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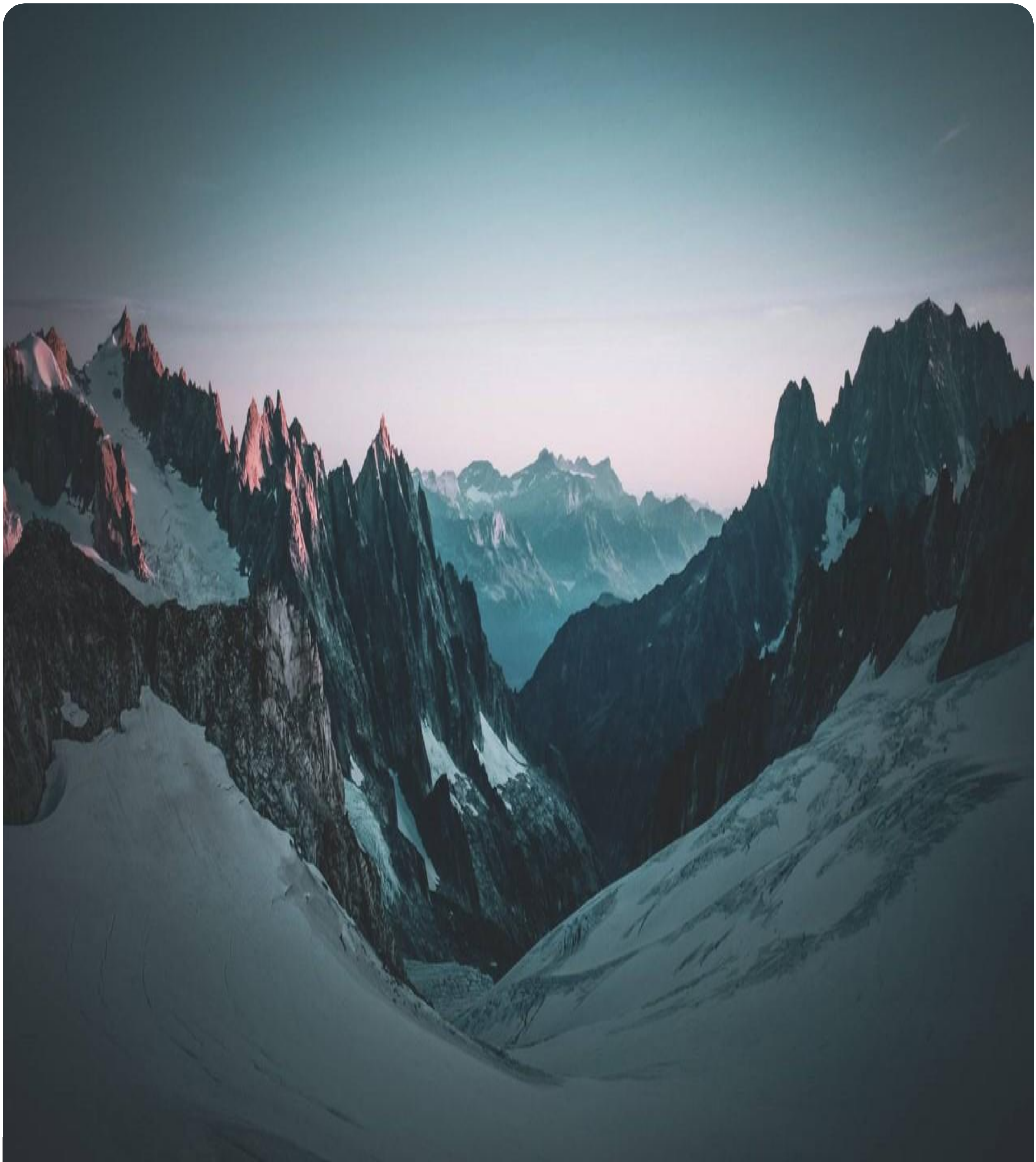

INIGO

Inigo Syndicate 1301 Annual Report & Financial Statements

For the year ended 31 December 2023

Contents

Directors and administration

Managing agent

Inigo Managing Agent Limited

Directors - *the directors named below held office during the year and up to the date of signing the annual accounts*

H Davies
Non-Executive, Chairman

A Bowe
Non-Executive

S Cifelli
Non-Executive

J Dean
Non-Executive

T Hanford
Non-Executive

R Watson
Chief Executive Officer

S Bridges
Chief Financial Officer

R Merrett
Chief Underwriting Officer

V Hartley
Chief Risk Officer

Managing agent's secretary

C Traxler
Resigned 11 January 2023

R Effs
Appointed 11 January 2023, Resigned 21 June 2023

C Barrett
Appointed 22 June 2023

Directors and administration

Managing agent's registered office

7th Floor, One Creechurch Place, London, EC3A 5AY, United Kingdom

Managing agent's registered number

08039754

Syndicate active underwriter

R Merrett

Syndicate bankers

Citibank, Barclays, Royal Bank of Canada

Syndicate investment managers

BlackRock Investment Management (UK) Ltd, Payden & Rygel Global Limited

Syndicate registered auditor

KPMG LLP

Syndicate consulting actuary

Lane Clark & Peacock LLP

Directors' interests

None of the directors of the managing agent have any participation in the Syndicate's premium income capacity.

Who we are

At Inigo we want to understand the major risks that our customers face. We want to dig into the science of risk.

We start by being good with data. We are good at finding it, gathering it, storing it properly, employing great data scientists, and collaborating with some of the world's leading academic institutions to analyse it.

If we do this well, it allows us to do two things. Firstly, it helps our customers understand the risks they face and some of the ways they can manage them, through insurance and/or risk management. Secondly, it allows us to price insurance risk more accurately and to find the common ground between customer value and capital need.

To do this well, takes a lot of work, an investment in technology, and a different mindset. We employ people who appreciate the value data brings and who want to work closely with our customers. We pursue people who are bright, are low ego and highly collaborative. We look for people who are curious and want to learn. We firmly believe that if Inigo is to do well over-time, these qualities will be the bedrock of that success.

We aim to be focused – to limit ourselves to the areas of insurance where customers want us, where data offers opportunity, and we employ underwriters who are leaders in their field. We do this from one floor, in one office, and with one capital base. We try to keep things simple, but when we do something, we try to do it well.

These qualities are underlined in our culture; it is a strong culture, based around four key values:

- Park the ego
- Get smart
- Share the passion
- Radical simplicity.

We guard this culture carefully; we talk about it a lot, we measure it frequently, we endeavour to live it on all occasions. If people decide that they don't "fit" at Inigo, it's normally because they don't rate these values highly enough.

2023 Performance

Our third year of trading closed with the following headline results:

Gross written premium grew to $1,099.4m, a 37.2% increase from 2022. Net earned premium grew even faster, by 45.1% from $517.5m to $750.8m.

The profit for the financial year is $138.8m (2022: $37.9m)

We have grown cash and investments under management to $724.0m (2022: $472.4m).

We like underwriting natural catastrophe risks in both our insurance and reinsurance portfolios. We believe the rating environment favours taking a large position on this peril, even when allowing for the uncertainty created by climate change. As such we are pleased that this result was achieved despite the market

2023 Performance (continued)

suffering one of its highest ever levels of insured natural catastrophe loss ($118bn, driven by a record 37 events costing more than $1bn each, *Aon 2024 Climate and Catastrophe Insights*). Our underwriting is helped enormously by the good efforts of our in-house meteorologists, seismologists, and climate change experts. Investing to understand the science of this risk is very valuable to us, and our customers who face these perils, not just as a balance sheet number, but with their staff's lives and livelihoods at risk.

While facing increased competition in Directors & Officers and Cyber insurance, our adaptable underwriting approach allowed us to capitalise on opportunities in Property D&F. This diversification further contributed to our overall success.

Looking back, some of the highlights include:

- We completed the issue of our third catastrophe bond (Montoya Re 3) through our partners, an important part of our hedging strategy mitigating natural catastrophe exposure and enhancing financial resilience.
- 2023 saw the implementation of our data lake and further investment in our in-house data science expertise.
- Our in-house capital model was approved by Lloyd's, and will allow us a much more granular capital allocation and portfolio optimisation program, beyond just the underwriting risk.
- 2023 also saw us kick off a number of interesting projects where we have collaborated with universities in London and Cambridge, to deepen our understanding of risk.
- We have continued to survey the legal environment in the US to help our customers navigate their business there, and to share the results with customers, brokers and other insurance companies.
- We were delighted to seal a partnership with leading telematic company to provide life-saving technology to some of the major trucking fleets in America, offering a solution for customers who face one of the toughest legal environments and hardest insurance markets.
- We launched a strategic partnership with the 90 North Foundation, the conservation non-profit dedicated to safeguarding the biodiversity, marine habitat, and ecosystem services of the Central Arctic Ocean that surrounds the North Pole.
- We revealed our Risk Ambassador programme, a unique collaboration with inspiring different people providing a different perspective of taking risk through the convergence of data, experience & instinct.

Strategic restructuring of our underwriting teams

In January 2024 we restructured our underwriting teams to bring together specialists from across different lines of business. This initiative represents a key investment in our future, designed to harness the collective expertise of our underwriters where diverse perspectives and best practices can thrive. This will enable us to develop insights and experiences across lines and gain a deeper understanding of our customers, many of whom buy more than one product from us.

People

Inigo is all about the people we employ. The culture, the focus, the research, the support we give our customers and their brokers, and any success we might have, all emanate from the people we employ. We like to invest in them. Our Learning and Development Program is growing; we are sponsoring them through MBAs; we make executive coaching available to everyone on the team. We push each other to learn; we bring in experts; we discuss the latest science, the latest books.

It is an obligation on all of us to improve our understanding and to challenge our thinking.

I am immensely grateful to everyone in the Inigo team for their extraordinary effort in these first three years and for the way they embrace the culture, live by our values, and challenge me.

Long may that continue.

Our plans for 2024

The market continues to support the strategy of focusing our time on a limited number of classes, where we can provide true leadership and expertise. We aim to be a specialist and not a generalist. The market also allows us to execute the original plan because the rating environment remains very attractive and in many classes better than expected.

Our key priorities will be:

- **To increase the investment and build-out of our data capability.** Success here is measured in the value of incremental improvement; to misquote Dave Brailsford, it is "doing 100 things, 1% better". The benefit of a good database, clean accessible data, and the arrival of extraordinary AI tools, makes this an incredibly exciting opportunity for us and our customers.

- **To invest in our understanding of climate change.** With catastrophe exposure as the largest part of our portfolio, we have to increase our research into the long and short-term effects of climate change. A lot of research is aimed at figuring out what 2050 will look like, but our most immediate interest is in better understanding the outlook for 2024/2025. Advanced computing is allowing us to get a better understanding of what we will see, blending seasonal with cyclical and long-term trends to produce bespoke outlooks for different perils and places.

- **To get closer to our customers.** Understanding our customers' needs and helping them to understand the risks they face is at the heart of what we do. Because we deal with the world's largest commercial and industrial companies, getting to know them well is much more achievable. We are building a tactical process of engagement, focusing on them, the industries they work in, and how we can use our research and insights for their benefit.

Our plans for 2024 (continued)

- **Partnerships**. We enjoy working with people who share our values and approach to business. Where this is the case and they are prepared to make a significant commitment to working with us, we are investigating how we can use our data capabilities to help them find insurance products in distressed markets that we don't operate in at present. Initially, we are looking at the US Excess and Surplus lines industry and we will work on a handful of deals to test the theory.

If we do these things well we will drive shareholder value by out-performing the market average, and be a valued partner for our customers and their brokers.

It is a challenge we relish.

R Watson

Inigo Chief Executive Officer

The directors of Inigo Managing Agent Limited ("IMAL"), the managing agent for Syndicate 1301 ("the Syndicate"), present their report for the year ended 31 December 2023.

This annual report is prepared using the annual basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102") and Financial Reporting Standard 103 "Insurance Contracts" ("FRS103").

Inigo Limited ("Inigo") completed the acquisition of StarStone Underwriting Limited ("SUL"), the Lloyd's managing agency, and Syndicate 1301's capacity for the 2021 year of account and subsequent years, on 15 March 2021 from Enstar Group Limited ("Enstar"). Following the completion, SUL was renamed Inigo Managing Agent Limited ("IMAL").

The Syndicate commenced writing a new portfolio of insurance and reinsurance risks for the 2021 year of account under new management through Inigo Corporate Member Limited ("ICML").

Enstar retained the liabilities of Syndicate 1301's 2020 and prior years of account through SGL No. 1 Limited ("SGL 1"), a corporate member in the Enstar Group. The management of the 2020 and each prior year of account for Syndicate 1301 were novated to Enstar Managing Agency Limited ("EMAL") on 1 June 2021. These years of account were transferred through Reinsurance to Close ("RITC") to Syndicate 2008 on 1 January 2023.

The Syndicate is fully aligned for the 2021 and 2022 years of account. For the 2023 and the 2024 year of account, a third party provided additional capital to the Syndicate.

Principal activities

The Syndicate's principal activity remains the transaction of general insurance and reinsurance business in the United Kingdom at Lloyd's of London.

The Syndicate trades through the Lloyd's worldwide licenses and rating platform. It also benefits from the Lloyd's brand. Lloyd's has an A (Excellent) rating from A.M. Best, AA- (Very Strong) rating from Standard & Poor's and AA- (Very Strong) rating from Fitch.

Results, performance and key performance indicators

The result for the year, which includes all years of account combined, was a profit of $138.8m (2022: $37.9m profit). The net combined ratio improved to 85.4% (2022: 92.1%).

Results, performance and key performance indicators (continued)

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

	2023 $'000	2022 $'000
Gross premiums written	1,099,436	801,250
Net premiums written	840,990	610,258
Gross premiums earned	995,805	686,992
Net premiums earned	750,834	517,514
Profit for the financial year	**138,785**	**37,901**
Claims ratio	55.3%	59.8%
Commission ratio	19.1%	20.3%
Expense ratio	11.0%	12.0%
Combined ratio	**85.4%**	**92.1%**

Gross written premiums were $1,099.4m (2022: $801.3m).

Additional income was also written on behalf of the Inigo General Liability and the Inigo Property consortia.

A prudent approach to risk retention resulted in significant use of reinsurance protection, with the resulting level of ceded premium.

Gross and ceded written premium, other than property catastrophe excess of loss reinsurance which is earned based on exposure, has been earned on a straight-line basis so does not reflect any seasonality of the business lines.

In 2023, the net claims ratio decreased by 4.5% to 55.3%, compared to 59.8% in 2022. This change reflects two primary factors: a decrease in large catastrophe losses compared to the previous year, leading to improved gross loss ratios, and positive adjustments to prior year claims across most lines of business. Reinsurance recoveries were however lower due to the absence of major catastrophe events.

The Syndicate's expense ratio decreased to 11.0% (2022: 12.0%), due to premium growth which enabled the syndicate to improve its operational efficiency. The commission ratio also decreased to 19.1% (2022: 20.3%).

The non-technical account includes a foreign exchange loss of $1.8m (2022: loss of $2.0m arising from the translation of foreign currency net positions at closing rates of exchange and other income of $4.2m (2022: $4.0m) relating to consortia fees.

The Syndicate reported an investment return gain of $27.2m (2022: $4.1m loss) for the financial year. This comprises investment income of $21.1m (2022: $2.9m), unrealised gains of $6.5m (2022: $4.9m), unrealised losses of $156k (2022: $11.8m) and investment expenses and charges of $258k (2022: $94k). The Syndicate invests in fixed income securities, primarily comprised of corporate and government bonds.

Business Review

The gross written premium for the 2021, 2022 and 2023 years of account is as follows:

	2023 *$'000*	*2022* *$'000*
Property	371,304	214,597
Casualty	296,862	224,979
Reinsurance	431,270	361,944
Total Gross written premium	**1,099,436**	**801,520**

Inigo relaunched the Syndicate in 2021 with a new portfolio of insurance and reinsurance business focusing on a limited number of core lines in Reinsurance, Property and Casualty classes.

In 2023, the Syndicate has continued to display strong growth, with gross written premiums up 37% on 2022. This growth has been achieved through growth in business lines with good market conditions and by the expansion of our underwriting teams. New teams of underwriting specialists in Cyber and Mining were brought onboard during the year. The growth in our underwriting teams has been complemented by an expansion of our pricing, exposure management and data analytics functions, coupled with strong technology resources, allowing our analysis and use of data to produce better underwriting decisions.

Property

For 2023, the Property portfolio comprised four units: Property Direct and Facultative ("D&F"), Political Risks, Aviation War and Onshore Energy.

Property Direct and Facultative

The team underwrite risks across a broad spectrum of industries including Commercial Real Estate, Global Manufacturing, Hospitality, and Municipal/Institutional. The D&F book focuses on risks domiciled in the US, Canada, UK, EU, Australasia and Japan, writing both primary and excess layers of large complex commercial risks.

The team wrote $244.3m in the 2023 calendar year (2022: $140.3m). Additionally, they lead the Inigo D&F consortium, where other insurers place their capacity behind ours, which additionally bound approximately $28.3m of Gross Written Premium (2022: $11.4m).

Political Risks

The team offers a broad suite of coverages in Political Risks which includes: Sabotage and Terrorism, Political Violence, Civil Unrest, and other related coverages. The Political Risks portfolio principally focuses on risks domiciled in the US and UK, with additional exposures in key countries, writing both primary and excess layers across a wide array of commercial occupancies.

The team wrote $19.8m in the 2023 calendar year (2022: $22.0m).

Aviation War

The team underwrite a global client base covering major airline operators plus associated lessors, banks and finance parties, manufacturers and general aviation. Coverage includes physical loss or damage to aircraft, confiscation, aircraft spares, plus excess third-party war liability. The team also specialise in covering operations into distressed territories on behalf of governmental, non-governmental, or humanitarian organisations.

The team wrote $64.1m in the 2023 calendar year (2022: $43.0m).

Onshore Energy

2023 was the first full year of trading for the Onshore Energy team at Inigo, with a further expansion of the line through the addition of a Mining subclass of business.

The Onshore Energy team focuses primarily on downstream, midstream, power generation and renewables risks. The book focuses principally on risks from the US, Canada, Europe, Australasia and Japan.

The Mining team focuses on the mid-tier mining market focused on the Americas, Australia, and Africa, excluding sanctioned territories. Capacity is predominantly deployed on a primary or quota share basis.

The team wrote $43.1m in the 2023 calendar year (2022: $9.5m).

Casualty

The Casualty segment offers a range of Casualty products including Directors & Officers, General Liability, Marine and Energy, Financial Institutions and Cyber.

Directors & Officers (D&O)

The team focuses predominantly on primary and low excess positions in publicly listed businesses in the US and Australia. There is a broad appetite by industry and risks can include companies at an early stage of maturity as they go public. The majority of the businesses insured are listed on stock exchanges in the US and Australia but other jurisdictions, such as the UK, Europe and Latin America, are also covered.

The team wrote $107.3m in the 2023 calendar year (2022: $107.1m). The team did not continue the Inigo D&O consortium, present in 2021 and 2022.

General Liability

The team focuses on five core industries: Rail, Owners-landlords-tenants, Construction, Manufacturing and Natural Resources. It also considers exposure to Municipalities, Trucking and Chemical companies. Most of the businesses insured are Fortune 1000 companies in the US and the portfolio consists predominantly of higher excess layers.

The team wrote $90.3m in the 2023 calendar year (2022: $74.9m). Additionally, they successfully launched and led an Inigo General Liability consortium, attracting $6.6m in additional GWP through co-placement alongside Inigo's capacity.

Marine & Energy Liability

The team focuses on three main sub-segments: Marine Liability, Energy Liability and Ports.

The team write a broad spectrum of Marine Liability business across all sectors of the maritime industry - ports and terminals, shipbuilders, ship repairers, marina operators, shipowners, ship operators and ship charterers. Energy Liability primarily focuses on Drilling & Service Contractors, Exploration & Production Companies, Offshore Construction and Onshore Upstream, mid-stream and downstream Operations.

The team wrote $60.7m in the 2023 calendar year (2022: $38.7m).

Financial Institutions

2023 was the first full year of trading for the Financial Institutions team at Inigo. The team write a portfolio of Comprehensive Crime, Professional Indemnity and Directors & Officers insurance for a broad range of Financial Institutions predominantly domiciled in the US, Canada, Australia, UK and Europe.

The team wrote $23.4m in the 2023 calendar year (2022: $4.2m).

Casualty (continued)

Cyber

The Cyber line of business commenced underwriting in 2023. The team write a portfolio of Cyber, Technology E&O and Cyber Property insurance, primarily focused on larger risk managed accounts and clients domiciled in the US, Europe, and Canada.

The team wrote $15.1m in 2023 calendar year (2022: nil).

Reinsurance

The Reinsurance portfolio includes Property Catastrophe excess of loss, Quota Share, Retro, Risk excess of loss and Specialty reinsurance.

The team wrote $431.3m in the 2023 calendar year (2022: $361.9m).

Property Reinsurance

The largest element of the Property reinsurance account is Catastrophe excess of loss. This is a global portfolio, albeit with a particular emphasis on North America, Australia and Japan. Peak zone exposures are hedged using both traditional reinsurance and catastrophe bonds. The Retro account is much smaller, and focusses on non-peak peril-zones. Inigo's reinsurance underwriters have a long history of leading high-profile programmes.

Across the property reinsurance portfolio Inigo looks to partner with best-in-class insurers, those with strong financials, a history of claims outperformance, transparent data, and the willingness to embrace long-term partnerships.

Specialty Reinsurance

The Specialty reinsurance account encompasses a diverse range of classes including Cyber, Agriculture, Nuclear, Entertainment, Surety, Terrorism, and Wildfire Liability. Cyber is currently the biggest line by premium, a market which has seen its dramatic rate increases over the last three years begin to taper off. Cyber exposures are all written on a capped basis, and there is a strict overall maximum exposure limit. The other major line, Agriculture, protects cedants against widespread deterioration in crop yields and is typically provided on a stop-loss basis.

The majority of risks are written on a non-proportional basis, but some pro-rata is also written. The account is worldwide in scope but is driven by exposures from the US. We seek to partner with the best-in-class cedants in their niche areas of expertise.

Inigo Claims team

The Inigo claims team was in place and ready to service clients when Inigo started to write business on 1st January 2021. It is now a team of eleven, blending senior expertise with more junior talent relatively new to insurance. Many have worked previously for large organisations, and so bring a wealth of knowledge and technical experience to each claim they handle and in every line of business that Inigo is writing. The team is also highly experienced in responding to and handling catastrophe claims across the globe as well as having two qualified lawyers who have handled some of the most complex Financial Lines claims in their previous companies.

The Claims team will grow with added capabilities in 2024 to keep pace with the business growth and will continue to be at the front of the Inigo business, partnering with underwriters to find solutions for clients.

The experienced claims professionals are ready to respond immediately when clients need it most, helping them recover from disasters, resolving the most complex issues, as well as helping them learn from claims. The Inigo claims team fosters collaboration with all internal and external stakeholders, providing the highest quality customer service and continuous improvement.

Future developments

The Syndicate's underwriting capacity for the 2024 underwriting year is £947m/$1,203m (2023: £710m/$859m).

As Inigo enters its fourth year of underwriting, the Syndicate continues its targeted approach of underwriting select classes of core business. The Syndicate retains its focus on complex, open market business, and providing exceptional service to its clients. It operates from a single office.

The Syndicate anticipates good opportunities for growth across large parts of its portfolio in 2024, and will continue to optimise the shape of the portfolio on both a gross and net basis. The Syndicate expects a high level of business retention in 2024, given that new business in 2023 was written under attractive terms.

Having maintained strong producer relationships in 2023, the Syndicate will continue to build on these in the coming year.

The Syndicate will adopt a comprehensive reinsurance purchasing strategy, with the continued aim of good volatility management.

Inflation

The current inflationary environment presents the Syndicate with additional uncertainty with respect to pricing, reserving and modelling. The Syndicate has undertaken detailed analysis of the impact of inflation on the business, and continues to review its methodology and assumptions for appropriateness as the inflationary environment develops.

Inflation (continued)

The effect of inflation on reserving is complex for many reasons, including:

- The many types of inflation the Syndicate is affected by, including wage inflation, social inflation, and inflation arising from increasing litigation and ever-higher court awards, amongst others.
- For property claims, whether the loss is total or partial, which affects the part of the supply chain to which the Syndicate is exposed. For instance, a complete building fire necessitates factoring in the entire construction process, while a partial roof leak involves specific repair costs.
- For property claims, the portion of the loss that is business interruption as opposed to property damage, as inflation on business interruption claims behave differently.
- The difficulties in precisely understanding how these types of inflation interact to impact claims.
- The uncertainty in timing of events including the date of loss, time to reporting and time to settlement.

The classes Inigo has chosen to write generally experience low frequency, high severity claims. By their nature, the key uncertainties in these classes, particularly those affected by catastrophes, are normally whether an event occurs, and its scale. As a result, the Syndicate's net technical provisions have not been significantly impacted by ongoing inflationary pressures.

From a new business perspective, we mitigate inflationary pressures through a combination of exposure indexation, driving increased premium and continued rate increases. Our current pricing and reserving assumptions incorporate expected inflation. Therefore, the increased premium we are getting across the Syndicate is keeping pace with our current claim inflation experience.

Ukraine and Russia geopolitical situation

The directors considered the ongoing geopolitical situation in Ukraine and Russia.

These events are not clearly timebound nor limited to direct consequences that are easily quantifiable. As a result, the exposure estimates continue to be assessed on an ongoing basis and remain judgmental. The net impact on the Syndicate's financial and capital position to date, from both underwriting and investments, has been limited. The directors continue to closely monitor the situation and actively assess the potential impact to the Syndicate.

The impact of an escalating global conflict may increase the risk of a systemic cyber-attack. The increased internal cyber risk is, in part, mitigated through regular phishing tests and additional training.

Risk review

A description of the principal risks and uncertainties facing the Syndicate is set out in the notes to the financial statements (Risk and Capital Management).

Directors

None of the directors of the managing agent who served during the year ended 31 December 2023 were underwriting Names on the Syndicate for the 2021, 2022 or 2023 years of account.

The current directors of the managing agent are set out on page 2.

Auditor

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

Disclosure of information to auditor

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

Syndicate meeting

The managing agent confirms that it does not propose to hold an annual general meeting of the members of the Syndicate.

For and on behalf of the board

S J Bridges

Director

27 February 2024

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

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

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

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

The directors of the managing agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the Syndicate annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are 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 directors of the managing agent are responsible for the maintenance and integrity of the Syndicate and financial information included on the Inigo Group website. Legislation in the UK governing the preparation and dissemination of the Syndicate annual accounts may differ from legislation in other jurisdictions.

For and on behalf of the board

S J Bridges

Director

27 February 2024

Opinion

We have audited the Syndicate annual accounts of Syndicate 1301 ("the Syndicate") for the year ended 31 December 2023 which comprise of the Income Statement: Technical Account- General Business, Income Statement: Non-Technical Account, Statement of Financial Position- Assets, Statement of Financial Position- Liabilities, Statement of Changes in Members Balance, Statement of Cash Flows, and related notes, including the accounting policies in note 3.

In our opinion the Syndicate annual accounts:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

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

Going concern

The Directors of the Managing Agent ("the Directors") have prepared the Syndicate annual accounts on the going concern basis as they do not intend to cease underwriting or to cease its operations, and as they have concluded that the Syndicate's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Syndicate annual accounts ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Syndicate's business model and analysed how those risks might affect the Syndicate's financial resources or ability to continue operations over the going concern period, including reviewing correspondence with Lloyd's to assess whether there were any known impediments to establishing a further year of account.

Going concern (continued)

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Syndicate annual accounts is appropriate; and
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Syndicate's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Syndicate will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of directors, the audit committee, internal audit, compliance, legal and risk and inspection of policy documentation as to the Syndicate and Managing Agent's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Syndicate and Managing Agent's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee and risk and solvency committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any usual or unexpected relationships.

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

As required by auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as the valuation of insurance contract liabilities and the valuation of estimated premium debtors. We did not identify any additional fraud risks.

Fraud and breaches of laws and regulations – ability to detect (continued)

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted containing key words such as fraud, fake, fictitious, temporary or do not use; those recorded at end of the period or as post close entries that have no explanation above our performance materiality, those posted without user identification and description, those posted by personnel who typically are not expected to be posting or approving journal entries; cash journals posted against accounts not expected in the normal course of business; and those posted as credit to the premium revenue accounts with debit to any account other than the premium receivable account.
- Assessing whether the judgement made in accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

As the Syndicate is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

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

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Syndicate annual accounts, even though we have properly planned and

Fraud and breaches of laws and regulations – ability to detect (continued)

performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Syndicate annual accounts, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information – Report of the directors of the Managing Agent

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Responsibilities of the directors of the Managing Agent

As explained more fully in their statement set out on page 17, the Directors of the Managing Agent are responsible for: the preparation of the Syndicate annual accounts and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Syndicate annual accounts that are free from material misstatement, whether due to fraud or error; assessing the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

David Maddams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
27 February 2024

For the year ended 31 December 2023	Note	2023 $'000	2022 $'000
Written premiums, net of reinsurance			
Gross premiums written	5	1,099,436	801,250
Outwards reinsurance premiums		(258,446)	(190,992)
		840,990	**610,258**
Change in the provision for unearned premiums			
Gross amount		(103,631)	(114,258)
Reinsurers' share		13,475	21,514
	16	**(90,156)**	**(92,744)**
Earned premiums, net of reinsurance		**750,834**	**517,514**
Allocated investment return transferred from the non-technical account	10	**27,220**	**(5,063)**
Claims paid			
Gross amount		(250,926)	(191,456)
Reinsurers' share		60,052	31,845
	5	**(190,874)**	**(159,611)**
Change in the provision for claims			
Gross amount		(235,629)	(256,903)
Reinsurers' share		11,274	107,042
	16	**(224,355)**	**(149,861)**
Claims incurred, net of reinsurance		**(415,229)**	**(309,472)**
Net Operating Expenses	7	(225,988)	(167,110)
Balance on the technical account – general business		**136,837**	**35,869**

All operations relate to continuing activities. The notes on pages 29 to 73 form an integral part of these financial statements.

For the year ended 31 December 2023	Note	2023 $'000	2022 $'000
Balance on the technical account - general business		**136,837**	**35,869**
Investment income	10	21,110	1,944
Unrealised gains on investments	10	6,524	4,857
Investment expenses and charges	10	(258)	(94)
Unrealised losses on investments	10	(156)	(11,770)
Allocated investment return transferred to technical account	10	(27,220)	5,063
Foreign exchange (loss)		(1,755)	(1,978)
Non-technical account - other income		4,167	4,010
Non-technical account - charges		(464)	-
Profit for the financial year		**138,785**	**37,901**
Other comprehensive income		-	(4,603)
Total comprehensive profit for the financial year		**138,785**	**33,298**

All operations relate to continuing activities. The notes on pages 29 to 73 form an integral part of these financial statements.

As at 31 December 2023	Note	2023 $'000	2022 $'000
Investments			
Other financial investments		723,982	472,443
Deposits with ceding undertakings		-	591
	11	**723,982**	**473,034**
Reinsurers' share of technical provisions			
Provision for unearned premiums		54,149	43,967
Claims outstanding		194,295	275,973
	16	**248,444**	**319,940**
Debtors			
Debtors arising out of direct insurance operations	12	112,210	105,774
Debtors arising out of reinsurance operations	13	190,228	136,682
Other debtors		7,512	21,329
		309,950	**263,785**
Other assets			
Cash at bank and in hand	18	63,833	73,472
Prepayments and accrued income			
Accrued interest		3,924	1,058
Deferred acquisition costs	14	64,702	57,587
Other prepayments and accrued income		510	-
		69,136	**58,645**
Total assets		**1,415,345**	**1,188,876**

The notes on pages 29 to 73 form an integral part of these financial statements.

As at 31 December 2023	Note	2023 $'000	2022 $'000
Capital and reserves			
Members' balances		**139,387**	**(38,416)**
Technical provisions			
Provision for unearned premiums		393,849	301,471
Claims outstanding		739,045	786,531
	16	**1,132,894**	**1,088,002**
Deposits received from reinsurers		-	29,770
Creditors			
Creditors arising out of direct insurance operations		4,315	1,512
Creditors arising out of reinsurance operations		115,306	84,364
Other creditors		17,366	18,325
	17	**136,987**	**104,201**
Accruals and deferred income		6,077	5,319
Total liabilities		**1,275,958**	**1,227,292**
Total liabilities and equity		**1,415,345**	**1,188,876**

The notes on pages 29 to 73 form an integral part of these financial statements.

The Syndicate financial statements on pages 23 to 73 were approved by the Board of Inigo Managing Agent Limited and were signed on its behalf by:

S J Bridges
Director
27 February 2024

For the year ended 31 December 2023	Note	2023 $'000	2022 $'000
Members' balances brought forward at 1 January		(38,416)	(93,572)
Profit for the year		138,785	33,298
Contribution to losses		39,018	21,858
Members' balances carried forward at 31 December		**139,387**	**(38,416)**

The notes on pages 29 to 73 form an integral part of these financial statements.

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.

For the year ended 31 December 2023	Note	2023 $'000	2022 $'000
Cash flows from operating activities:			
Profit for the year		138,785	33,298
Adjustments			
Increase in technical provisions		44,892	362,332
Increase/(decrease) in reinsurers' share of technical provisions		71,496	(126,921)
(decrease) in debtors, subrogation and salvage and prepayments		(48,124)	(138,159)
Increase in creditors		28,387	57,223
Movement in other assets/liabilities		(32,556)	(1,609)
Net interest and dividends receivable		(26,756)	5,063
Foreign exchange gains		1,475	1,943
Net cash inflow from operating activities		**177,599**	**193,170**
Cash flows from investing activities:			
Acquisitions of financial instruments		(512,457)	(233,462)
Proceeds from sale of financial instruments		262,496	90,532
Interest received		21,110	2,918
Increase/(decrease) in deposits with credit institutions		-	-
Other loans		-	109
Decrease in overseas deposits		(6,907)	(15,089)
Foreign exchange losses		(860)	1,566
Other		1,100	(11,844)
Net cash (outflow) from investing activities		**(235,518)**	**(165,270)**
Cash flow from financing activities:			
Contribution to losses		39,018	21,858
Other		-	(951)
Net cash inflow from financing activities		**39,018**	**20,907**
Net (decrease)/increase in cash and cash equivalents		**(18,901)**	**48,807**
Cash and cash equivalents at 1 January		318,436	271,543
Effect of exchange rate changes on cash and cash equivalents		(1,474)	(1,914)
Cash and cash equivalents at 31 December		**298,061**	**318,436**

The notes on pages 29 to 73 form an integral part of these financial statements.

1. Basis of preparation

The Syndicate is a vehicle on which (re)insurance business is conducted at Lloyd's on behalf of the corporate capital provider, ICML and third party capital provider for 2021-2023 years of accounts and SGL 1 for 2020 year of account and each prior year of account.

The underwriting for the 2021 - 2023 years of account is managed by IMAL and the 2020 year of account and each prior year of account were managed by EMAL.The address of the Syndicate's managing agent is 7th Floor, One Creechurch Place, London, EC3A 5AY.

The Syndicate financial statements as at and for the period ended 31 December 2023 report the 2021 - 2023 years of account and the financial statements as at and for the period ended 31 December 2022 report the Inigo 2022 and 2021 years of account, and the StarStone 2020 and each prior year of account combined.

The financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in January 2022, and Financial Reporting Standard 103 Insurance Contracts ("FRS 103") as issued in January 2022.

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

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

As permitted by FRS 103 the Syndicate has continued to apply the accounting policies that existed prior to this standard for its insurance contracts.

The Directors of the managing agent have prepared the annual accounts on a going concern basis. In adopting the going concern basis, the Syndicate's current and forecast solvency and liquidity positions for the next 12 months and beyond has been reviewed. As part of the consideration of the appropriateness of adopting the going concern basis, the Directors used scenario analysis to assess the robustness of the Syndicate's solvency and liquidity positions.

Even in a severe downside scenario, no material uncertainty in relation to going concern has been identified. This is due to the Syndicate's strong capital and liquidity positions, which provide considerable resilience to these shocks, underpinned by the Syndicate's approach to risk management, which is described in note 4.

In addition to the above, Lloyd's require the Syndicate to perform an assessment of certain events on the financial position of the Syndicate by running specific realistic disaster scenarios (RDS). It can be demonstrated that under the selected RDS scenarios, the Syndicate will continue to operate and any capital requirements can be provided from the members' funds at Lloyd's (FAL).

The capital requirements are set at the member level and a member is not allowed to participate in the Syndicate if they have not met their capital requirement and the capacity of the Syndicate is adjusted down to reflect this.

1. Basis of preparation (continued)

The Syndicate benefits from being part of the Lloyd's capital structure, often referred to as the chain of security, which provides excellent financial security to policyholders and capital efficiency for members. The three elements that make up the Lloyd's capital structure are:

1. Syndicate assets – all premiums received by the Syndicates are held in trust by the managing agents as the first resource for paying policyholders' claims and to fund regulatory deposits. Until all liabilities have been provided for, no profits can be released. Every year, the Syndicates' reserves for future liabilities are independently audited and subject to an actuarial review.
2. Funds at Lloyd's – each member, whether corporate or individual, must provide sufficient capital to support their underwriting at Lloyd's. Managing agents are required to assess the solvency capital requirement (SCR) for each syndicate that they manage. This sets out how much capital the syndicate requires to cover its underlying business risks at a 99.5% confidence level
3. Lloyd's central capital – Lloyd's central assets, which include the Central Fund, are available, at the discretion of the Council of Lloyd's, to meet any valid claim that cannot be met from the resources of any member.

After making enquiries, the Directors have a reasonable expectation that the Syndicate has adequate resources to continue in operational existence over a period of at least 12 months from the date of this report. For this reason, the Syndicate continues to adopt the going concern basis in preparing its financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2. Use of judgments and estimates

In preparing these financial statements, the directors of the managing agent have made judgments, 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.

Technical Provisions

The measurement of the provision for claims outstanding involves judgments 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 judgmental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred for which the eventual outcome remains uncertain. In particular, judgment 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.

2. Use of judgments and estimates (continued)

Technical Provisions (continued)

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate managing agent's 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.

In arriving at the level of claims provisions a management margin is applied over and above the actuarial best estimate. 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 4.

Estimates of future premiums

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

The measurement of premium estimates comprises the estimated gross premium written during the year, that have not yet been notified by the financial year-end.

Fair value of financial assets determined using valuation techniques

Where the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or other mathematical models. The inputs from these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. For fixed-income and asset-backed securities the judgments include considerations for liquidity risk, credit risk, and prepayment rates.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations of specific industries and market liquidity. Discount rates are influenced by risk-free interest rates and credit risk.

Changes in the assumptions about these factors could affect the reported fair value of the financial instruments.

Climate change related risks

Responses to climate change are still developing, it is not possible to consider all possible future outcomes when determining asset and liability valuations, and timing of future cash flows, as these are not yet known.

3. Significant accounting policies

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

Insurance Contracts

Product classifications

Insurance contracts are those contracts where the company (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Premiums written

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the reporting period, regardless of whether these are wholly due for payment in the reporting period, together with any adjustments arising in the reporting period to such premiums receivable in respect of business written in the current or prior reporting periods. They are recognised on the date on which the policy incepts. Additional or return premiums are treated as a re-measurement of the initial premium. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

Written premiums include an estimate for pipeline premiums (i.e. premiums written but not reported to the Syndicate by the reporting date) relating to those underlying contracts of insurance where the period of cover has commenced prior to the reporting date.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business.

Managing agent profit commission

Profit commission is charged by the managing agent at a standard rate of 20% on the third party capital provider's share of the 2023 underwriting year of account. Profit commission is disclosed within Members' standard personal expenses.

Other income

Other income relates to consortium fee and consortium profit commission.

Claims

Claims include all claims occurring during the year, whether reported or not, related internal and external claims management costs that have been determined by an apportionment of employment costs, and any adjustments to claims outstanding from previous years.

3. Significant accounting policies (continued)

Claims (continued)

Internal claims handling costs, including remuneration costs of the claims department, are reclassified from administrative expenses and included within claims incurred.

Claims arising out of reinsurance operations are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Technical Provisions

Technical provisions comprise claims outstanding, provisions for unearned premiums and provisions for unexpired risk.

Claims outstanding

Full provision is made on an individual case basis for the estimated cost of claims notified but not settled by the balance sheet date after taking into account handling costs and settlement trends. A provision for claims incurred but not reported (IBNR) is established from statistical analysis undertaken by the Syndicate's actuaries. The methods used and the estimates made are reviewed regularly.

Whilst the directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events. Any differences between provisions and subsequent settlements are dealt with in the technical accounts of later years.

In calculating the estimated cost of unpaid claims the Syndicate uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of current claims will be consistent with past experience.

Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which may cause the cost of unsettled claims to change when compared with the cost of previously settled claims including:

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

A component of these estimation techniques is the estimation of the cost of notified but not paid claims. In estimating the cost of these the Syndicate has regard to claim circumstances as reported, and information available from loss adjusters and information on the cost of settling claims with similar characteristics.

Large losses impacting each relevant business class are assessed separately where appropriate, being measured on a case-by-case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of the large claims.

3. Significant accounting policies (continued)

Claims outstanding (continued)

The provision for claims outstanding is based on information available at the balance sheet date and is estimated to give a result within a normal range of outcomes.

To the extent that the ultimate cost falls outside this range, for example where assumptions over claims inflation may alter in future, there is a contingent liability in respect of this uncertainty. Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for the reinsurers' share, having regard to collectability.

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.

Anticipated salvage and subrogation recoveries are calculated on an individual case basis. The level of recovery estimated is set on the basis of information which is currently available, including potential outstanding claims advices and case law. Salvage and subrogation recoveries are included in claims incurred in the income statement.

The liability is not discounted for the time value of money.

Provision for unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Written premiums are recognised as earned over the period of the policy on a time apportionment basis having regard, where appropriate, to the incidence of risk. The provision for unearned premiums is calculated on a daily pro rata basis where appropriate. The exception to straight-line earning is the property catastrophe excess of loss reinsurance class, which is earned based on exposure to reflect the seasonality of the business line. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unearned reinsurance premiums are those proportions of reinsurance premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts, and over the term of the reinsurance contract for losses-occurring contracts. The exception to straight-line earning are those contracts providing coverage for the property catastrophe excess of loss reinsurance class, which are earned based on exposure to reflect the seasonality of the underlying business line.

Prior to the 2023 year all reinsurance ceded was earned on a straight line basis. The change with respect to contracts providing coverage for the property catastrophe excess of loss reinsurance class represents a change in estimation technique compared to the prior year. This has decreased the reinsurers' share of unearned premiums in the 2023 year end balance sheet by $9.2 million and increaced outwards reinsurance premiums payable in the income statement by the same amount.

Provision for unexpired risks

Provision is made for unexpired risks arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds

3. Significant accounting policies (continued)

Provision for unexpired risks (continued)

the unearned premiums provision in relation to such policies (after the deduction of any deferred acquisition costs). The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premiums and unexpired claims provisions.

Deferred acquisition costs

Acquisition costs, comprising commission and other direct and indirect costs related to the acquisition of new insurance contracts or the renewal of existing insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

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

The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset. Amortisation is reported in the technical account.

Commissions receivable on outwards reinsurance contracts are amortised over the term of the outwards reinsurance premiums and deferred to the extent that they are attributable to outwards reinsurance premiums unearned as at the balance sheet date.

Reinsurance assets

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

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

Debtors arising from direct insurance and reinsurance operations

Debtors arising from direct insurance and reinsurance operations are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, they are measured at amortised cost less any provision for impairment in value.

The carrying value of debtors arising from direct insurance and reinsurance operations is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss. Debtors arising from direct insurance and reinsurance operations are derecognised when the de-recognition criteria for financial assets have been met.

3. Significant accounting policies (continued)

Creditors arising from direct insurance and reinsurance operations

Creditors arising from direct insurance and reinsurance operations are recognised when due and measured on initial recognition at the fair value of the consideration paid or payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost.

Creditors arising from direct insurance and reinsurance operations are derecognised when the obligation under the liability is settled, cancelled or expired.

Financial Investments

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

Recognition

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

Purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Syndicate commits itself to purchase or sell the asset.

Classification

The Syndicate classifies its financial investments into the following categories: Redeemable fixed interest securities, other loans, deposits with credit institutions and shares and other variable yield securities. All of these assets are classified as fair value through profit and loss.

The Syndicate determines the classification of its financial assets on initial recognition.

Measurement

Redeemable debt securities and other fixed-income securities are classified as fair value through profit or loss and are initially measured 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.

Shares and other variable yield securities and units in unit trusts consist of collective investment schemes. The collective investment schemes comprise of investments in cash and cash equivalents.

These are also designated on initial recognition as an asset to be measured at fair value with fair value changes recognised in profit or loss account at subsequent reporting periods. Realised gains and losses are also recognised through profit and loss account.

3. Significant accounting policies (continued)

Offsetting

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

Deposits with ceding undertakings

Deposits with ceding undertakings are funds held by Lloyd's Europe on behalf of the Syndicate to settle Part VII claims. These funds are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, short-term deposits with credit institutions and other short-term, highly liquid investments with minimal risk of fair value flactuation. These investments typically have a maturity of three months or less from the date of acquisition.

Cash at bank and in hand of the statement of financial position includes only cash and bank balances.

Cash and cash equivalents are carried at amortised cost except for those held in collective investment schemes which are measured at fair value..

Investment return

Investment income comprises interest income, dividends receivable and realised investment gains and losses. Investment return comprises investment income and movements in unrealised gains and losses on financial instruments at fair value through profit or loss, less investment management expenses, interest payable, realised losses and impairment losses.

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

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 allocated to the technical account in respect of actual investment return on investments supporting the general insurance technical provisions and member balances. Any investment returns on investments that relate to undistributed profits on closed years remain in the non-technical account.

Financial liabilities

The Syndicate's financial liabilities consist of creditors arising out of direct insurance and reinsurance operations , intercompany balances and trade payables.

All financial liabilities are recognised initially at fair value. Intercompany balances are repayable on demand and are typically settled within one year. Intercompany balances are subsequently measured at amortised cost

3. Significant accounting policies (continued)

Financial liabilities (continued)

should they remain unsettled over a year. A financial liability is derecognised when the obligation under the liability is discharged or expires.

Foreign currencies

The Syndicate's functional currency is USD. Transactions in foreign currencies are translated to the functional currency at the exchange rates ruling at the date of the transactions, or at an appropriate average rate. The Syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account.

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax (currently at 20%) deducted from the Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents 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 during the year have been included in the balance sheet under the heading 'other debtors'.

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

Pension costs

Inigo operates a defined contribution scheme. Pension contributions relating to staff working on behalf of the Syndicate are charged to the Syndicate when incurred and are included within net operating expenses.

Administrative expenses

Administrative expenses are accounted for on an accruals basis.

4. Risk and capital management

Introduction and overview

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

Risk management framework

The Board of directors of the managing agent has overall responsibility for the establishment and oversight of the Syndicate's risk management framework. The Board has established a Risk & Investment Committee to oversee the operation of the Syndicate's risk management framework and to review and monitor the management of the risks to which the Syndicate is exposed. The Risk & Investment Committee has delegated oversight of the day-to-day management of risk to the Executive Committee with support from its management level Committees. Their responsibility includes developing risk appetite and risk policies for Board approval and the monitoring of the risk and control profile with reporting to the Risk & Investment Committee. IMAL have established an Enterprise Risk Management Framework ("ERMF"), which sets out the principles, concepts, processes and accountabilities which govern how risk is managed across the business.

IMAL operates a Three Lines Model which sets out clear responsibilities between the first, second and third lines to ensure that there is consistent understanding of the way that risks are identified and controlled in the relevant business area in the first line, with the second and third lines having a clear separation allowing ongoing independence and therefore the ability to provide effective oversight and assurance. The first line incorporates the risk and control owners for the business areas with responsibility and accountability for day-to-day identification, measurement, monitoring, management and reporting of risk. The second line includes the risk and compliance functions with reporting through to the Risk & Investment Committee and Board. The third line is Internal Audit which provides independent assurance covering the first and second lines to the Audit Committee and Board.

Insurance risk

The predominant risk to which the Syndicate is exposed is insurance risk which is assumed through the underwriting process. Insurance risk can be subcategorised into: (i) underwriting risk, and (ii) reserve risk.

Underwriting Risk

Underwriting (premium) risk relates to the inherent uncertainty as to the occurrence, amount and timing of insurance liabilities we assume through our underwriting process. The Board manages underwriting risk by agreeing its risk appetite annually and ensuring that the business plan is consistent with the agreed appetite. The Underwriting and Claims Committee supports the Board by overseeing the management of underwriting risk. The Syndicate utilises pricing models to assist in the pricing of risks and has in place an exposure management process to ensure aggregations of exposure are understood and can both be priced for and reported on.

Contracts can contain a number of features which help to manage underwriting risk such as the use of deductibles, or capping the maximum permitted loss or number of claims (subject to local regulatory and legislative requirements).

4. Risk and capital management (continued)

Underwriting Risk (continued)

The Syndicate makes use of reinsurance to mitigate the risk of incurring significant claims linked to one event or catastrophe, including excess of loss and quota share reinsurance. The Syndicate also has in place three catastrophe bonds placed through our partners. If an individual exposure is deemed surplus to the Syndicate's appetite additional facultative reinsurance may also be purchased. Reinsurance risk to the Syndicate arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate. Failure of a reinsurer to pay a valid claim is considered a credit risk which is detailed in the credit risk section.

Reserve Risk

Reserve risk is the risk that the Syndicate's reserves are not sufficient to cover its unpaid loss and loss adjustment expense costs. The Reserving Committee oversees the management of reserve risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the review of claims development are all instrumental in mitigating reserve risk.

The managing agent's in-house actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, claims and outwards reinsurance technicians and include input from the large loss claims review meeting. This produces a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The output of the reserving analysis is reviewed by external consulting actuaries annually.

The Reserving Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review the Reserving Committee makes recommendations to the Executive Committee and Audit Committee for review prior to approval by the managing agent's Board of directors of the amount of claims provisions to be established and included within the financial statements.

Climate Risk

Climate risk relates to the range of complex physical, transition and liability risks arising from climate change. This includes the risk of higher claims as a result of more frequent and more intense natural catastrophes; the financial risk which could arise from the transition to a lower-carbon economy; and the risk that those who have suffered loss from climate change might then seek to recover those losses from those who they believe are responsible. Climate-related risk is not considered a standalone risk, but a cross cutting risk with potential to amplify each existing risk type.

Concentration of insurance Risk

The Syndicate's exposure to insurance risk is well diversified. The Managing Agent's Underwriting and Claims Committee has oversight of the management of the Syndicate's exposures across perils and geographies compared to agreed risk appetite. The Syndicate uses an external catastrophe model as part of its management of its exposures. The following table provides an analysis of the geographical breakdown of its written premiums by class of business, on the basis of risk location.

4. Risk and capital management (continued)

Concentration of insurance Risk (continued)

2023	Accident and health $'000	Marine, aviation and transport $'000	Fire and other damage to property $'000	Third party liability $'000	Reinsurance $'000	Total $'000
United Kingdom	-	3,020	3,223	16,292	38,015	60,550
Europe	-	1,480	1,716	13,811	67,985	84,992
United States	-	39,484	210,930	115,646	353,723	719,783
Other countries	-	22,281	14,962	55,555	141,313	234,111
Total	**-**	**66,265**	**230,831**	**201,304**	**601,036**	**1,099,436**

2022	Accident and health $'000	Marine, aviation and transport $'000	Fire and other damage to property $'000	Third party liability $'000	Reinsurance $'000	Total $'000
United Kingdom	-	649	1,649	9,684	3,520	15,502
Europe	-	36	306	17,203	24,600	42,145
United States	-	8,360	103,391	95,677	236,716	444,144
Other countries	438	8,141	38,215	40,042	212,623	299,459
Total	**438**	**17,186**	**143,561**	**162,606**	**477,459**	**801,250**

All premium were concluded in the UK.

Sensitivity to insurance risk

The liabilities established, which includes claims outstanding and claims incurred but not reported (IBNR), could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large claims and catastrophes, or from changes in estimates of IBNR. An increase or decrease in the ultimate cost of settling claims arising is considered to be reasonably possible at the reporting date.

4. Risk and capital management (continued)

Sensitivity to insurance risk (continued)

A five percent Increase or decrease in total net claims liabilities would have the following effect on profit or loss and equity:

	2023		2022	
	5 percent increase	5 percent decrease	5 percent increase	5 percent decrease
	"000	"000	"000	"000
Accident and health	-	-	(410)	410
Marine, aviation and transport	(843)	843	(4,647)	4,647
Fire and other damage to property	(3,857)	3,857	(4,493)	4,493
Third party liability	(8,021)	8,021	(7,477)	7,477
Reinsurance	(14,517)	14,517	(8,365)	8,365
Total	**(27,238)**	**27,238**	**(25,392)**	**25,392**

Credit risk

Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to perform its financial obligations or fails to perform them in a timely fashion.

The Syndicate is exposed to credit risk through its day to day (re)insurance activities principally through payments due for the (re)insurance coverages provided by the Syndicate and collections from its outwards reinsurance counterparties and also through the credit risk associated with the Syndicate's investment and banking counterparties. This includes:

- debt securities;
- reinsurers' share of insurance liabilities;
- amounts due from intermediaries;
- amounts due from reinsurers in respect of settled claims;
- cash and cash equivalents; and
- other debtors and accrued interest.

The IMAL Credit risk policy outlines the approach to credit risk and the IMAL Reinsurance Security and Broker Committee is responsible for overseeing the management of credit risk from brokers and reinsurers.

The Syndicate's exposure to intermediaries and reinsurance counterparties is monitored as part of the Managing Agent's credit control processes. All intermediaries must meet minimum requirements established by the Managing Agent. The credit ratings and payment histories of intermediaries are monitored on a regular basis. The Managing Agent assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly.

4. Risk and capital management (continued)

Management of credit risk associated with financial assets

Credit risk in respect of debt securities is managed by the establishment and monitoring of industry and counterparty limits, credit rating concentration limits and minimum credit rating requirements at both the per-asset and aggregate portfolio level. Any asset rated outside of these requirements by an External Credit Assessment Institution ("ECAI") is subject to a strict exceptions monitoring process and reported to the Risk and Investment Committees.

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure.

The Syndicate benefits from collateral pledged by ceded reinsurance counterparties. At the balance sheet date, the Syndicate obtained $179.0m (2022: $72.8m) in collateral, which acts as additional security in the event of failure of those counterparties to meet their contractual obligations.

The following table analyses the credit rating by investment grade of financial investments, reinsurers' share of claims outstanding, debtors arising out of direct insurance and reinsurance operations, cash at bank and in hand, and other debtors and accrued interest that are neither past due, nor impaired. A look through analysis is performed on the collective investment schemes which comprise of investments in cash and cash equivalents.

Not rated balances represent assets for which rating information is not readily available. Reinsurers' share of claims outstanding with unrated counterparties are fully collateralised. Debtors arising out of direct insurance operations that are past due are still expected to be received in full.

4. Risk and capital management (continued)

Exposure to credit risk (continued)

2023	AAA $'000	AA $'000	A $'000	BBB $'000	<BBB $'000	Not rated $'000	Total $'000
Financial investments							
Shares and other variable yield securities and units in unit trusts	80,492	15,435	138,012	-	-	289	234,228
Debt securities and other fixed income securities	30,833	207,993	160,646	47,865	-	-	447,337
Other loans	-	-	-	-	-	-	-
Overseas deposits	24,359	9,548	4,032	2,515	1,093	870	42,417
Deposits with ceding undertakings	-	-	-	-	-	-	-
Reinsurers' share of claims outstanding	4,024	92,924	77,628	-	-	19,719	194,295
Debtors arising out of direct insurance operations	-	-	-	-	-	112,210	112,210
Debtors arising out of reinsurance operations	738	15,098	9,678	-	-	164,714	190,228
Cash at bank and in hand	-	1,938	61,868	27	-	-	63,833
Other debtors and accrued interest	-	-	-	-	-	11,436	11,436
Total	**140,446**	**342,936**	**451,864**	**50,407**	**1,093**	**309,238**	**1,295,984**

4. Risk and capital management (continued)

Exposure to credit risk (continued)

2022	AAA $'000	AA $'000	A $'000	BBB $'000	<BBB $'000	Not rated $'000	Total $'000
Financial investments							
Shares and other variable yield securities and units in unit trusts	160,351	2,992	55,503	12,476	82	13,560	244,964
Debt securities and other fixed income securities	35,738	102,757	44,220	8,201	291	-	191,207
Other loans	-	-	1,622	-	-	-	1,622
Overseas deposits	18,910	8,323	3,551	2,601	872	393	34,650
Deposits with ceding undertakings	-	-	-	-	-	591	591
Reinsurers' share of claims outstanding	-	9,338	181,829	39,133	-	45,673	275,973
Debtors arising out of direct insurance operations	-	-	-	-	-	105,774	105,774
Debtors arising out of reinsurance operations	-	3,881	13,551	1,294	-	117,956	136,682
Cash at bank and in hand	-	1	73,471	-	-	-	73,472
Other debtors and accrued interest	-	-	-	-	-	22,387	22,387
Total	**214,999**	**127,292**	**373,747**	**63,705**	**1,245**	**306,334**	**971,470**

At 31 December 2023, the largest concentration of credit risk in the Syndicate's debt security portfolio was in corporate bonds amounting to $231.3m (2022: $111.4m relating to government bonds), though the Syndicate considers these securities to be low risk.

Where there is a developing risk profile that is out of appetite e.g. in response to perceived growing specific geopolitical risks, the Syndicate has introduced additional restrictions which are reviewed regularly.

Financial assets that are past due or impaired

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

These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties.

4. Risk and capital management (continued)

Financial assets that are past due or impaired (continued)

An analysis of the carrying amounts of past due or impaired debtors arising from direct insurance operations and debtors arising from reinsurance operations relating to outward reinsurance is presented in the table below.

2023	*Debtors arising from direct insurance operations* *$'000*	*Debtors arising from reinsurance operations* *$'000*
Past due but not impaired financial assets		
Past due by:		
Up to three months	32,734	36,051
Three to six months	10,023	7,887
Six months to one year	8,626	10,460
Greater than one year	2,858	5,785
Past due but not impaired financial assets	**54,241**	**60,183**
Impaired financial assets	-	-
Gross value of past due and impaired financial assets	**54,241**	**60,183**
Less: individually assessed impairment allowance	-	-
Net carrying value of past due and impaired financial assets	**54,241**	**60,183**
Neither past due nor impaired financial assets	57,969	130,045
Net carrying value	**112,210**	**190,228**

4. Risk and capital management (continued)

Financial assets that are past due or impaired (continued)

2022	Debtors arising from direct insurance operations $'000	Debtors arising from reinsurance operations $'000
Past due but not impaired financial assets		
Past due by:		
Up to three months	21,933	24,644
Three to six months	10,167	9,167
Six months to one year	5,845	8,188
Greater than one year	6,622	1,016
Past due but not impaired financial assets	**44,567**	**43,015**
Impaired financial assets	-	-
Gross value of past due and impaired financial assets	**44,567**	**43,015**
Less: individually assessed impairment allowance	-	-
Net carrying value of past due and impaired financial assets	**44,567**	**43,015**
Neither past due nor impaired financial assets	61,207	93,667
Net carrying value	**105,774**	**136,682**

Investment risk

The focus of investment risk management for the Syndicate is to ensure that the management of invested assets sufficiently ensures the ability to fund obligations arising from the Syndicate's insurance contracts and other liabilities, as they are expected to fall due. The investment management process aims to achieve an appropriate level of risk adjusted investment return as is consistent with the preservation of capital, liquidity and prudent diversification of portfolio assets and achievement of the investment objectives.

4. Risk and capital management (continued)

Liquidity risk

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

IMAL has in place a Liquidity risk policy which details its approach to liquidity risk management. The IMAL Risk & Investment Committee is responsible for overseeing the management of liquidity risk, with management level oversight provided by the IMAL Investment Committee.

Management of liquidity risk

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

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts over the short, medium and long term;
- The liquidity profile of assets purchased by the Syndicate are required to be consistent with the stated liquidity risk appetite and forecast liquidity needs;
- The Syndicate maintains cash and liquid assets to meet daily calls on its insurance contracts and additional assets of primary liquidity sufficient to meet reasonably foreseeable stressed liquidity requirements;
- The Syndicate maintains, and reports against, liquidity risk appetite measures;
- The Syndicate regularly reviews its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

The maturity analysis presented in the table below shows the remaining contractual maturities for the Syndicate’s insurance contracts and financial instruments. For insurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows are expected to occur. For financial assets and liabilities it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date. The actual timing of future settlement cash flows may differ materially from the disclosure below.

4. Risk and capital management (continued)

Management of liquidity risk (continued)

2023	Carrying amount $'000	Total cash flows $'000	0-1 year $'000	1-3 years $'000	3-5 years $'000	More than 5 years $'000
Financial investments						
Shares and other variable yield securities and units in unit trusts	234,228	234,228	234,228	-	-	-
Debt securities	447,337	447,337	57,817	317,262	27,020	45,238
Other loans	-	-	-	-	-	-
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	42,417	42,417	18,075	19,032	4,906	404
Reinsurers' share of technical provisions	194,295	194,295	88,483	69,670	21,993	14,149
Debtors and accrued interest	313,874	313,874	313,874	-	-	-
Cash at bank and in hand	63,833	63,833	63,833	-	-	-
Total assets	**1,295,984**	**1,295,984**	**776,310**	**405,964**	**53,919**	**59,791**
Technical provisions	739,045	739,045	297,500	295,959	100,949	44,637
Deposits received from reinsurers	-	-	-	-	-	-
Creditors	136,987	136,987	136,987	-	-	-
Total liabilities	**876,032**	**876,032**	**434,487**	**295,959**	**100,949**	**44,637**

4. Risk and capital management (continued)

Management of liquidity risk (continued)

2022	Carrying amount $'000	Total cash flows $'000	0-1 year $'000	1-3 years $'000	3-5 years $'000	More than 5 years $'000
Financial investments						
Shares and other variable yield securities and units in unit trusts	244,964	244,964	244,964	-	-	-
Debt securities	191,207	191,207	52,674	95,341	22,013	21,179
Other loans	1,622	1,622	1,622	-	-	-
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	34,650	34,650	12,677	18,143	3,503	327
Reinsurers' share of technical provisions	319,940	319,940	127,524	138,942	36,141	17,333
Debtors and accrued interest	323,021	323,021	316,340	3,737	2,691	253
Cash at bank and in hand	73,472	73,472	73,472	-	-	-
Total assets	**1,188,876**	**1,188,876**	**829,273**	**256,163**	**64,348**	**39,092**
Technical provisions	1,088,002	1,088,002	515,638	408,968	113,705	49,691
Deposits received from reinsurers	29,770	29,770	29,770	-	-	-
Creditors	109,520	109,520	109,169	210	108	33
Total liabilities	**1,227,292**	**1,227,292**	**654,577**	**409,178**	**113,813**	**49,724**

Management of liquidity risk (continued)

In the above tables, the majority of debt securities, are included in the '1-3 years' column. In practice cash could be realised through the sale of the Syndicate's investments in debt securities.

Market risk

Market risk is the risk arising from the level or volatility of economic variables which have an impact upon the value of the assets and, where impacted, liabilities of the Syndicate. Further details on the associated interest rate and currency risks are detailed further below. The credit risk related to investment and banking counterparties is covered within the credit risk section above.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

IMAL has a Market risk policy which details its approach to market risk. The IMAL Risk & Investment Committee is responsible for overseeing the management of market risk, with management level oversight provided by the IMAL Investment Committee.

4. Risk and capital management (continued)

Management of market risks

For each of the major components of market risk the Syndicate has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the Syndicate at the reporting date to each major risk are addressed on pages 51 to 54.

Interest rate risk

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

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

Currency risk

The Syndicate writes business primarily in Sterling, Euro, Australian dollar, Canadian dollar, Japanese Yen and US dollar and is therefore exposed to currency risk arising from fluctuations in the exchange rates of US dollars against these currencies. The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled.

Where liabilities in any currency exceed 5% of total liabilities, the policy is to maintain assets in that currency to the level of at least 80% of the value of liabilities.

The table below summarises the carrying value of the Syndicate's assets and liabilities, at the reporting date:

4. Risk and capital management (continued)

Currency risk (continued)

2023	GBP $'000	EUR $'000	USD $'000	CAD $'000	AUD $'000	JPY $'000	Total $'000
Financial investments							
Shares and other variable yield securities and units in unit trusts	-	-	180,577	21,992	31,659	-	234,228
Debt securities and other fixed income securities	-	-	447,337	-	-	-	447,337
Other loans	-	-	-	-	-	-	-
Overseas deposits	13,827	-	2,007	6,841	19,742	-	42,417
	13,827	**-**	**629,921**	**28,833**	**51,401**	**-**	**723,982**
Reinsurers' share of technical provisions	1,093	8,856	236,449	318	1,421	307	248,444
Insurance and reinsurance receivables	7,439	7,878	266,417	2,697	12,893	5,114	302,438
Cash at bank and in hand	10,336	26,854	146	1,930	5,554	19,013	63,833
Other assets	2,123	1,245	69,591	1,065	2,091	533	76,648
Total assets	**34,818**	**44,833**	**1,202,524**	**34,843**	**73,360**	**24,967**	**1,415,345**
Technical provisions	33,710	37,346	991,072	11,503	42,616	16,647	1,132,894
Deposits received from reinsurers	-	-	-	-	-	-	-
Insurance and reinsurance payables	(1,370)	1,045	118,565	137	1,203	41	119,621
Other creditors	532	229	22,322	13	346	1	23,443
Total liabilities	**32,872**	**38,620**	**1,131,959**	**11,653**	**44,165**	**16,689**	**1,275,958**
Net assets	**1,946**	**6,213**	**70,565**	**23,190**	**29,195**	**8,278**	**139,387**

4. Risk and capital management (continued)

Currency risk (continued)

2022	GBP $'000	EUR $'000	USD $'000	CAD $'000	AUD $'000	JPY $'000	Total $'000
Financial investments							
Shares and other variable yield securities and units in unit trusts	3	36,732	184,421	23,808	-	-	244,964
Debt securities and other fixed income securities	493	-	190,714	-	-	-	191,207
Other loans	1,622	-	-	-	-	-	1,622
Overseas deposits	9,408	-	2,137	5,929	17,176	-	34,650
	11,526	**36,732**	**377,272**	**29,737**	**17,176**	**-**	**472,443**
Reinsurers' share of technical provisions	4,503	14,339	292,578	4,586	3,574	360	319,940
Insurance and reinsurance receivables	12,547	(11,493)	224,165	256	12,562	4,419	242,456
Cash at bank and in hand	18,108	20,584	1,079	-	28,760	4,941	73,472
Other assets	1,899	3,923	69,761	931	3,548	503	80,565
Total assets	**48,583**	**64,085**	**964,855**	**35,510**	**65,620**	**10,223**	**1,188,876**
Technical provisions	29,615	63,780	909,133	19,306	49,044	17,124	1,088,002
Deposits received from reinsurers	-	-	29,770	-	-	-	29,770
Insurance and reinsurance payables	(2,169)	553	83,967	1,467	1,928	130	85,876
Other creditors	(14,676)	(1,346)	38,018	1,479	169	-	23,644
Total liabilities	**12,770**	**62,987**	**1,060,888**	**22,252**	**51,141**	**17,254**	**1,227,292**
Net assets	**35,813**	**1,098**	**(96,033)**	**13,258**	**14,479**	**(7,031)**	**(38,416)**

Sensitivity analysis to market risks

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

4. Risk and capital management (continued)

Sensitivity analysis to market risks (continued)

	2023 Profit or loss for the year $'000	2022 Profit or loss for the year $'000
Interest rate risk		
+ 50 basis points shift in yield curves	(3,527)	(1,722)
- 50 basis points shift in yield curves	3,613	1,722
Currency risk		
10 percent increase in USD/Euro exchange rate	621	(88)
10 percent decrease in USD/Euro exchange rate	(621)	108
10 percent increase in USD/GBP dollar exchange rate	195	7,215
10 percent decrease in USD/GBP exchange rate	(195)	(8,819)
Market price risk		
5 percent increase in market prices	24,488	20,814
5 percent decrease in market prices	(24,488)	(20,814)

The impact of possible changes in the risk variables on Members' balances would be the same, since the Syndicate recognises all changes in recognised assets and liabilities in profit or loss.

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

The sensitivity analyses do not take into consideration that the Syndicate's financial investments are actively managed. Additionally, the sensitivity analysis is based on the Syndicate's financial position at the reporting date and may vary at the time that any actual market movement occurs. As investment markets move past pre-determined trigger points, action would be taken which would alter the Syndicate's position.

Operational risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Should they crystalise, operational risks are likely to disrupt the normal flow of business processes and generate customer harm, financial loss or damage to the reputation of the firm. Operational risk is inherent in all of Inigo's business activities and as such Inigo's suite of risk categories and associated business policies cover the control environment in place to mitigate those risks and the control environment is assessed through the risk and control self-assessment process. At a management level oversight of operational risk is by the Operations and Executive Committees. Inigo has a Board approved Operational

4. Risk and capital management (continued)

Operational risk (continued)

Resilience framework, which has been developed to meet regulatory expectations and to mitigate Inigo's operational risk exposure. Important Business Services and their respective Impact Tolerances have been identified, mapped, and tested. No breaches of our Impact Tolerances have been reported to-date.

Regulatory risk

A key operational risk is in relation to regulatory risk. The managing agent is required to comply with the requirements of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's. Lloyd's requirements include oversight principles and those imposed on the Lloyd's market by overseas regulators, particularly in respect of US Situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to a regulatory change. The managing agent monitors regulatory developments and assesses their impact on agency policy and procedures. In addition, the agency carries out a compliance monitoring programme which is aligned to the Lloyd's Principles and considers Inigo's adherence to its policies and procedures.

Strategic risk

This is the risk of unintended adverse impact on the business plan objectives arising from business decisions, improper implementation of those decisions, ability to adapt to changes in the external environment, or circumstances that are beyond the control of the Syndicate. IMAL has a strategic risk policy in place with management level oversight by the Executive Committee.

Capital management

Capital framework at Lloyd's

The Society of Lloyd's (Lloyd's) is a regulated undertaking and subject to supervision by the Prudential Regulatory Authority (PRA) under the Financial Services and Markets Act 2000, and in accordance with the Solvency II Framework.

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's would comply with the Solvency II 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 a Syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at a Syndicate level. Accordingly, the capital requirement in respect of Syndicate 1301 is not disclosed in these financial statements.

Lloyd's capital setting process

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

4. Risk and capital management (continued)

Lloyd’s capital setting process (continued)

The capital for new Syndicates is set by Lloyd’s for the first three years of underwriting. The 2023 year of account was considered a new Syndicate by Lloyd’s for capital setting purposes who have set the capital for the 2023 year of account for the Syndicate based on the Lloyd’s Standard Model. The Syndicate has now had its own Internal Model approved by Lloyd’s which it began utilising from the 2024 year of account.

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

Provision of capital by members

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

5. Analysis of underwriting result

An analysis of the underwriting result before investment return and profit/(loss) on foreign exchange is presented in the table 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	66,265	57,726	(24,556)	(17,117)	(8,599)	7,454
Fire and other damage to property	230,831	191,334	(106,376)	(52,023)	(9,799)	23,136
Third party liability	201,304	173,776	(104,442)	(43,379)	(8,823)	17,132
	498,400	**422,836**	**(235,374)**	**(112,519)**	**(27,221)**	**47,722**
Reinsurance	601,036	572,969	(251,181)	(121,313)	(138,573)	61,902
Total	**1,099,436**	**995,805**	**(486,555)**	**(233,832)**	**(165,794)**	**109,624**

2022	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross operating expenses $'000	Reinsurance balance $'000	Total $'000
Direct insurance						
Accident and health	438	2,115	4,152	343	(399)	6,211
Marine, aviation and transport	17,186	5,877	(13,519)	(9,468)	7,939	(9,171)
Fire and other damage to property	143,561	106,575	(60,955)	(30,459)	(47,692)	(32,531)
Third party liability	162,606	138,128	(49,119)	(32,759)	(47,006)	9,244
Miscellaneous	-	-	-	-	-	-
	323,791	**252,695**	**(119,441)**	**(72,343)**	**(87,158)**	**(26,247)**
Reinsurance	477,459	434,297	(328,918)	(97,508)	64,632	72,503
Total	**801,250**	**686,992**	**(448,359)**	**(169,851)**	**(22,526)**	**46,256**

5. Analysis of underwriting result (continued)

The gross premiums written for direct insurance by geographical risk exposure is presented in the table below:

	2023 $'000	2022 $'000
United Kingdom	22,535	11,983
Europe	17,007	17,544
United States	366,060	207,428
Other countries	92,798	86,836
Total gross premiums written	**498,400**	**323,791**

The Other countries category includes policies with worldwide risk exposures.

6. Claims

Favourable movements of $27.6m (2022: $34.4m favourable) in the past year's provision for claims outstanding, net of expected reinsurance recoveries, are included in claims incurred, net of reinsurance. These arose in respect of the following classes of business:

	2023 $'000	2022 $'000
Marine, aviation and transport	876	9,615
Fire and other damage to property	(3,691)	(733)
Third party liability	15,367	23,391
Miscellaneous	-	(1,386)
Reinsurance	15,134	3,517
Total	**27,686**	**34,404**

7. Net operating expenses

	2023 *$'000*	*2022* *$'000*
Acquisition costs:		
Brokerage and commissions	144,042	124,780
Other acquisition costs	16,993	11,438
	161,035	**136,218**
Change in deferred acquisition costs	(10,041)	(25,663)
Administrative expenses	65,266	57,016
Members' standard personal expenses	17,578	5,268
Reinsurance commissions and profit participation	(7,850)	(5,729)
Total	**225,988**	**167,110**

Total written commissions for direct insurance business for the year amounted to $60.6m (2022: $45.5m).

The majority of administrative expenses are incurred by Inigo Limited, the parent company of IMAL, and are recharged to the Syndicate in line with Group policy.

The member's standard personal expenses are included within administrative expenses and include Lloyd's subscriptions, New Central Fund contributions and managing agent's fees.

Administrative expenses include:

	2023 *$'000*	*2022* *$'000*
Auditors' remuneration:		
Fees payable to the Syndicate's auditor for the audit of these financial statements	948	1,140
Fees payable to the Syndicate's auditor and its associates in respect of other services pursuant to legislation	69	97

8. Key management personnel compensation

The directors of Inigo Managing Agent Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2023 $'000	2022 $'000
Directors' emoluments and fees	1,313	420

For the year ended 31 December 2023, the directors' emoluments and fees relate to the remuneration received by the directors, including that of the active underwriter, of the managing agent were recharged to the Syndicate based on time spent on services rendered to the Syndicate and is reported within net operating expenses. This excludes performance related remuneration, which was not recharged to the Syndicate.

In 2022, none of this remuneration, except for that of the active underwriter, was recharged to the Syndicate.

The active underwriter received the following remuneration charged to the Syndicate and included within directors' emoluments above:

	2023 $'000	2022 $'000
Emoluments	534	420

9. Staff numbers and costs

In 2023, Inigo Limited employed all staff working for Syndicate 1301. In 2022, Inigo Limited employed all staff for the 2022 and 2021 years of account and all staff for the 2020 and prior years of account were employed by Enstar (EU) Limited, a company within the Enstar Group. The average number of persons employed by Inigo Limited in 2023 and the average number of persons employed by Inigo Limited and Enstar (EU) Limited, but working for the Syndicate in 2022, analysed by category, was as follows:

	2023	2022
Administration and finance	94	68
Underwriting	56	40
Claims	10	8
	160	**116**

9. Staff numbers and costs (continued)

The following amounts were recharged by Inigo Limited and Enstar (EU) Limited to the Syndicate in respect of payroll costs:

	2023 $'000	2022 $'000
Wages and salaries	39,987	29,535
Social security costs	5,384	3,938
Other pension costs	1,909	1,402
Other	873	782
	48,153	**35,657**

10. Investment return

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

	2023 $'000	2022 $'000
Investment income:		
Interest and dividend income	21,267	4,986
Realised gains	1,040	99
Unrealised gains on investments	6,524	4,857
Investment expenses and charges:		
Investment management expenses, including interest	(258)	(94)
Losses on the realisation of investments	(1,197)	(3,141)
Unrealised losses on investments	(156)	(11,770)
Investment return transferred to the technical account from the non-technical account	(27,220)	5,063
Total investment return	-	-

The Syndicate's investment objective is to maintain suitable levels of liquidity whilst implementing an investment strategy targeting capital preservation and income return. The Syndicate aims to construct a predominantly high quality, diversified portfolio with a maturity profile and currency mix complementary to that of the liabilities.

10. Investment return (continued)

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

	2023	*2022*
	$'000	*$'000*
Financial assets at fair value through profit or loss	6,211	(9,955)
Interest income	21,267	4,986
Impairment losses on debtors	-	-
Interest expense	-	-
Investment management expenses, excluding interest	(258)	(94)
Total investment return	**27,220**	**(5,063)**

The table below presents the average amounts of funds in the year per currency and analyses by major currency the average investment yields in the year

10. Investment return (continued)

	2023 $'000	2022 $'000
Average amount of syndicate funds available for investment during the year		
Sterling	24,922	21,215
Euro	23,424	49,039
US Dollar	460,157	127,847
Canadian Dollar	23,703	8,012
Japanese Yen	11,977	-
Australian Dollar	44,713	36,222
Total funds available for investment, in dollars	**588,896**	**242,335**
Total investment return	**27,220**	**(5,063)**
Annual investment yield		
Sterling	0.12%	0.48%
Euro	1.13%	(0.03)%
US Dollar	5.46%	1.80%
Canadian Dollar	3.94%	2.88%
Japanese Yen	0.00%	0.00%
Australian Dollar	1.97%	0.76%
Total annual investment yield, in dollars	**4.62%**	**1.42%**

Annual investment yield excludes investment management charges, and realised and unrealised gains and losses on investments.

11. Financial Investments

	Carrying Value		Cost	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Shares and other variable yield securities and units in unit trusts	234,228	244,964	234,228	246,688
Debt securities and other fixed income securities	447,337	191,207	443,096	193,650
Government and supranational securities	161,689	111,408	160,236	112,551
Asset backed securities	19,029	16,223	19,018	16,438
Mortgage backed securities	35,318	10,956	35,018	11,221
Corporate bonds	231,301	52,620	228,824	53,440
Other loans	-	1,622	-	1,622
Overseas deposits as investments	42,417	34,650	42,470	35,491
Total financial investments	**723,982**	**472,443**	**719,794**	**477,451**

The financial investments presented in the table above are measured at fair value through profit or loss.

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Prices based on recent transactions in identical assets (either unadjusted or adjusted);

Level 3 – Prices determined using a valuation technique.

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

11. Financial Investments (continued)

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Shares and other variable yield securities and units in unit trusts	147,624	86,604	-	234,228
Debt securities and other fixed income securities	441,328	6,009	-	447,337
Other loans	-	-	-	-
Overseas deposits	9,933	32,484	-	42,417
Total	**598,885**	**125,097**	**-**	**723,982**

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Shares and other variable yield securities and units in unit trusts	126,641	118,323	-	244,964
Debt securities and other fixed income securities	101,575	89,632	-	191,207
Other loans	-	-	1,622	1,622
Overseas deposits	6,882	27,768	-	34,650
Total	**235,098**	**235,723**	**1,622**	**472,443**

The following table provides an analysis of investments valued with reference to level 3 inputs.

	2023 $'000	2022 $'000
At 1 January	1,622	1,936
External Reinsurance to Close	(1,622)	-
Purchase	-	-
Disposal	-	-
Fair value losses recognised in profit or loss	-	(111)
Foreign exchange	-	(203)
	-	**1,622**

The Syndicate loan to the central fund was categorised as a Level 3 investment for 2022 and was transferred through Reinsurance to Close to Syndicate 2008 on 1 January 2023.

11. Financial Investments (continued)

Information on the methods and assumptions used to determine fair values for each major category of financial instrument measured at fair value is provided below.

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

Some government and supranational securities are listed on recognised exchanges and are generally classified as level 1 in the fair value hierarchy. Those that are not listed on a recognised exchange are generally based on composite prices of recent trades in the same instrument and are generally classified as level 2 in the fair value hierarchy.

Corporate bonds, including asset backed securities, that are not listed on a recognised exchange or are traded in an established over-the-counter market are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

The fair values for all securities in the fixed maturity investments portfolio are independently provided by the investment accounting service providers, investment managers and investment custodians, each of which utilise internationally recognised independent pricing services.

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries. The funds are required in order to protect policyholders in overseas markets and enable the Syndicate to operate in those markets. The access to those funds is restricted and the Syndicate cannot influence the investment strategy.

The Syndicate reports the unadjusted price provided by the investment accounting service providers, investment managers or investment custodians and validate this price through a process that includes, but is not limited to:

(i) quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark);

(ii) evaluation of methodologies used by external parties to estimate fair value, including a review of the inputs used for pricing;

(iii) comparing the price to managing agent's knowledge of the current investment market.

At the reporting date all debt instruments were valued using valuation techniques based on observable market data.

12. Debtors arising out of direct insurance operations

	2023	2022
	$'000	$'000
Amounts due from intermediaries:		
Due within one year	112,210	105,774
Due after one year	-	-
	112,210	**105,774**

13. Debtors arising out of reinsurance operations

	2023	2022
	$'000	$'000
Due within one year	190,228	136,672
Due after one year	-	10
	190,228	**136,682**

14. Deferred acquisition costs

	2023	2022
	$'000	$'000
Balance at 1 January	57,587	31,517
Incurred costs deferred	161,833	136,218
Amortisation	(150,994)	(109,246)
External RITC	(3,835)	-
Effect of movements in exchange rates	111	(902)
	64,702	**57,587**

15. Claims development

Claims development is shown in the tables below, both gross and net of reinsurance ceded, on an underwriting year basis. Balances have been translated at exchange rates prevailing at 31 December 2023 in all cases.

Pure underwriting estimate - gross	*2021*	*2022*	*2023*	*Total*
	$'m	*$'m*	*$'m*	*$'m*
Estimate of ultimate gross claims				
at end of underwriting year	168.4	393.0	330.1	
one year later	252.7	524.7	-	
two years later	274.8	-	-	
Less gross claims paid	124.0	223.7	42.9	
Gross ultimate claims reserve	**150.8**	**301.0**	**287.2**	**739.0**

Pure underwriting estimate – net	*2021*	*2022*	*2023*	*Total*
	$'m	*$'m*	*$'m*	*$'m*
Estimate of ultimate net claims				
at end of underwriting year	140.2	254.5	300.0	
one year later	202.8	383.2	-	
two years later	186.8	-	-	
Less gross claims paid	106.8	175.5	42.9	
Net ultimate claims reserve	**80.0**	**207.7**	**257.1**	**544.8**

16. Technical provisions

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

	2023			2022		
	Gross provisions $'000	Reinsurance assets $'000	Net $'000	Gross provisions $'000	Reinsurance assets $'000	Net
Incurred claims outstanding:						
Balance at 1 January	786,531	(275,973)	510,558	538,214	(170,405)	367,809
Change in provisions	235,629	(11,274)	224,355	256,903	(107,042)	149,861
External RITC	(284,285)	93,103	(191,182)	-	-	-
Effect of movements in exchange rates	1,170	(151)	1,019	(8,586)	1,474	(7,112)
Balance at 31 December	**739,045**	**(194,295)**	**544,750**	**786,531**	**(275,973)**	**510,558**
Unearned premiums						
Balance at 1 January	301,471	(43,967)	257,504	187,456	(22,614)	164,842
Premiums written during the year	1,099,436	(258,446)	840,990	801,250	(190,992)	610,258
Premiums earned during the year	(995,805)	244,971	(750,834)	(686,992)	169,478	(517,514)
External RITC	(12,329)	3,336	(8,993)	-	-	-
Effect of movements in exchange rate	1,076	(43)	1,033	(243)	161	(82)
Balance at 31 December	**393,849**	**(54,149)**	**339,700**	**301,471**	**(43,967)**	**257,504**

Technical provision balances relating to the 2020 and prior years of account were transferred through Reinsurance to Close to Syndicate 2008 on 1 January 2023.

17. Creditors

(i) Creditors arising out of direct insurance operations

	2023 $'000	2022 $'000
Due within one year	4,315	1,512
Due after one year	-	-
	4,315	**1,512**

(ii) Creditors arising out of reinsurance operations

	2023 $'000	2022 $'000
Due within one year	115,306	84,364
Due after one year	-	-
	115,306	**84,364**

(iii) Other creditors

Other Creditors include $17.4m (2022: $18.3m) due to related undertakings.

18. Cash and cash equivalents

	2023 $'000	2022 $'000
Shares and other variable yield securities and units in unit trusts	234,228	244,964
Cash at bank and in hand	63,833	73,472
Total cash and cash equivalents	**298,061**	**318,436**

19. Related parties

ICML is the corporate capital provider for the 2021 & post years of account and SGL 1 was the corporate capital provider for the 2020 & prior years of account.

The 2021 & post underwriting years is managed by IMAL. The 2020 & prior years of account were managed by EMAL and were transferred through Reinsurance to Close ("RITC") to Syndicate 2008 on 1 January 2023.

Inigo related parties

ICML is the sole corporate capital provider for the 2021 & 2022 year of account. ICML participated 98.5% in 2023 year of account and a third party capital provider participated 1.5% in the 2023 year of account. IMAL acts as the managing agent for the Syndicate.

ICML and IMAL are wholly owned subsidiaries of the holding company Inigo Limited.

IMAL charged a managing agent fee of $10.1m (2022: $7.0m) to the Syndicate for its services for the 2022 calendar year. At the balance sheet date, the Syndicate owed IMAL $1.0m (2022: $1.8m).

Inigo Limited employs the staff for Inigo Group and provides services to the Syndicate, for which the costs are incurred and recharged to Syndicate. Inigo Limited charged a total of $80.8m (2022: $58.4m) to the Syndicate in 2022. At the balance sheet date, the Syndicate owed Inigo Limited $16.0m (2022: $13.0m).

Enstar related parties

There were no related party transactions with Enstar during the year and there were no outstanding balances as at 31 December 2023. The transactions reported below pertain to related party transactions for the year ended 31 December 2022.

StarStone Insurance Holdings Limited, a company incorporated in Bermuda, is the immediate parent company. Enstar Group Limited, a company incorporated in Bermuda, is the ultimate parent company and ultimate controlling party.

The Syndicate's corporate member for the 2020 and prior years of account was SGL No.1 Limited, who provided 100% of its underwriting capacity for these years.

Cavello Bay Reinsurance Limited ("Cavello Bay") is a wholly owned subsidiary of Enstar Group Limited. The Syndicate had a quota share agreement with Cavello Bay for the 2017 and 2018 underwriting year of accounts, in which Cavello Bay reinsured 35% of business written by the Syndicate.

In 2022, the Syndicate ceded $0.3m of outward reinsurance premiums to Cavello Bay. Recoveries (including ceded ULAE) amounted to $0.4m. The Syndicate did not remitted any funds in respect of premiums (net of commission) to Cavello Bay during 2022 and had an outstanding balance at the 2022 year-end of $1.8m in respect of the net amount due to Cavello Bay.

StarStone Insurance SE (SISE) is a company domiciled in Lichtenstein that operates under the StarStone umbrella, and underwrote insurance and reinsurance business from London and its branches across Europe. The 2022 year-end balance due from SISE in respect of recoveries was $0.9m.

19. Related parties (continued)

StarStone Insurance Services Limited (SISL), a company domiciled in the United Kingdom, is a wholly owned subsidiary of StarStone Insurance Bermuda Limited (SIBL). SISL was an approved Lloyd's coverholder, whose license was revoked in 2020. The company also provides services to EMAL to perform Syndicate activities for and behalf of the corporate member for which costs are incurred and re-charged to the Syndicate. In 2022 SISL charged the Syndicate $2.0m in recharged expenses. At 31 December 2022, the balance due from SISL was $4.0m.

20. Foreign Exchange Rates

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

	2023		2022	
	Year-end Rate	Average rate	Year-end Rate	Average rate
Australian dollar	1.47	1.51	1.47	1.44
Canadian dollar	1.32	1.35	1.35	1.30
Euro	0.91	0.92	0.93	0.95
Pound sterling	0.79	0.80	0.83	0.81
Japanese Yen	141.02	140.55	131.01	131.41

21. Funds at Lloyds

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

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

22. Ultimate Parent Company

Inigo Limited, a company incorporated in the United Kingdom, is the immediate and ultimate parent company of ICML and IMAL.

The ultimate parent undertaking of the largest and smallest group of companies for which group accounts are drawn up is Inigo Limited. Copies of the consolidated financial statements of Inigo Limited can be obtained from The Secretary, One Creechurch Place, 7th Floor, London, United Kingdom, EC3A 5AY.