yacht exposures. The portfolio focused on ultra-high net worth US clients.

Agriculture

This book of business relates to The Prime Minister's Agriculture Insurance Scheme. The Syndicate writes a proportional treaty reinsurance of the GIC Re portfolio of Indian domestic agriculture insurance companies.

Property – Domestic

The premiums allocated to Property – Domestic relates to adjustments on the previously written quota share business (up to 2021) protecting large property risks for Indian domestic exposures as well as a selection of treaty business protecting Indian domestic insurers.

Review of Financial Performance

The Syndicate's key financial indicators are as follows:

	2023 £000	2022 £000
Syndicate capacity	125,000	147,500
Gross written premium	117,046	177,386
Profit for the financial year	11,954	5,925
Combined ratio (being total of net loss ratio and net expense ratio)	92.6%	93.6%
Investments, cash and deposits	110,716	101,200

The Syndicate reports a profit for the year of £12.0m (2022: profit of £5.9m), comprising an underwriting profit of £7.7m (2022: £9.3m), a return on investment of £4.3m (2022: loss of £1.6m) and foreign exchange losses of £0.1m (2022: losses of £1.8m).

Gross Written Premiums

The Syndicate reports gross written premium for the financial year of £117.0m (2022: £177.4m). This reflects reduced capacity on the 2023 year of account, the main change being the withdrawal from the personal lines class of business, and also a reduction in casualty business written during the year.

Claims Incurred

The net loss ratio improved to 63.6% (2022: 69.4%). During the year net CAT losses of £10.8m (2022: £26.4m) were recorded. The main 2023 events were Turkish Earthquakes, Hurricane Idalia, Fort Lauderdale flooding, UK winter storms and Storm Ciaran. In the prior year the net CAT losses were significantly higher due to the more severe impact of Hurricane Ian which made up 68% of the total CAT losses, plus the impact of French hailstorms and the Ukraine conflict.

Balance Sheet

Syndicate assets have decreased by £10.9m to £212.5m (2022: £223.4m) and the total liabilities have decreased by £22.1m to £224.0m (2022: £246.1m). The decrease in both assets and liabilities is due to reduced capacity on the 2023 year of account.

Future Prospects

The stamp capacity has remained £125.0m for 2024.

As the inflationary environment is expected to continue, the Syndicate is exposed to additional insurance and market risks, which management consider within its overall risk framework.

Research and Development

The Syndicate has not participated in any research and development activity during the period.

Staff Matters: Hamilton Managing Agency

Recognising that the ability to attract, retain and engage talent is critical to achieving its strategy and long-term success, HMA includes being a 'magnet for talent' as one of its core business imperatives. A pivotable part of supporting that goal is having a positive workplace culture where employee well-being, engagement and positive feeling are prioritised, alongside having a safe and legally compliant workplace and environment.

The Hamilton Group measures key aspects of culture regularly; the most recent internal engagement survey held in October 2023 had an 84% response rate, with 87% of respondents feeling Hamilton is a great place to work. Positive responses were also seen on Diversity, Equity & Inclusivity (DE&I) questions where 84% of respondents reported that they feel they can be themselves at work and 75% of respondents that Hamilton actively encourages diversity and inclusion.

HMA is dedicated to building a diverse workforce and understands the benefits of doing so in cultural terms across decision making, innovation, and profitability; this approach is encapsulated by the statement: 'Open Minds Open Doors'. The Hamilton Group believes that by welcoming and respecting differences, this will attract, retain and engage the best talent. This approach is supported by an executive sponsored DE&I Forum, which has a global scope and meets on a regular basis. Most recently, it has focused on raising staff awareness of 'Days of Cultural Celebration' across the world and building an accurate data picture of the ethnicity of the employee population.

The Hamilton Group's DE&I commitment is shown in the most recent Lloyd's 2023 Market Policies and Practices (MP&P) report, where Hamilton met both the Lloyd's 1 in 3 Hiring Ambition, focused on bringing more ethnic diversity into the Lloyd's market, and the 35% Women in Leadership target. Furthermore, the 2022 Culture Survey placed Hamilton in the third quartile of the market (fourth quartile being the most favourable).

HMA appreciates the importance of both the physical and mental well-being of employees and has support mechanisms in place across both areas. The Hamilton Group provides employees with:

- Specialised confidential external support via the Employee Assistance Programme
- Access to a leading online workplace mental health platform for wellbeing techniques
- Bi-annual health assessments
- Private medical insurance
- A cycle to work scheme
- A gym subsidy to support the ongoing physical health of employees

Hamilton's Crisis Management Team supports the safety and continuity of business operations. There have been no significant injuries to staff in the workplace during the year or any significant actions taken by any regulatory bodies regarding staff matters.

Part of Hamilton's 'magnet for talent' business imperative is to promote the ongoing learning and development of employees, supporting HMA's internal talent pipeline and succession plans, improving employee knowledge and skills, and aiding retention. In this regard, HMA conducts annual talent and performance review processes to track performance and potential, which are complemented by comprehensive learning and development programmes covering topics such as software, leadership, management, soft skills and occupational-specific and technical training.

HMA prioritises communication and collaboration, using an array of communications methods and tools. HMA ensures that staff members are kept informed and their interests appropriately considered when making decisions through regular Employee Town Halls led by senior management, where questions and comments are addressed, and frequent online-based communication internally and externally.

Staff Matters: Hamilton Managing Agency (continued)

Human Resources' key performance indicators are reviewed periodically by committees of the Board, and all such indicators are in line with the expectations of the Directors.

HMA has entered into a service agreement with Hamilton UK Services Limited to provide services in relation to its role as managing agent, including for Syndicate 1947. HMA and Hamilton UK Services Limited are both wholly owned subsidiaries of Hamilton UK Holdings Limited.

Environmental Matters

HMA is aligned with the strategy of the Hamilton Group, which strives to be a responsible (re)insurer in all aspects of its operations and business practices by considering and recognising the impact to society and communities, the environment and climate change for current and future generations and for all its stakeholders. Cognisant of the uncertainty abundant in these areas, each are embedded in HMA's risk management framework.

Oversight of HMA's approach to environmental matters is provided on a local level by HMA's Board, with additional governance coming from the Hamilton Group ESG Working Group. Further information on the overall Group strategy can be found on the Hamilton Group website.

Business Relationships

HMA is committed to being a conscientious business and doing the right thing for its customers and business partners. The Board recognises that relationships with stakeholders are key to the delivery of the strategy. As such, HMA looks to conduct business with like-minded firms by undertaking the appropriate due diligence to ensure they have good prospects for future and longevity in the market. HMA ensures compliance with all applicable laws and has in place various internal policies, processes and procedures covering all aspects of the business to ensure outcomes of business practice achieve consistently high business and ethical standards. These policies, procedures and processes are reviewed and renewed, where applicable, regularly.

Suppliers

HMA recognises that its impact on society and ability to operate in a sustainable manner extends beyond its direct business practices to the practices of all parties in its value chain. As such, it is cognisant of the need for appropriate methods of engaging with and monitoring suppliers. Supplier interactions are led by the Procurement/Finance function with processes for managing supplier relationships dictated by the Hamilton Group Procurement & Outsourcing Policy, which mandates a risk-based approach for all supplier engagement and subsequent due diligence.

Oversight for the procurement processes, supplier selection, compliance with the Policy, and supplier performance is provided by the Hamilton Group Vendor Management Working Group, which reports to local boards and ultimately to the Hamilton Group Board.

Business Conduct

The Board recognises that a commitment to a high standard of business conduct is critical to the delivery of the strategy and aspires to complete honesty and transparency in all its selling practices, product labelling and other dealings. In addition to this, it is mindful of the fact that the insurance industry offers unique risk to the financial system on account of its complexity and intercorrelation. Among key documents reviewed and approved by the Board annually are the Conduct Management Framework, the Product Governance Framework (which references Consumer Duty), Whistleblowing Policy, Financial Crime Prevention Policy, and the Code of Conduct & Ethics. The Board further monitors conduct management at each meeting and is committed to maintaining high ethical standards.

Regulators

HMA has transparent communication with its key regulators which is facilitated through the compliance team. Any significant regulatory engagements are reported to the Board of HMA. The Company is aware that legislation relating to climate and sustainability-related matters is becoming increasingly pertinent and monitors the regulatory landscape closely.

Principal Risks and Uncertainties

The Board sets risk appetite annually as part of the Syndicate's business planning and capacity setting process. HMA has established a Risk Committee which meets at least quarterly to review Thand to monitor performance against risk appetite using a series of key risk indicators. An Own Risk and Solvency Assessment ("ORSA") report is completed annually. The ORSA is used to identify the key risks to the syndicate and to ensure the Syndicate meets its current and future capital requirements.

The principal risks and uncertainties facing the Syndicate are set out in note 2 to the Annual Report.

Directors and Officers Serving During the Year

The Directors who served during the year ended 31 December 2023 and up to the date of this report (and the current Company Secretary) are detailed on page 3.

Going Concern Basis

These financial statements are prepared on a going concern basis, for at least 12 months from the date of authorising these accounts for issuance. Further details on this are set out in note 1 to the Annual Report.

Annual General Meeting

The Directors do not propose to hold an annual general meeting for the Syndicate.

Auditor

Ernst & Young LLP has signified its willingness to continue in office as auditor.

Disclosure of Information to the Auditor

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

Board Approval

Approved by order of the Board of Hamilton Managing Agency Limited.

A. J. Daws
Chief Executive Officer
23 February 2024

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The managing agent is responsible for preparing the Syndicate Annual Accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (the 2008 Regulations) require the managing agent to prepare Syndicate Annual Accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Syndicate annual accounts are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing the Syndicate Annual Accounts, the managing agent is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the notes to the Syndicate accounts; and
- prepare the Syndicate accounts on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume the Syndicate will do so.

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

The managing agent is responsible for the maintenance and integrity of the corporate and financial information included on the business's website. Legislation in the United Kingdom governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SYNDICATE 1947

Opinion

We have audited the syndicate annual accounts of syndicate 1947 ('the syndicate') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate annual accounts:

- give a true and fair view of the syndicate's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the syndicate annual accounts section of our report. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the syndicate's ability to continue as a going concern for a period of 12 months from when the syndicate annual accounts are authorised for issue.

Our responsibilities and the responsibilities of the managing agent with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the syndicate's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report as set out on pages 4 to 8, other than the syndicate annual accounts and our auditor's report thereon. The directors of the managing agent are responsible for the other information contained within the annual report. Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the managing agent’s report for the financial year in which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts; and
- the managing agent’s report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the managing agent

As explained more fully in the Statement of Managing Agent’s Responsibilities set out on page 9, the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the managing agent and management.

Our approach was as follows:

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the syndicate and determined that the most significant are direct laws and regulations related to elements of Lloyd’s Byelaws and Regulations, and the financial reporting framework (UK GAAP). Our considerations of other laws and regulations that may have a material effect on the syndicate annual accounts included permissions and supervisory requirements of Lloyd’s of London, the Prudential Regulation Authority (‘PRA’) and the Financial Conduct Authority (‘FCA’).

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We obtained a general understanding of how the syndicate is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the syndicate. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the syndicate, Lloyd's of London and other UK regulatory bodies; reviewed minutes of the Board and Risk Committee of the managing agent; and gained an understanding of the managing agent's approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related syndicate annual accounts' items.
- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the managing agent and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the managing agent's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with Lloyd's, the FCA and the PRA.
- The syndicate operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the syndicate's annual accounts to material misstatement, including how fraud might occur by considering the controls that the managing agent has established to address risks identified by the managing agent, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. The risk of fraud was considered to be higher in respect of inadequate reserving for gross claims liabilities and improper revenue recognition in relation to insurance premiums. Our audit procedures include:
    - Reviewing accounting estimates for evidence of management bias. Supported by our Actuaries we assessed if there were any indicators of management bias in the valuation of gross IBNR reserves and the recognition of estimated premium income;
    - Evaluating the business rationale for significant and/or unusual transactions;
    - Testing the appropriateness of journal entries recorded in the general ledger, particularly in respect of judgemental areas including gross IBNR reserves and estimated premium income.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Robert Bruce (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 February 2024

SYNDICATE 1947
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned premiums, net of reinsurance			
Gross premiums written	3	117,046	177,386
Outward reinsurance premiums		(22,451)	(30,586)
Net premiums written		94,595	146,800
Change in the provision for unearned premiums			
Gross amount		11,294	(1,788)
Reinsurers' share		(1,300)	389
Change in the net provision for unearned premiums		9,994	(1,399)
Earned premiums, net of reinsurance		104,589	145,401
Allocated investment return transferred from the non-technical account		4,279	(1,564)
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(72,439)	(54,785)
Reinsurers' share		2,556	10,104
Net claims paid		(69,883)	(44,681)
Change in the provision for claims			
Gross amount		4,099	(51,874)
Reinsurers' share		(723)	(4,295)
Change in the net provision for claims		3,376	(56,169)
Claims incurred, net of reinsurance		(66,507)	(100,850)
Net operating expenses	5	(30,341)	(35,276)
Balance on the technical account for general business		12,020	7,711
NON-TECHNICAL ACCOUNT			
Investment return	9	4,279	(1,564)
Allocated investment return transferred to the technical account		(4,279)	1,564
Foreign exchange losses		(66)	(1,786)
Profit for the financial year		11,954	5,925
Total comprehensive income for the financial year		11,954	5,925

All the amounts above are in respect of continuing operations.

SYNDICATE 1947
STATEMENT OF CHANGES IN MEMBER'S BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Balance due from the member at 1 January	(22,713)	(30,114)
Profit for the financial year	11,954	5,925
Total comprehensive income for the financial year	11,954	5,925
Transfer (to)/from member's personal reserve funds	(744)	1,476
Balance due from the member at 31 December	(11,503)	(22,713)

SYNDICATE 1947
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
ASSETS			
Investments			
Financial investments	10	91,840	83,119
Reinsurers' share of technical provisions			
Provision for unearned premiums	13	744	2,126
Claims outstanding	13	11,489	12,924
		12,233	15,050
Debtors due within one year			
Debtors arising out of direct insurance operations	12	13,878	14,599
Debtors arising out of reinsurance operations	12	65,437	83,219
Other debtors		18	-
		79,333	97,818
Debtors due after one year			
Debtors arising out of direct insurance operations	12	781	-
Debtors arising out of reinsurance operations	12	338	-
Other debtors		5	-
		1,124	-
Other assets			
Cash at bank and in hand		17,180	16,189
Other assets	10	1,696	1,892
		18,876	18,081
Prepayments and accrued income			
Deferred acquisition costs	11	8,573	9,038
Other prepayments & accrued income		481	288
TOTAL ASSETS		212,460	223,394
MEMBER'S BALANCES AND LIABILITIES			
Member's balances		(11,503)	(22,713)
Technical provisions			
Provision for unearned premiums	13	41,818	55,493
Claims outstanding	13	169,218	181,515
		211,036	237,008
Creditors due within one year			
Creditors arising out of reinsurance operations		8,838	8,396
Other creditors	14	236	551
		9,074	8,947
Accruals and deferred income		3,853	152
TOTAL MEMBER'S BALANCES AND LIABILITIES		212,460	223,394

The Syndicate Annual Accounts on pages 13 to 36 were approved by the Board of Hamilton Managing Agency Limited on 23 February 2024 and were signed on its behalf by:

R. S. Vetch
Chief Financial Officer

SYNDICATE 1947

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Cash flow from operating activities		
Operating result	11,954	5,925
Adjustments:		
(Decrease)/increase in technical provisions	(25,972)	71,814
Decrease in reinsurers' share of technical provisions	2,817	1,897
Decrease/(increase) in debtors	17,201	(28,956)
Increase in creditors	442	3,034
Movement in other assets and liabilities	4,328	(1,606)
Investment return	(4,279)	1,564
Net cash inflow from operating activities	6,491	53,672
Cash flows from investing activities		
Purchase of equity and debt instruments	(68,135)	(66,734)
Sale of equity and debt instruments	60,697	14,454
Investment income received	2,995	806
Net cash outflow from investing activities	(4,443)	(51,474)
Cash flow from financing activities		
Transfer (to)/from member's personal reserve funds	(744)	1,476
Net cash (outflow)/inflow from financing activities	(744)	1,476
Net increase in cash and cash equivalents	1,304	3,674
Cash and cash equivalents at 1 January	16,189	12,226
Foreign exchange on cash and cash equivalents	(313)	289
Cash and cash equivalents at 31 December	17,180	16,189

1. Statement of Accounting Policies

General Information

The Syndicate underwrites insurance and reinsurance business in the London market. The Syndicate is managed by HMA, with details as set out on page 3. The sole corporate member is GIC Re, India, Corporate Member Limited. The registered address of the corporate member is 40 Lime Street, 3rd Floor, London, United Kingdom, EC3M 7AW.

Compliance with Accounting Standards

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, FRS 103 “Insurance Contracts”, the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies. There were no material departures from those standards.

Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

The financial statements are presented in pounds sterling, which is the Syndicate’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going Concern Basis

These financial statements are prepared on a going concern basis.

Syndicates by their nature only underwrite for single underwriting years on behalf of their supporting members. However, this is within a context of not finalising results until after 36 months so that typically there are three underwriting years in progress at any given time. In addition, syndicates will normally expect to continue to trade for more underwriting years into the future.

The Syndicate has capacity for the 2024 year of account and is continuing to underwrite. The member and its corporate sponsor have confirmed its support for the 2024 year of account. The Syndicate’s business activities, together with the factors likely to affect its future development are set out in the Business Review contained within the Managing Agent’s Report. In addition, note 2 to the Annual Report provides details of the financial risks the Syndicate is exposed to and how those risks are managed.

The Syndicate has considerable financial resources together with long term relationships with a number of brokers and policyholders across different classes of business and geographical areas. As a consequence, the Directors believe that the Syndicate is well placed to manage its business risks successfully despite the current volatile geo-political and economic outlook.

The Directors have a reasonable expectation that the Syndicate has adequate resources including the Funds at Lloyd’s of the member supporting the Syndicate (as detailed in note 16) to continue in operational existence for the foreseeable future and for at least 12 months from the date of authorising these accounts for issuance.

Use of Judgements and Estimates

In preparing these financial statements, the Directors of the managing agent have made judgements, estimates and assumptions that affect the application of the Syndicate’s accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

1. Statement of Accounting Policies (continued)

Use of Judgements and Estimates (continued)

Provision for Claims Outstanding

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

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

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in note 2.

Estimated Premium Income

For certain insurance contracts, premium is initially recognised based on an estimate. Where premium is sourced through delegated underwriting, the premium estimate is pro-rated across the facility period. This is calculated on a straight-line basis unless the underlying writing pattern is understood to differ materially from this. Underwriters adjust the premium estimates as the year of account matures and after a set period, the premiums are adjusted to match the actual signed premium. These are management best estimates based on available information at the year-end and are involving judgement. This estimation could result in revisions in future accounting periods when new information is received and a revision to the estimate is required, which will be accounted for prospectively..

Basis of Accounting

The underwriting results are determined on an annual basis of accounting. Under the annual basis of accounting, the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance. The significant accounting policies are detailed below.

Premiums Written

Premiums written comprise direct and inwards reinsurance premiums on contracts incepted during the financial year. Premiums are shown gross of brokerage payable to intermediaries and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due to the Syndicate not yet notified; these estimates are subsequently updated based on underwriting experience and contract performance.

Unearned Premiums

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired claims exposure from policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Reinsurance Premiums Ceded

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

1. Statement of Accounting Policies (continued)

Basis of Accounting (continued)

Acquisition Costs

Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date; this is then earned in future periods in line with the associated premium income.

Claims Provisions and Related Recoveries

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs.

The provision for claims outstanding is assessed on an individual case by 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. The provision also includes the estimated IBNR at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced 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 provisions for claims is based on the amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. To the extent we do not believe this to be true in specific areas, adjustments are made by the actuarial team.

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

Unexpired Risks Provision

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition cost 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. As at 31 December 2023 and 31 December 2022, the Syndicate did not have an unexpired risk provision.

Foreign Currencies

The Syndicate's functional and presentation currency is pounds sterling.

Transactions in US dollars, Canadian dollars, Australian dollars, euros and Japanese yen are translated at the average rates of exchange for the period. Transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

1. Statement of accounting policies (continued)

Basis of Accounting (continued)

Foreign Currencies (continued)

Monetary assets and liabilities (which include all assets and liabilities arising from insurance contracts including unearned premiums and deferred acquisitions costs) denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

Exchange differences arising on the retranslation of opening balance sheet items at the closing balance sheet rate and the retranslation of the profit and loss account for the year are recorded in the non-technical account.

The rates of exchange used to translate foreign currency monetary balances at year end to pounds sterling are as follows:

	31 December 2023	**31 December 2022**
US dollar	1.27	1.20
Canadian dollar	1.68	1.63
Euro	1.15	1.13
Australian dollar	1.87	1.77
Japanese yen	179.8	158.7

Financial Investments

As permitted by FRS 102, the Syndicate has elected to apply the recognition and measurement provisions of IAS 39 – Financial Instruments (as adopted for use in the EU) to account for all of its financial instruments.

The Syndicate classifies its financial investments as financial assets at fair value through profit or loss (“FVPL”). The Syndicate determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of instruments not at FVPL, directly attributable transaction costs.

FVPL assets comprise two subcategories: financial assets held for trading and those designated as FVPL at inception. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as FVPL, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
- The assets and liabilities are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are re-measured at fair value at each reporting date. Fair value adjustments and realised gains and losses are recognised in the income statement.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, where applicable net of outstanding bank overdrafts.

1. Statement of accounting policies (continued)

Basis of Accounting (continued)

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

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

Unrealised and realised gains and losses in financial investments are recognised based on the appropriate classification of financial investments and are covered under the accounting policy for financial investments.

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.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate are included in the Statement of Financial Position under the heading members' balances. No provision has been made for any overseas tax payable by members on underwriting results.

Pension Costs

Staff are seconded from GIC Re UK branch or from GIC Head Office. The GIC Re UK branch operates a defined contribution scheme. Pension contributions relating to seconded staff are charged to the Syndicate and included within net operating expenses.

Profit Commission

Profit commission due from the Syndicate to the managing agent is not payable until after the appropriate year of account closes – typically at 36 months. An accrual is calculated and recognised in the financial statements based on the cumulative earned underwriting results of each year of account, taking into account any deficits brought forward from prior years.

Profit commission payable to Lloyd's coverholders or producing brokers has been provided for on all years of account and recognised within acquisition costs in the income statement. Profit commission accruals are calculated based on the expected profit or loss of qualifying premium and are included within creditors on the balance sheet. Profit commissions are calculated at the minimum value of underwriting profits whilst there is uncertainty over the amounts due. As such this is an estimation based on the level of information available at a point in time.

Direct Insurance and Reinsurance Receivables

Direct insurance and reinsurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of these receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement. Debtors arising out of direct insurance and reinsurance operations are therefore stated net of specific provisions against doubtful debts which are made on the basis of reviews conducted by management on pipeline premium balances, which form part of the direct insurance receivables. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

1. Statement of accounting policies (continued)

Basis of accounting (continued)

Direct Insurance and Reinsurance Payables

Direct insurance and reinsurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. These liabilities are derecognised when the obligation under the liability is settled, cancelled or expired.

Derecognition of Financial Assets

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- The Syndicate retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either (a) the Syndicate has transferred substantially all the risks and rewards of the asset; or (b) the Syndicate has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Syndicate has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the Syndicate's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Syndicate could be required to repay. In that case, the Syndicate also recognises an associated liability.

2. Risk Management

Risk Framework

The primary objective of the Syndicate's Risk Management Framework is to protect the Syndicate's capital provider, GIC Re, India, Corporate Member Limited, from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The Board recognises the critical importance of having efficient and effective risk management systems in place to identify, measure, mitigate, monitor, and report on key risks.

HMA has an established risk management function for the Syndicate with a clear remit from the Board. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board. Hamilton leverages the 'three lines of defence' model, in which the risk management function is part of the second line of defence. The ongoing communication and collaboration across the three lines of defence ensures that HMA identifies and manages risks effectively.

The Risk Committee and the Board approve the risk management policies and meet regularly to approve any commercial, regulatory and organisational requirements of such policies. Significant emphasis is placed on the assessment and documentation of existing and emerging risks and controls, including the articulation of risk appetite.

Insurance Risk - Underwriting

Insurance Risk is a core aspect of the Syndicate's business model and it is recognised that uncertainty associated with the frequency and severity of claims is inherent to general insurance. The Syndicate accepts a measured amount of this risk in exchange for underwriting profit, relying on the skills and experience of our underwriters and a robust control framework to reduce the likelihood and impact of this risk as far as is practicable and without unreasonable expense. HMA's Board approves the risk appetite limit, considering the relativity between willingness to lose and potential forecast profitability for each year of account. The risk appetite will therefore reflect the view of forecast profitability, utilising the Syndicate's latest business plan assumptions.

2. Risk Management (continued)

Insurance Risk – Underwriting (continued)

Principal Risks

The principal risk the Syndicate faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, and the development of long-term claims liabilities. The objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities. Management consider that this risk is heightened in the current inflationary environment, as well as the impact of climate change on the frequency and severity of natural catastrophes.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical segments. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. In light of the current inflationary environment, specific premium rates have been increased based on inflation projections, with input from across HMA's functions and utilising market benchmarks.

Reinsurance

Reinsurance allows the Syndicate to manage capital exposure to both frequency and severity of claims. This includes the management of any systemic issues impacting a particular area of the account, as well as catastrophic losses across all business areas.

Management Committee

The Syndicate organises underwriting through product areas. The Management Committee meets monthly and provides direct oversight for each underwriting unit, and reports to the HMA Executive Committee (Committee of the Board) via the Head of Strategic Business Partnership Reports.

Underwriting authorities, underwriting peer reviews of all risks, independent review procedures, and the audit and review of delegated arrangements, all contribute to the strength of the underwriting control environment. HMA records and monitors individual risk exposures to ensure they remain within the policies and guidelines set.

Diversification

Risks usually cover twelve months' duration. Risks deliberately emanate from a diverse range of sources. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical segmentation.

Claims Management

HMA's claims management process is designed to reduce the risk of inaccurate or incomplete case reserves and settlements, poor service or excessive claims handling costs. This includes claim review policies that assess all new and ongoing claims. HMA performs regular detailed reviews of claims handling procedures and conducts investigations of possible fraudulent claims.

The following table gives an indication of the likely quantum and scale of the largest (on a gross basis) Realistic Disaster Scenarios estimated for 2023 (highest gross event loss for year ended 31 December 2022 was California Earthquake – Los Angeles at £118.1m).

Realistic Disaster Scenarios	Gross £000	Net £000
Two Events - North East Windstorm	126,366	21,312
California Earthquake – Los Angeles	119,325	21,152
California Earthquake – San Francisco	108,159	26,838

The Syndicate monitors exposures through a combination of deterministic modelling as part of the Realistic Disaster Scenarios Framework and stochastic modelling as part of Lloyd's catastrophe model reporting requirements.

2. Risk Management (continued)

Insurance Risk – Reserving

Principal Risk

HMA's reserving policy seeks to ensure appropriate allowance for reserving risk and consistency in reserving from year to year. Booked reserves represent the level of reserves booked at syndicate level and provide the basis for the syndicate results and forecasts. Actuarial best estimate reserves are intended to be true best estimates, i.e. estimates of expected value claims reserves. These are the basis for internal reporting and the derivation of expected loss ratios for business planning.

The following table illustrates the sensitivity of the financial year results (before managing agent's profit commission) to changes in the current year earned net loss ratio (negative movements reflect a decrease in results / member's balances).

Impact on result and member's balances (change in net reserves)	**2023 £000**	**2022 £000**
Net loss ratio - increase of 5%	(5,229)	(7,270)
Net loss ratio - increase of 10%	(10,459)	(14,540)

Mitigation

Reserving risk is controlled by the robust application of actuarial methodologies, stepped sign-off procedures, quarterly tracking of projected ultimate loss ratios, reassessment of methodologies where appropriate, regular dialogue between actuaries and practitioners, and access to historical loss data. The use of independent external reserve assessments, by professional services firms, provides additional risk mitigation.

Management has considered the effects of the continued heightened inflation environment on claims reserves and has made appropriate allowance in the reserve results. Specific considerations were made around current economic circumstances, social inflation trends and the potential impact to business portfolio mix when setting reserving assumptions.

HMA is also mindful that there is a risk that climate change may adversely affect reserving requirements and monitors its climate-related exposure closely, assessing current and future climate change risk in a variety of ways, including stress and scenario testing, over short and long term time horizons.

Regulatory Risk

HMA is required to comply with the requirements of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. HMA has a Compliance Officer, who monitors regulatory developments and assesses the impact on HMA policy. HMA also carries out a compliance-monitoring programme as documented in the Compliance Framework. Additional consideration has been given to compliance with climate and sustainability-related legislation, with monitoring of the regulatory landscape ongoing.

Capital Framework at Lloyd's

Lloyd's is a regulated undertaking and subject to the supervision of the Prudential Regulatory Authority ("PRA") under the Financial Services and Markets Act 2000. Lloyd's is subject to the capital regime determined by the PRA which is based upon the Solvency II capital regime. Within the supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II capital requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

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

2. Risk Management (continued)

Provision of Capital by Members

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The key aspect of credit risk is the risk of default by a reinsurer, insurance intermediary or debt holder. HMA also recognises that the potential increased frequency and severity of natural catastrophes in light of climate change may adversely affect the Company in this area. The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2023 by classifying assets according to Standard & Poor's credit ratings of the counterparties for assets not yet due. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB and below are classified as speculative grade and have not been rated.

As at 31 December 2023	AAA £000	AA £000	A £000	BBB and below £000	Not rated £000	Total £000
Variable yield securities and shares	9,476	-	1,291	-	-	10,767
Debt securities	77	27,568	50,674	2,754	-	81,073
Overseas deposits	1,142	215	180	152	7	1,696
Reinsurers' share of outstanding claims	334	8,171	1,729	1,116	139	11,489
Reinsurance recoveries not yet past due	-	3,300	239	5,303	-	8,842
Cash at bank and in hand	-	-	17,180	-	-	17,180
Total	11,029	39,254	71,293	9,325	146	131,047

As at 31 December 2022	AAA £000	AA £000	A £000	BBB and below £000	Not rated £000	Total £000
Variable yield securities and shares	26,082	-	-	-	1,291	27,373
Debt securities	78	25,666	27,952	2,050	-	55,746
Overseas deposits	1,059	232	182	142	277	1,892
Reinsurers' share of outstanding claims	-	434	8,267	-	4,223	12,924
Reinsurance recoveries not yet past due	-	104	2,845	-	4,927	7,876
Cash at bank and in hand	-	-	16,189	-	-	16,189
Total	27,219	26,436	55,435	2,192	10,718	122,000

The HMA Ceded Reinsurance Working Group monitors all reinsurer counterparties with whom the Syndicate conducts business and sets credit limits for the recoveries due from individual reinsurers. The review includes an analysis of the financial strength of the reinsurer, its payment performance record and standing in the market. Thereafter, with the assistance of outside expertise, management of reinsurer credit risk follows active and regular review of credit ratings and financial exposure to all approved reinsurers. Investment credit risk is managed through investment management guidelines and monitored by the HMA Finance and Investments Committee.

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of any mitigation arrangements. As at the balance sheet date, all financial assets of the Syndicate are unimpaired.

2. Risk Management (continued)

Credit Risk (continued)

As at 31 December 2023	Not yet due £000	Past due by three months £000	Past due three to six months £000	Past due six to 12 months £000	Past due over 12 months £000	Total £000
Variable yield securities and shares	10,767	-	-	-	-	10,767
Debt securities	81,073	-	-	-	-	81,073
Overseas deposits	1,696	-	-	-	-	1,696
Reinsurers' share of outstanding claims	11,489	-	-	-	-	11,489
Reinsurance Debtors	8,842	-	-	-	-	8,842
Cash at bank and in hand	17,180	-	-	-	-	17,180
Insurance debtors	12,779	1,856	18	6	-	14,659
Other debtors	66,754	-	-	-	-	66,754
Total	210,580	1,856	18	6		212,460

As at 31 December 2022	Not yet due £000	Past due by three months £000	Past due three to six months £000	Past due six to 12 months £000	Past due over 12 months £000	Total £000
Variable yield securities and shares	27,373	-	-	-	-	27,373
Debt securities	55,746	-	-	-	-	55,746
Overseas deposits	1,892	-	-	-	-	1,892
Reinsurers' share of outstanding claims	12,924	-	-	-	-	12,924
Reinsurance Debtors	7,876	-	-	-	-	7,876
Cash at bank and in hand	16,189	-	-	-	-	16,189
Insurance debtors	13,381	568	293	239	118	14,599
Other debtors	80,510	2,928	1,514	1,233	610	86,795
Total	215,891	3,496	1,807	1,472	728	223,394

Liquidity Risk

Liquidity Risk is the risk that the Syndicate, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can secure such resources only at excessive cost. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries, which may be heightened due to climate change.

The Syndicate is subject to calls on cash resources, mainly in respect of claims on insurance business, on a daily basis. HMA operates and maintains procedures designed to ensure that cash is available to settle liabilities and other obligations when due without excessive cost to the business. The procedures set limits for cash required to meet expected cash flows. Contingency arrangements exist to meet liquidity requirements in extreme circumstances.

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

As at 31 December 2023	No stated maturity £000	Up to one year £000	One to three years £000	Three to five years £000	Greater than five years £000	Total £000
Claims outstanding	-	31,675	104,172	26,566	6,805	169,218
Creditors	9,074	-	-	-	-	9,074
Total	9,074	31,675	104,172	26,566	6,805	178,292

2. Risk Management (continued)

Liquidity Risk (continued)

As at 31 December 2022	No stated Maturity £000	Up to one year £000	One to three years £000	Three to five years £000	Greater than five years £000	Total £000
Claims outstanding	--	27,272	42,393	28,933	82,917	181,515
Creditors	--	8,947	-	-	-	8,947
Other	--	152	-	-	-	152
Total	--	36,371	42,393	28,933	82,917	190,614

Market Risk

Investment Risk

The Syndicate's investments are exposed to two key risks: interest rate risk and credit risk. Interest rate risk is driven by changes in the value or future cash flows of a financial instrument due to changes in market interest rates. Credit risk is driven by the change in the value of an instrument due to either a change in the market's view of its credit worthiness or alternatively due to a default - the risk of a default on instrument is described in the credit risk section above. Since the syndicate holds investments in government and corporate bonds, it is exposed to these risks.

The below sets out the impact of a 50 basis point movement in interest rates. Note insurance liabilities are not discounted in these accounts and therefore are not exposed to interest rate risk, although they are under the Solvency II regime used under the Lloyd's capital framework.

Interest rate risk	2023 £000	2022 £000
Impact of 50 basis point increase on result	(702)	(775)
Impact of 50 basis point decrease on result	704	788
Impact of 50 basis point increase net assets	(702)	(775)
Impact of 50 basis point decrease net assets	704	788

The current inflationary environment has resulted in short term volatility in the investment return. The Syndicate's investment strategy of a high credit quality and relatively short duration portfolio mitigates against this in the medium term, HMA management has continued to monitor its investment approach and has not made any adjustments as a result.

HMA is also mindful that there is a risk that climate change may adversely affect a number of industries and thus negatively impact the Syndicate's investments. As a result of this, specific guidelines have been agreed with the investment manager and these are monitored by the Finance & Investments Committee on a quarterly basis as part of a suite of ESG metrics, notably carbon intensity. Specific consideration is given to investments on the Lloyd's watch list. Reporting at 31 December 2023 suggests that there is only marginal exposure to climate change risk.

Currency Risk

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

The Syndicate writes a significant proportion of insurance business in currencies other than pounds sterling, which creates an exposure to currency risk. The Syndicate seeks to manage this exposure by matching foreign currency assets and liabilities. The Syndicate is expected to have sufficient liquid funds available, which may include trades from other currencies, at the point expenses become payable. The table below summarises the exposure of financial assets and liabilities to foreign currency exchange risk at the balance sheet date.

2. Risk Management (continued)

Market Risk (continued)

As at 31 December 2023	GBP £000	USD £000	EUR £000	CAD £000	AUD £000	JPY £000	Total £000
Financial investments	1,291	86,615	-	3,934	-	-	91,840
Reinsurers' share of technical provisions	(171)	12,204	69	48	77	6	12,233
Insurance and reinsurance receivables	5,453	68,765	2,758	2,611	671	158	80,416
Cash and overseas deposits	9,372	770	5,332	484	1,350	1,568	18,876
Other debtors, prepayments & accrued income	2,079	6,110	289	358	212	47	9,095
Total assets	18,024	174,464	8,448	7,435	2,310	1,779	212,460
Technical provisions	27,443	157,031	19,152	4,738	1,657	1,015	211,036
Insurance and reinsurance liabilities	(147)	8,990	(15)	4	6	-	8,838
Other creditors, accruals, deferred income	2,610	1,286	129	61	-	3	4,089
Total liabilities	29,906	167,307	19,266	4,803	1,663	1,018	223,963
Currency (deficiency)/surplus	(11,882)	7,157	(10,818)	2,632	647	761	(11,503)

As at 31 December 2022	GBP £000	USD £000	EUR £000	CAD £000	AUD £000	JPY £000	Total £000
Financial investments	1,291	76,471	-	5,357	-	-	83,119
Reinsurers' share of technical provisions	(138)	15,835	(471)	(481)	468	(163)	15,050
Insurance and reinsurance receivables	4,268	91,799	262	517	823	(52)	97,617
Cash and overseas deposits	6,756	479	7,714	335	1,657	1,140	18,081
Other debtors, prepayments & accrued income	1,723	7,083	198	265	221	37	9,527
Total assets	13,900	191,667	7,703	5,993	3,169	962	223,394
Technical provisions	20,393	191,095	20,919	1,684	2,460	457	237,008
Insurance and reinsurance liabilities	219	8,236	(272)	213	-	-	8,396
Other creditors, accruals, deferred income	712	(9)	-	-	-	-	703
Total liabilities	21,324	199,322	20,647	1,897	2,460	457	246,107
Currency (deficiency)/surplus	(7,424)	(7,655)	(12,944)	4,096	709	505	(22,713)

The table below gives an indication of the impact on the result of a percentage change in the relative strength of pounds sterling against the value of the US dollar, Canadian dollar, Australian dollar, euro and Japanese yen simultaneously.

	2023 £000	2022 £000
Sterling weakens		
10% against other currencies	42	(1,699)
20% against other currencies	95	(3,822)
Sterling strengthens		
10% against other currencies	(35)	1,390
20% against other currencies	(63)	2,548

2. Risk Management (continued)

Operational Risk

The Syndicate is potentially exposed to direct or indirect losses resulting from inadequate or failed internal processes, systems, or people, or from external events. HMA seeks to manage this risk with detailed procedure manuals and a structured programme of testing of processes and systems by internal audit.

HMA undertakes assessments of the Syndicate's exposure to climate change risk. HMA does not believe that these financial statements are subject to material uncertainty arising from climate change risk.

3. Segmental Analysis

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

2023	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000
Direct insurance:						
Marine aviation and transport	6,147	4,988	(5,029)	(1,472)	(56)	(1,569)
Fire and other damage to property	28,411	28,984	(9,033)	(6,267)	(5,454)	8,230
Third party Liability	15,912	14,337	(7,502)	(6,967)	(177)	(309)
Miscellaneous	381	334	58	(72)	(63)	257
	50,851	48,643	(21,506)	(14,778)	(5,750)	6,609
Reinsurance	66,195	79,697	(46,834)	(15,524)	(16,207)	1,132
Total	117,046	128,340	(68,340)	(30,302)	(21,957)	7,741

2022	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000
Direct insurance:						
Marine aviation and transport	-	-	-	-	-	-
Fire and other damage to property	28,572	32,466	(21,223)	(5,644)	(4,466)	1,133
Miscellaneous	111	143	(51)	(19)	(25)	48
	28,683	32,609	(21,274)	(5,663)	(4,491)	1,181
Reinsurance	148,703	142,989	(85,385)	(29,387)	(20,123)	8,094
Total	177,386	175,598	(106,659)	(35,050)	(24,614)	9,275

Commissions on direct insurance gross premiums during 2023 were £9.2m (2022: £4.6m).

All premiums were concluded in the UK.

The geographical analysis of gross premiums written by destination is as follows:

	2023 £000	2022 £000
India	6,407	18,158
US	47,777	82,774
UK	40,786	48,896
Other	22,076	27,558
Total	117,046	177,386

4. Claims Incurred, Net of Reinsurance

Prior Year Reserve Development

In setting claims provisions, the Syndicate gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an underwriting year is greatest when the underwriting year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherent in the estimation process, the actual overall claim provision may not always be in surplus.

Claims incurred, net of reinsurance, include adverse prior year development of £9.5m (2022: £12.3m). Prior year claims development is analysed by line of business in the table below.

	2023 £000	**2022 £000**
Fire and other damage to property	(6,628)	(198)
Marine aviation and transport	(76)	-
Reinsurance	(2,098)	(12,192)
Miscellaneous	(660)	-
Adverse development	(9,462)	(12,390)

Gross Claims Development

Pure underwriting year	**2018 £000**	**2019 £000**	**2020 £000**	**2021 £000**	**2022 £000**	**2023 £000**	**Total £000**
Estimate of cumulative claims incurred							
At the end of the underwriting year	24,886	26,487	41,726	59,401	74,297	**30,383**	
One year later	34,971	58,238	66,543	99,833	**106,449**		
Two years later	31,236	55,515	58,874	**104,199**			
Three years later	29,049	56,007	**59,881**				
Four years later	22,205	**55,328**					
Five years later	**22,186**						
Less: cumulative payments to date	(22,063)	(51,149)	(50,426)	(49,198)	(33,783)	(2,589)	
Gross claims outstanding provision	123	4,179	9,455	55,001	72,666	27,794	169,218

Net Claims Development

Pure underwriting year	**2018 £000**	**2019 £000**	**2020 £000**	**2021 £000**	**2022 £000**	**2023 £000**	**Total £000**
Estimate of cumulative claims incurred							
At the end of the underwriting year	17,230	25,709	37,416	54,869	71,530	**29,668**	
One year later	22,294	47,971	58,223	94,324	**103,852**		
Two years later	19,036	43,152	51,151	**96,154**			
Three years later	18,319	42,081	**52,132**				
Four years later	14,393	**42,688**					
Five years later	**14,387**						
Less: cumulative payments to date	(14,264)	(39,390)	(43,869)	(47,257)	(33,783)	(2,589)	
Net claims outstanding provision	123	3,298	8,263	48,897	70,069	27,079	157,729

5. Net Operating Expenses

	2023 £000	2022 £000
Acquisition costs	22,974	31,337
Change in deferred acquisition costs	89	(14)
Administrative expenses	7,239	3,727
Gross operating expenses	30,302	35,050
Reinsurers' commissions	39	226
Net operating expenses	30,341	35,276

6. Auditor's Remuneration

	2023 £000	2022 £000
Fees payable to the Syndicate's auditor for:		
Audit of the Syndicate Annual Accounts	161	85
Other services pursuant to regulations and Lloyd's byelaws	83	65
Other non-audit services	95	93
	339	243

Auditor's remuneration is included as part of administrative expenses in note 5.

7. Staff Numbers and Costs

All staff were employed by Hamilton UK Services Limited, except for 11 underwriting and operational staff seconded from GIC Re UK branch (average number employed during the year in 2022: 9) and 4 from GIC Head Office (2022: 3).

The following amounts were recharged to the Syndicate in respect of seconded staff (there are no direct recharges of staff costs from HMA):

	2023 £000	2022 £000
Wages and salaries	2,166	2,129
Pension costs	143	97
	2,309	2,226

8. Emoluments of the Directors of Hamilton Managing Agency Limited

The Directors of HMA received remuneration from Hamilton UK Services Limited, none of which is directly charged to the Syndicate.

No other director related compensation or amounts considered to represent key management personnel compensation was charged to the Syndicate.

8. Emoluments of the Directors of Hamilton Managing Agency Limited (continued)

The active underwriter received the following remuneration charged as a syndicate expense:

	2023 £000	2022 £000
Emoluments	422	367
Pension contributions	-	6
	422	373

9. Investment Return

	2023 £000	2022 £000
Interest from financial instruments designated as at fair value through profit or loss	2,755	697
Other interest and similar income	240	109
Investment income	2,995	806
Other income from investments designated as at fair value through profit or loss:		
Realised losses	(402)	(501)
Unrealised gains/(losses)	1,747	(1,835)
	1,345	(2,336)
Investment management charges	(61)	(34)
Total investment return transferred to the technical account	4,279	(1,564)

10. Financial investments

	2023 Market Value £000	2023 Cost £000	2022 Market Value £000	2022 Cost £000
Shares and other variable yield securities	10,767	10,767	27,373	26,082
Debt securities and other fixed income securities	81,073	81,642	55,746	58,068
	91,840	92,409	83,119	84,150

The Syndicate classifies its financial instruments held at fair value in the balance sheet using a fair value hierarchy, as follows:

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

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

Level 3 Included in the level 3 category are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, observable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset. These inputs are developed based on the best information available, which might include the Syndicate's own data.

2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities	9,476	-	1,291	10,767
Debt securities and other fixed income securities	-	81,073	-	81,073
Other assets: overseas deposits	7	1,689		1,696
Total	9,483	82,762	1,291	93,536

2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities	26,082	-	1,291	27,373
Debt securities and other fixed income securities	-	55,746	-	55,746
Other assets: overseas deposits	273	1,619	-	1,892
Total	26,355	57,365	1,291	85,011

Other assets comprise overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

The level 3 assets are loans provided by the Syndicate to the Lloyd's Central Fund and are carried at fair value using information provided by Lloyd's. These instruments are not tradeable and their valuation includes significant unobservable inputs.

11. Deferred Acquisition Costs

	2023 £000	2022 £000
Balance at 1 January	9,038	10,277
Change in deferred acquisition costs	(89)	14
Effect of exchange rates	(376)	(1,253)
Balance at 31 December	8,573	9,038

12. Debtors Arising Out of Insurance Operations

	2023 £000	2022 £000
Debtors arising out of direct insurance operations		
Due within one year	13,878	14,599
Due after one year	781	-
	14,659	14,599
Debtors arising out of reinsurance operations		
Due within one year	65,437	83,219
Due after one year	338	-
	65,775	83,219

13. Technical Provisions

Year ended 31 December 2023	Gross £000	2023 RI £000	Net £000
Incurred claims outstanding:			
Balance at 1 January	181,515	(12,924)	168,591
Expected cost of current year claims	68,340	(1,833)	66,507
Claims paid during the year	(72,439)	2,556	(69,883)
Foreign exchange movement	(8,198)	712	(7,486)
Balance as at 31 December	169,218	(11,489)	157,729
Claims notified	59,798	(4,859)	54,939
Claims incurred but not reported	109,420	(6,630)	102,790
Balance as at 31 December	169,218	(11,489)	157,729
Unearned premiums			
Balance at 1 January	55,493	(2,126)	53,367
Premiums written during the year	117,046	(22,451)	94,595
Premiums earned during the year	(128,340)	23,751	(104,588)
Foreign exchange movement	(2,381)	82	(2,300)
Balance at 31 December	41,818	(744)	41,074

13. Technical Provisions (continued)

		2022	
	Gross	**RI**	**Net**
Year ended 31 December 2022	**£000**	**£000**	**£000**
Incurred claims outstanding:			
Balance at 1 January	116,515	(15,401)	101,114
Expected cost of current year claims	106,659	(5,809)	100,850
Claims paid during the year	(54,785)	10,104	(44,681)
Foreign exchange movement	13,126	(1,818)	11,308
Balance as at 31 December	181,515	(12,924)	168,591
Claims notified	73,879	(7,349)	66,530
Claims incurred but not reported	107,636	(5,575)	102,061
Balance as at 31 December	181,515	(12,294)	168,591
Unearned premiums			
Balance at 1 January	48,678	(1,547)	47,131
Premiums written during the year	177,386	(30,586)	146,800
Premiums earned during the year	(175,598)	30,197	(145,401)
Foreign exchange movement	5,027	(190)	4,837
Balance at 31 December	55,493	(2,126)	53,367

14. Other Creditors

	2023	2022
	£000	**£000**
Due to Hamilton Group companies	234	527
Investments payable	2	24
Balance at 31 December	236	551

15. Related Parties

<u>Capital</u>

Underwriting capacity is provided 100% by GIC Re, India, Corporate Member Limited (“GIC”).

<u>Managing Agent</u>

The Syndicate is managed by Hamilton Managing Agency Limited (“HMA”). The immediate parent company of HMA is Hamilton UK Holdings Limited.

During the financial year the Syndicate incurred managing agent fees of £0.8m (2022: £1.1m) and a yearly fixed fee of £2.7m (2022: £2.8m) for the services provided to the Syndicate. In addition, Hamilton UK Services Limited recharged costs incurred on behalf of the Syndicate of £0.6m (2022: £0.7m). At the year end, £0.2m (2022: £0.5m) is payable to the Hamilton Group.

15. Related Parties (continued)

Syndicate 4000

The Syndicate participates on a Space consortium managed by Syndicate 4000, which is also managed by HMA. The management fees charged to Syndicate 1947 during the year were £0.3m (2022: £0.3m), with no balances outstanding at year end (2022: nil).

Ultimate Parent Company

The ultimate parent company of GIC Re, India, Corporate Member Limited is General Insurance Corporation of India, a company registered in India.

The ultimate parent company of Hamilton Managing Agency Limited is Hamilton Insurance Group, Ltd, a company registered in Bermuda.

Transactions with the GIC Group

The Syndicate's gross premium written includes cessions from the GIC Group (details are provided on page 4). The Syndicate also purchases certain reinsurance programmes from the GIC Group, premiums ceded (net of commissions) were £2.0m (2022: £2.5m).

During the prior year the cession business attaching to the 2018 to 2020 underwriting years of account was commuted effective 30 November 2022. The liability of the Syndicate for future claims therefore ceased. Final premiums and claims on these years were £68.1m and £56.9m respectively.

Details of staff seconded to the Syndicate from GIC UK branch are provided in note 7.

16. 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") and these funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the managing agent, no amount has been shown in these accounts by way of such capital resources. However, the managing agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

17. Off Balance Sheet Items

The Syndicate has not been a party to any arrangements which are not reflected in its Statement of Financial Position, where material risks and benefits arise to the Syndicate.

18. Subsequent Events

A loss collection of £14.9m will be settled into Syndicate 1947 by the corporate member in June 2024.