IMPORTANT INFORMATION ABOUT SYNDICATE REPORTS AND ACCOUNTS

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ATRIUM SYNDICATE 609 – ANNUAL ACCOUNTS

ATRIUM SYNDICATE 609 – UNDERWRITING YEAR ACCOUNTS

DIRECTORS

Christopher Stooke Non-Executive Chair
Nicole Coll Non-Executive Director
James Cox Executive Director
John Fowle Chief Executive Officer
Peter Laidlaw Active Underwriter
James Lee Executive Director
Stephen Riley Non-Executive Director
Samit Shah Executive Director
Kirsty Steward Executive Director

ADVISORS

Auditor
KPMG LLP

Investment Managers
Wellington Management International Limited
Conning Asset Management

Company Secretary
Martha Bruce
Shakespeare Martineau LLP

investment risk where it is adequately rewarded and the level of risk does not constrain the syndicate's underwriting.

As part of the annual business planning process, the Board determines a Risk Policy Statement, which sets out the levels of planned risk taking, sometimes referred to as Risk Appetite, the basis on which these risk levels will be monitored, and the actions to be taken in the event of deviations from the planned levels. The Managing Agency has a comprehensive governance framework within which the syndicate's exposures to these risks are managed. The governance framework is discussed further below.

PRINCIPAL RISKS AND UNCERTAINTIES

Governance

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. The Board has developed its Own Risk and Solvency Assessment (ORSA), comprising the entirety of the processes that it uses to identify, assess, monitor and report the risks faced by the syndicate and to evaluate the amount of funds necessary to cover these risks taking into consideration the business profile and risk appetite of the syndicate. Critical to the efficacy of the ORSA is the effective operation of the Risk Management Framework (RMF), the Governance Structure and Atrium's Internal Model. The RMF incorporates the so-called "Three Lines of Defence" approach to risk management and reporting.

The RMF is the mechanism through which Atrium ensures it is implementing effective and enterprise wide risk management practices across its business. Key to Atrium's business is the management of risk, return and capital, against which all significant strategic and operational business decisions are evaluated. Atrium has established systems of governance and risk management that enable it to manage its business prudently.

The RMF is the articulation of these systems of risk management and governance and how the various elements interact.

The RMF encompasses the broad range of activities undertaken across the organisational hierarchy to ensure that risks are managed appropriately, spanning from the high level strategy set by the Board to the day to day underwriting decisions being made by syndicate staff and the controls in place to govern these. The RMF can be illustrated as follows:

Strategy: This describes Atrium's strategy setting process and explains how this filters down through the organisation; incorporating the syndicate's Business Strategy, Business Plan, Risk Policy Statement and Risk Policies.

Business Activities: All Atrium business units are responsible for implementing the strategy and business plans in accordance with the framework set out in the risk policies.

The people, controls, management information, processes and senior management oversight in place across the business units serve as the "First Line of Defence" in the RMF.

Risk Governance Structure: The Board has established a Risk Governance Structure in order to ensure that risk is appropriately identified, monitored, managed and reported across the organisation; to review the activities of the business units; and to ensure that the RMF is effectively designed, implemented and governed.

The Risk Governance Structure is comprised of the Risk Committee (RC), which fulfils the role of Atrium's Risk Management Function, the Executive Risk Committee (ERC) and its three Risk Sub-Committees, discussed further below.

Independent Assurance: Atrium has in place a Compliance Function and an Actuarial Function in addition to the Risk Management Function (fulfilled by the RC, the ERC and the Risk Management Team). These functions have specific responsibilities documented in their terms of reference and are staffed by fit and proper individuals with suitable qualifications, expertise and experience. The activities of these functions seek to provide the Board with assurance as to the appropriateness and effectiveness of the various elements of the RMF, the internal control environment, and the calculation of capital.

There are a number of risk management tools which support independent assessment and reporting of risk. Taken together this Independent Assurance comprises the "Second Line of Defence".

Independent Oversight: The RMF provides for independent oversight and challenge via the operation of the Internal Audit Function as well as the Audit Committee, which is a Committee of the Board with membership comprised of Non-Executive Directors. Together these two groups provide the "Third Line of Defence". The Audit Committee, along with its broader responsibilities for the financial statements and financial reporting process, has oversight of internal controls and the Internal Audit Function.

Risk Committee (RC)

The RC fulfils the Risk Management Function, in conjunction with the ERC and the Risk Management Team, and coordinates the risk management activities conducted for the syndicate. The RC has its membership comprised of Non-Executive Directors though is attended by various Executives to ensure that the RC is provided with the information it requires to perform its role. It is responsible for ensuring that the RMF and Internal Model operates effectively, and for maintaining an aggregated and holistic view of risks to the syndicate and reporting on them to the Board, Committees and management as appropriate. It also ensures that there is robust and effective management, governance and oversight of Atrium's Internal Model which is used to set capital and is also widely used within the business.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT CONTINUED

Due to overarching considerations of climate change and Environmental, Corporate and Social Governance (ESG) in strategy setting and risk profile changes, this Committee is also responsible for oversight of the climate change and sustainability frameworks.

To support delivery of the RC's responsibilities, there is the ERC and its three Risk Sub-Committees, each being responsible for oversight, review and challenge of the activities of the syndicate and in particular, ensuring activities are within risk policies, that risks are suitably identified monitored and reported, and that appropriate contingency plans are in place.

The principal risks to which the syndicate is exposed are discussed below together with the mitigation techniques adopted. For clarity, the risks are analysed by reference to the Risk Sub-Committees that have responsibility for the relevant risk area.

The ERC exists to support the RC and ensure that it can focus on key issues and also to ensure that there is the scope for executive management discussion on risk issues and aggregation across the Risk Sub-Committees prior to the RC.

Insurance Risk Sub-Committee (IRSC)
The IRSC is responsible for oversight of insurance risk which includes underwriting, claims, reserving, and reinsurance.

Underwriting risk is the risk that future losses are greater than allowed for within premiums. This could be due to natural fluctuations in claims frequencies and severities, changes in economic and judicial environments, anti-selection, inappropriate premium estimation or catastrophic loss activity.

Underwriting risk is mitigated through numerous controls including underwriter peer review, authority limits, independent review of risks written, and purchase of an appropriate reinsurance programme. The Syndicate Business Forecast is completed annually and stipulates those classes of business and concentration by class that will be written during the forthcoming year. It is reviewed by the IRSC and approved by the Board prior to being submitted to Lloyd's for approval. Actual performance during the year is monitored by reference to the Syndicate Business Forecast.

The risk of catastrophic claims is mitigated by the syndicate having a defined risk appetite which determines the net loss that it intends to retain for major catastrophe events and where deemed appropriate reinsurance is purchased to limit the impact of losses. Although the likelihood of occurrence is considered to be remote, there may be circumstances where the loss from a particular catastrophe event exceeds the net risk appetite perhaps due to the occurrence of a loss that has not been considered or where the reinsurance purchased proves to be insufficient. In addition climate change can affect the occurrence and severity of weather related events. Whilst we do research the impact of these there is significant uncertainty to the impact climate change has on events in the tail of distributions which increases uncertainty in this area.

Reserving risk is the risk that there is insufficient provision for losses that have already occurred.

Reserving risk is mitigated by the robust reserve adequacy exercise that is performed on a quarterly basis by the Actuarial Function and approved by the Board. The quarterly exercise involves a review of the paid and outstanding claims and an assessment of the appropriate provision for incurred but not reported (IBNR) claims. The reserves are considered by the IRSC and approved by the Board. The reserving is carried out based on historical development data, the claims environment and information provided by lawyers and third party claims adjusters.

Although a thorough review is carried out, the reserves carried may be more or less than adequate to meet the final cost of claims.

The IRSC also reviews the proposed reinsurance programme that is used to protect capital from frequency and severity of losses that may be sustained through underwriting the varied lines of business written. The review includes analysis of the reinsurance cover being purchased and assessment of the proposed counterparties.

Financial Risk Sub-Committee (FRSC)
The FRSC is responsible for oversight of financial risks and the steps taken to mitigate them as they arise from investments, asset/liability management, credit, liquidity and concentration risks. These risks are discussed further below.

Investment risk is the risk that the syndicate's earnings are affected by changes in the value of the investment portfolio; such changes in value may be driven by changes in the economic and political environment and by movements in interest and foreign exchange rates. Atrium manages the syndicate's investments in accordance with investment guidelines established by the Board that are reviewed on a regular basis. The FRSC monitors the performance of the external investment managers and the custodians responsible for the safekeeping of the investments, and reports regularly to the Board.

Asset/liability mismatch is the risk that the syndicate could incur a loss through inadequate matching of its investments with its insurance liabilities. Due to the short tail nature of the majority of these liabilities, the syndicate does not seek to achieve a precise matching with the investment portfolio, instead developing an investment duration guideline that is broadly in line with the average payment profile of the liabilities. However, the syndicate substantially mitigates exposures to currency mismatch by investing premiums in the currency in which subsequent claims are most likely to be incurred and periodic rebalancing to ensure that these remain appropriate for the liabilities. The majority of the syndicate's business is denominated in US dollars and accordingly the substantial part of the investment portfolio is in US dollar denominated investments.

The key aspect of credit risk is the risk of default by one or more of the syndicate's reinsurers, their investment counterparties, or insurance intermediaries. Reinsurance is placed with security that adheres to the Atrium reinsurance policy. The exposure to credit risk in the investment portfolio is mitigated through adherence to the investment guidelines which require the syndicate's core investment portfolios to be held in government and corporate debt with a high credit quality rating and with a relatively short duration, thus substantially mitigating the risk of sustaining losses from default.

Exposure to intermediaries is mitigated by rigorous review of new intermediaries, contractual terms of business, regulated or segregated client accounts, monitoring of balances and credit control procedures.

Liquidity risk is the risk that the syndicate will not be able to meet its short term liabilities as they fall due, owing to a shortfall in cash. This risk is mitigated through holding invested funds in high credit quality and short duration investments, and cash flow projections are also reviewed on a regular basis. The need for overdraft facilities in case of unprojected cash flow deficit is also reviewed regularly.

Concentration risk is the exposure to loss that could arise if the bulk of the amounts recoverable by the syndicate were dependent on a limited number of reinsurers, or if investments were restricted to limited numbers of counterparties or sectors. The risk is mitigated by restricting the permitted cessions to individual reinsurers for any one underwriting year and through the investment guidelines which limit exposure to individual investment counterparties and sectors.

In 2023 the Board approved the Syndicate's Responsible Investment Policy. The Syndicate has not made any new investments in thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities since 1 January 2022. By the end of 2024 the syndicate will be phasing out existing investments in respect of companies with business models which derive at least 30% of their revenues from either thermal coal-fired plants, thermal coal mines, oil sands and new Arctic energy exploration activities. The syndicate aims to reduce its exposure to carbon intensive industries where issuers do not have defined transition strategies.

Operational Risk Sub Committee (ORSC)

The ORSC is responsible for oversight of the syndicate's exposures to operational and regulatory risks.

Operational risk is the risk of loss due to inadequate or failed processes and procedures, people and systems, or external events. The agency seeks to manage these risks by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agency has a Compliance Officer and team who monitor regulatory developments and assess the impact on agency policy and maintain an ongoing open dialogue with both regulators and Lloyd's. They also carry out a compliance monitoring programme.

Regular reviews are performed by the Internal Audit department to ensure that deviations from the agency's policies, and control weaknesses, are identified and reported to the appropriate level of management and the Audit Committee when considered necessary.

Customer Oversight Group

The Customer Oversight Group is responsible for oversight of the syndicate's exposure to conduct risk and ensuring that Atrium is providing good outcomes to customers as set out in the Financial Conduct Authority's (FCA) Consumer Duty. The Consumer Oversight Group report directly to the Board.

Conduct risk is the risk that as part of writing and servicing insurance policies the Syndicate fails to pay due regard to the interests of its customers. This is mitigated through the application of Atrium's conduct risk policy and procedures and through staff's adherence to Atrium's Code of Business Principles and Ethics. Atrium is committed to conducting its activities and stakeholder relationships in a fair and honest manner and the highest standard of conduct, professionalism and integrity is expected from all of its employees, with due regard paid at all levels of the organisation to ensuring good outcomes for customers. Key controls include training of staff, embedding of the consideration of conduct risk as part of the business planning process and through the product life-cycle and Board and governance oversight and reporting. The Customer Oversight Group fulfils the role of a "product oversight group" providing customer challenge and perspective to Atrium's products. As part of Atrium's implementation of the FCA Consumer Duty, Stephen Riley (Independent Non-Executive Director) was appointed by the Board as its Consumer Duty Champion in October 2022.

Executive Committee (XCo)

The XCo deals with the day-to-day activities of the managing agent and is responsible for delivering the annually agreed Atrium Priorities, develop and implement business plans, policies, procedures and budgets that have been recommended and approved by the Board, monitor the operating and financial performance of the syndicate, prioritise and allocate investment and resources, and manage the risk profile of the syndicate. The XCo is responsible for Atrium's people strategy and establishment of the culture, values and behaviours of the organisation. The XCo implements policy and strategy adopted by the Board and deals with all operational matters affecting the syndicate.

XCo is an executive committee of the Board and is the overall decision-making body for performance and delivery, under delegated authority from the Board. Members of XCo are primarily the Executive Directors of the Company, with the Chair being the Chief Executive Officer of the Company, or in their absence any other member of the committee.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT CONTINUED

Culture Committee

The Culture Committee is a sub-committee of the XCo which reviews and provides formal governance over all areas relating to Atrium's culture, namely the creation of a work environment that reflects Atrium's values and enables its people to achieve their full potential and do their best work. It has a diverse membership from across the business, of different levels of seniority, which is refreshed annually.

Lloyd's Europe Operating Model

As part of Lloyd's Brexit arrangements, Atrium Underwriters Limited (the Company) has entered into an outsourcing agreement and a secondment agreement with Lloyd's Insurance Company S.A. (LIC) and reinsurance contracts between the syndicate and LIC. This structure covers business underwritten by the Company on behalf of LIC since 1 January 2019 as well as legacy EEA business transferred to LIC under the Lloyd's Part VII Transfer, which had a Scheme Effective Date of 30 December 2020. The outsourcing agreement covers the activities performed by the Company on behalf of LIC in writing and servicing the relevant business. The secondment agreement (effective 1 January 2022) covers provision of seconded Atrium underwriters to LIC under the Lloyd's European Operating Model. The reinsurance contracts cede 100% of the business written by, or transferred to, LIC back to the syndicate.

CLIMATE CHANGE AND SUSTAINABILITY

Governance

2023 saw the introduction of the role of Head of Sustainability into the organisation. This cements the importance placed on assessing climate change and associated sustainability risks and opportunities, as well as ensuring we meet applicable regulatory requirements.

This role reports directly to the Chief Risk Officer who is the Executive Director with responsibility for sustainability and managing the financial risks from climate change risk. The Head of Sustainability also communicates regularly with the XCo to ensure sustainability and climate change are incorporated into strategic decisions.

In terms of formal governance, the RC is responsible for reviewing updates to the sustainability strategy and framework prior to Board approval, as well as assessing other sustainability-related risks. This is due to the overarching ramifications of climate change and other sustainability factors in strategy setting and risk profile changes. Sustainability is a standing agenda item for this Committee.

Strategy

Climate risk can be broadly divided into 3 categories: physical, transition and liability. Physical risk relates to the change in climate and weather events which have the potential to directly affect the economy. Transition risk can occur when moving towards a lower carbon economy and how the speed of the transition may affect certain sectors and affect financial stability. Liability risk refers to potential increased litigation against policyholders from individuals or businesses who have experienced losses because of physical or transition risk.

Atrium has always been fully focused on managing the physical risks of the business we write and we have a formalised framework specifically for managing physical climate risk. This addresses potential, current and future climate impacts on the natural catastrophe exposed portfolio by region peril combinations and identifies potential risk mitigation strategies.

An assessment of transition risk is made as part of Atrium's ORSA process and further work was done on this as part of the business planning process during 2023. The results of this confirmed the areas of the portfolio with more material exposures as well as allowed us to add some metrics to our categorisations. The transition risk from our investment portfolio is limited due to the short duration of the portfolio and the lack of investment in equities.

In terms of liability risk, the syndicate assesses its exposures on high-risk classes via risk assessments looking at potential litigation risks. In addition, the risk team review current trends in climate risk litigation and their applicability to our underwriting portfolios. This area will be in focus in 2024 as we seek to quantify liability risk, in addition to the evolving qualitative narrative.

Atrium is focused on taking advantage of the new opportunities that a shift to a low carbon economy might bring, whilst being mindful of the commerciality of these and managing the associated risks encountered with new technology, scarcity of data, uncertainty of forward-looking scenarios and the potential of systemic risk.

We incorporate sustainability considerations into our annual business planning submissions, with each class of business factoring in both the risks and opportunities posed to them. The IRSC use this information, with input from the Head of Sustainability, as part of its role in recommending the plan for approval to the Board. This is an iterative process which will be improved year-on-year to help shape our strategy.

Risk Management

Our aim is to ensure durability and value for stakeholders by managing the risks and opportunities presented by climate change in a holistic manner, embracing the values of an integrated governance structure. Our collaborative culture and relative agility in the Lloyd's market means we are well placed to achieve this ideal. The Head of Sustainability works with almost all areas of the business including the Board and XCo, Underwriting, Claims, Actuarial, Finance, Internal Audit, Exposure Management and Operations to ensure a joined-up approach in driving strategic and everyday decisions. In addition, there are several working groups formed across the business to tackle various topical subjects, such as underwriting portfolio measurement, litigation risk and underwriting opportunities.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SYNDICATE 609 CONTINUED

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 9, 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.

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

2. USE OF JUDGEMENTS AND ESTIMATES CONTINUED

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

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

For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of business accepted and assessments of underwriting conditions.

The best estimate reserves include the expected impact of inflationary pressures on the claims. The impact of inflation is assessed on a class by class basis with reference to available forward looking inflation forecasts and relevant indices as applicable to each class. The capital setting process for 2024 takes account of the expectation of the inflationary environment that we are currently in as well as the volatility around when inflation will peak and what the new normal run rate of inflation may be in the future.

The ultimate direct losses reserved for amount to £21.1m gross (2022: £21.1m) and £9.2m net of reinsurance (2022: £8.7m) as at 31 December 2023. The more significant loss relates to the fate of the western leased aircraft in Russia. The situation remains complex and one in which the evidential picture continues to develop due to multiple ongoing litigations in a number of different jurisdictions. The following factors: (i) whether the loss is an all-risks or war peril loss, (ii) when it occurred, (iii) whether it's a single loss event or multiple loss events and (iv) how sanctions impact the same, all result in considerably different ultimate outcomes to the syndicate. In arriving at the reserving position for this loss, the financial implications of multiple scenarios have been modelled, taking account of the uncertainties listed above and utilising a probabilistic framework. In arriving at our reserving position, the likelihood of these scenarios occurring was established using current expert judgement. This reserving approach is consistent with that taken for the year ended 31 December 2022 and reflects updates affecting expert judgment in the year since. This has resulted in ultimate gross reserves of £264.5m (31 December 2022 - £138.3m), £84.5m (31 December 2022 - £39.2m) net of reinsurance as at 31 December 2023. The two classes impacted are Aviation Reinsurance and Aviation War. The loss reserve is split 95% to the 2021 YOA and 5% to the 2022 YOA. Whilst there has been no change in our view over coverage, the probabilities assigned to the multiple scenarios listed above have been reviewed and there remains significant reliance on highly subjective expert judgments.

The Directors, in conjunction with the relevant subject matter experts, have been monitoring the situation closely, taking legal advice and meeting with market participants on a regular basis to ensure that the most up to date information is reflected within the syndicate reserves.

Due to the nature of the circumstances mentioned above, the potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss could be in a particularly wide range with greater than usual variability. As a result, the 2021 year of account will remain open until the level of reserve sensitivity to downside risk normalises.

In arriving at the level of claims provisions, a margin is applied over and above the actuarial best estimate so no adverse run-off deviation is envisaged. 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.

The calculation of estimated premium income is inherently subjective and attained through underwriters' best estimates at a policy level.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the syndicate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The areas involving a higher degree or judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

AT 31 DECEMBER 2023

5. ANALYSIS OF UNDERWRITING RESULT

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

2023	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
Direct insurance:							
Accident and health	32,313	32,178	10,762	15,451	(494)	**5,471**	40,508
Motor (third party liability)	6,057	5,562	2,189	1,877	–	**1,496**	4,985
Motor (other classes)	15,774	14,818	7,794	5,563	8	**1,469**	14,340
Marine, aviation and transport	233,395	229,811	230,689	78,302	57,409	**(21,771)**	251,975
Fire and other damage to property	396,119	379,406	139,112	143,072	(44,087)	**53,135**	397,222
Third party liability	228,503	223,380	141,496	89,404	(9,272)	**(16,792)**	510,203
Credit and suretyship	10,169	9,542	6,416	4,307	(1,635)	**(2,816)**	37,910
Legal expenses	6,291	5,790	2,934	2,524	(57)	**275**	8,417
	928,621	900,487	541,392	340,500	1,872	**20,467**	1,265,560
Reinsurance	43,001	41,225	(5,482)	10,448	(30,654)	**5,605**	127,169
Total	**971,622**	**941,712**	**535,910**	**350,948**	**(28,782)**	**26,072**	**1,392,729**

2022	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
Direct insurance:							
Accident and health	36,932	37,284	18,139	16,298	(1,999)	848	44,060
Motor (third party liability)	4,932	4,232	1,050	1,519	(5)	1,658	3,914
Motor (other classes)	18,110	17,842	7,843	6,410	2	3,591	14,002
Marine, aviation and transport	223,818	181,335	116,330	66,485	29,142	27,662	193,184
Fire and other damage to property	358,950	336,480	177,541	104,066	(4,290)	50,583	389,637
Third party liability	216,143	213,528	112,440	78,400	(3,866)	18,822	471,118
Credit and suretyship	9,201	9,500	3,732	3,661	(873)	1,234	26,337
Legal Expenses	6,123	4,166	1,916	1,804	210	656	5,719
	874,209	804,367	438,991	278,643	18,321	105,054	1,147,971
Reinsurance	51,829	52,339	124,248	10,358	56,702	(25,565)	139,905
Total	926,038	856,706	563,239	289,001	75,023	79,489	1,287,876

Commission on direct insurance gross premiums earned during 2023 was £244,788,000 (2022 - £229,142,000).

All premiums are concluded in the UK.

The geographical analysis of premiums by destination is as follows:

	2023 %	2022 %
UK	**6.1**	6.3
EU countries	**12.5**	10.8
US	**54.3**	50.7
Asia	**2.6**	2.9
Canada	**10.4**	9.8
Australia	**4.1**	4.0
Other	**10.0**	15.5
Total	**100.0**	100.0

6. CLAIMS OUTSTANDING

Reassessment of claims outstanding on underwriting years 2020 & prior (2022 – 2019 & prior) resulted in a strengthening of £31.7m (2022 - strengthening of £7.5m).

7. NET OPERATING EXPENSES

	2023 £'000	2022 £'000
Acquisition costs:		
Brokerage & commission	**250,151**	233,582
Other acquisition costs	**26,995**	22,039
Change in deferred acquisition costs	**(8,598)**	(13,161)
Administrative expenses	**82,400**	46,541
	350,948	289,001
Reinsurance commissions receivable	**(19,662)**	(12,899)
	331,286	276,102

Members' standard personal expenses (Lloyd's subscriptions, central fund contributions, managing agent's fees and profit commission) are included within administrative expenses and amount to £33,389,000 (2022 - £16,519,000).

Variable compensation, included within administrative expenses, amounts to £21,167,000 (2022 - £7,316,000) and has increased in 2023 due to the increased profitability of the syndicate.

Auditors' remuneration

Auditors' remuneration is included as part of the administrative expenses within the financial statements as disclosed above.

	2023 £'000	2022 £'000
Auditors' remuneration:		
– Audit of the syndicate annual accounts	**23**	24
– Other services pursuant to Regulations and Lloyd's Byelaws	**322**	293
– Other non-audit services	**79**	87
Total	**424**	404

8. STAFF NUMBERS AND COSTS

All staff are employed by Atrium Group Services Limited (AGSL). The following amounts were recharged to the syndicate in respect of staff costs:

	2023 £'000	2022 £'000
Wages and salaries	**21,286**	17,802
Variable compensation	**21,167**	7,316
Social security costs	**5,655**	3,486
Other pension costs	**3,236**	2,880
	51,344	31,484

The average number of employees employed by AGSL, but working for the syndicate during the year, analysed by category, was as follows:

	2023 Number	2022 Number
Management	**4**	4
Underwriting	**86**	82
Claims	**15**	14
Administration	**85**	74
	190	174

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2023

9. REMUNERATION OF THE DIRECTORS OF ATRIUM UNDERWRITERS LIMITED

The twelve (2022 – nine) directors of AUL who served during 2023 received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	2023 £'000	2022 £'000
Directors' emoluments	**1,228**	1,255
Pensions	**46**	6
	1,274	1,261

No other compensation was payable to key management personnel and charged to the syndicate.

The Active Underwriter who served during the year received the following remuneration charged as a syndicate expense and included within directors' emoluments above:

	2023 £'000	2022 £'000
Emoluments	**246**	288

10. INVESTMENT RETURN

	2023 £'000	2022 £'000
Investment income:		
Income from investments	**29,394**	12,093
Gains on the realisation of investments	**957**	6
	30,351	12,099
Net unrealised gains/(losses) on investments:		
Unrealised gains on investments	**36,376**	1,060
Unrealised losses on investments	**(6,173)**	(44,763)
	30,203	(43,703)
Investment expenses and charges:		
Investment management expenses, including interest	**(640)**	(449)
Losses on the realisation of investments	**(3,382)**	(807)
	(4,022)	(1,256)
Allocated investment return transferred to general business technical account	**56,532**	(32,860)

10. INVESTMENT RETURN CONTINUED

Calendar Year Investment Return

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

	2023 £'000	2022 £'000
Average syndicate funds available for investment during the year:		
Sterling	**51,047**	39,158
US dollars	**719,492**	571,888
Canadian dollars	**104,596**	89,768
Euro	**54,771**	43,407
Combined	**929,906**	744,221
Aggregate gross investment return for the year	**54,284**	(30,661)
Gross calendar year investment return:	**%**	**%**
Sterling	**5.6**	(2.2)
US dollars	**6.1**	(4.3)
Canadian dollars	**4.4**	(2.7)
Euro	**5.0**	(5.9)
Combined	**5.8**	(4.2)

The average amount of syndicate funds available for investment has been calculated as the monthly average balance of investments. The syndicate's portfolio consists of high quality investments which are held on a short duration basis.

11. INVESTMENTS

	Fair value		Cost	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Shares and other variable yield securities and units in unit trusts	**95,820**	64,807	**95,820**	64,807
Debt securities and other fixed income securities	**924,152**	783,763	**931,348**	824,500
Loans and deposits with credit institutions	**16**	8,744	**16**	8,744
	1,019,988	857,314	**1,027,184**	898,051

Shares and other variable yield securities and units in unit trusts represents the syndicate's holdings in collective investment schemes.

Using Standard & Poor's and Moody's as rating sources, the credit ratings of the debt and other fixed income securities are set out below:

	2023 £'000	2023 %	2022 £'000	2022 %
Government/Government Agency	**279,011**	**30.1**	270,899	34.7
AAA/Aaa	**128,964**	**14.0**	217,930	27.8
AA/Aa	**131,059**	**14.2**	161,631	20.6
A	**266,205**	**28.8**	29,774	3.7
BBB	**46,953**	**5.1**	42,324	5.4
<BBB	**71,960**	**7.8**	61,205	7.8
	924,152	**100.0**	783,763	100.0

The syndicate's core investment manager throughout 2023 was New England Asset Management (NEAM) specifically for bonds. The US dollar and Canadian dollar investments were managed by NEAM Inc, based in Farmington, United States and the Euro portfolio were managed by NEAM Ltd, a sister company based in Dublin, Ireland. Conning Asset Management Ltd managed a fund of bank loans in US dollars.

From 1 January 2024 the syndicate changed its core investment manager from NEAM to Wellington Management.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2023

11. INVESTMENTS CONTINUED

Fair value methodology

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the syndicate applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

To provide an indication about the reliability of the inputs used in determining fair value, the syndicate has classified its financial instruments into the three levels. Investments carried at fair value have been categorised using a fair value hierarchy. An explanation of each level and the value hierarchy is provided below.

Fair value hierarchy

Level 1 – Inputs to level 1 fair value are quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity- specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – Inputs to level 3 fair values are based on unobservable inputs for the assets at the last measurement date. If all significant inputs required to fair value an instrument are observable then the instrument is included in level 2, if not it is included in level 3.

The table below shows financial instruments carried at fair value through profit or loss grouped into the level in the fair value hierarchy into which each fair value measurement is categorised.

As at 31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	**–**	**87,093**	**8,727**	**95,820**
Debt securities and other fixed income securities	**117,312**	**806,840**	**–**	**924,152**
Loans and deposits with credit institutions	**16**	**–**	**–**	**16**
	117,328	**893,933**	**8,727**	**1,019,988**

As at 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	–	64,807	–	64,807
Debt securities and other fixed income securities	89,497	694,267	–	783,764
Loans and deposits with credit institutions	16	–	8,727	8,743
	89,513	759,074	8,727	857,314

Lloyd's introduced syndicate loans to the Central Fund in relation to the 2019 year of account and 2020 year of account, with two tranches collected from the Syndicate on the 2020 year of account. The proceeds from these loans are used to strengthen Lloyd's central resources and to inject capital into LIC. These loans will not be repaid before 5 years have elapsed. Interest thereon will be determined by reference to the risk-free yield plus a credit spread, and will normally be paid annually on an anniversary of the loan. Interest on these loans has been received. These investments for which the fair value cannot be determined using direct or indirect observable inputs, with this, syndicate loans to the central fund have been categorised as level 3. In 2023 loans made to the Lloyd's Central Fund are included in shares and other variable yield securities, consistent with the classification of loans as per Lloyd's guidance.

12. DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2023 £'000	2022 £'000
Due from intermediaries:		
Due within one year	**336,422**	310,869
Due after one year	**–**	7
	336,422	310,876

13. DEFERRED ACQUISITION COSTS

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

	2023 £'000	2022 £'000
Balance at 1 January	**108,759**	90,254
Incurred costs deferred	**152,283**	150,463
Amortisation	**(143,079)**	(139,162)
Effect of movements in exchange rates	**(3,905)**	7,204
Balance at 31 December	**114,058**	108,759

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2023

14. CLAIMS DEVELOPMENT

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

The cumulative claims estimates and payments for each underwriting year are translated into pounds sterling at the exchange rates prevailing at 31 December 2023 in all cases.

Analysis of claims development – gross	**2014 £'000**	**2015 £'000**	**2016 £'000**	**2017 £'000**	**2018 £'000**	**2019 £'000**	**2020 £'000**	**2021 £'000**	**2022 £'000**	**2023 £'000**	**Total £'000**
Estimate of ultimate gross claims:											
at end of underwriting year	260,140	280,008	287,689	375,948	320,372	340,620	355,977	415,703	484,023	473,147	
one year later	231,392	266,668	264,984	357,877	313,440	340,429	306,587	500,899	414,612		
two years later	213,511	239,902	240,768	345,581	305,345	328,253	292,073	592,778			
three years later	188,759	226,702	229,034	341,594	301,388	325,033	294,716				
four years later	211,958	217,006	226,823	331,133	312,944	342,993					
five years later	204,090	214,287	224,049	342,259	327,624						
six years later	199,928	215,435	228,179	350,368							
seven years later	196,067	218,486	240,027								
eight years later	194,244	224,871									
nine years later	193,981										
Less gross claims paid	185,563	199,352	204,469	297,902	247,557	231,184	200,836	200,935	132,216	17,339	
Gross ultimate claims reserve	8,418	25,519	35,558	52,466	80,067	111,809	93,880	391,843	282,396	455,808	**1,537,764**
Gross ultimate claims reserve for 2013 & prior years											**50,379**
Gross unearned portion of ultimate claims											**(302,819)**
Gross claims reserve											**1,285,324**

Analysis of claims development – net	**2014 £'000**	**2015 £'000**	**2016 £'000**	**2017 £'000**	**2018 £'000**	**2019 £'000**	**2020 £'000**	**2021 £'000**	**2022 £'000**	**2023 £'000**	**Total £'000**
Estimate of ultimate net claims:											
at end of underwriting year	232,714	248,534	248,750	310,264	284,712	302,052	309,421	366,667	406,623	426,576	
one year later	216,407	244,661	237,292	306,611	287,939	308,889	284,246	373,943	379,111		
two years later	203,329	222,077	220,402	300,941	278,831	300,016	272,579	399,891			
three years later	180,913	211,322	211,692	296,401	276,300	294,086	277,719				
four years later	180,259	203,054	208,417	285,303	275,536	308,783					
five years later	175,268	198,900	205,634	291,736	289,647						
six years later	172,301	199,214	209,052	298,733							
seven years later	168,586	202,139	220,260								
eight years later	167,428	207,044									
nine years later	166,973										
Less net claims paid	158,860	183,556	187,976	252,474	226,377	210,445	190,356	183,776	120,883	16,952	
Net ultimate claims reserve	8,113	23,488	32,284	46,259	63,270	98,338	87,363	216,115	258,228	409,624	**1,243,082**
Net ultimate claims reserve for 2013 & prior years											**33,987**
Net unearned portion of ultimate claims											**(273,132)**
Net claims reserve											**1,003,937**

Amounts recognised in foreign currencies have been restated at the closing rates of exchange at the end of the reporting year.

15. TECHNICAL PROVISIONS

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

Claims outstanding	2023 Gross provisions £'000	2023 Reinsurance assets £'000	2023 Net £'000	2022 Gross provisions £'000	2022 Reinsurance assets £'000	2022 Net £'000
Balance at 1 January	**1,171,381**	**254,964**	**916,417**	789,783	89,841	699,942
Claims and claims adjustment expenses for the year	**535,910**	**88,436**	**447,474**	563,239	167,859	395,380
Cash paid for claims settled in the year	**(370,512)**	**(49,285)**	**(321,227)**	(261,888)	(16,236)	(245,652)
Effect of movements in exchange rates	**(51,455)**	**(12,728)**	**(38,727)**	80,247	13,500	66,747
Balance at 31 December	**1,285,324**	**281,387**	**1,003,937**	1,171,381	254,964	916,417
Claims reported and claims adjustment expenses	**379,237**	**42,562**	**336,675**	400,701	43,911	356,790
Claims incurred but not reported	**906,087**	**238,825**	**667,262**	770,680	211,053	559,627
Balance at 31 December	**1,285,324**	**281,387**	**1,003,937**	1,171,381	254,964	916,417

Unearned premiums	2023 Gross provisions £'000	2023 Reinsurance assets £'000	2023 Net £'000	2022 Gross provisions £'000	2022 Reinsurance assets £'000	2022 Net £'000
Balance at 1 January	**406,431**	**34,972**	**371,459**	306,523	23,121	283,402
Premiums written during the year	**971,622**	**134,627**	**836,995**	926,038	113,098	812,940
Premiums earned during the year	**(941,712)**	**(136,880)**	**(804,832)**	(856,706)	(105,735)	(750,971)
Effect of movements in exchange rates	**(16,580)**	**(1,750)**	**(14,830)**	30,576	4,488	26,088
Balance at 31 December	**419,761**	**30,969**	**388,792**	406,431	34,972	371,459

16. CREDITORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2023 £'000	2022 £'000
Due from intermediaries:		
Due within one year	**34,490**	19,091
Due after one year	**–**	2
	34,490	19,093

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2023

17. DISCLOSURES OF INTEREST

Atrium Underwriting Group Limited (AUGL) is a wholly owned subsidiary of Alopuc Limited (a UK holding company) and Alopuc Limited is in turn a wholly owned subsidiary of Northshore Holdings Limited (Northshore), a Bermudan company. The ultimate beneficial owners of Northshore are affiliates of Stone Point Capital LLC (Stone Point) who hold approximately 88% economic interest. On 22 December 2023, Cavello Bay Reinsurance Limited, a subsidiary of Enstar Group Limited, sold their approximately 14% interest in Northshore to the other shareholders in Northshore. The balance of the shareholding was held by Dowling Capital Partners and Atrium management and staff.

AUGL is the holding company of the following wholly owned subsidiaries; AUL, Atrium Insurance Agency Limited (AIAL), AGSL, Atrium Risk Management Services (Washington) Ltd (ARMS), Atrium Corporate Capital Limited (ACCL) and Atrium 5 Limited. AGSL is the holding company of Atrium Nominees Limited. AUL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is the managing agent of the syndicate.

The Atrium corporate underwriting capacity is provided by ACCL, with its capacity noted in the table below:

	2021 Capacity £m	2022 Capacity £m	2023 Capacity £m	2024 Capacity £m
Syndicate 609	158.7	165.0	221.6	**234.9**

ACCL's participations on the managed syndicate as a % of syndicate capacity:

		Year of account		
	2021 %	2022 %	2023 %	2024 %
Syndicate 609	25.4	25.4	25.4	**25.4**

AIAL is a registered Lloyd's UK coverholder and is authorised and regulated by the Financial Conduct Authority. Syndicate 609 leads a binding authority granted to AIAL to underwrite space business. Under the terms of the binding authority, fees and profit commission are payable by the syndicate to AIAL. Fee income of US$699,000 (2022 - US$327,000) is payable by the syndicate to AIAL in relation to premium earned in calendar year 2023. Profit commission of US$209,000 has been incurred by the syndicate (2022 - US$nil) during the calendar year 2023.

For the 2023 YOA onwards the small volume of EEA business written by AIAL will be written by Syndicate 609 on its Lloyd's Europe stamp, reinsured back to Syndicate 609 from Lloyd's Europe (as is consistent with the Lloyd's Europe underwriting model) and then reinsured back to AIAL from Syndicate 609 to allow each participant to benefit from their existing share of the business. This is to ensure regulatory compliance of the model for EEA business post Lloyd's implementing its updated operating model in 2022. Given the deminimis income associated with AIAL's EEA business the treatment of fees and PC associated with this business will continue to be accounted for under AIAL's binding authority (to the benefit of AIAL).

AGSL is a group service company. All UK employee contracts and, where possible, all material service provider contracts are held by AGSL. A service agreement is in place whereby AGSL provides management services to all Atrium group companies. Under the service agreement AGSL will charge the costs to each Atrium group company, including AUL, for the respective services provided.

ARMS is incorporated in Washington State, United States, and was establised to support the syndicate strategy to maintain and grow its North American direct portfolio and distribution network. ARMS charges fees to the syndicate equal to its operating costs plus a small margin for tax reasons. Fees of US$2,567,000 were incurred by the syndicate in the calendar year 2023 (2022 - US$2,538,000).

The Directors' participations on Syndicate 609 via Nomina No. 207 LLP (the staff LLP) are as follows (this includes any director of AUL that served during 2023 and was a partner in the LLP):

	2021 £	2022 £	2023 £	2024 £
James Cox	313,317	472,886	473,168	**580,834**
Toby Drysdale	94,382	120,693	121,652	**125,222**
John Fowle	–	–	–	**207,246**
Richard Harries	1,068,568	1,480,288	1,479,620	**1,119,631**
Peter Laidlaw	232,067	429,178	432,146	**424,653**
James Lee	194,879	259,220	258,156	**257,682**
Samit Shah	432,970	680,306	688,180	**842,376**
Kirsty Steward	77,680	105,362	103,262	**127,973**

AUL has made no loans to directors of the company during 2023 (2022 – nil). There were no loans outstanding at the balance sheet date.

17. DISCLOSURES OF INTEREST CONTINUED

Managing agency fees of £6,058,000 (2022 - £4,496,000) were paid by the syndicate to AUL. Profit commission of £22,530,000 (2022 - £5,536,000) is payable by the syndicate to AUL in relation to the 2023 calendar year result. The managing agents agreement was amended in 2007 to enable managing agents to make payments on account of profit commission, prior to the closure of a year of account. Payments on account can be made when the syndicate transfers open year surpluses from the syndicate level premium trust funds to the members' personal reserve fund. No such payment was made in 2023 (2022 - £nil). As the 2021 year of account is not closing at 31 December 2023, no profit commission is recognised in creditors (2022 - £10,451,000). £29,454,000 (2022 - £7,806,000) is included in accruals and is payable after 12 months.

The Stone Point managed Trident V Funds (acting in concert) became majority owners of Northshore from 1 January 2021. Stone Point has investments in a wide range of companies and sectors, including the global insurance industry and as such as part of ordinary business and operations AUL and the syndicate might enter into transactions with other Stone Point affiliates from time to time. This could include transactions relating to inwards and outwards reinsurance, insurance intermediation, provision of insurance services, or other non-insurance related services. Any such related party transactions are entered into by the syndicate on a commercial basis and managed in accordance with the protocols set out in Atrium's Conflicts of Interest Policy.

Currently no Stone Point representatives sit on the AUL Board.

As part of Lloyd's Brexit arrangements, AUL has entered into an outsourcing agreement and a secondment agreement with LIC and reinsurance contracts between the syndicate and LIC. This structure covers business underwritten by AUL on behalf of LIC since 1 January 2019 as well as legacy EEA business transferred to LIC under the Lloyd's Part VII Transfer, which had a Scheme Effective Date of 30 December 2020. The outsourcing agreement covers the activities performed by AUL on behalf of LIC in writing and servicing the relevant business. The secondment agreement (effective 1 January 2022) covers provision of seconded AUL underwriters to LIC under the Lloyd's European Operating Model. The reinsurance contracts cede 100% of the business written by, or transferred to, LIC back to the syndicate.

Since 1 January 2022, Atrium has had a number of Atrium underwriters who are seconded to LIC's UK branch (LIC UK) via tripartite secondment agreements to perform Insurance Distribution Directive (IDD) activities as secondees of LIC UK.

18. FOREIGN EXCHANGE RATES

The effects of exchange rate movements are recorded in two elements. Transactions during the year, translated at each quarter's average rate, and the translation of closing balances into the functional currency of USD gave rise to foreign exchange losses which are identified within the non-technical account. Revaluation of all functional currency balances to the presentational currency of GBP, at the closing rate of exchange on 31 December 2023, resulted in a foreign exchange loss and is included within Other Comprehensive Income.

The rates of exchange used in preparing the financial statements are as follows:

	2023 Average	Closing	2022 Average	Closing
US Dollar: £ Sterling	**1.24**	**1.27**	1.25	1.21
Euro: £ Sterling	**1.15**	**1.15**	1.18	1.13
Canadian Dollar: £ Sterling	**1.69**	**1.69**	1.62	1.64

ATRIUM

UNDERWRITING YEAR ACCOUNTS
THE 2021 YEAR OF ACCOUNT

SYNDICATE 609

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors of the managing agent present their report at 31 December 2023 for the 2021 year of account of Syndicate 609 (the syndicate).

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No 8 of 2006). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations (the 2008 Regulations) and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and Financial Reporting Standard 103: Insurance Contracts (FRS103).

REVIEW OF THE 2021 YEAR OF ACCOUNT

The Directors have determined that the 2021 year of account will remain open as at 31 December 2023 due to the level of reserve sensitivity over the reserves that have been established in relation to the western leased aircraft in Russia. The cumulative profit to date is £25.1m. Further details on the underwriting results are included within the Underwriter's Report.

PRINCIPAL RISKS AND UNCERTAINTIES

Governance

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. The Board has developed its Own Risk and Solvency Assessment (ORSA), comprising the entirety of the processes that it uses to identify, assess, monitor and report the risks faced by the syndicate and to evaluate the amount of funds necessary to cover these risks taking into consideration the business profile and risk appetite of the syndicate. Critical to the efficacy of the ORSA is the effective operation of the Risk Management Framework (RMF), the Governance Structure and Atrium's Internal Model. The RMF incorporates the so-called "Three Lines of Defence" approach to risk management and reporting.

The RMF is the mechanism through which Atrium ensures it is implementing effective and enterprise wide risk management practices across its business. Key to Atrium's business is the management of risk, return and capital, against which all significant strategic and operational business decisions are evaluated. Atrium has established systems of governance and risk management that enable it to manage its business prudently.

The RMF is the articulation of these systems of risk management and governance and how the various elements interact.

The RMF encompasses the broad range of activities undertaken across the organisational hierarchy to ensure that risks are managed appropriately, spanning from the high level strategy set by the Board to the day to day underwriting decisions being made by syndicate staff and the controls in place to govern these. The RMF can be illustrated as follows:

Strategy: This describes Atrium's strategy setting process and explains how this filters down through the organisation; incorporating the syndicate's Business Strategy, Business Plan, Risk Policy Statement and Risk Policies.

Business Activities: All Atrium business units are responsible for implementing the strategy and business plans in accordance with the framework set out in the risk policies.

The people, controls, management information, processes and senior management oversight in place across the business units serve as the "First Line of Defence" in the RMF.

Risk Governance Structure: The Board has established a Risk Governance Structure in order to ensure that risk is appropriately identified, monitored, managed and reported across the organisation; to review the activities of the business units; and to ensure that the RMF is effectively designed, implemented and governed.

The Risk Governance Structure is comprised of the Risk Committee (RC), which fulfils the role of Atrium's Risk Management Function, the Executive Risk Committee (ERC) and its three Risk Sub-Committees, discussed further below.

Independent Assurance: Atrium has in place a Compliance Function and an Actuarial Function in addition to the Risk Management Function (fulfilled by the RC, the ERC and the Risk Management Team). These functions have specific responsibilities documented in their terms of reference and are staffed by fit and proper individuals with suitable qualifications, expertise and experience. The activities of these functions seek to provide the Board with assurance as to the appropriateness and effectiveness of the various elements of the RMF, the internal control environment, and the calculation of capital.

There are a number of risk management tools which support independent assessment and reporting of risk. Taken together this Independent Assurance comprises the "Second Line of Defence".

Independent Oversight: The RMF provides for independent oversight and challenge via the operation of the Internal Audit Function as well as the Audit Committee, which is a Committee of the Board with membership comprised of Non-Executive Directors. Together these two groups provide the "Third Line of Defence". The Audit Committee, along with its broader responsibilities for the financial statements and financial reporting process, has oversight of internal controls and the Internal Audit Function.

Risk Committee (RC)

The RC fulfils the Risk Management Function, in conjunction with the ERC and the Risk Management Team, and coordinates the risk management activities conducted for the syndicate. The RC has its membership comprised of Non-Executive Directors though is attended by various Executives to ensure that the RC is provided with the information it requires to perform its role. It is responsible for ensuring that the RMF and Internal Model operates effectively, and for maintaining an aggregated and holistic view of risks to the syndicate and reporting on them to the Board, Committees and management as appropriate. It also ensures that there is robust and effective management, governance and oversight of Atrium's Internal Model which is used to set capital and is also widely used within the business.

Due to overarching considerations of climate change and Environmental, Corporate and Social Governance (ESG) in strategy setting and risk profile changes, this Committee is also responsible for oversight of the climate change and sustainability frameworks.

To support delivery of the RC's responsibilities, there is the ERC and its three Risk Sub-Committees, each being responsible for oversight, review and challenge of the activities of the syndicate and in particular, ensuring activities are within risk policies, that risks are suitably identified monitored and reported, and that appropriate contingency plans are in place.

The principal risks to which the syndicate is exposed are discussed below together with the mitigation techniques adopted. For clarity, the risks are analysed by reference to the Risk Sub-Committees that have responsibility for the relevant risk area.

The ERC exists to support the RC and ensure that it can focus on key issues and also to ensure that there is the scope for executive management discussion on risk issues and aggregation across the Risk Sub-Committees prior to the RC.

Insurance Risk Sub-Committee (IRSC)

The IRSC is responsible for oversight of insurance risk which includes underwriting, claims, reserving, and reinsurance.

Underwriting risk is the risk that future losses are greater than allowed for within premiums. This could be due to natural fluctuations in claims frequencies and severities, changes in economic and judicial environments, anti-selection, inappropriate premium estimation or catastrophic loss activity.

Underwriting risk is mitigated through numerous controls including underwriter peer review, authority limits, independent review of risks written, and purchase of an appropriate reinsurance programme. The Syndicate Business Forecast is completed annually and stipulates those classes of business and concentration by class that will be written during the forthcoming year. It is reviewed by the IRSC and approved by the Board prior to being submitted to Lloyd's for approval. Actual performance during the year is monitored by reference to the Syndicate Business Forecast.

The risk of catastrophic claims is mitigated by the syndicate having a defined risk appetite which determines the net loss that it intends to retain for major catastrophe events and where deemed appropriate reinsurance is purchased to limit the impact of losses. Although the likelihood of occurrence is considered to be remote, there may be circumstances where the loss from a particular catastrophe event exceeds the net risk appetite perhaps due to the occurrence of a loss that has not been considered or where the reinsurance purchased proves to be insufficient. In addition climate change can affect the occurrence and severity of weather related events. Whilst we do research the impact of these there is significant uncertainty to the impact climate change has on events in the tail of distributions which increases uncertainty in this area.

Reserving risk is the risk that there is insufficient provision for losses that have already occurred.

Reserving risk is mitigated by the robust reserve adequacy exercise that is performed on a quarterly basis by the Actuarial Function and approved by the Board. The quarterly exercise involves a review of the paid and outstanding claims and an assessment of the appropriate provision for incurred but not reported (IBNR) claims. The reserves are considered by the IRSC and approved by the Board. The reserving is carried out based on historical development data, the claims environment and information provided by lawyers and third party claims adjusters.

Although a thorough review is carried out the reserves carried may be more or less than adequate to meet the final cost of claims.

The IRSC also reviews the proposed reinsurance programme that is used to protect capital from frequency and severity of losses that may be sustained through underwriting the varied lines of business written. The review includes analysis of the reinsurance cover being purchased and assessment of the proposed counterparties.

Financial Risk Sub-Committee (FRSC)

The FRSC is responsible for oversight of financial risks and the steps taken to mitigate them as they arise from investments, asset/liability management, credit, liquidity and concentration risks. These risks are discussed further below.

Investment risk is the risk that the syndicate's earnings are affected by changes in the value of the investment portfolio; such changes in value may be driven by changes in the economic and political environment and by movements in interest and foreign exchange rates. Atrium manages the syndicate's investments in accordance with investment guidelines established by the Board that are reviewed on a regular basis. The FRSC monitors the performance of the external investment managers and the custodians responsible for the safekeeping of the investments, and reports regularly to the Board.

Asset/liability mismatch is the risk that the syndicate could incur a loss through inadequate matching of its investments with its insurance liabilities. Due to the short tail nature of the majority of these liabilities, the syndicate does not seek to achieve a precise matching with the investment portfolio, instead developing an investment duration guideline that is broadly in line with the average payment profile of the liabilities. However, the syndicate substantially mitigates exposures to currency mismatch by investing premiums in the currency in which subsequent claims are most likely to be incurred and periodic rebalancing to ensure that these remain appropriate for the liabilities. The majority of the syndicate's business is denominated in US dollars and accordingly the substantial part of the investment portfolio is in US dollar denominated investments.

The key aspect of credit risk is the risk of default by one or more of the syndicates reinsurers, their investment counterparties, or insurance intermediaries. Reinsurance is placed with security that adheres to the Atrium reinsurance policy. The exposure to credit risk in the investment portfolio is mitigated through adherence to the investment guidelines which require the syndicate's core investment portfolios to be held in government and corporate debt with a high credit quality rating and with a relatively short duration, thus substantially mitigating the risk of sustaining losses from default.

Exposure to intermediaries is mitigated by rigorous review of new intermediaries, contractual terms of business, regulated or segregated client accounts, monitoring of balances and credit control procedures.

Liquidity risk is the risk that the syndicate will not be able to meet its short term liabilities as they fall due, owing to a shortfall in cash. This risk is mitigated through holding invested funds in high credit quality and short duration investments, and cash flow projections are also reviewed on a regular basis. The need for overdraft facilities in case of unprojected cash flow deficit is also reviewed regularly.

Concentration risk is the exposure to loss that could arise if the bulk of the amounts recoverable by the syndicate were dependent on a limited number of reinsurers, or if investments were restricted to limited numbers of counterparties or sectors. The risk is mitigated by restricting the permitted cessions to individual reinsurers for any one underwriting year and through the investment guidelines which limit exposure to individual investment counterparties and sectors.

In 2023 the Board approved the syndicate's Responsible Investment Policy. The syndicate has not made any new investments in thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities since 1 January 2022. By the end of 2024 the syndicate will be phasing out existing investments in respect of companies with business models which derive at least 30% of their revenues from either thermal coal-fired plants, thermal coal mines, oil sands and new Arctic energy exploration activities.The syndicate aims to reduce its exposure to carbon intensive industries where issuers do not have defined transition strategies.

Operational Risk Sub-Committee (ORSC)

The ORSC is responsible for oversight of the syndicate's exposures to operational and regulatory risks.

Operational risk is the risk of loss due to inadequate or failed processes and procedures, people and systems, or external events. The agency seeks to manage these risks by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agency has a Compliance Officer and team who monitor regulatory developments and assess the impact on agency policy and maintain an ongoing open dialogue with both regulators and Lloyd's. They also carry out a compliance monitoring programme. Regular reviews are performed by the Internal Audit department to ensure that deviations from the agency's policies, and control weaknesses, are identified and reported to the appropriate level of management and the Audit Committee when considered necessary.

Customer Oversight Group

The Customer Oversight Group is responsible for oversight of the syndicate's exposure to conduct risk and ensuring that Atrium is providing good outcomes to customers as set out in the Financial Conduct Authority's (FCA) Consumer Duty. The Consumer Oversight Group report directly to the Board.

Conduct risk is the risk that as part of writing and servicing insurance policies the Syndicate fails to pay due regard to the interests of its customers. This is mitigated through the application of Atrium's conduct risk policy and procedures and through staff's adherence to Atrium's Code of Business Principles and Ethics. Atrium is committed to conducting its activities and stakeholder relationships in a fair and honest manner and the highest standard of conduct, professionalism and integrity is expected from all of its employees, with due regard paid at all levels of the organisation to ensuring good outcomes for customers. Key controls include training of staff, embedding of the consideration of conduct risk as part of the business planning process and through the product life-cycle and Board and governance oversight and reporting. The Customer Oversight Group fulfils the role of a "product oversight group" providing customer challenge and perspective to Atrium's products. As part of Atrium's implementation of the FCA Consumer Duty, Stephen Riley (Independent Non-Executive Director) was appointed by the Board as its Consumer Duty Champion in October 2022.

Executive Committee (XCo)

The XCo deals with the day-to-day activities of the managing agent and is responsible for delivering the annually agreed Atrium Priorities, develop and implement business plans, policies, procedures and budgets that have been recommended and approved by the Board, monitor the operating and financial performance of the Company,

REPORT OF THE DIRECTORS OF THE MANAGING AGENT CONTINUED

prioritise and allocate investment and resources, and manage the risk profile of the Company. The XCo is responsible for Atrium's people strategy and establishment of the culture, values and behaviors of the organisation. The XCo implements policy and strategy adopted by the Board and deals with all operational matters affecting the Company.

XCo is an executive committee of the Board and is the overall decision-making body for performance and delivery, under delegated authority from the Board. Members of XCo are primarily the Executive Directors of the Company, with the Chair being the Chief Executive Officer of the Company, or in their absence any other member of the committee.

Culture Committee

The Culture Committee is a sub-committee of the XCo which reviews and provides formal governance over all areas relating to Atrium's culture, namely the creation of a work environment that reflects Atrium's values and enables its people to achieve their full potential and do their best work. It has a diverse membership from across the business, of different levels of seniority, which is refreshed annually.

Lloyd's Europe Operating Model

As part of Lloyd's Brexit arrangements, Atrium Underwriters Limited (the Company) has entered into an outsourcing agreement and a secondment agreement with LIC and reinsurance contracts between the syndicate and LIC. This structure covers business underwritten by the Company on behalf of LIC since 1 January 2019 as well as legacy EEA business transferred to LIC under the Lloyd's Part VII Transfer, which had a Scheme Effective Date of 30 December 2020. The outsourcing agreement covers the activities performed by the Company on behalf of LIC in writing and servicing the relevant business. The secondment agreement (effective 1 January 2022) covers provision of seconded Atrium underwriters to LIC under the Lloyd's European Operating Model. The reinsurance contracts cede 100% of the business written by, or transferred to, LIC back to the syndicate.

Climate Change and Sustainability

Governance

2023 saw the introduction of the role of Head of Sustainability into the organisation. This cements the importance placed on assessing climate change and associated sustainability risks and opportunities, as well as ensuring we meet applicable regulatory requirements.

This role reports directly into the Chief Risk Officer who is the Executive Director with responsibility for sustainability and managing the financial risks from climate change risk. The Head of Sustainability also communicates regularly with the XCo to ensure sustainability and climate change are incorporated into strategic decisions.

In terms of formal governance, the RC is responsible for reviewing updates to the sustainability strategy and framework prior to Board approval, as well as assessing other sustainability-related risks. This is due to the overarching ramifications of climate change and other sustainability factors in strategy setting and risk profile changes. Sustainability is a standing agenda item for this Board Committee.

Strategy

Climate risk can be broadly divided into 3 categories: physical, transition and liability. Physical risk relates to the change in climate and weather events which have the potential to directly affect the economy. Transition risk can occur when moving towards a lower carbon economy and how the speed of the transition may affect certain sectors and affect financial stability. Liability risk refers to potential increased litigation against policyholders from individuals or businesses who have experienced losses because of physical or transition risk.

Atrium has always been fully focused on managing the physical risks of the business we write and we have a formalised framework specifically for managing physical climate risk. This addresses potential, current and future climate impacts on the natural catastrophe exposed portfolio by region peril combinations and identifies potential risk mitigation strategies.

An assessment of transition risk is made as part of Atrium's ORSA process and further work was done on this as part of the business planning process during 2023. The results of this confirmed the areas of the portfolio with more material exposures as well as allowed us to add some metrics to our categorisations. The transition risk from our investment portfolio is limited due to the short duration of the portfolio and the lack of investment in equities.

In terms of liability risk, the syndicate assesses its exposures on high-risk classes via risk assessments looking at potential litigation risks. In addition, the risk team review current trends in climate risk litigation and their applicability to our underwriting portfolios. This area will be in focus in 2024 as we seek to quantify liability risk, in addition to the evolving qualitative narrative.

Atrium is focused on taking advantage of the new opportunities that a shift to a low carbon economy might bring, whilst being mindful of the commerciality of these and managing the associated risks encountered with new technology, scarcity of data, uncertainty of forward-looking scenarios and the potential of systemic risk.

We incorporate sustainability considerations into our annual business planning submissions, with each class of business factoring in both the risks and opportunities posed to them. The IRSC use this information, with input from the Head of Sustainability, as part of its role in recommending the plan for approval to Board. This is an iterative process which will be improved year-on-year to help shape our strategy.

Risk Management

Our aim is to ensure durability and value for stakeholders by managing the risks and opportunities presented by climate change in a holistic manner, embracing the values of an integrated governance structure. Our collaborative culture and relative agility in the Lloyd's market means we are well placed to achieve this ideal. The Head of

Sustainability works with almost all areas of the business including the Board and XCo, Underwriting, Claims, Actuarial, Finance, Internal Audit, Exposure Management and Operations to ensure a joined-up approach in driving strategic and everyday decisions. In addition, there are several working groups formed across the business to tackle various topical subjects, such as underwriting portfolio measurement, litigation risk and underwriting opportunities.

In 2023, the syndicate introduced formal sustainable underwriting rules and guidelines which state the syndicate's appetite for certain risks. These rules and guidelines incorporate the stance on areas which are deemed not to be conducive with the syndicate's wider sustainability strategy, as well as formalising compliance with Lloyd's guidance regarding no new cover for thermal coal-fired power plants, thermal coal mines, oil sands and Arctic energy exploration activities. This is an evolving document which sits alongside the business principles and ethics policy and the responsible investment policy. The syndicate has processes in place to help ensure underwriters and investment managers comply with these.

The syndicate continues to build on existing data and metrics related to climate risk, conduct tests of existing models, systems and processes to ensure they are adequate and relevant, build on scenario analysis and stress testing, review new opportunities (underwriting and technological) and increase knowledge and education. Third party data is used on a measured basis, ensuring that both the advantages and disadvantages are understood. The syndicate endeavours to incorporate climate risk and sustainability concerns across all decision-making processes and act as a responsible business.

DIRECTORS AND OFFICERS

The Directors & Officers of the managing agent who served during the year ended 31 December 2023 and to the date of signing these financial statements were as follows:

Martha Bruce, Shakespeare Martineau LLP (Company Secretary)
Nicole Coll (Appointed 31 March 2023)
James Cox
Toby Drysdale (Resigned 1 January 2023)
John Fowle (Appointed 15 November 2023)
Gordon Hamilton (Resigned 31 March 2023)
Richard Harries (Resigned 30 June 2023)
Peter Laidlaw (Active Underwriter 609; Appointed 1 January 2023)
James Lee
Stephen Riley
Samit Shah
Kirsty Steward
Christopher Stooke

DIRECTORS' INTERESTS

Details of Directors' interests may be found in note 16 to the accounts.

RE-APPOINTMENT OF AUDITORS

The Board of Directors have re-appointed KPMG LLP as the syndicate auditors for the year ending 31 December 2024. KPMG LLP have indicated their willingness to continue in office as the syndicate auditor.

By order of the Board

John Fowle
Chief Executive Officer
26 February 2024

STATEMENT OF THE MANAGING AGENT'S RESPONSIBILITIES

The Directors of the managing agent are responsible for preparing the syndicate underwriting year accounts in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw. They have elected to prepare the accounts in accordance with 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 underwriting year accounts unless they are satisfied that they give a true and fair view of the result of the underwriting year. In preparing these accounts, the directors of the managing agent are required to:

- Select suitable accounting policies and then apply them consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable between the members of the syndicate affected is used;
- 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 accounts;
- Assess the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so. As explained in note 1 the Directors of the managing agent have not prepared the underwriting year accounts on a going concern basis.

The Directors of the managing agent are responsible for keeping adequate and proper 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 underwriting year accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the syndicate's website. Legislation in the UK governing the preparation and dissemination of underwriting year accounts may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 609 2021 YEAR OF ACCOUNT

OPINION

We have audited the Syndicate underwriting year accounts for the 2021 open year of account of Syndicate 609 for the three year period ended 31 December 2023 which comprise the Statement of Comprehensive Income: Technical Account – General Business; Statement of Comprehensive Income – Non Technical Account; Balance Sheet; Statement of Cash Flows and related notes, including the accounting policies in Note 3.

In our opinion the Syndicate underwriting year accounts:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2023 and of the Syndicate's profit for the 2021 open 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 properly prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the requirements of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

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 Financial Reporting Council ("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.

EMPHASIS OF MATTER – NON-GOING CONCERN BASIS OF PREPARATION

We draw attention to the disclosure made in Note 1 to the Syndicate underwriting year accounts which explains that the Syndicate underwriting year accounts have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

EMPHASIS OF MATTER – SYNDICATE RESERVES

We draw attention to the disclosure made in note 6 to the 2021 open underwriting year accounts concerning the significant level of uncertainty in relation to the possible claims arising out of the Syndicate's Russian aviation exposures. This matter results in more potential variability than would ordinarily be the case in the potential outcomes regarding technical provisions. This uncertainty has resulted in the Board deciding not to close the 2021 year of account.

Our opinion is not modified in respect of this matter.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

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 included:

- Enquiring of directors, the audit committee, internal audit 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 and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual 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 related to the valuation of claims reserves.

Valuation of these liabilities, especially in respect of the incurred but not reported (IBNR) component, is highly judgmental as it requires a number of assumptions to be made such as initial expected loss ratios and claim development patterns all of which carry high estimation uncertainty and are difficult to corroborate creating opportunity for management to commit fraud.

On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited estimation involved in accruing premium income. We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls.

We performed procedures including:

- Identifying potential journal entries to test based on risk criteria and comparing these entries to supporting documentation. These included those posted to cash accounts or journals posted by individuals who typically do not make journal entries.

- We assessed the appropriateness and consistency of the methods and assumptions used for reserving. For a selection of classes of business we considered to be higher risk, we performed alternative projections to the actuarial best estimate using our own gross loss ratios and compared these to the Syndicate's results, assessing the results for evidence of bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial information from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), 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 financial information varies considerably.

Firstly, the Syndicate is subject to laws and regulations that directly affect the financial information including financial reporting legislation (including related Lloyd's legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial information 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 financial information, 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: corruption and bribery, compliance with regulations relating to sanctions due to the nature of the business written by the Syndicate, financial products and services regulation and the Solvency II regime including capital requirements, recognising the financial and regulated nature of the Syndicate's activities. 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 financial information, even though we have properly planned and 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 financial information, 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 fraud 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.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors of the Managing Agent are responsible for the Report of the Directors of the Managing Agent. Our opinion on the Syndicate underwriting year accounts does not cover that report and we do not express an audit opinion or 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 underwriting year accounts audit work, the information therein is materially misstated or inconsistent with the Syndicate underwriting year 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), 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 underwriting year accounts are not in agreement with the accounting records; 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 9, the directors of the Managing Agent are responsible for: the preparation of the Syndicate underwriting year 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 underwriting year 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 underwriting year 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 underwriting year 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 members of the Syndicate ("the Syndicate's Members"), as a body, in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Lloyd's Syndicate Accounting Byelaw. 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.

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

UNDERWRITER'S REPORT SYNDICATE 609

When asked how I would describe my first year as Active Underwriter, the words that entered my head were 'it sits somewhere between challenging and a baptism of fire'. With the insurance industry sustaining $118bn of insured catastrophe related losses, 2023 was the fourth consecutive year with over $100bn of insured losses. It was a year of frequency over severity with thirty-four insured losses exceeding US$1bn, making it the highest on record. Whilst we were not immune from this increased major loss frequency, we navigated the year well with only the prior year events proving slightly more challenging.

With major loss frequency at an all-time high, I am thankful for the fact that the rating environment was as good as we have seen for over a decade, and the team we are fortunate to have at Atrium are amongst the best in the market.

2021 YEAR OF ACCOUNT

We have made the decision to leave open the 2021 year of account. Whilst this may not come as a total surprise to many, I understand this will still be disappointing. However, it is unquestionably the right thing for all members to ensure equity between Names given the level of uncertainty and volatility associated with the fate of western-leased aircraft in Russia. As we are all aware, the situation is extremely complex and one where evidently the picture continues to develop. As at year end our ultimate reserve stands at £264.5m gross and £84.5m net of reinsurance. The loss reserve is split 95% to the 2021 year of account and 5% to the 2022 year of account.

Last year, I reported we were being impacted by a large frequency of lawsuits relating to issues on our Florida based contractors book arising from construction defects. This surge of claims impacts the 2014 to 2019 years of account, and the influx continues. As a result of the continuing adverse development of this industry-wide problem, we have added another £13.2m of additional IBNR in the calendar year to the £17.4m of IBNR we reserved a year ago. This brings the overall ultimate position, for this specific issue for all years combined, to £79.4m net.

During the last year, we have put aside reserves for potential claims relating to building cladding issues within the UK. This issue of the fire safety of some types of cladding was highlighted following the Grenfell Tower fire in 2017. Whilst we do not insure cladding consultants, we do cover professional indemnity for UK Architects and Design Build companies who may have given advice on construction involving cladding. To date we have only two paid claims amounting to £4.4m, but we have many other notifications of circumstances. We have therefore included IBNR amounting to £9.7m to cover further development of this issue.

The development of reserves for these three circumstances has not made for a great run-off of the 2021 and prior years although there are some faint silver linings around these darker clouds.

A year ago, I reported the impact that unrealised investment losses had on the 2020 year of account result and noted that some of these unrealised investment losses would unwind in the current year. This ongoing unwinding of mark-to-market investment losses, coupled with the rise in interest rates, has led to a substantial unrealised investment gain for the 2021 and prior years.

The natural catastrophe losses occurring in 2021, being Storm Uri, Hurricane Ida and the Kentucky tornadoes, reduced slightly compared to the ultimate position from that reported a year ago, now being $50.5m gross and $43.3m net of reinsurance recoveries.

The Gross Written Premium for the 2021 year as at 36 months is £547.1m which equates to 87.6% of stamp capacity.

Whilst the 2021 year is being left open for the reasons detailed throughout this report, and despite the deterioration in the reserves, based on current projections the forecast still remains a profit of between +5.0% to +15.0% return on capacity, before the deduction of standard personal expenses.

2022 YEAR OF ACCOUNT

The 2022 year of account was a year of further improvement, one of good rate increases and, in turn, good growth in premium income for Syndicate 609. With all classes showing positive rate increases over and above that required to address inflation, we looked to exploit the great conditions whilst they lasted.

We deliberately looked to grow some areas of the portfolio as the margins were greater than we had seen for some time.

The specialty business group saw 30% growth in premium with most specialty classes seeing year on year growth and improving margins. The growth in the casualty business group was negligible as the rating environment was more stagnant than the other business areas. The property business group, where the margin within the increased rates held up much better than we were predicting and as a consequence we saw year on year growth of 15%.

The 2022 year of account did sustain a large catastrophe loss in September 2022 arising from Hurricane Ian, which caused widespread destruction and loss of life in Cuba before strengthening and making landfall in Florida. The estimated market loss stands at a little under $50bn with the current estimated loss to Atrium being $31.9m gross and $31.8m net of reinsurance.

We also had a major loss in April 2023 as a result of the outbreak of military activity in Sudan, known as the Battle of Khartoum. Within a few days of the outbreak, almost all aircraft at Khartoum airport had reported losses from damage caused by the conflict. We also have a small loss on the Political Violence portfolio. The current loss estimate to the Syndicate is $15.8m gross and $10.6m net of reinsurance recoveries much of which falls back to the 2022 year of account.

Whilst the 2022 year of account was also impacted by losses such as cyclone and flooding in New Zealand, the earthquake in Turkey/Syria and various other events, the early indications for the year of account are very positive and our current forecast range is a profit of +7.5% to +17.5% on capacity. The latest expected income is £685.5m, which equates to 105.3% of stamp capacity.

2023 YEAR OF ACCOUNT

As the market continued to improve, albeit inevitably at a more moderate pace as we reach the top of the rating cycle for most classes, Atrium continued to grow as the conditions indicated margins above adequacy in most underwriting classes.

Whilst we have yet to sustain a loss to distort the 2023 year of account from the plan, the cumulative effect of the aggregate catastrophe losses has still had an impact albeit of a very manageable quantum, especially in the absence of a major windstorm in North America.

The losses of note during the year are the earthquake in Turkey/Syria, costing Atrium an estimated $4.9m gross and $4.5m net of reinsurance, Hurricane Otis, which hit Mexico in October and is estimated to cost us $7.4m gross and $7.3m net of reinsurance and the Hawaii Wildfires which cost the syndicate $7.3m gross and net of reinsurance. The other major events, New Zealand floods, Cyclone Gabrielle and Hurricane Idalia, cost a combined total of $14.0m gross and net of reinsurance.

We predicted considerable growth over 2022 largely due to increased rates, higher than normal inflation and the USD rate of exchange. Whilst current indications are that we may not have achieved the 20% growth in income we aimed for, we got pretty close with the current estimate of £738.0m which equates to 84.8% of a much-increased stamp capacity. Equally positive are the early indications that the 2023 year has started every bit as well as the 2022 year.

2024 AND BEYOND

As we enter the 2024 year, the Underwriting team are enthused by the great trading conditions but as is normal, they always have one eye on the wider horizon as they become increasingly cognisant of where we are in the market cycle. It is important for us all to remember that 2024 may be the 'top of the cycle' and we are all seasoned enough to know that what follows the peak in the market provides less excitement. However, the fact that we are at the top of the cycle means we will extract all that we can by way of profit for our capital providers. It is a time where we focus on rate adequacy over rate increase and look to grow on the basis of the current underwriting conditions, not on where they are heading.

The plan for 2024 is to continue the growth in income whilst profit margins are still evident. Whilst the growth expectations are less than in 2023, we will continue to strive for growth in key areas such as the property and specialty lines. We increased stamp capacity by a little under 6% to £925.0m and our current business plan forecast is to write £752.0m which equates to 81% of stamp.

It was good to see that the refurbishment of the Underwriting Room led to a rejuvenation of face-to-face trading, such an important ingredient of what makes Lloyd's the unique trading environment it remains today. This comes at a time when technology plays an ever-increasing role not only in the underwriting process, but also in the delivery of our insurance products through our distribution partners around the world. I am also delighted to see that our online business through our AUGold platform has continued to grow during the last year and this is something we will be looking to capitalise on in 2024 and beyond.

Finally, I want to take this opportunity to thank all the team at Atrium who have had to work extraordinarily hard over the last year to enable us to aim for the levels of growth in income and profitability we plan to achieve. We really are so very lucky to have such an impressive team with a real passion for what they do: they are as clearly proud of Atrium as I am.

All that this leaves is for me to thank you, our capital providers, for your unwavering support and loyalty to the Atrium syndicate. As I repeatedly say in open forum, you are and continue to be the most robust form of capital and we are aware what a privilege it is to have access to your capacity. It is appreciated.

Peter Laidlaw
Active Underwriter, Syndicate 609
26 February 2024

STATEMENT OF COMPREHENSIVE INCOME TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE 2021 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2023

	Notes	£'000
Syndicate allocated capacity		624,854
Earned premiums, net of reinsurance		
Gross premiums written	4	745,595
Outward reinsurance premiums		(89,496)
Earned premiums, net of reinsurance		656,099
Reinsurance to close premium received, net of reinsurance		
At transaction rates of exchange		481,333
Revaluation to closing rates of exchange		(19,629)
Reinsurance to close premium received, net of reinsurance at closing rates of exchange	5	461,704
		1,117,803
Allocated investment return transferred from the non-technical account		36,666
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		329,687
Reinsurers' share		(39,750)
		289,937
Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	6	609,290
		899,227
Net operating expenses	7	261,471
Balance on the technical account for general business	11	(6,229)

NON-TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE 2021 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2023

	Notes	£'000
Balance on the technical account for general business		(6,229)
Investment income	10	26,701
Net unrealised gains on investments	10	13,393
Investment expenses and charges	10	(3,428)
Allocated investment return transferred to general business technical account		(36,666)
Foreign exchange gains		3,815
Loss for the 2021 year of account at 36 months		(2,414)
Other comprehensive income		27,545
Total comprehensive income for the 2021 year of account at 36 months	14	25,131

BALANCE SHEET

FOR THE 2021 YEAR OF ACCOUNT AT 31 DECEMBER 2023

	Notes	£'000
Assets		
Investments	12	742,895
Deposits with ceding undertakings		3,290
Debtors	13	76,994
Reinsurance recoveries anticipated on gross amount retained to meet all known and unknown outstanding liabilities	6	240,649
Other assets		
Cash at bank and in hand		12,144
Overseas deposits		61,390
Prepayments and accrued income		268
Total assets		**1,137 630**
Liabilities		
Amounts due to members	14	22,444
Amount retained to meet all known and unknown outstanding liabilities – gross amount	6	849,939
Creditors	15	258,323
Accruals and deferred income		6,924
Total liabilities		**1,137,630**

The 2021 year underwriting accounts were approved at a meeting of the Board of Directors of Atrium Underwriters Limited, and by the Active Underwriter, on 26 February 2024 and were signed on its behalf by:

John Fowle
Chief Executive Officer
26 February 2024

Peter Laidlaw
Active Underwriter
26 February 2024

STATEMENT OF CASH FLOWS

FOR THE 2021 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2023

	Notes	£'000
Cash flows from operating activities		
Loss for the year of account		(2,414)
Non-cash consideration for net RITC receivable		(456,568)
Net amount retained to meet all known and unknown outstanding liabilities		609,290
Increase in debtors		(48,636)
Increase in creditors		1,668
Decrease in other assets		6,203
Investment return		(36,666)
Net cash flows from operating activities		72,877
Cash flows from investing activities		
Purchase of debt securities and other fixed income securities		(297,372)
Sale of debt securities and other fixed income securities		184,439
Investment income received		23,273
Foreign exchange		31,614
Net cash flows from investing activities		(58,046)
Cash flows from financing activities		
Members' agents' fees paid on behalf of members		(2,687)
Net cash flows from financing activities		(2,687)
Net increase in cash and cash equivalents		12,144
Cash and cash equivalents at 1 January 2021		–
Effect of foreign exchange rate changes		–
Cash and cash equivalents at end of financial year		12,144

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 2021 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION

The syndicate is managed by Atrium Underwriters Limited which is incorporated in the United Kingdom. The address of its registered office is Level 20, 8 Bishopsgate, London, EC2N 4BQ and the company registration number of the managing agent is 1958863.

The syndicate's principal activity during the year continued to be the transaction of general insurance and reinsurance business at Lloyd's.

These financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2006), and applicable Accounting Standards in the United Kingdom and the Republic of Ireland, including Financial Reporting Standard 102 (FRS 102). FRS 102 requires the application of Financial Reporting Standard 103 (FRS 103) in relation to insurance contracts.

The financial statements have been prepared on the historical cost basis with the exception of financial assets which are measured at fair value through profit or loss.

The syndicate underwriting year of accounts have been prepared on a basis other than going concern except for the financial assets at fair value through profit or loss which are measured at fair value.

Whilst the Directors of the managing agent have a reasonable expectation that the syndicate has adequate resources to continue in operational existence for the foreseeable future, these financial statements represent the participation of members in the 2021 year of account, cumulative to 31 December 2023. The accumulated profits of the 2021 year of account will be distributed once the year of account has closed.

2. USE OF JUDGMENTS AND ESTIMATES

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the syndicate financial statements are set out below.

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 underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account. With respect to the 2021 year of account, the Directors do not consider there to be sufficient accuracy over the valuation of the outstanding liabilities at 36 months due to the syndicate's exposure to the Russian invasion of Ukraine, as such the 2021 year of account will remain open. Further detail is provided in note 6.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2021 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Insurance classification

The syndicate's contracts are classified at inception, for accounting purposes, as insurance contracts. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to pay significant additional benefits above premiums received and interest earned thereon, excluding scenarios that lack commercial substance. Such contracts may also transfer financial risk.

Gross Premiums Written

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Gross premiums in respect of insurance contracts underwritten under a binding authority, line slip or consortium arrangement are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Gross premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Gross premiums written are treated as fully earned.

Reinsurance Premium Ceded

Initial reinsurance premiums paid to purchase policies which give excess of loss protection are charged to the year of account in which the protection commences. Premiums for other reinsurances are charged to the same year of account as the risks being protected.

Claims Paid and Related Recoveries

Gross claims paid include internal and external claims settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy.

Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

Amounts retained to meet all known and unknown outstanding liabilities

Where substantial uncertainties affect the assessment of outstanding liabilities, a year of account might not be closed. In such cases an amount to meet all known and unknown liabilities is retained at each year end until the year of account is finally closed.

The net amount to meet all known and unknown liabilities is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectible reinsurance recoveries, relating to the run-off year of account and previous years of account reinsured therein. The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of IBNR at the balance sheet date based on statistical methods.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Foreign Currencies

The syndicate's functional currency is US dollars (USD), being the primary economic environment in which it operates. The syndicate's presentational currency is Sterling (GBP).

Transactions, other than reinsurance to close, in US Dollars, Canadian Dollars and Euros are translated at the average rates of exchange for the period. Amounts retained to meet all known and unknown outstanding liabilities, and underwriting transactions denominated in other foreign currencies, are included at the rate of exchange ruling at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Exchange differences are included in the non-technical account.

In translating its results and financial positon into the presentational currency, the syndicate translates all assets and liabilities at the closing rates of exchange and translates all income and expense items at average rates, with all resulting exchange gains and losses recognised in other comprehensive income.

Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. The returns on the Joint Asset Trust Funds and Illinois Deposit are allocated to the year of account as notified by Lloyd's. The returns on other assets arising in a calendar year are apportioned to years of account open during the calendar year in proportion to the average funds available for investment on each year of account.

Realised gains and losses on investments carried at market value 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 wholly allocated to the technical account as all investments support the underwriting business.

Operating Expenses

Where expenses are incurred by or on behalf of the managing agent on the administration of the managed syndicate, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicate are apportioned between the agency company and the syndicate on bases depending on the amount of work performed, resources used and the volume of business transacted. Syndicate operating expenses are allocated to the year of account for which they are incurred.

Financial Instruments

The syndicate has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including deposits with credit institutions, debtors arising out of direct insurance and reinsurance operations, cash and cash equivalents and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at fair value.

Investments are stated at current value at the balance sheet date. For this purpose, listed investments are stated at fair value and deposits with credit institutions are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date. Any surplus or deficit on any revaluation is recognised in the non-technical account.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including creditors arising from insurance operations that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability, simultaneously.

Fair Value Measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicate estimates the fair value by using a valuation technique. See note 12 for further information on the syndicate's valuation techniques.

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

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

Deposits with Ceding Undertakings

Deposits with ceding undertakings relate to the payment of advance funds by the syndicate under the reinsurance agreement into segregated Part VII settlement bank accounts managed by the managing agent on behalf of LIC to settle Part VII claims. Amounts are denominated in multiple currencies, primarily GBP, USD and Euros. Deposits with ceding undertakings are measured at cost less allowance for impairment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Taxation

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

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year are included in the balance sheet under the heading 'other debtors'.

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

Pension Costs

The Atrium Group operates a defined contribution scheme. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

Profit Commission

Profit commission is charged by the managing agent at a rate of 20% of profit subject to the operation of a deficit clause. Where profit commission is charged, it is included within members' standard personal expenses within administrative expenses.

4. ANALYSIS OF UNDERWRITING RESULT

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

	Gross premiums written (note 1) £'000	Gross claims incurred (note 2) £'000	Gross operating expenses £'000	Reinsurance balance (note 3) £'000	Total £'000
Direct insurance:					
Accident and health	34,822	16,102	17,278	93	1,535
Motor (third party liability)	3,602	1,600	1,258	8	752
Motor (other classes)	15,808	7,255	5,641	43	2,955
Marine, aviation and transport	139,790	277,282	49,035	140,027	(46,500)
Fire and other damage to property	298,369	127,010	106,923	(18,011)	46,425
Third party liability	198,328	135,698	77,080	(3,557)	(18,007)
Credit and suretyship	7,079	3,238	3,689	(179)	(27)
Legal expenses	2,729	673	1,078	(40)	938
	700,527	568,858	261,982	118,384	(11,929)
Reinsurance	45,068	59,514	11,151	6,305	(19,292)
	745,595	628,372	273,133	124,689	(31,221)
RITC received	461,704	551,254	–	77,876	(11,674)
Total	1,207,299	1,179,626	273,133	202,565	(42,895)

1. Gross premiums written are treated as fully earned.
2. Gross claims incurred comprises gross claims paid and gross amount retained to meet all known and unknown outstanding liabilities.
3. The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries retained to meet all known and unknown outstanding liabilities.
4. All premiums are concluded in the UK.

5. REINSURANCE TO CLOSE PREMIUM RECEIVABLE

	£'000
Gross notified outstanding claims	256,413
Reinsurance recoveries anticipated	(33,561)
Net notified outstanding claims	222,852
Provision for gross claims incurred but not reported	306,614
Reinsurance recoveries anticipated	(48,133)
Provision for net claims incurred but not reported	258,481
Reinsurance to close premium receivable, net of reinsurance at transaction rates of exchange	481,333
Revaluation to closing rates of exchange	(19,629)
Reinsurance to close premium receivable, net of reinsurance at closing rates of exchange	**461,704**

6. AMOUNT RETAINED TO MEET ALL KNOWN AND UNKNOWN OUTSTANDNG LIABILITIES

	£'000
Gross notified outstanding claims	283,413
Reinsurance recoveries anticipated	(38,903)
Net notified outstanding claims	244,510
Provision for gross claims incurred but not reported	566,526
Reinsurance recoveries anticipated	(201,746)
Provision for net claims incurred but not reported	364,780
Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	**609,290**

The largest loss event to which the 2021 year of account is exposed relates to the Russian invasion of Ukraine in February 2022, with a significant loss relating to the fate of the western leased aircraft in Russia.

The situation remains complex and one in which the evidential picture continues to develop due to multiple ongoing litigations in a number of different jurisdictions. The following factors: (i) whether the loss is an all-risks or war peril loss, (ii) when it occurred, (iii) whether it's a single loss event or multiple loss events and (iv) how sanctions impact the same, all result in considerably different ultimate outcomes to the syndicate. In arriving at the reserving position for this loss, the financial implications of multiple scenarios have been modelled, taking account of the uncertainties listed above and utilising a probabilistic framework. In arriving at our reserving position, the likelihood of these scenarios occurring was established using current expert judgement.

This has resulted in ultimate gross reserves of £252.5m, £76.5m net of reinsurance, included in the financial results for the year ended 31 December 2023. The two classes impacted are Aviation Reinsurance and Aviation War. The probabilities assigned to the multiple scenarios listed above have been reviewed and there remains significant reliance on highly subjective expert judgments.

The Directors, in conjunction with the relevant subject matter experts, continue to monitor the situation closely, taking legal advice and meeting with market participants on a regular basis to ensure that the most up to date information is reflected within the syndicate reserves. Due to the nature of the circumstances mentioned above, the potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss could be in a particularly wide range with greater than usual variability. As a result, the 2021 year of account will remain open until the level of reserve sensitivity to downside risk normalises.

7. NET OPERATING EXPENSES

	£'000
Acquisition costs:	
Brokerage & Commission	198,524
Other acquisition costs	29,753
	228,277
Administrative expenses	44,856
	273,133
Reinsurance commissions receivable	(11,662)
	261,471

Administrative expenses include:

	£'000
Auditors' remuneration	
Audit services	397
Other services	55
Managing agent's profit commission	6,820

Members' standard personal expenses (Lloyd's Subscriptions, Central Fund Contributions, Managing Agent's Fees and Profit Contributions) are included within administrative expenses and amount to £19,175,000.

8. STAFF NUMBERS AND COSTS

All staff are employed by Atrium Group Services Limited (AGSL). The following amounts were recharged to the syndicate in respect of staff costs:

	£'000
Wages and salaries	19,788
Social security costs	2,550
Other pension costs	2,867
	25,205

The average number of employees employed by AGSL, but working for the syndicate during the three years, was as follows:

	Number
Management	4
Underwriting	84
Claims	15
Administration	82
	185

9. REMUNERATION OF THE DIRECTORS OF ATRIUM UNDERWRITERS LIMITED

The thirteen Directors of Atrium Underwriters Limited, who served during the three years ending 31 December 2023, received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	£'000
Remuneration	1,245

No other compensation was payable to key management personnel and charged to the syndicate.

The Active Underwriter received the following remuneration charged as a syndicate expense and included within net operating expenses:

	£'000
Remuneration	276

10. INVESTMENT RETURN

	£'000
Investment income:	
Income from investments	25,965
Gains on the realisation of investments	736
	26,701
Net unrealised gains on investments:	
Unrealised gains on investments	27,416
Unrealised losses on investments	(14,023)
	13,393
Investment expenses and charges:	
Investment management expenses, including interest	(611)
Losses on the realisation of investments	(2,817)
	(3,428)
Allocated investment return transferred to the technical account	36,666

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2021 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2023

11. BALANCE ON TECHNICAL ACCOUNT

	£'000
Balance excluding investment return and operating expenses	
Profit attributable to business allocated to the 2021 pure year of account	246,990
Profit attributable to business reinsured into the 2021 year of account	(28,414)
	218,576
Allocated investment return transferred from the non-technical account	36,666
Net operating expenses	(261,471)
	(6,229)

12. INVESTMENTS

	Fair value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	73,466	73,466
Debt securities and other fixed income securities	669,417	674,629
Deposits with credit institutions	12	12
	742,895	748,107

Shares and other variable yield securities and units in unit trusts represents the syndicate's holdings in collective investment schemes.

Using Standard & Poor's and Moody's as rating sources, the credit ratings of the debt and other fixed income securities are set out below:

	Fair value £'000	%
Government/Government Agency	202,103	30.1
AAA/Aaa	93,416	14.0
AA/Aa	94,934	14.2
A	192,828	28.8
BBB	34,011	5.1
<BBB	52,125	7.8
	669,417	100.0

13. DEBTORS

	£'000
Arising out of direct insurance operations	
Due from intermediaries	60,224
Arising out of reinsurance operations	16,556
Other	214
	76,994

14. AMOUNTS DUE TO MEMBERS

	£'000
Profit for the 2021 year of account	25,131
Members' agents' fee advances	(2,687)
Amounts due to members at 31 December 2023	22,444

15. CREDITORS

	£'000
Arising out of direct insurance operations	
Due to intermediaries	10,845
Arising out of reinsurance operations	15,912
Other	231,566
	258,323

Other creditors include inter year loans of £229,998,000.

16. DISCLOSURES OF INTEREST

Atrium Underwriting Group Limited (AUGL) is a wholly owned subsidiary of Alopuc Limited (a UK holding company) and Alopuc Limited is in turn a wholly owned subsidiary of Northshore Holdings Limited (Northshore), a Bermudan company. The ultimate beneficial owners of Northshore are affiliates of Stone Point Capital LLC (Stone Point) who hold approximately 88% economic interest. On 22 December 2023, Cavello Bay Reinsurance Limited, a subsidiary of Enstar Group Limited, sold their approximately 14% interest in Northshore to the other shareholders. The balance of the shareholding was held by Dowling Capital Partners and Atrium management and staff.

AUGL is the holding company of the following wholly owned subsidiaries; AUL, Atrium Insurance Agency Limited (AIAL), AGSL, Atrium Risk Management Services (Washington) Ltd (ARMS), Atrium Corporate Capital Limited (ACCL) and Atrium 5 Limited. AGSL is the holding company of Atrium Nominees Limited. AUL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is the managing agent of the syndicate.

The Atrium corporate underwriting capacity is provided by ACCL, with its capacity noted in the table below:

	2021 Capacity £m	2022 Capacity £m	2023 Capacity £m	2024 Capacity £m
Syndicate 609	158.7	165.0	221.6	**234.9**

ACCL's participations on the managed syndicate as % of syndicate capacity:

		Year of account		
	2021 %	2022 %	2023 %	2024 %
Syndicate 609	25.4	25.4	25.4	**25.4**

AIAL is a registered Lloyd's UK coverholder and is authorised and regulated by the Financial Conduct Authority. Syndicate 609 leads a binding authority granted to AIAL to underwrite Space business. Under the terms of the binding authority, fees and profit commission are payable by the syndicate to AIAL. Fee income of US$257,000 was paid by the syndicate to AIAL in relation to premium earned on the 2021 year of account. No profit commission is due in relation to the 2021 year of account.

16. DISCLOSURES OF INTEREST CONTINUED

AGSL is a group service company. All UK employee contracts and, where possible, all material service provider contracts are held by AGSL. A service agreement is in place whereby AGSL provides management services to all Atrium Group companies. Under the service agreement AGSL will charge the costs to each Atrium group company, including AUL, for the respective services provided.

ARMS was incorporated in Washington State, United States, and was established to support the Syndicate strategy to maintain and grow its North American direct portfolio and distribution network. ARMS charges fees to the Syndicates equal to its operating costs plus a small margin for transfer pricing reasons. Fees of U$2,315,000 were paid by Syndicate 609 to ARMS in respect of the 2021 year of account.

The directors' participations on the syndicate via Nomina No. 207 LLP (the staff LLP) are as follows (this includes any director of AUL that served during 2023 and was a partner in the staff LLP):

	2021 £	2022 £	2023 £	2024 £
James Cox	313,317	472,886	473,168	**580,834**
Toby Drysdale	94,382	120,693	121,652	**125,222**
John Fowle	–	–	–	**207,246**
Richard Harries	1,068,568	1,480,288	1,479,620	**1,119,631**
Peter Laidlaw	232,067	429,178	432,146	**424,653**
James Lee	194,879	259,220	258,156	**257,682**
Samit Shah	432,970	680,306	688,180	**842,376**
Kirsty Steward	77,680	105,362	103,262	**127,973**

AUL has made no loans to directors of the company during 2023 (2022 - nil). There were no loans outstanding at the balance sheet date.

Managing agency fees of £4,338,000 were paid by the syndicate to AUL. Profit commission of £6,285,000 is payable by the syndicate to AUL in relation to the 2021 year of account result. The managing agents agreement was amended in 2007 to enable managing agents to make payments on account of profit commission, prior to the closure of a year of account. Payments on account can be made when the syndicate transfers open year surpluses from the syndicate level premium trust funds to the members' personal reserve fund. No such payment was made in 2023. Included within accruals is £6,285,000 in respect of profit commission payable to AUL in relation to the 2021 year of account.

The Stone Point managed Trident V Funds (acting in concert) became majority owners of Northshore from 1 January 2021. Stone Point has investments in a wide range of companies and sectors, including the global insurance industry and as such as part of ordinary business and operations AUL and the syndicate might enter into transactions with other Stone Point affiliates from time to time. This could include transactions relating to inwards and outwards reinsurance, insurance intermediation, provision of insurance services, or other non-insurance related services. Any such related party transactions are entered into by the syndicate on a commercial basis and managed in accordance with the protocols set out in Atrium's Conflicts of Interest Policy.

Currently no Stone Point representatives sit on the AUL Board.

As part of Lloyd's Brexit arrangements, AUL has entered into an outsourcing agreement and a secondment agreement with LIC and reinsurance contracts between the syndicate and LIC. This structure covers business underwritten by AUL on behalf of LIC since 1 January 2019 as well as legacy EEA business transferred to LIC under the Lloyd's Part VII Transfer, which had a Scheme Effective Date of 30 December 2020. The outsourcing agreement covers the activities performed by AUL on behalf of LIC in writing and servicing the relevant business. The secondment agreement (effective 1 January 2022) covers provision of seconded AUL underwriters to LIC under the Lloyd's European Operating Model. The reinsurance contracts cede 100% of the business written by, or transferred to, LIC back to the syndicate.

SEVEN YEAR SUMMARY OF RESULTS

SYNDICATE 609 AT 31 DECEMBER 2023

	Notes	2021 £m	2020 £m	Year of Account 2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Syndicate allocated capacity		**625**	524	450	449	419	419	420
Aggregate net premiums		**656**	591	533	460	442	401	346
Number of underwriting members		**2,768**	2,819	2,882	2,970	3,040	3,056	3,059
Results for an illustrative share of £10,000		**£**	**£**	**£**	**£**	**£**	**£**	**£**
Gross premiums		**11,932**	12,707	13,188	11,408	11,868	10,713	9,154
Gross premiums %	1	**119.3%**	127.1%	131.9%	114.1%	118.7%	107.1%	91.5%
Net premiums		**10,500**	11,277	11,844	10,246	10,544	9,568	8,232
Net premiums %	2	**105.0%**	112.8%	118.4%	102.5%	105.4%	95.7%	82.3%
Premium for the reinsurance to close an earlier year of account	3	**7,389**	8,301	7,714	7,109	7,506	7,452	7,211
Net claims	4	**4,640**	4,493	4,959	5,084	5,929	3,784	3,999
Premium for the reinsurance to close the year of account		**–**	9,189	8,837	7,687	7,757	7,779	7,097
Amounts retained to meet all known and unknown liabilities		**9,751**	–	–	–	–	–	–
Underwriting profit		**3,498**	5,896	5,762	4,584	4,364	5,437	4,347
Syndicate operating expenses		**3,813**	4,073	4,466	3,910	4,054	3,636	3,525
Balance on technical account		**(315)**	1,823	1,296	674	310	1,821	822
Balance on technical account %	5	**(2.6)%**	14.3%	9.8%	5.9%	2.6%	17.0%	9.0%
Investment return		**587**	(508)	97	492	450	152	188
Other foreign exchange gains/(losses)	5	**502**	(4)	(307)	162	(140)	77	831
Profit for year of account		**774**	1,311	1,086	1,328	620	2,050	1,841
Illustrative managing agent's profit commission		**109**	179	155	204	80	309	354
Illustrative personal expenses	6	**263**	332	316	358	234	465	136
Profit after illustrative profit commission and illustrative personal expenses	6	**402**	800	615	766	306	1,276	1,351

Notes
1. Gross premiums as a percentage of illustrative share.
2. Net premiums as a percentage of illustrative share.
3. The reinsurance to close premium that has been received by the 2021 year of account has been retranslated to the rates of exchange that were applicable as at 31 December 2023. Reinsurance to close premiums receivable in respect of the 2021 and prior years of account have not been restated.
4. Net claims include internal claims settlement expenses.
5. Balance on technical account as a percentage of gross premiums.
6. Illustrative personal expenses, including illustrative profit commission, are based on a calculation of amounts incurred by a member writing an illustrative share. For this purpose minimum fee charges are ignored.

Memorandum Item

For an illustrative share of £10,000	Notes	2021 £m	2020 £m	Year of Account 2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Aggregation of annual fee, profit commission and syndicate expenses	6	**632**	873	832	826	600	908	985

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