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SYNDICATE 1969

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Syndicate 1969

Key performance indicators

Annual basis	2023 $'m	2022 $'m	Change
Gross premium written	724.7	603.9	20%
Net premium written	592.0	480.4	23%
Net premium earned	524.5	390.1	34%
Profit for the financial year	72.2	39.3	84%
Claims ratio	54%	50%	4%
Expense ratio	37%	39%	(2)%
Combined ratio	91%	89%	2%

Highlights:

- Strong growth across a number of established classes of business, with overall growth of gross premium income of 20%;
- Continued improvements to underlying underwriting margins with risk adjusted rate changes on renewal business of 8% for 2023;
- Combined ratio of 91% including 2% from catastrophes following a benign year for catastrophe losses;
- 2021 year of account closed with a profit of 4.0% on capacity. The forecast range for the 2022 year of account result is a profit of between 5.5% to 15.5% on capacity; and
- Positive market conditions expected to continue into 2024, with the syndicate's underwriters well placed to grow portfolios profitably where adequacy remains strong.

"Apollo continued to focus on strategic delivery in 2023. The calendar year result again reflects our significant progress both from a growth perspective, and in our underwriting result. Across the business, rating and business mix changes helped generate underwriting margins in line with plan. With the benefit of materially reducing gross and net natural catastrophe exposure in previous years becoming evident, together with growth in our specialty lines underwriting, continued positive market conditions and the pursuit of further growth opportunities in the syndicate, I am excited about what's to come in 2024."

David Ibeson, Group CEO

Contents

Directors and administration

Managing agent

Apollo Syndicate Management Limited

Registered office

One Bishopsgate
London
EC2N 3AQ

Company registration number

09181578

Company secretary

PC Bowden

Directors

AC Winther	(Non-Executive Chair)
FA Buckley	(Non-Executive Director)
SR Davies	(Non-Executive Director)
SE Hill	(Non-Executive Director)
MP Hudson	(Non-Executive Director)
DCB Ibeson	(Chief Executive Officer)
VVV Mistry	
JR Slaughter	

Active Underwriter

JR Slaughter

Bankers

Citibank

Lloyds Bank

Royal Bank of Canada

Royal Bank of Scotland

Registered Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Syndicate 1969

Report of the directors of the managing agent

The directors of the managing agent (together, “the Board”) present their audited report, which incorporates the strategic review, for Syndicate 1969 (“the syndicate”) for the year ended 31 December 2023.

This Annual Report is prepared using the annual basis of accounting as required by Statutory Instrument No. 1950 of 2008, The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 (“Lloyd’s Regulations 2008”) and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (“FRS102”) and Financial Reporting Standard 103: Insurance Contracts (”FRS103”).

Underwriting year accounts for the closed 2021 account of Syndicate 1969 are included following these annual accounts.

Principal activity

There have not been any significant changes to the syndicate’s principal activity during the year, which continues to be the transaction of general insurance and reinsurance business. With effect from 1 January 2022 the syndicate has not written business on behalf of any Special Purpose Arrangement syndicates (‘’SPAs’’), as further detailed in the review of the business below.

Syndicate 1969 trades through the Society of Lloyd’s (‘’Lloyd’s’’) worldwide licences and rating and has the benefit of the Lloyd’s brand. Lloyd’s has an A (Excellent) rating from A.M. Best, A+ (Strong) from Standard & Poor’s and AA- (Very Strong) from Fitch.

The syndicate’s capacity for the 2023 year of account was £530m ($641.3m at the Lloyd’s planning rate of $1.21). Stamp capacity for the 2024 year of account is £610m ($774.7m at the Lloyd’s planning rate of $1.27).

Apollo Syndicate Management Limited (“ASML”) is approved as a managing agency at Lloyd’s and is authorised by the Prudential Regulation Authority (‘’PRA’’). ASML is regulated by the Financial Conduct Authority (‘’FCA’’) and the PRA.

Results

Annual basis	2023 $’m	2022 $’m	Change
Gross premium written	724.7	603.9	20%
Net premium written	592.0	480.4	23%
Net premium earned	524.5	390.1	34%
Profit for the financial year	72.2	39.3	84%
Claims ratio	54%	50%	4%
Expense ratio	37%	39%	(2)%
Combined ratio	91%	89%	2%

Notes:
The claims ratio is the ratio of net claims incurred to net premiums earned.
The expense ratio is the ratio of net operating expenses to net premiums earned.
The combined ratio is the sum of the claims and expense ratios.
The expense and combined ratios exclude investment return and foreign exchanges gains and losses.

Report of the directors of the managing agent

ASML uses the key performance indicators shown in the table above, to measure the performance of the syndicate against its objectives and overall strategy. These indicators are assessed against plan and prior year outcomes and are subject to regular review.

The syndicate predominantly writes business denominated in US Dollars and therefore reports in that currency. This aids comparability between years and reduces volatility in the reported results caused by foreign currency exchange rates.

Review of the business

Syndicate 1969 achieved gross written premium in 2023 of $724.7m (2022: $603.9m). This represents premium growth in 2023 of $120.8m, or 20%, the most significant growth areas being Property D&F ($48.3m), Non-Marine Liability ($36.7m), Casualty Treaty ($11.8m), and Marine & Energy Liability ($9.9m). The underlying growth for other business was $14.1m, with this growth achieved across the majority of lines. We consider the syndicate portfolio to be resilient and well positioned for further profitable growth in 2024.

We saw positive pricing momentum across the majority of our classes of business this year, which continues to be encouraging. This is primarily driven by market discipline on catastrophe exposures. Rate increases on renewals across the syndicate averaged 8% in 2023, following average increases of 6% in 2022. The most significant rate increases were in International Property Treaty (31%), Specialty Disruption (29%), Property D&F (26%), Property Binders (10%) and Marine & Energy Liability (9%). We anticipate continued pricing improvement in 2024 in certain lines of business, to a lesser degree than achieved in 2022 and 2023, but with rate adequacy forecast to remain strong across the portfolio.

2023 calendar year result

The result for the 2023 calendar year is a profit of $72.2m (2022: profit of $39.3m) with a combined ratio of 91% (2022: 89%). The 2023 calendar year result aggregates the performance during the year of all open years of account (2021, 2022 and 2023) and movements from the 2018, 2019 and 2020 closed years of account. The 2023 calendar year result has performed better than plan despite significant market loss events in the year including Cyclone Gabrielle and Hurricane Idalia. The underlying performance of the portfolio has been positive, and in line with or better than plan for many of our classes. This demonstrates the value of a balanced and diverse portfolio that can absorb losses and deliver within expectations. Risk adjusted rate changes have outstripped the expectations set in the approved Syndicate Business Forecast, which has helped to achieve improved underlying performance after adjusting for catastrophe losses and prior year movements. The underlying combined ratio of 85% (2022: 86%) excludes losses of 2% (2022: 5%) from catastrophe events, namely Cyclone Gabrielle and Hurricane Idalia, and strengthening of reserving for prior year development of 4% (2022: release of 2%).

The geopolitical environment is becoming increasingly complex, and we are continuously monitoring the evolving risk environment. We remain comfortable with our exposure to areas of conflict. We believe we are underweight in Israel, relative to the wider Lloyd’s market, with Political Violence as our largest gross exposure. We continue to closely monitor the situation in Russia and Ukraine from both an underwriting and compliance perspective. We have previously made specific incurred but not reported (“IBNR”) allowances for classes where there is potential for losses arising as a result of the ongoing Russia/Ukraine conflict, namely Aviation, Cargo and Marine Hull. The expected cost of claims from this conflict is $3.4m, which has reduced by $1.5m during 2023.

The calendar year result has been affected by Cyclone Gabrielle, which made landfall in New Zealand in February 2023, and Hurricane Idalia, which made landfall in the US as a strong category 4 hurricane in late August 2023. Cyclone Gabrielle impacted the International Property Treaty class. We have exposure on both the Property D&F and Property Binder classes to Hurricane Idalia. However, the total net cost to the syndicate of these events is significantly less than the catastrophe allowance for the 2023 calendar year.

In the Property D&F class, as a result of the improved market conditions, we received approval from Lloyd’s in the second quarter of the year for a revised plan to grow exposures within pre-agreed capital limits to make the most of the rating environment. With positive risk adjusted rate changes and strong new business submission flow, the class wrote gross premium of $116.1m for the 2023 calendar year. Critical catastrophe exposures remained within limits agreed as part of the 2023 approved business plan. This, in conjunction with the past six years of positive risk adjusted rate changes and our growing Specialty classes, have mitigated the impact of future natural catastrophe losses on the result. The 2022 and 2023 years of account for Property D&F are forecast to be profitable, even after taking account of the specific catastrophe losses incurred. Further risk adjusted rate increases are forecast for 2024.

Syndicate 1969

Report of the directors of the managing agent

The calendar year result has been impacted by adverse incurred claims development on prior accident years from a number of classes, including Aviation, Property Binder, Marine Hull, Offshore Energy, Non-Marine Liability, Specialty Disruption, and Warranties & Indemnities.

The earned result for the 2023 year of account in the calendar year was a profit of $20.2m (2022 year of account during 2022 calendar year: profit of $9.8m). The year is forecast to be profitable at closure, as discussed in the underwriting year accounts on page 54.

The overall earned result for the 2022 and 2021 pure years of account in the calendar year was a profit of $50.6m.

Investment performance

The investment objective is to invest the premium trust funds in a manner designed primarily to preserve capital values and provide liquidity.

The syndicate produced an investment return of $23.7m in the year (2022: investment loss of $4.1m). Improved market yields have contributed to the improvement in investment return this year. At the balance sheet date, the fixed income portfolio holdings totalled $386.1m (2022: $278.4m).

The syndicate's investment policy is expected to remain broadly consistent with the position at the balance sheet date.

Capital

One of the advantages of operating in the Lloyd's market is the favourable capital ratios that are available due to the diversification of business written in Syndicate 1969 and in Lloyd's as a whole. ASML assesses the syndicate's capital requirements through a rigorous process of risk identification and quantification using an internal capital model at a 1:200 year confidence level. The model is based on Solvency II regulatory requirements and has been approved by Lloyd's. The ultimate Solvency Capital Requirement ("SCR") is subject to an uplift determined by Lloyd's based on its assessment of the economic capital requirements for the Lloyd's market in total. The SCR together with the Lloyd's uplift is referred to as the Economic Capital Assessment ("ECA"). The ECA for the 2023 underwriting year was set at 53% of capacity and for the 2024 underwriting year is 56% of capacity.

Lloyd's unique capital structure provides excellent financial security to policyholders and capital efficiency for members. The Lloyd's chain of security underlies the financial strength that ultimately backs insurance policies written at Lloyd's and has three links:

1. All premiums received by syndicates are held in trust as the first resource for settling policyholders' claims;

2. Every member is required to hold capital in trust funds at Lloyd's which are known as Funds at Lloyd's ("FAL"). FAL is intended primarily to cover circumstances where syndicate assets are insufficient to meet participating members' underwriting liabilities. FAL is set with reference to the ECAs of the syndicates that the member participates on. Since member FAL is not under the control of the managing agent, it is not shown in the syndicate accounts. The managing agent is, however, able to make a call on members' FAL to meet liquidity requirements or to settle underwriting losses if required; and

3. Lloyd's central assets are available at the discretion of the Council of Lloyd's to meet any valid claim that cannot be met through the resources of any member further up the chain. Lloyd's also retains the right to request a callable contribution equal to 5% of members' capacity on the syndicate.

Principal risks and uncertainties

ASML has established an Enterprise Risk Management ("ERM") function for the syndicate with clear terms of reference from the ASML Board and its committees. The ASML Board and its committees review and approve the risk management policies and meet regularly to approve any commercial, regulatory and organisational requirements of these policies.

The syndicate's risk appetites are set annually as part of the syndicate business planning and capital setting process. The ERM function is also responsible for maintaining the syndicate's Own Risk and Solvency Assessment ("ORSA") processes and provides regular updates to the Board. The syndicate ORSA report is approved by the Board annually.

Report of the directors of the managing agent

ASML recognises that the syndicate's business is to accept risk which is appropriate to enable it to meet its objectives and that it is not realistic or possible to eliminate risk entirely. The principal risks and uncertainties facing the syndicate have been identified as insurance risk, operational risk, strategic risk, and financial risk (comprising credit risk, liquidity risk and market/investment risk). A risk owner has been assigned responsibility for each risk, and it is the responsibility of that individual periodically to assess the impact of the risk and to ensure appropriate risk mitigation procedures and controls are in place and operating effectively. External factors facing the business and the internal controls in place are routinely reassessed and changes made when necessary. The overarching risk framework is overseen by the Risk Committee on behalf of the ASML Board. The risk culture of the business is Board led, with new initiatives requiring an objective risk assessment and opinion prior to approval.

Insurance risk refers to fluctuations in the timing, frequency and severity of insured events, relative to expectations at the time of underwriting. It comprises premium risk and reserving risk. The Underwriting Committee oversees the management of premium risk and the implementation of a disciplined Underwriting Strategy with a robust control and governance framework that is focused on writing quality business, product pricing and the purchase of a comprehensive outwards reinsurance programme. The Board sets limits to the syndicate's exposure to catastrophe and other underwriting risk events both on a gross and net of reinsurance basis and adherence to these limits is reported monthly to the Underwriting Committee. The Reserving Committee oversees the overall management of reserving risk. Reserving risk is managed through the use of proprietary and standardised modelling techniques, internal and external benchmarking, review of claims development and the ongoing oversight from an independent external reserving process. An independent Statement of Actuarial Opinion is commissioned each year in line with Lloyd's Valuation of Liabilities requirements. The reserving process is overseen by and reports through the Audit Committee.

Strategic risk is the risk that inadequate, ineffective, or inappropriate business decisions result in negative impacts on the ability to set and execute the business objectives/strategy, and hence on the profitability of the syndicate. The ASML Board has ultimate responsibility for managing and executing the approved strategy and consequently the associated strategic risk. However, all areas of the business are encouraged to identify areas of potential enhancement.

Regulatory risk is the financial loss or inability to conduct normal business activities owing to a breach of regulatory requirements or failure to respond to regulatory change. ASML is a regulated entity and therefore is required to comply with the requirements of the PRA, FCA and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators. ASML ensures that there is an appropriate level of skilled resources in place to meet its regulatory obligations, including compliance, risk management and internal audit functions.

A group has also been formed to review 'contentious risks' comprising the Chief Underwriting Officer ("CUO"), Chief Risk Officer ("CRO"), Chief Reinsurance Officer, Chief Engagement Officer, and Senior Sustainability Analyst. This group reviews risks that are presented to underwriters which, while not explicitly excluded by ASML's policies, could lead to reputational impacts for ASML. Before the underwriter can proceed, approval must be granted by at least three members of this contentious risks group.

All of the contentious risks and the reasonings for approval or denial, are maintained on a contentious risk log to help develop learning and ensure consistency of approach. This log is reviewed quarterly by the Environmental, Social, and Governance ("ESG") Committee, and if they identify any inconsistencies, they revert back to the contentious risks group or, as appropriate, escalate to the Risk Committee or the Board. The contentious risk process is also used for instances where a risk might be excluded by existing appetites but could have a significant social benefit, allowing the team to approve on that basis.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The syndicate is constantly exposed to operational risk as this covers the uncertainties and hazards of undertaking day-to-day business. Controls have been put in place and documented to try to ensure that these risks are managed on a proportionate basis and within risk appetite. As operational risks apply across the entire business, all committees have some level of oversight for operational risk. However, the Operations and Change Committee manage risks relating to changes in systems and processes, and the Risk and Capital Committee have oversight of any risk events which require escalation.

Report of the directors of the managing agent

Financial risk for the syndicate covers all risks related to financial investment and the ability to pay creditors, and includes credit risk, liquidity risk and market risk elements. In relation to assets held, an investment mandate reflecting the syndicate's risk appetite is in place and has been approved by the Board. Compliance with this is controlled through the investment manager's systems and monitored through the Investment and Treasury Oversight Group.

Credit risk is the risk of financial loss to the syndicate if a counterparty to a financial instrument or a reinsurance agreement fails to discharge a contractual obligation. ASML manages credit risk by placing limits on exposure to a single counterparty by reference to the credit rating of the counterparty. On a quarterly basis the Finance Committee reviews credit exposures, reinsurer security and counterparty limits, with further oversight provided by the Board and Audit Committee.

Liquidity risk is the risk that the syndicate's assets are insufficient to fund the obligations arising from its insurance contracts and financial liabilities as they fall due, or that they can only be met by incurring additional costs. ASML's approach to managing liquidity risk includes use of daily liquidity monitoring, quarterly cash flow forecasts and management of asset duration. Contingency funding plans are in place to ensure that adequate liquid financial resources are available to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices, excluding those that are caused by credit downgrades which are included under credit risk. Market risk comprises three key components: interest rate risk, currency risk and investment risk. For each of the major components of market risk the syndicate has policies and procedures in place which detail how each risk should be managed and monitored. Investment management is outsourced and an investment mandate reflecting the syndicate's risk appetite is in place and has been approved by the Board. Compliance with this is controlled through the investment manager's systems and monitored through the monthly and quarterly reporting process. The use of financial derivates is governed by ASML's risk management policies and ASML does not use such instruments for speculative purposes. The Board has agreed key risk indicators and approved the corresponding risk appetite for each measure.

A quantitative analysis of the risks set out above is included in note 4 to the annual accounts. A traffic light indicator is used for monitoring current levels of risk based upon agreed thresholds and tolerances.

Emerging risks

An emerging risk is defined as a risk that is new, unforeseen, or unfamiliar. It may result from new or increased exposure that could pose both as an opportunity or threat to the existing business risk appetite or tolerance. Emerging risks are monitored and reported to the ERM Team, who review and consolidate the risks, and report them to the Risk and Capital Committee and Risk Committee as necessary. The Executive and/or senior managers may then analyse the potential impact of a specific emerging risk and develop action plans or new controls to monitor or manage the risk.

Examples of the key emerging and emerged risks managed by ASML during 2023 are:

Inflation and macro-economic volatility

The relatively high inflationary environment experienced during 2023 introduced a level of uncertainty within the business. An understanding of the impact of inflation (with the specific drivers, economic or legal awards) is important across multiple areas of the syndicate's business activities, including reserving, pricing, underwriting (contract structure for example), business planning and capital modelling.

The most common ways that inflation impacts insurance is through claims inflation and exposure inflation. ASML considers multiple potential drivers of inflation (economic, medical, materials, court award/litigation, fraud and social inflation) and these factors are considered by stakeholders and subject-matter experts from across the business twice annually. Within the capital model, volatility is applied across inflation projections to ensure multiple future scenarios are incorporated. ASML utilises multiple inflation indices to ensure that inflation projections align with the risk profile of a class of business as much as possible.

Report of the directors of the managing agent

Significant work has been carried out across the business to understand the potential impact of different economic scenarios involving inflation risk. This includes stressing projections, assessing economic inflation drivers (including medical inflation), social inflation 'loads', validation of inflation within planning assumptions and the capital model, and looking overall at the methodology for how inflation is dealt with across the pricing and reserving processes. Consideration has also been given to interest rate variability and how this can impact ASML's assets and liabilities.

Geopolitical instability

Geopolitical instability may arise from several catalysts including social, economic, and political instability. Geopolitical tensions within and between countries have the potential to affect the risk categories that have been described above. The breadth of underwriting exposures (by product and class) and syndicate geographical footprint creates exposure to geopolitical risk. The risk is managed through ongoing assessments through scenario analyses.

Climate change

Climate change remains a key area of focus and the syndicate is committed to working with its insureds and the industry to transition to a more sustainable future. The syndicate is mindful of the impact of what it does and the need to underwrite responsibly, consistent with the syndicate's overall approach to ESG.

The financial risks associated with climate change continue to be an area of focus for ASML and for our clients. These risks include physical, transition and liability risks.

Physical risks arise directly from the increased risks to assets and businesses presented by, for example, severe weather events, extreme heat/cold, rising sea-levels and associated flooding and wildfire risks.

Transition risks arise from public policy and market responses to the threats of climate change and liability risks arise as a result of parties being found to be legally responsible for the impacts of climate change.

Management of these risks is shared amongst several executives and ASML's Chief Risk Officer has been given the responsibility for continuing to advise the Board on the management of the financial risks of climate change through the ASML Risk Committee. ASML has incorporated climate risk within its existing ERM structures, including the addition of climate-related sub-risks which are assessed via the quarterly risk and control self-assessment processes. The ERM team regularly reports to the Risk Committee in relation to performance relative to regulatory expectations.

Artificial intelligence ("AI")

The ease of access to generative AI and large language models has brought this technology risk and opportunity to greater social and commercial awareness. ASML's position is to maintain an appropriately cautious approach to manage the risks associated with data privacy and security, whilst also enabling staff to innovate with business processes and analysis.

ASML has implemented several controls in appropriate use of AI within the business. This will continue to be reviewed and developed as we develop a better understanding of how we may want to utilise this in the future.

Corporate governance

The ASML Board is chaired by Angus Winther, who is supported by four further non-executive directors and all except Stuart Davies are independent. Julian Cusack and Anthony Hulse resigned from the Board on 30 August 2023 and 7 November 2023 respectively. The Board thanks Julian and Anthony for their years of dedicated service and contribution to building Apollo. Angus Winther was appointed as Non-Executive director and Chair on 30 August 2023. David Ibeson is the Chief Executive Officer and there were five further executive directors as at 31 December 2023. James MacDiarmid, Hayley Spink and Simon White resigned from the Board effective 1 January 2024. The Board thanks James, Hayley and Simon for their input and insights over their tenures and notes that they will remain on the Executive Committee of ASML reporting into the Board. Taryn McHarg, the Apollo Group Chief Financial Officer, was appointed an executive director by the Board on 1 January 2024, although this appointment is pending regulatory approval.

Syndicate 1969

Report of the directors of the managing agent

With effect from 1 January 2024, James Slaughter succeeded Nick Jones as the Active Underwriter. Nick Jones held the Active Underwriter position from 1 January 2010 to 31 December 2023 and has assumed broader Agency responsibilities in the new role of Chief Reinsurance Officer and Director of Underwriting Oversight. He remains on the Executive Committee of ASML.

Defined operational and management structures are in place and terms of reference exist for all Board and executive committees.

The ASML Board meets at least four times a year and more frequently when business needs require. The Board has a schedule of matters reserved for its decision and is supported by the Audit Committee, the Risk Committee and the Remuneration and Nominations Committee. These supporting committees are comprised of non-executive directors and with the exception of Stuart Davies, all members of the Audit Committee and Risk Committee are independent. All members of the Remuneration and Nominations Committee are independent.

Section 172 statement

The directors adopt the responsibilities to promote the success of the syndicate as if s172 of the Companies Act 2006 were applicable and have acted in accordance with these responsibilities during the year. The Board has identified the following key stakeholders: capital providers to the managed syndicates, employees, the shareholder of ASML, Lloyd’s regulators, policyholders and brokers.

Throughout the year the Board considered the wider impact of strategic and operational decisions on its stakeholders. Examples include the development and execution of the business plans for the syndicate; the assessment and raising of capital; communications with capital providers; and changes to Board composition. The Board considers that the interests of all stakeholders were aligned for these decisions.

The support and engagement of capital providers of the syndicate is imperative to the future success of our business. We have regular meetings with capital providers and members’ agents throughout the year to discuss the performance and future prospects for the syndicate. Feedback received during these meetings enables the Board to factor the views of these key stakeholders into the development of business plans for future years.

Developing and maintaining relationships with brokers and policyholders is central to the success of the syndicate. Underwriters travel widely with our broking partners to visit clients and attend industry events to promote the syndicate and the Lloyd’s brand and to ensure we continue to provide an excellent service to our policyholders. In developing insurance propositions, marketing them with our broking partners, and in settling claims, we always seek to ensure fair customer outcomes and provide products that deliver value.

We maintain open and transparent relationships with our regulators and Lloyd’s, with these relationships being managed through our compliance team. Regular meetings are held with representatives of Lloyd’s and the PRA and significant regulatory engagements are reported to the Board.

Apollo’s stated purpose is “Enabling a resilient and sustainable world”. Through 2023 we continued our work to develop and document our ESG principles and standards and assess our current business model against these standards. There is a defined referral process for underwriting risks to adhere to our ESG appetite and manage potential reputational risk. ESG considerations are integrated into the design of the investment strategy and asset allocation decisions, and ongoing attention given to staff engagement, particularly around Diversity, Equity & Inclusion (‘’DEI’’). Further work on ESG activities will continue through 2024.

We have put in place arrangements to assist in managing the financial risks and opportunities associated with the effects of climate change and to ensure adequate oversight and control of this area in relation to underwriting, reserving, investment management and operations. The business meets the requirements for PRA Supervisory Statement 3/19. Whilst the Chief Risk Officer retains overall accountability for coordinating the approach to managing this risk within ASML, the responsibility is allocated to relevant managers of each business area. Further developments to ensure appropriate management of these risks and opportunities will continue through 2024.

Staff matters

ASML’s people are a key asset and their attraction, retention and development are fundamental to the success of the business. The syndicate commits to positive employee engagement through effective communication, recognition, development opportunities and a continued focus on DEI and mental wellbeing.

Report of the directors of the managing agent

ASML acts as a single team where employees have mutual respect and enjoy working in a collaborative, hybrid environment. Our shared values enable a strong ‘’speak up’’ and “no blame” culture and relevant channels allow employees to raise concerns ensuring a safe and supportive workplace that complies with relevant legislation. Compensation, benefits and terms offered to employees as part of their overall remuneration package remain competitive with the London Market insurance industry and employees are provided with opportunities to develop their skills, capabilities and careers whilst at ASML.

Business operations

ASML aims to maintain a lean, efficient operating model utilising technology and outsourcing arrangements enabling flexibility and scalability to meet the demands of the business. We continue to invest in resources across the business in order to ensure that there is an effective operating model and robust three lines of defence model.

Lloyd’s Market Blueprint Two initiatives offer several processing efficiency gains for the market, and we believe we are well positioned to adopt the new digital services to maximise the benefit to ASML, its syndicates and its capital providers.

ASML continues to successfully maintain a hybrid working environment with all employees able to work effectively, both remotely and from the office, with suitable access to business systems.

Aligned with the FCA’s and PRA’s Operational Resilience and Third-Party Oversight policies, Apollo maintains a disciplined approach to operational resilience. We continue to focus on ensuring we maintain robust and resilient plans to prevent, adapt, respond and recover from operational disruptions with the primary objective to protect our customers and the integrity of our business.

Environmental, Social and Governance

During 2022 ASML published its first Board approved ESG strategy on its website and an update to the strategy was approved in August 2023. The ESG strategy covers a variety of internal and external targets and aligns with the ASML Vision statement as well as Apollo’s purpose; “Enabling a resilient and sustainable world”.

The ASML Board drives the overall ESG strategy. The Board and Executive are actively engaged in embedding ESG considerations throughout the governance structures within ASML. ASML’s ESG Committee, which reports directly to the Executive Committee, coordinates the majority of ESG-related activities within ASML. It seeks to identify areas of improvement as well as to ensure progress against the ESG strategy set by the Board.

From an environmental perspective ASML is committed to a long-term sustainable approach to protecting the environment, as well as socially responsible underwriting and sustainable investing. This now includes specific ESG related underwriting risk appetites and investment metrics which were implemented during 2022 and a public commitment to be, in the short term, carbon neutral for emissions that are within ASML’s control (for Scope 1 & 2 emissions). ASML is also seeking to support clients and partners as they transition to a low carbon sustainable economy.

At Apollo our people are at the heart of everything we do, and we are committed to creating a diverse and inclusive workplace, one where difference is celebrated and everyone is welcome, included and can thrive. ASML operates a zero-tolerance policy to bullying and harassment and all forms of discrimination. This includes, but is not limited to, all of the protected characteristics of the Equality Act of 2010 as well as neurodiversity, parental and caring responsibilities, socio-economic status and working patterns.

ASML provides staff with DEI training including inclusive hiring manager training and inclusive leadership training. ASML sponsors and supports six Lloyd’s market inclusion networks and has nominated “Inclusion Champions” who each represent ASML and provide links back to the business. All employees are given access to mental health and wellbeing tools via an independent partner organisation.

ASML monitors various ESG metrics across multiple business areas. These include carbon emission data across scopes 1, 2 and some elements of 3 (scope 1 & 2 emissions are those directly produced by ASML and scope 3 are indirect emissions) as well as recycling, gender and racial diversity information, employee satisfaction and governance metrics. This information will be utilised over time to ensure ASML makes progress with its broader ESG Strategy. ASML will continue to develop its ESG strategy in 2024 with the assistance of external specialists, ensuring ESG remains integral to our purpose and values.

Report of the directors of the managing agent

From a gender perspective, the ratio of female to male Board directors is 27%:73% at year-end 2023 (25%:75% at year-end 2022). Following the recent changes to the Board in 2024 the ratio of female to male Board directors is 33%:67%. For the Executive Committee and direct reports (excluding executive assistants) the ratio is 32%:68% at Q4 2023 (2022: 27%:73%). Within the overall business the ratio of female to male employees is 40%:59%, 1% prefer not to say (2022: 35%:65%).

Directors and directors' interests

The directors who held office at the date of signing this report are shown on page 2. Directors' interests are shown in note 22 as part of the related parties note to the accounts.

Annual General Meeting

The directors do not propose to hold an Annual General Meeting for the syndicate. If any members' agent or direct corporate supporter of the syndicate wishes to meet with them the directors are happy to do so.

Disclosure of information to the auditor

Each person who is a director of the managing agent at the date of approving this report confirms that:

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

Auditor

Deloitte LLP has indicated its willingness to continue in office as the syndicate's auditor. The managing agent hereby gives formal notification of a proposal to re-appoint Deloitte LLP as auditor of Syndicate 1969 for a further year.

Events after the balance sheet date

The Board has considered events after the balance sheet date. The 2021 and prior years of account of Syndicate 6133 and Syndicate 1971 have been reinsured to close into the syndicate. There are no other events to report.

Future developments

The 2024 business plan for the syndicate focuses on writing the existing portfolio of specialist lines of business profitably. Where appropriate ASML will be repositioning existing classes in the light of loss experience and changes in the rating environment. ASML will remain vigilant and seek out opportunities to write profitable new lines of business when they arise. The 2024 business plan includes the introduction of a new Speciality Reinsurance class and a Smart Follow class.

Notwithstanding the restrictions on retrocessional capacity in the market, and its increasing price, the syndicate will maintain a comprehensive outwards reinsurance programme across all classes of business. The majority of the natural catastrophe property exposures continue to be covered by an excess of loss programme placed with both fully collateralised and traditional reinsurance vehicles. Other class level risk appetites will continue to be managed using a combination of excess of loss, quota share and facultative covers.

ASML will continue to operate a limited number of consortia on which the syndicate is the lead and for which ASML and the syndicate share overriding commissions and the syndicate receives profit commission. These arrangements enable the syndicate to benefit from ASML's recognised leadership and relationships across the insurance market whilst maintaining a diversified portfolio of business.

I would like to take this opportunity to thank our staff for their hard work and commitment to the business during the last year.

Approved by the Board.

DCB Ibeson
Chief Executive Officer
26 February 2024

Statement of managing agent's responsibilities

The Managing Agent is responsible for preparing the syndicate annual accounts in accordance with applicable law and regulations.

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

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

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

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

Legislation in the UK governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Syndicate 1969

Report on the audit of the syndicate annual financial statements

Opinion

In our opinion the syndicate annual financial statements of Syndicate 1969 (the 'syndicate'):

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

We have audited the syndicate annual financial statements which comprise:

- The profit and loss account;
- The statement of changes in members' balances;
- The balance sheet;
- The statement of cash flows; and
- The notes to the annual accounts 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the syndicate annual financial statements section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor’s report to the members of Syndicate 1969

Other information

The other information comprises the information included in the Annual Report and Accounts (the “annual report”), other than the syndicate annual financial statements and our auditor’s report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate annual financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Managing Agent

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

In preparing the syndicate annual financial statements, the Managing Agent is responsible for assessing the syndicate’s ability to continue in operation, disclosing, as applicable, matters related to the syndicate’s ability to continue in operation and to use the going concern basis of accounting unless the managing agent intends to cease the syndicate’s operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the syndicate annual financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the syndicate and its control environment, and reviewed the syndicate’s documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor’s report to the members of Syndicate 1969

We obtained an understanding of the legal and regulatory frameworks that the syndicate operates in, and identified the key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd’s Syndicate Accounting Byelaw (no. 8 of 2005); and
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the syndicate’s ability to operate or to avoid a material penalty. These included the requirements of Solvency II.

We discussed among the audit engagement team, including actuarial specialists and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Estimation of pipeline premiums requires significant management judgement and therefore there is potential for management bias through manipulation of core assumptions. In response, we performed a detailed risk assessment, focusing on the youngest year of account and classes of business and placement types with higher risk attributes. Our testing included comparing management’s estimated premium income to supporting documentation on a sample basis and performing substantive analytical procedures using the prior year audited figures, adjusted for known changes, as an expectation.
- Valuation of technical provisions, and specifically IBNR, includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we performed a detailed risk assessment and focused our work on specific classes of business based on size and complexity. We involved our actuarial specialists to develop independent estimates of the technical provisions and make detailed assessments of the methodologies and assumptions used, as appropriate for the specific classes of business chosen. We tested the late journal entries to technical provisions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Lloyd’s.

Independent auditor's report to the members of Syndicate 1969

Report on other legal and regulatory requirements

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

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

- The information given in the report of the directors of the managing agent for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The report of the directors of the managing agent has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we have not identified any 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 we are required to report in respect of the following matters if, in our opinion:

- The managing agent in respect of the syndicate has not kept adequate accounting records; or
- The syndicate annual financial statements 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 respect of these matters.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 10 of 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kirstie Hanley (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 February 2024

Profit and loss account
for the year ended 31 December 2023

Technical account – General business	Notes	2023 $'000	2022 $'000
Gross premiums written	5	724,727	603,879
Outward reinsurance premiums		(132,754)	(123,522)
Net premiums written		591,973	480,357
Change in the provision for unearned premiums:			
Gross amount	6	(78,092)	(2,746)
Reinsurers' share	6	10,618	(87,521)
Change in the net provision for unearned premiums		(67,474)	(90,267)
Earned premiums, net of reinsurance		**524,499**	**390,090**
Allocated investment return transferred from the non-technical account	11	**23,727**	**(4,072)**
Claims paid			
Gross amount		(299,007)	(264,903)
Reinsurers' share		152,129	118,698
Net claims paid		(146,878)	(146,205)
Change in the provision for claims			
Gross amount	6	(80,277)	(103,173)
Reinsurers' share	6	(54,925)	55,421
Change in the net provision for claims		(135,202)	(47,752)
Claims incurred, net of reinsurance		**(282,080)**	**(193,957)**
Net operating expenses	7	(193,231)	(153,589)
Balance on the technical account - general business		**72,915**	**38,472**

All operations relate to continuing activities.

The notes on pages 22 to 52 form an integral part of these annual accounts.

Profit and loss account
for the year ended 31 December 2023

Non-technical account	Notes	2023 $'000	2022 $'000
Balance on the technical account - general business		**72,915**	**38,472**
Investment return	11	23,727	(4,072)
Allocated investment return transferred to the technical account - general business		(23,727)	4,072
(Loss)/Profit on foreign exchange		(737)	825
Profit for the financial year		**72,178**	**39,297**

There were no amounts recognised in other comprehensive income in the current or preceding year other than those included in the profit and loss account.

Statement of changes in members' balances
for the year ended 31 December 2023

	2023 $'000	2022 $'000
Members' balances brought forward at 1 January	14,549	(5,397)
Profit for the financial year	72,178	39,297
Transfer to members' personal reserve fund	(5,505)	(18,936)
Members' agents' fees	(588)	(415)
Members' balances carried forward at 31 December	**80,634**	**14,549**

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

Syndicate 1969

Balance sheet
as at 31 December 2023

Assets	Notes	2023 $'000	2022 $'000
Investments			
Financial investments	4,12	699,551	473,900
Reinsurers' share of technical provisions			
Provision for unearned premiums	6	60,254	49,138
Claims outstanding	6	388,737	442,925
		448,991	492,063
Debtors			
Debtors arising out of direct insurance operations	13	257,596	246,744
Debtors arising out of reinsurance operations	14	53,287	44,523
Other debtors	15	4,032	4,499
		314,915	295,766
Other assets			
Cash and cash equivalents	16	53,140	49,144
Overseas deposits	17	34,904	29,747
		88,044	78,891
Prepayments and accrued income			
Deferred acquisition costs	7	94,238	75,441
Accrued interest and rent		3,077	1,372
Other prepayments and accrued income		3,088	2,155
		100,403	78,968
Total assets		**1,651,904**	**1,419,588**

Balance sheet
as at 31 December 2023

Liabilities	Notes	2023 $'000	2022 $'000
Capital and reserves			
Members' balances		80,634	14,549
Technical provisions			
Provision for unearned premiums	6	409,000	324,883
Claims outstanding	6	901,524	819,767
		1,310,524	1,144,650
Deposits received from reinsurers	18	29,144	39,220
Creditors			
Creditors arising out of direct insurance operations	19	749	637
Creditors arising out of reinsurance operations	20	83,308	94,181
Other creditors	21	122,234	122,439
		206,291	217,257
Accruals and deferred income		25,311	3,912
Total liabilities		**1,571,270**	**1,405,039**
Total liabilities and members' balances		**1,651,904**	**1,419,588**

The annual accounts on pages 17 to 52 were approved by the Board of Apollo Syndicate Management Limited and were signed on its behalf by:

DCB Ibeson
Chief Executive Officer
26 February 2024

Statement of cash flows
for the year ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Operating profit for the financial year		72,178	39,297
Adjustments for:			
Increase in gross technical provisions		165,874	95,093
Decrease in reinsurers' share of technical provisions		43,072	35,175
(Increase)/Decrease in debtors		(19,149)	28,174
Decrease in creditors		(10,966)	(84,465)
Movement in other assets/liabilities		(36)	(18,755)
Investment return		(23,727)	4,071
Net cash inflow from operating activities		**227,246**	**98,590**
Cash flows from investing activities			
Purchase of equity and debt instruments		(1,342,506)	(595,439)
Proceeds from sale of equity and debt instruments		1,128,534	483,675
Investment income received		12,473	5,439
Increase in overseas deposits		(5,157)	(5,784)
Decrease in deposits received from reinsurers		(10,076)	(40,998)
Other		(425)	(436)
Net cash outflow from investing activities		**(217,157)**	**(153,543)**
Cash flows from financing activities			
Transfer to members in respect of underwriting participations		(5,505)	(18,936)
Members' agents' fees paid on behalf of members		(588)	(415)
Net cash outflow from financing activities		**(6,093)**	**(19,351)**
Net increase/(decrease) in cash and cash equivalents		**3,996**	**(74,304)**
Cash and cash equivalents at 1 January		49,144	123,448
Cash and cash equivalents at 31 December	16	**53,140**	**49,144**

Notes to the annual accounts

1. Basis of preparation

Syndicate 1969 comprises a group of members of the Society of Lloyd's that underwrite insurance business in the London Market. The address of the syndicate's managing agent, Apollo Syndicate Management Limited, is One Bishopsgate, London EC2N 3AQ.

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

The annual accounts have been prepared on the historical cost basis, except for financial assets which are measured at fair value through profit or loss.

The syndicate's functional and presentation currency is US Dollars. All amounts have been rounded to the nearest thousand and are stated in US Dollars unless otherwise indicated.

After making enquiries, the directors have a reasonable expectation that continued capital support will be in place such that the syndicate will continue to write new business in future underwriting years of account. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual accounts.

2. Critical accounting judgements and key sources of estimation uncertainty

In preparing these annual accounts, 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. Several of the estimates are based on actuarial assumptions underpinned by historical experience, market data, and other factors that are considered to be relevant.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which they are identified where the revision affects only that period, and in future periods where the revision affects both current and future periods.

Critical judgements in applying the syndicate's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), in the process of applying the syndicate's accounting policies.

Key sources of estimation uncertainty

The key assumptions and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate principally to claims outstanding and gross written premium, in particular the provision for claims that have been incurred at the reporting date but have not yet been reported and the accrual for pipeline premium respectively.

Gross written premium

Gross written premium comprises contractual amounts, underwriter estimates at a policy level reflecting guidance provided by clients and cover holders and actuarial pipeline premium estimates. These include amounts due to the syndicate not yet received or notified at a portfolio level based on historical experience.

The gross written premium payable on a policy is often variable, dependent on the volume of trading undertaken by the insured during a coverage period. Estimates of such additional premiums are included in premiums written but may have to be adjusted if economic conditions or other underlying trading factors differ from those expected. Gross premiums written are disclosed in note 4.

Notes to the annual accounts

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Claims outstanding

The measurement of the provision for claims outstanding and the related reinsurance recoveries requires assumptions to be made about the future that have a significant effect on the amounts recognised in the annual accounts.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date and includes IBNR and a confidence margin. This is a 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. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the managing agent's in-house actuaries. These techniques normally involve projecting based on past experience the development of claims over time, as adjusted for expected inflation, to form a view of the likely ultimate claims to be expected and, for more recent underwriting years, the use of industry benchmarks and initial expected loss ratios from business plans. Where there is limited prior experience of the specific business written considerable use is made of information obtained in the course of pricing individual risks accepted and experience of analogous business. Account is taken of 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.

Accordingly, the most critical assumptions as regards to claims provisions are that the past is a reasonable indicator of the likely level of claims development, that the notified claims estimates are reasonable and that the rating, inflation and other models used for current business are based on fair reflections of the likely level of ultimate claims to be incurred. The level of uncertainty with regard to the estimations within these provisions generally decreases with the length of time elapsed since the underlying contracts were on risk. The reserving uncertainty will be greatest for liability business which is described as long-tail, reflecting the time it takes for losses to be identified by claimants and settled. Long-tail classes make up approximately half of the business written.

The reserve setting process is integrated into Apollo's governance framework. The proposed best estimate reserves are reviewed in detail by the Reserving Committee on a quarterly basis and specific management margin added to increase the probability that the reserves are sufficient to meet liabilities so far as they can reasonably be foreseen. These reserves, including margins, are then subject to further review by the Audit Committee on behalf of the Board. The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available. The ultimate liability will vary as a result of subsequent information and events, which may result in significant adjustments to the amounts provided. The estimate of the provision for claims outstanding will develop over time and the estimated claims expense will continue to change until all the claims are paid. The historical development of claims incurred estimates is set out in the loss development triangles by year of account in note 4. The adjustment in the current year for the revision to the prior year estimate of the provision for claims outstanding is disclosed in note 6.

Notes to the annual accounts

3. Significant accounting policies

The following principal accounting policies have been applied consistently in accounting for items which are considered material in relation to the syndicate's annual accounts.

Gross premiums written

Premiums written comprise premiums on contracts of insurance incepted during the financial year as well as adjustments made in the year to premiums on policies incepted in prior accounting periods. Additional or return premiums are treated as a re-measurement of the initial premium. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet received or notified.

Premiums are shown gross of brokerage payable and are exclusive of taxes and duties thereon.

Outwards reinsurance premiums

Written outwards reinsurance premiums comprise the estimated premiums payable for contracts entered into during the period. Non-proportional reinsurance contracts are recognised on the date on which the policy incepts, and proportional reinsurance is recognised when the underlying gross premium is written.

The reported outwards reinsurance premiums include adjustments for variations in cover relating to contracts incepting in prior accounting periods.

Under some policies, reinsurance premiums payable are adjusted retrospectively in the light of claims experience. Where written premiums are subject to an increase retrospectively, any potential increase is recognised as soon as there is an obligation to the reinsurer.

Provisions for unearned premiums

Written premiums are recognised as earned over the life of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of earnings patterns reflecting the risk profile of the underlying policies or time apportionment as appropriate.

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

Claims provisions and related recoveries

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

Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties. The amount of any salvage and subrogation recoveries is separately identified and, where material, reported as a receivable.

The provision for claims outstanding is assessed on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of IBNR claims as well as claims incurred but not enough reported ("IBNER") and a confidence margin above best estimate.

Notes to the annual accounts

3. Significant accounting policies (continued)

The reinsurers' share of provisions for claims is based on amounts of claims outstanding 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.

Where the security rating provides an indication that the recoverable amount may be impaired a proportion of the balance will be provided for as a provision for bad debt by applying a percentage based on historical experience.

Adjustments to the amounts of claims provisions established in prior years are reflected in the annual accounts for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

Unexpired risks provision

A provision for unexpired risks is made where claims and related expenses likely to arise after the end of the financial period in respect of contracts concluded before that date are expected, in the normal course of events, to exceed the unearned premiums and premiums receivable under these contracts after the deduction of any acquisition costs deferred.

A provision for unexpired risks is calculated separately by reference to classes of business which are regarded as managed together after taking into account relevant investment return. All the classes of the syndicate are considered to be managed together.

Financial assets and liabilities

The syndicate has chosen to apply the provisions of Section 11 (Basic Financial Instruments) and Section 12 (Other Financial Instruments Issues) of FRS 102 for the treatment and disclosure of financial assets and liabilities.

The syndicate's investments comprise holdings of short-dated government and corporate bonds, collective investment schemes and cash and cash equivalents. The loan to Lloyd's Central Fund is included as a syndicate investment. The syndicate may hold derivative financial instruments for risk management purposes in line with the investment strategy, hedge accounting is not adopted. When derivatives are determined to be liabilities, they are reported within other creditors in the balance sheet.

Recognition

Financial assets and liabilities are recognised when the syndicate becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. The syndicate does not hold any equity instruments.

Measurements

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

Investments and derivative instruments are measured at fair value through the profit or loss. All other financial assets and liabilities are held at cost. The syndicate does not hold any non-current debt instruments and does not classify debt instruments as payable or receivable within one financial year.

Notes to the annual accounts

3. Significant accounting policies (continued)

Realised and unrealised gains and losses arising from changes in the fair value of investments are initially presented in the non-technical profit and loss account in the period in which they arise. Interest income is recognised as it accrues. Investment management and other related expenses are recognised when incurred. The overall investment return is subsequently transferred to the technical account to reflect the investment return on funds supporting the underwriting business.

Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled;
- the syndicate transfers to another party substantially all the risks and rewards of ownership of the financial asset; or
- the syndicate, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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 company estimates the fair value by using a valuation technique.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, yield curves, credit spreads, liquidity statistics and other factors.

The use of different valuation techniques could lead to different estimates of fair value. FRS 102 section 11.27 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). More information on the hierarchy is included in note 12.

Impairment of financial instruments measured at historic cost

For financial assets carried at historic cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at arm's length on the reporting date.

Notes to the annual accounts

3. Significant accounting policies (continued)

Where indicators exist for a reversal in impairment loss, and the reversal can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in profit and loss.

Debtors and creditors

Debtors and creditors are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders which are classified as insurance debtors and creditors as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Insurance debtors are measured at amortised cost less any provision for impairments. Bad debts are provided for only where specific information is available to suggest a debtor may be unable or unwilling to settle its debt to the syndicate. The provision is calculated on a case-by-case basis. Insurance creditors are stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value and are used by the syndicate in the management of its short-term commitments.

Bank overdrafts that are repayable on demand and form an integral part of the syndicate's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investment return

Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges, interest payable and amounts attributable to the funds withheld from the SPA syndicates. Realised gains and losses represent the difference between the net proceeds on disposal and the purchase price (net of transaction costs).

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their net purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period.

Investment return is initially recorded in the non-technical account and subsequently transferred to the technical account to reflect the investment return on funds supporting the underwriting business.

Deposits received from reinsurers

The syndicate requires certain reinsurers to collateralise their potential exposure to the syndicate through the depositing of funds. To the extent that the funds are not called upon as paid recoveries at the balance sheet date they are recorded as financial investment or cash and cash equivalents with a corresponding liability recorded as deposits received from reinsurers.

Net operating expenses

Net operating expenses include acquisition costs, administrative expenses and members' standard personal expenses. Reinsurers' commissions and profit participations, consortia income and expenses attributable to the SPA syndicates represent contributions towards operating expenses and are reported accordingly, in effect reducing the net operating expense.

Costs incurred by the managing agent on behalf of the syndicate are recognised on an accruals basis. No mark-up is applied.

Notes to the annual accounts

3. Significant accounting policies (continued)

Acquisition costs

Acquisition costs represent costs arising from the conclusion of insurance contracts. They include both direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. Acquisition costs include fees paid to consortium leaders in return for business written on behalf of the syndicate as a consortium member.

Acquisition costs are earned in line with the earning of the gross premiums to which they relate. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

Reinsurers' commissions and profit participations

Under certain outwards reinsurance contracts the syndicate receives a contribution towards the expenses incurred. The outwards reinsurance contracts may allow the ceding of acquisition costs and in certain instances an allocation of administrative expenses. Reinsurance arrangements can also pay an overriding or profit commission.

The reinsurers' share of expenses is included within operating expenses and earned in line with the related expense. The reinsurers' share of deferred acquisition cost liability corresponds to the gross deferred acquisition costs and is recorded within accruals and deferred income on the balance sheet.

Consortia share of expenses

The syndicate is the leader of a number of underwriting consortia. Under the terms of these contracts participants are required to pay fees to the syndicate, as leader, in return for the business written on their behalf. These fees represent a contribution towards the expenses incurred by the syndicate underwriting for the consortia. The syndicate accrues the consortium fee income in line with the writing of the business for each consortium, calculated in accordance with the individual contractual arrangements.

In addition the consortium arrangements include an entitlement to profit commission based on the performance of the business written by the consortium leader. The syndicate accrues profit commission in accordance with the contractual terms based on the forecast performance of each consortium. Both the accrued consortium fees and accrued profit commission are included as a credit to administrative expenses.

Managing agent's fees

The managing agent charges a management fee of 0.9% of syndicate capacity. This expense is recognised over the 12 months following commencement of the underwriting year to which it relates.

The managing agent has agreed contractual terms with the capital providers to the syndicate for the payment of profit commission based on the performance of the individual years of account of the syndicate. Profit commission is accrued in line with the contractual terms and the development of the result of the underlying years of account which is reassessed regularly.

Amounts charged to the syndicate do not become payable until after the appropriate year of account closes, normally at 36 months, although the managing agent may receive payments on account of anticipated profit commission if interim profits are released to members.

Notes to the annual accounts

3. Significant accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated into US Dollars which is the functional and presentational currency of the syndicate. Transactions in foreign currencies are translated using the exchange rates at the date of the transactions if significant or otherwise at the appropriate average rates of exchange for the period. The syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as monetary items.

Foreign exchange differences arising on translation of foreign currency amounts are included in the non-technical account.

Pension costs

Apollo operates a defined contribution pension scheme. Pension contributions relating to managing agency staff working on behalf of the syndicate are charged to the syndicate and included within net operating expenses.

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 on behalf of members have been included in the balance sheet under the heading 'other debtors'. No provision has been made for any other overseas tax payable by members on underwriting results.

Funds withheld

The underlying premiums and claims for the SPA syndicates are settled by Syndicate 1969 with policy holders as they fall due. Within the syndicate these are accounted for as a debtor or creditor with the SPA syndicate.

Reinsurance debtors and creditors arising between the syndicate and the SPA syndicates are not settled until the year of account closes. Claims outstanding together with other non-technical transactions are settled when the year of account closes, including apportioned investment income.

Cash calls made during the period are received by the syndicate and credited to the funds withheld balance. These will reduce the amount due for payment to or from the SPA syndicates on closure of a loss making year.

4. Risk and capital management

Introduction and overview

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

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

Notes to the annual accounts

4. Risk and capital management (continued)

Enterprise Risk Management framework

The ASML ERM framework has been adopted and embedded by the syndicate. The primary objective of the ERM framework is to protect the syndicate's members from events that could impede sustainable growth and achievement of consistent financial performance, including failing to maximise opportunities through informed and appropriate risk taking. All staff providing services to the syndicate are trained to recognise the critical importance of having efficient and effective ERM systems in place.

The Board of ASML has overall responsibility for the establishment and oversight of the ERM framework. The Board has established an Audit Committee and a Risk Committee which oversee the operation of the syndicate's ERM framework and review and monitor the management of the risks to which the syndicate is exposed.

ASML has established an ERM function, together with terms of reference for the Board, its committees and the associated Executive Management Committees which identify the risk management obligations of each. The function is supported by a clear organisational structure with documented authorities and responsibilities from the Board to Executive Management Committees and senior managers using a standard 'three lines of defence' model. The framework sets out the risk appetites for the syndicate and includes controls and business conduct standards.

Under the ERM framework, ASML's Risk and Capital Committee oversees the ERM function at an Executive level. The management of specific risk grouping is delegated to several executive committees: the Underwriting Committee and the Reserving Committee are responsible for developing and monitoring insurance risk management policies; the management of aspects of financial risks is the responsibility of the Finance Committee. In addition, the syndicate is exposed to consumer and operational risks and the management of aspects of these risks is the responsibility of the Underwriting Committee and the Operations and Change Committee respectively. Accordingly, the ERM function and the Risk and Capital Committee operates as the second line of defence above these committees.

The ERM function reports quarterly to the ASML Board and Risk Committee on its activities during the quarter and provides a forward-looking view of the upcoming assurance activities. The Reserving Committee, Underwriting Committee, Finance Committee, and Operations and Change Committee report regularly to the Executive Committee and work closely with the ERM function on their activities as well as reporting to the Board and the relevant Board committees.

Climate risk relates to the range of complex physical, transition and liability risks arising from climate change. This includes the risk of higher claims due to more frequent and more intense natural catastrophes; the financial risks which could arise from the transition to a lower-carbon economy; and the risk that those who have suffered loss from climate change might then seek to recover those losses from others who they believe may have been responsible. Climate change-related risk is not considered a standalone risk, but a cross-cutting risk with potential to amplify each existing risk type. Specific climate sub-risks are incorporated into the quarterly ERM processes to ensure they receive appropriate attention.

Insurance risk

Management of insurance risk

Insurance risk refers to fluctuations in the timing, frequency and severity of insured events, relative to expectations at the time of underwriting. It is comprised of premium risk and reserving risk and is the principal risk the syndicate faces in the writing of insurance contracts.

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

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

Notes to the annual accounts

4. Risk and capital management (continued)

The syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to a single or catastrophe event, including excess of loss and catastrophe reinsurance. Where an individual exposure is deemed surplus to the syndicate's appetite, additional facultative reinsurance is purchased.

The syndicate limits its exposure to catastrophe events based on the syndicate's risk appetite. This is achieved through the use of commercially available proprietary risk management software to assess catastrophe exposure and includes adjustments to the outputs to reflect the in-house view of risk. There is, however, always a risk that the assumptions and techniques used in these models do not exactly model the actual losses that occur or that claims arising from an un-modelled event are greater than those anticipated.

The Board sets limits to the syndicate's exposure to catastrophe events both on a gross and net of reinsurance basis and adherence to these limits is regularly monitored by the ASML Exposure Management team which reports monthly to the Underwriting Committee and quarterly to the Risk and Capital Committee. The syndicate monitors its catastrophe exposures against a range of probabilistic and scenario-based outputs. A range of natural and man-made catastrophe risk appetites that reflect the syndicate's risk profile are in place, which are reported to the Risk Committee on a quarterly basis and escalated to the Board by exception.

The table below shows the gross premium by the location of the insured as a proxy for risk location. This gives an indication of the syndicate's exposure to loss written in the calendar year by geographic area.

Gross written premium analysed by source	2023 $'000	2022 $'000
UK	120,376	71,202
EU	47,578	28,714
US	402,170	416,490
Canada	41,160	23,027
Australia	24,604	11,249
Japan	6,400	4,168
Other	82,439	49,029
Total	**724,727**	**603,879**

The Reserving Committee oversees the management of reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking and the review of claims development are all instrumental in mitigating reserving risk.

ASML actuaries perform a reserving analysis on a quarterly basis, liaising closely with underwriters, claims and reinsurance personnel. The aim of this exercise is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims and claims on unearned premium. These projections include an analysis of claims development compared to the previous 'best estimate' projections.

The Reserving Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review, the Reserving Committee makes recommendations to the Audit Committee and Board as to the claims provisions to be established.

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate to increase the probability that the reserves are sufficient to meet liabilities.

Notes to the annual accounts

4. Risk and capital management (continued)

The level of year end reserves is validated by external consulting actuaries through their report to management and their provision of a Statement of Actuarial Opinion to ASML and Lloyd's on gross and net reserves by year of account as at 31 December 2023.

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for attritional losses, large losses and catastrophes, or from changes in estimates of IBNR claims.

A ten percent increase or decrease in the ultimate cost of settling claims arising from a change in actuarial assumptions is considered reasonably possible at the reporting date. A ten percent increase or decrease in total earned claims liabilities due to a change in assumptions would have the following effect on profit or loss and members' balances.

	2023		2022	
	Gross $'000	Net $'000	Gross $'000	Net $'000
10% increase in claims	(90,152)	(51,279)	(81,977)	(37,684)
10% decrease in claims	90,152	51,279	81,977	37,684

On a net of reinsurance basis the effects are more complex depending on the nature of the loss and its interaction with other losses already incurred. The incidence of profit commission payable to intermediaries may also affect the gross and net impact on results and members' balances.

Financial risk

The financial risk faced by the syndicate is managed by ensuring that its financial assets are sufficient to fund the obligations arising from its insurance contracts as they fall due. The primary objective of the investment management process is to maintain capital value, which is of particular importance in volatile financial market conditions. A secondary objective is to optimise the risk-adjusted total return whilst being constrained by capital preservation and liquidity requirements. ASML currently implements a relatively low-risk investment policy and the syndicate assets have been invested in short dated fixed income government and corporate bonds, absolute return bond funds and money market funds.

The investment management of the short dated fixed income bond portfolio is outsourced to a third party. An investment mandate reflecting ASML's risk appetite is in place and has been approved by the Board. Compliance with this is controlled through the investment manager's systems and monitored through the monthly and quarterly reporting process.

Credit risk

Credit risk is the risk of financial loss to the syndicate if a counterparty fails to discharge a contractual obligation.

The syndicate is exposed to credit risk in respect of the following:

- holdings in collective investment schemes;
- short dated fixed income government and corporate bonds;
- reinsurers' share of insurance liabilities;
- amounts due from intermediaries;
- amounts due from reinsurers in respect of settled claims;
- cash and cash equivalents; and
- other debtors and accrued interest.

Notes to the annual accounts

4. Risk and capital management (continued)

Management of credit risk

The investment portfolio is invested in securities which are rated BBB or above. The bond portfolio is managed to single issuer limits set by credit rating and there is a limit to the overall exposure to BBB rated securities. The syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty and maintains an authorised list of counterparties.

ASML manages reinsurer credit risk through outwards reinsurance purchase guidelines. The guidelines place limits on exposure to a single counterparty, the credit rating of the counterparty, and the counterparty's market reputation and recent performance. The syndicate's exposure to reinsurance counterparties is monitored by the reinsurance team as part of their credit control processes. On a quarterly basis the Finance Committee reviews the credit exposures to reinsurance counterparties.

ASML assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly. Where reinsurance is transacted with unrated reinsurers, the reinsurer is required to fully collateralise its exposure through depositing funds in trust for the syndicate.

ASML reviews intermediary performance against the terms of business agreements by the compliance function. The status of intermediary debt collection is reported to the Finance Committee.

Exposure to credit risk

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

The following table analyses the credit rating by investment grade of financial investments, reinsurers' share of technical provisions, debtors arising out of direct insurance operations, debtors arising out of reinsurance operations, cash and cash equivalents and overseas deposits that are neither past due, nor impaired.

Debtors arising out of direct and reinsurance operations are comprised of pipeline premiums and balances relating to outstanding receipts from Lloyd's Central Accounting ('LCA'). By their nature, it is not possible to classify these balances by credit rating and therefore they are included as not rated in the following tables.

	AAA	**AA**	**A**	**BBB**	**Not rated**	**Total**
2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial investments	241,776	249,163	166,109	38,886	3,617	699,551
Reinsurers' share of claims outstanding	13,193	75,163	300,374	7	-	388,737
Debtors arising out of direct insurance operations	-	-	-	-	257,596	257,596
Debtors arising out of reinsurance operations	-	-	-	-	53,287	53,287
Cash and cash equivalents	29,366	-	23,774	-	-	53,140
Overseas deposits	18,290	1,473	2,446	2,129	10,566	34,904
Total	**302,625**	**325,799**	**492,703**	**41,022**	**325,066**	**1,487,215**

Notes to the annual accounts

4. Risk and capital management (continued)

2022	AAA $'000	AA $'000	A $'000	BBB $'000	Not rated $'000	Total $'000
Financial investments	310,161	13,965	139,703	10,071	-	473,900
Reinsurers' share of claims outstanding	1,527	56,900	384,145	353	-	442,925
Debtors arising out of direct insurance operations	-	-	-	-	246,744	246,744
Debtors arising out of reinsurance operations	-	-	-	-	44,523	44,523
Cash and cash equivalents	21,737	-	27,407	-	-	49,144
Overseas deposits	21,428	1,412	2,517	1,910	2,480	29,747
Total	**354,853**	**72,277**	**553,772**	**12,334**	**293,747**	**1,286,983**

Financial assets that are past due or impaired
The syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information, disputes and compliance with ASML terms and conditions.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below. There are no other financial assets that are considered past due or impaired.

2023	Debtors arising from direct insurance operations $'000	Debtors arising from reinsurance operations $'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	87,333	15,168
91 to 180 days	21,949	9,232
More than 180 days	33,491	3,880
Past due but not impaired financial assets	142,773	28,280
Neither past due nor impaired financial assets	114,823	25,007
Net carrying value	**257,596**	**53,287**

4. Risk and capital management (continued)

2022	Debtors arising from direct insurance operations $'000	Debtors arising from reinsurance operations $'000
Past due but not impaired financial assets:		
Past due by:		
1 to 90 days	52,041	8,164
91 to 180 days	23,222	2,834
More than 180 days	24,401	1,057
Past due but not impaired financial assets	99,664	12,055
Neither past due nor impaired financial assets	147,080	32,468
Net carrying value	**246,744**	**44,523**

There are no impaired debtors arising from direct insurance or reinsurance operations.

Liquidity risk

Liquidity risk is the risk that the syndicate's assets are insufficient to fund the obligations arising from its insurance contracts and financial liabilities as they fall due or can only be met by incurring additional costs. The syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses.

Management of liquidity risk

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

ASML's approach to managing liquidity risk is as follows:

- forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts and overheads over the short, medium and long term;
- the syndicate purchases assets with durations not greater than its estimated insurance contract liabilities and expense outflows;
- assets purchased by the syndicate are required to satisfy specified marketability requirements;
- the syndicate maintains cash and liquid assets to meet daily calls;
- the syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances; and
- liquidity stress testing is performed for the syndicate, looking both at cash flow liquidity and shock loss scenarios.

The syndicate holds sufficient premium trust funds in money market funds to meet daily liquidity. Holdings in money market funds are well diversified, very liquid and generally low risk. There is, however, a risk that the fund does not have sufficient liquidity to meet all redemptions in extreme conditions. The fixed income short dated government and corporate bond portfolio is relatively liquid and can be realised within a matter of days under normal market conditions.

The syndicate is able to make cash calls from the members to fund losses in the event that funds are needed ahead of closing the year of account. In extreme circumstances, ASML syndicates could also apply to utilise the Lloyd's central fund as a last resort to pay liabilities.

Notes to the annual accounts

4. Risk and capital management (continued)

The maturity analysis presented in the table below shows the remaining contractual maturities for the syndicate's insurance contracts and financial assets and liabilities. For insurance and reinsurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. For other financial assets and liabilities it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date. The table below takes no credit for any income from investments or any potential profit or loss on unearned premium. Therefore, unearned premium and deferred acquisition cost maturities reflect the expected claim payment profile. The bias towards shorter dated assets than liabilities reflect the syndicate's approach to managing liquidity and market risk.

2023	Carrying amount $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial investments	699,551	368,946	134,233	193,039	3,333
Reinsurers' share of technical provisions	448,991	144,405	100,788	128,460	75,338
Debtors, prepayments and accrued income	415,318	133,575	93,229	118,826	69,688
Cash and cash equivalents	53,140	53,140	-	-	-
Overseas deposits	34,904	34,904	-	-	-
Total assets	**1,651,904**	**734,970**	**328,250**	**440,325**	**148,359**
Technical provisions	(1,310,524)	(421,493)	(294,181)	(374,953)	(219,897)
Deposits received from reinsurers	(29,144)	(18,122)	(6,713)	(3,249)	(1,060)
Creditors	(206,291)	(194,495)	(4,997)	(6,800)	-
Accruals and deferred income	(25,311)	(10,239)	(10,784)	(4,288)	-
Total liabilities	**(1,571,270)**	**(644,349)**	**(316,675)**	**(389,289)**	**(220,958)**

2022	Carrying amount $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial investments	473,900	254,683	85,928	132,240	1,049
Reinsurers' share of technical provisions	492,063	147,601	119,008	165,022	60,432
Debtors, prepayments and accrued income	374,734	112,407	90,631	125,674	46,022
Cash and cash equivalents	49,144	49,144	-	-	-
Overseas deposits	29,747	29,747	-	-	-
Total assets	**1,419,588**	**593,582**	**295,567**	**422,936**	**107,503**
Technical provisions	(1,144,650)	(343,355)	(276,839)	(383,878)	(140,578)
Deposits received from reinsurers	(39,220)	(22,228)	(8,095)	(6,647)	(2,250)
Creditors	(217,257)	(83,113)	(131,739)	(2,405)	-
Accruals and deferred income	(3,912)	(3,912)	-	-	-
Total liabilities	**(1,405,039)**	**(452,608)**	**(416,673)**	**(392,930)**	**(142,828)**

Notes to the annual accounts

4. Risk and capital management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices, excluding those that are caused by credit downgrades which are included under credit risk. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk within the framework set by ASML's investment policy. The nature of the syndicate's exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Management of market risk

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

Interest rate risk

Interest rate risk arises primarily from the syndicate's exposure to financial investments and overseas deposits. Exposure to significant fluctuations in market value due to changes in bond yields is managed through investment in short duration securities; the key risk indicator is set at less than three years. Investment types include short dated fixed income bonds, absolute return bond funds and money market funds.

The syndicate limits exposure to absolute return bond funds. These funds manage exposure to changes in market value resulting from movements in bond yields by operating to a very short or even negative duration.

Profit/(Loss) for the year from total interest rate risk	2023 $'000	2022 $'000
Interest rate risk		
Impact of a 200 basis point increase	(13,704)	(7,082)
Impact of a 200 basis point decrease	13,696	7,458

Currency risk

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

The syndicate writes business primarily in Sterling, Euros, US Dollars and Canadian Dollars and is therefore exposed to currency risk arising from fluctuations in the exchange rates of its functional currency (US Dollars) against these currencies.

The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled in order to hedge the currency risk inherent in these contracts so far as is allowed by regulatory requirements and for any profit or loss to be reflected in the net assets of the functional currency. Occasionally, the syndicate may make limited use of foreign exchange derivative instruments to manage future currency cash flow requirements.

Notes to the annual accounts

4. Risk and capital management (continued)

Regulatory capital requirements and liquidity impact the ability to match in currency. Regulatory funding requirements are calculated on the basis of gross data and as a result a net currency asset can arise. Net assets in currency are not a direct indication of the liquidity in a currency. The syndicate is able to undertake currency trades either to help match in currency or meet liquidity needs.

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

2023	Sterling $'000	Euro $'000	US Dollar $'000	Other $'000	Total $'000
Total assets	93,049	84,731	1,403,995	70,129	1,651,904
Total liabilities	(104,096)	(70,480)	(1,352,062)	(44,632)	(1,571,270)
Net assets/(liabilities)	**(11,047)**	**14,251**	**51,933**	**25,497**	**80,634**

2022	Sterling $'000	Euro $'000	US Dollar $'000	Other $'000	Total $'000
Total assets	85,564	57,961	1,223,803	52,260	1,419,588
Total liabilities	(90,191)	(56,877)	(1,225,310)	(32,661)	(1,405,039)
Net assets/(liabilities)	**(4,627)**	**1,084**	**(1,507)**	**19,599**	**14,549**

An analysis of the syndicate's sensitivity to currency risk is presented in the table below. The table shows the effect on profit or loss of reasonably possible changes in the relevant risk variable. The sensitivity analysis assumes that all other variables remain constant and that the exchange rate movement occurs at the end of the reporting period. The impact of exchange rate fluctuations could differ significantly over a longer period. The occurrence of a change in foreign exchange rates may lead to changes in other market factors as a result of correlations.

Profit/(Loss) for the year	2023 $'000	2022 $'000
Currency risk		
20% strengthening of Sterling against US Dollar	(2,762)	(1,157)
20% weakening of Sterling against US Dollar	1,841	771
20% strengthening of Euro against US Dollar	3,563	271
20% weakening of Euro against US Dollar	(2,375)	(181)

Other price risk

The syndicate investments comprise holdings in short dated fixed income government and corporate bonds, absolute return bond funds, Lloyd's Central Fund loan and money market funds. The bond portfolio is relatively low risk being both short dated and predominantly credit rating A or above with a modest exposure to BBB rated securities and therefore it has limited sensitivity to market movements.

Notes to the annual accounts

4. Risk and capital management (continued)

The money market funds are near cash and therefore have minimal exposure to market movements.

A fair value hierarchy is provided in note 12 which categorises the syndicate according to the level of judgement exercised in valuation.

Capital management

Capital framework at Lloyd's

Lloyd's is a regulated undertaking and subject to supervision by the PRA under the Financial Services and Markets Act 2000, and in accordance with the Solvency II Framework.

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with the Solvency II requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply respectively at overall and member level only, not at syndicate level. Accordingly, the capital requirement in respect of the syndicate's members is not disclosed in these annual accounts.

Lloyd's capital setting process

In order to meet Lloyd's requirements, each syndicate is required to calculate its SCR for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR 'to ultimate'). The syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (''one year'' SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each syndicate are subject to review and approval by Lloyd's. ASML uses an internal model developed in house to calculate the SCR for the syndicate as opposed to adopting a standard formula. The SCR is reviewed and approved by the Board through the ORSA process and an independent annual internal model validation process.

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for their own share of underwriting liabilities on the syndicates on which they participate but not for other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member; operate on a similar basis. Each member's SCR is based on the member's share of the syndicate's SCR 'to ultimate'.

Where a member participates on more than one syndicate, Lloyd's sums together each syndicate's SCR but a credit for diversification is allowed to reflect the spread of risk consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the ECA. The purpose of this uplift, which is a Lloyd's rather than a Solvency II requirement, is to support Lloyd's financial strength, licence and ratings objectives.

Provision of capital by members

Each member may provide capital to meet their ECA by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a syndicate (Funds in Syndicate), or as the member's share of the members' balances on each syndicate on which they participate.

Notes to the annual accounts

4. Risk and capital management (continued)

Accordingly, all of the assets less liabilities of the syndicate, as represented in the members' balances reported on the balance sheet, represent resources available to meet members' and Lloyd's capital requirements.

Claims development

The level of reserving uncertainty varies significantly from class to class. The Property business written by the syndicate has a short-tailed risk profile, however, the increase in premium written through the Non-Marine Liability and Marine & Energy Liability classes has lengthened the tail of the book as a whole.

The syndicate's current catastrophe exposure is predominantly US windstorm related. Property catastrophe claims, such as earthquake or hurricane losses, can take several months or years to develop as adjusters visit damaged property and agree claim valuations.

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each reporting date, together with cumulative payments to date. The 2017 and prior net claims were part of the reinsurance to close transferred to Syndicate 1994 at the beginning of 2021, and therefore not included in this table. Balances have been translated at exchange rates prevailing at 31 December 2023 in all cases.

Gross claims development as at 31 December 2023:

Pure underwriting year	2018 $'m	2019 $'m	2020 $'m	2021 $'m	2022 $'m	2023 $'m	Total $'m
Incurred gross claims							
At end of underwriting year	203.6	151.0	172.2	232.5	148.3	176.9	
one year later	320.8	283.0	355.8	425.9	298.5		
two years later	337.0	302.5	364.5	405.6			
three years later	344.5	316.1	385.2				
four years later	351.2	336.6					
five years later	381.1						
Incurred gross claims	381.1	336.6	385.2	405.6	298.5	176.9	1,983.9
Less gross claims paid	(288.3)	(250.2)	(234.2)	(205.6)	(94.7)	(9.4)	(1,082.4)
Gross claims outstanding provision	**92.8**	**86.4**	**151.0**	**200.0**	**203.8**	**167.5**	**901.5**

Notes to the annual accounts

4. Risk and capital management (continued)

Net claims development as at 31 December 2023:

Pure underwriting year	2018 $'m	2019 $'m	2020 $'m	2021 $'m	2022 $'m	2023 $'m	Total $'m
Incurred net claims							
At end of underwriting year	82.1	67.0	86.4	100.2	115.4	145.1	
one year later	175.7	145.9	168.9	183.1	247.5		
two years later	187.7	149.2	160.2	185.2			
three years later	192.1	150.9	167.4				
four years later	196.5	152.3					
five years later	205.3						
Incurred net claims	205.3	152.3	167.4	185.2	247.5	145.1	1,102.8
Less net claims paid	(156.5)	(110.1)	(120.3)	(117.1)	(76.6)	(9.4)	(590.0)
Net claims outstanding provision	**48.8**	**42.2**	**47.1**	**68.1**	**170.9**	**135.7**	**512.8**

All balances presented are in respect of premiums earned to the balance sheet date and therefore reflect the pattern of earnings and risk exposed over a number of calendar years.

Year of account development

The table below presents the annual results split by year of account. Movements in results for closed years of account are reflected within the results for the year into which they closed by reinsurance to close.

Profit/(Loss) before members' agents' fees	2023 $'000	2022 $'000
Year of account		
2020	-	6,865
2021	14,720	22,644
2022	37,243	9,788
2023	20,215	-
Calendar year result	**72,178**	**39,297**

The 2021 year of account profit balance of $14,726,000 (after members' agents' fees of $371,000) will be distributed to members in 2024. During 2023 $5,317,000 (after members' agents' fees of $291,000) was distributed to the members in respect of the 2020 year of account.

Notes to the annual accounts

5. Segmental analysis

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

2023	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross operating expense $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	79,253	75,040	(40,134)	(21,738)	(2,749)	10,419
Fire and other damage to property	193,564	173,700	(73,434)	(50,190)	(30,175)	19,901
Third-party liability	176,417	158,988	(127,668)	(56,814)	11,517	(13,977)
Motor	249	(2,682)	12,310	(45)	(8,658)	925
Pecuniary loss	46,162	39,122	(16,659)	(10,464)	(4,495)	7,504
	495,645	444,168	(245,585)	(139,251)	(34,560)	24,772
Reinsurance	229,082	202,467	(133,699)	(63,852)	19,500	24,416
	724,727	**646,635**	**(379,284)**	**(203,103)**	**(15,060)**	**49,188**

Reinsurers' commissions and profit participations are included in the reinsurance balance and disclosed in note 7, net operating expenses.

2022	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross operating expense $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	76,531	63,544	(27,349)	(21,266)	5,075	20,003
Fire and other damage to property	141,345	129,934	(75,923)	(37,198)	(5,581)	11,231
Third-party liability	155,290	136,248	(76,062)	(36,111)	(8,265)	15,810
Motor	9,782	50,908	(45,510)	(9,319)	5,367	1,446
Pecuniary loss	34,509	28,875	(18,648)	(9,677)	(2,949)	(2,396)
	417,457	409,509	(243,492)	(113,571)	(6,353)	46,094
Reinsurance	186,422	191,624	(124,584)	(54,861)	(15,728)	(3,550)
	603,879	**601,133**	**(368,076)**	**(168,432)**	**(22,081)**	**42,544**

Reinsurers' commissions and profit participations are included in the reinsurance balance and disclosed in note 7, net operating expenses.

Commission on direct insurance gross premiums written during 2023 was $102,187,000 (2022: $90,970,000).

Notes to the annual accounts

6. Technical provisions

Included within net calendar year claims incurred of $282,080,000 (2022: $193,957,000) is a deterioration of $18,252,000 in claims reserves established for losses incurred at the prior year end (2022: release $7,883,000).

An analysis of the movement in technical provisions is set out below:

	Unearned premiums $'000	Claims outstanding $'000	Total $'000
Gross			
At 1 January 2023	324,883	819,767	1,144,650
Exchange adjustments	6,025	1,480	7,505
Movement in provision	78,092	80,277	158,369
At 31 December 2023	**409,000**	**901,524**	**1,310,524**
Reinsurance			
At 1 January 2023	49,138	442,925	492,063
Exchange adjustments	498	737	1,235
Movement in provision	10,618	(54,925)	(44,307)
At 31 December 2023	**60,254**	**388,737**	**448,991**
Net technical provisions			
At 31 December 2023	**348,746**	**512,787**	**861,533**
At 31 December 2022	**275,745**	**376,842**	**652,587**

7. Net operating expenses

	2023 $'000	2022 $'000
Brokerage and commission	133,364	118,603
Other acquisition costs	28,361	23,481
Change in deferred acquisition costs	(16,556)	(13,691)
Gross acquisition costs	145,169	128,393
Administrative expenses	49,381	31,907
Members' standard personal expenses	11,119	8,910
Reinsurers' commissions and profit participations	(9,871)	(14,843)
Consortia share of expenses	(2,567)	(778)
Total	**193,231**	**153,589**

Notes to the annual accounts

7. Net operating expenses (continued)

An analysis of the movement in deferred acquisition costs is set out below:

	Gross $'000	Reinsurance $'000	Total $'000
At 1 January 2023	75,441	3,217	72,224
Exchange adjustments	2,241	13	2,228
Movement in provision	16,556	4,048	12,508
At 31 December 2023	**94,238**	**7,278**	**86,960**

8. Auditor's remuneration

	2023 $'000	2022 $'000
Audit fees		
Fees payable to the syndicate's auditor for the audit of the syndicate's annual financial statements	323	263
Non-audit fees		
Audit related assurance services	133	125
Other assurance services	112	105
	245	230
Total	**568**	**493**

ASML incurred audit fees payable to the syndicate's auditors of $34,000 (2022: $32,000) and other assurance services of $4,000 (2022: $2,000).

9. Staff number and costs

All staff are employed by a related company of ASML. The following amounts were incurred by the syndicate in respect of salary costs:

	2023 $'000	2022 $'000
Wages and salaries	32,516	27,521
Social security costs	3,902	3,784
Pension costs	1,946	1,482
Total	**38,364**	**32,787**

Notes to the annual accounts

9. Staff number and costs (continued)

The average monthly number of employees employed by the managing agency or related companies but working for the syndicate during the year was as follows:

	2023 Number	2022 Number
Underwriting	55	46
Claims and reinsurance	13	12
Management, administration and finance	113	88
Total	**181**	**146**

During 2023 there were seven (2022: six) Non-Executive directors on the ASML board who allocated their time to the syndicate.

10. Emoluments of the directors of the managing agent

For the purposes of FRS 102, the directors of ASML are deemed to be the key management personnel.

For the period ending 31 December 2023, the remuneration recharged to the syndicate for the directors of ASML is $3,226,000 (2022: $2,874,000) which is charged as a syndicate expense.

Included in the remuneration charged to the syndicate are emoluments paid to the highest paid director amounting to $745,000 (2022: $717,000). The remuneration amount recharged to the syndicate for the Active Underwriter during 2023 is $534,000 (2022: $550,000) which is charged as a syndicate expense.

11. Investment income

	2023 $'000	2022 $'000
Income from investments	14,534	8,324
Losses on realisation of investments	(2,484)	(3,321)
Unrealised gains/(losses) on investments	11,677	(9,075)
Total	**23,727**	**(4,072)**

Notes to the annual accounts

11. Investment income (continued)

Investment income is reported after an allocation of an investment return of $1,190,000 (2022: $180,000 loss) to Syndicate 6133 and an investment return of $4,841,000 (2022: $1,316,000 loss) to Syndicate 1971 (see note 22).

	2023 ’000	2022 ’000
Average amount of syndicate funds available for investment during the year (original currency)		
Sterling	24,371	22,186
Euro	42,655	26,478
US Dollar	503,877	372,209
Canadian Dollar	62,662	50,125
Total funds available for investment in US Dollars	**629,303**	**464,442**
Total investment return in US Dollars	23,727	(4,072)
Annual investment yield		
Sterling	1.6%	(4.0)%
Euro	2.9%	(0.1)%
US Dollar	5.2%	(1.4)%
Canadian Dollar	4.2%	1.6%
Total annual investment yields	**4.7%**	**(1.2)%**

12. Financial assets and liabilities

The carrying values of the syndicate’s financial assets and liabilities are summarised by category below:

	2023 $’000	2022 $’000
Financial assets		
Measured at fair value through profit and loss		
Financial investments	699,551	473,900
Measured at cost		
Cash and cash equivalents	53,140	49,144
Overseas deposits	34,904	29,747
	88,044	78,891
Measured at undiscounted amount receivable		
Debtors	314,915	295,766
Total financial assets	**1,102,510**	**848,557**
Financial liabilities		
Measured at cost		
Deposits received from reinsurers	(29,144)	(39,220)
Measured at undiscounted amount payable		
Creditors	(206,291)	(217,257)
Total financial liabilities	**(235,435)**	**(256,477)**

Notes to the annual accounts

12. Financial assets and liabilities (continued)

Financial investments held at fair value were acquired at a cost of $697,112,000 (2022: $482,311,000).

Debt securities include US treasuries of $Nil (2022: $17,483,000) as collateral received from reinsurers and held in trust. Collateralised funds received, are not available to meet other liquidity requirements of the syndicate and a corresponding creditor is recognised (see note 18). Investment returns arising on the collateral are attributed to the reinsurers.

All investments are measured at fair value through profit or loss. The valuation technique used for determination of the fair value of financial instruments can be classified by the following hierarchy:

- level 1 – Quoted prices for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- level 2 – 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 it can be demonstrated that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.
- level 3 – If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

The table below analyses financial instruments held at fair value in the syndicate's balance sheet at the reporting date by its level in the fair value hierarchy.

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Holdings in collective investment schemes	-	305,466	-	305,466
Debt securities and other fixed income securities	240,472	145,596	-	386,068
Loan to Lloyd's Central Fund	-	-	8,017	8,017
Total	**240,472**	**451,062**	**8,017**	**699,551**

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Holdings in collective investment schemes	-	187,836	-	187,836
Debt securities and other fixed income securities	193,965	84,479	-	278,444
Loan to Lloyd's Central Fund	-	-	7,620	7,620
Total	**193,965**	**272,315**	**7,620**	**473,900**

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

Notes to the annual accounts

12. Financial assets and liabilities (continued)

Holdings in collective investment schemes are generally valued using prices provided by external pricing vendors. The categorisation of the fair value by level has been determined by looking through the funds to the underlying holdings within the collective investment schemes. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

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

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

Management monitors movements in the valuation of the investment portfolio on a quarterly basis and investigation is undertaken when these are outside of expectations. The short dated fixed income portfolio valuations are provided by the fund manager and compared with valuations provided independently by the custodian.

The loan to the Lloyd's Central Fund has been contributed in three tranches with different coupons. These instruments include contingent conditions which cannot be known with certainty, they are not tradeable and they are valued using discounted cash flow models, designed to appropriately reflect the credit, illiquidity and indeterminate redemption risk of the instruments. The loans have been classified as Level 3 because the valuation approach includes significant unobservable inputs and an element of subjectivity in determining appropriate credit and liquidity spreads within the discount rates used in the cash flow model.

13. Debtors arising out of direct insurance operations

	2023 $'000	2022 $'000
Due within one year	257,596	246,744

14. Debtors arising out of reinsurance operations

	2023 $'000	2022 $'000
Due within one year	53,259	44,523
Due after one year	28	-
Total	**53,287**	**44,523**

Notes to the annual accounts

15. Other debtors

	2023 $'000	2022 $'000
Consortium fee receivable	2,785	2,472
Amounts due from group companies	80	-
Claims floats	811	1,721
Deposits with ceding undertakings	148	87
Rent deposit	172	164
Other	36	55
Total	**4,032**	**4,499**

16. Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank and in hand	23,996	27,407
Deposits with credit institutions	29,144	21,737
Total	**53,140**	**49,144**

Deposits with credit institutions relate to collateral received from reinsurers and held in trust. The funds, therefore, are not available to meet other liquidity requirements of the syndicate and a corresponding creditor is recognised (see note 18).

17. Overseas deposits

Overseas deposits are advanced as a condition of conducting underwriting business in certain countries and therefore are restricted assets.

18. Deposits from reinsurers

Deposits received from reinsurers are held in trust for the benefit of the syndicate and can be called upon to meet potential reinsurance recoveries arising on future events. To the extent that the funds are not called upon as paid recoveries at the balance sheet date they are held as either debt securities or cash and cash equivalents with a corresponding liability recorded as deposits received from reinsurers.

19. Creditors arising out of direct insurance operations

	2023 $'000	2022 $'000
Due within one year	749	637

20. Creditors arising out of reinsurance operations

	2023 $'000	2022 $'000
Due within one year	83,308	94,181

Notes to the annual accounts

21. Other creditors

	2023 $'000	2022 $'000
Amounts due to other Apollo syndicates	122,234	119,349
Amounts due to group companies	-	3,090
Total	**122,234**	**122,439**

The amounts due to syndicates 6133 and 1971 represents the net funds withheld balance payable under the quota share contract which operated whilst 6133 and 1971 were Special Purpose Syndicates of Syndicate 1969.

22. Related parties

All business with related parties is transacted on an arm's length basis.

ASML is a wholly owned subsidiary of Apollo Group Holdings Limited ("AGHL").

Metacomet LLC, a US incorporated limited company, is a shareholder of AGHL. Affiliated companies of Metacomet LLC participate on the syndicate.

On 11 October 2021, Alchemy Special Opportunities Fund IV LP ("Alchemy") committed to invest $90m in AGHL. Alchemy's investment in AGHL was completed on 11 February 2022, following receipt of regulatory approvals. A key element of that investment was to allow AGHL to provide underwriting capacity to support the Apollo managed syndicates 1969 and 1971. AGHL has provided capacity for the 2022 and subsequent years of account through Apollo No. 16 Limited ("APL16"). APL16 is a wholly owned subsidiary of AGHL which has underwritten capacity of £135m on the syndicate for the 2023 year of account (2022 year of account: £105m).

In accordance with the Managing Agent's Agreement, ASML accrued managing agent's fees (0.9% of syndicate capacity) and profit commission (17.5% of profit). A two-year deficit clause is in place which requires losses to be offset by future profits before further profit commission becomes payable. From the 2018 year of account onwards ASML received a proportion of the consortium overriding commission for arrangements it managed on behalf of consortium partners for which the syndicate is the lead. Under this arrangement ASML received $89,000 (2022: $103,000) of income it would have received if all of the business were written by the syndicate.

Apollo Partners LLP ("APL") is a wholly owned subsidiary of AGHL which employs all Apollo group staff, including underwriters, claims and reinsurance staff. APL provides the services of these staff to ASML to enable it to function as managing agent for the syndicate. APL also incurs a large proportion of the expenses in respect of operating the syndicate. The cost of these services and expenses is recharged to ASML which in turn recharges these to the syndicate on a basis that reflects its usage of resources, all recharges being without any mark up on cost.

The transactions and amounts outstanding at the balance sheet date are shown below:

ASML	2023 $'000	2022 $'000
Managing agent's fee	5,877	5,035
Expense recharges	57,331	47,744
Managing agent's profit commission	15,191	2,632
Other debtor/(creditor)	80	(754)

Notes to the annual accounts

22. Related parties (continued)

Syndicate 6133 is a SPA Syndicate that provides a single 90% quota share reinsurance contract for the Property Treaty class, including all related expenses and investment income for each underwriting year. Syndicate 6133 operates on a funds withheld basis and the syndicate undertakes all transactions on its behalf. On closure of a year of account the Syndicate 6133 distribution will be settled by the syndicate.

The related party transactions and amounts outstanding at the balance sheet date are shown below:

Syndicate 6133	2023 $'000	2022 $'000
Reinsurance premiums payable	(589)	803
Reinsurance paid recoveries receivable	27,747	36,498
Expense recharge	292	98
Allocated investment return	(1,190)	180
Other debtors	-	4,501
Other creditors	9,050	-

On closure of the 2020 year of account, Syndicate 6133 entered a reinsurance to close transaction with Syndicate 1969 on the 2020 and prior years of account. At 31 December 2023, Syndicate 6133 entered into a reinsurance to close transaction with Syndicate 1969 on the 2021 year of account, thus transferring the remaining syndicates liabilities and ceasing the relationship with Syndicate 6133.

Ariel Re group, backed by Pelican Ventures, provided 75% of the capacity for SPA Syndicate 6133 for the 2021 year of account through Ariel Re's corporate member. Business was written through two Ariel Re companies as cover holders under a binding authority with Syndicate 1969 (as host for SPA Syndicate 6133). This operated in a similar fashion to other cover holders, although they are related parties to Ariel Re's corporate member. The Ariel Re cover holder was remunerated with a fee based on gross written premium at normal commercial rates for these services and this was 90% ceded to Syndicate 6133. Ariel Re Limited is an appointed representative of ASML.

Ariel Re	2023 $'000	2022 $'000
Cover holder fee payable	3,774	3,633
Other debtors	358	994

A reinsurance with Syndicate 1910, managed by Ariel Re was put in place to cede the unexpired risk from 1 January 2022. The rationale for ASML and members of the syndicate was to transfer the risk for future events, thereby reducing volatility of the result and capital required to support SPA Syndicate 6133. The risks comprising the Property Treaty portfolio have been renewed into Syndicate 1910 for the 2022 year of account.

Until 31 December 2021, Syndicate 1971 was a SPA syndicate that provided a quota share reinsurance contract for the ibott Rover class including all related expenses and investment income for each underwriting year. With effect from 1 January 2022, Syndicate 1971 became a stand-alone syndicate.

Notes to the annual accounts

22. Related parties (continued)

The quota share was 80% on the 2019 year of account and 90% on the 2020 and 2021 year of account. Syndicate 1971 operated on a funds withheld basis and the syndicate undertook all transactions on its behalf. On closure of these years of account the Syndicate 1971 distribution will be settled by the syndicate.

The related party transactions and amounts outstanding at the balance sheet date are shown below:

Syndicate 1971	2023 $'000	2022 $'000
Reinsurance premiums payable	669	(16,631)
Reinsurance paid recoveries receivable	64,933	40,184
Expense recharge	(455)	1,226
Allocated investment return	(4,841)	1,232
Other creditors	(113,091)	(123,851)

Syndicate 1969 completed a split reinsurance to close of the 2018 year of account and transferred the liabilities associated with the 2017 and prior years of account to Syndicate 1994, a syndicate managed by ASML.

The related party transactions and amounts outstanding at the balance sheet date are shown below:

Syndicate 1994	2023 $'000	2022 $'000
Other creditors	(92)	-

23. Subsequent events

The 2021 year of account of Syndicate 6133 and Syndicate 1971 have reinsured to close into the 2022 year of account of the syndicate. The 2021 year of account is the last year that Syndicates 6133 and 1971 operated as Special Purpose Syndicates of Syndicate 1969.

SYNDICATE 1969

SYNDICATE UNDERWRITING YEAR ACCOUNTS

FOR THE 2021 YEAR OF ACCOUNT
CLOSED AT 31 DECEMBER 2023

Report of the directors of the managing agent

The directors of the managing agent present their report for the 2021 year of account of Syndicate 1969 for the cumulative result to 31 December 2023.

The syndicate underwriting year accounts have been prepared under The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 in accordance with the Lloyd’s Syndicate Accounting Bylaw (No. 8 of 2005) and applicable accounting standards in the United Kingdom.

Principal activity

There have not been any significant changes to the syndicate’s principal activity during the year, which continues to be the transaction of general insurance and reinsurance business.

Syndicate 1969 trades through Lloyd’s worldwide licences and rating and has the benefit of the Lloyd’s brand. Lloyd’s has an A (Excellent) rating from A.M. Best, A+ (Strong) from Standard & Poor’s and AA- (Very Strong) from Fitch.

The syndicate’s capacity for the 2021 year of account was £475m ($589m at the Lloyd’s planning rate of $1.24) of which £180m ($223.2m) related to the Special Purpose Arrangement syndicates (“SPA”) hosted by Syndicate 1969. Capacity for Syndicate 6133 was £65.0m ($80.6m) and Syndicate 1971 was £115m ($142.6m).

Apollo Syndicate Management Limited (“ASML”) is approved as a managing agency at Lloyd’s and is authorised by the Prudential Regulation Authority (‘’PRA’’). ASML is regulated by the Financial Conduct Authority (‘’FCA’’) and PRA.

Review of the business

The syndicate had three open years of account during 2023. The 2021 year of account is closing at 36 months. 2022 and 2023 are expected to close at the end of 2024 and 2025 respectively.

2021 closed year result

We are now closing the 2021 year of account at a profit of 4.0% on stamp capacity of $365.8m (£295m). This comprises profits of $13.7m on the 2021 pure year of account and a profit of $1.3m on the development of the 2018, 2019 and 2020 years of account during the 2023 calendar year. The 2021 pure year underwriting performance has not achieved the original forecast set out in the business plan. This is due to the year of account being impacted by significant losses from the natural catastrophe events that occurred in 2021 and the ongoing Russia/Ukraine conflict.

In 2021, the syndicate underwrote eighteen classes of business, including Property D&F, Property Binders and Property Treaty. These classes incurred losses from the natural catastrophe events that occurred in 2021, namely Hurricane Ida and the Texas Winter Storms. 10% of the net losses incurred by the Property Treaty class are retained by the syndicate with 90% reinsured to Syndicate 6133. Despite these losses, the Property D&F, and Property Treaty classes have contributed positively to the overall 2021 pure year underwriting result, although the Property Binder class made a loss for the overall 2021 pure year underwriting result. In addition, due to the storms in Europe, the International Property Treaty class was also loss making for the overall 2021 pure underwriting year result.

The Non-Marine Liability account for the 2021 pure underwriting year has seen benign large loss activity to date, as well as relatively benign attritional development. The account has therefore contributed positively to the overall 2021 pure year underwriting result. The Marine Hull class incurred adverse claims experience during the last quarter of 2023 which has impacted the 2021 pure underwriting year.

The Aviation and Cargo classes suffered Russia/Ukraine related losses on this year of account. The Specialty Disruption class also incurred a couple of large losses in its first full year of operation.

All other classes of business contributed positively to the overall 2021 pure year result.

2022 year of account

This year of account has already been impacted by losses from the natural catastrophe events that occurred in 2022 and the ongoing Russia/Ukraine conflict.

The Property D&F and Property Binder classes incurred losses from Hurricane Ian. The International Property Treaty class incurred losses from Cyclone Gabrielle. The Property Binder class and the International Property class are forecast to be loss making due to these events.

Report of the directors of the managing agent

The Aviation, Cargo and Marine Hull classes have specific incurred but not reported (“IBNR”) allowances where there is considered to be potential for material losses arising as a result of the ongoing Russia/Ukraine conflict. The Cargo class is forecast to be loss making due to the recognition of these allowances at the present time.

Despite the impact of these events, the underlying performance of the portfolio has been positive and has been in line with or better than plan for many of our classes.

The Non-Marine Liability portfolio has undergone significant change in previous years. The portfolio for the 2022 pure underwriting year has seen benign attritional development to date and is forecast to be profitable for this year of account.

Despite the losses from the natural catastrophe events and the ongoing Russia/Ukraine conflict, we are at this stage forecasting a profit for the 2022 year of account but remain cautious about the range of outcomes possible in the 2024 calendar year, reflected in the range of +5.5% to 15.5%.

2023 and future years

Despite the impacts of catastrophe events (Cyclone Gabrielle and Hurricane Idalia) on the 2023 year of account the underlying performance of the portfolio has been positive and has been in line with or better than plan for many of our classes.

The forecast gross written income (net of acquisition costs) for the syndicate is expected to be $599.4m, which is 88.8% of stamp capacity. We achieved positive rate change of 8% across our renewal portfolio. At this early stage of development of the year of account, we are optimistic that the forecast profit will be satisfactory. Looking forward to 2024, the approved plan for the syndicate is to underwrite $900.7m of gross written premium income, which equates to $716.2m gross net written premium. The stamp capacity has increased to $774.7m (£610m) which allows sufficient headroom should we wish to take advantage of new opportunities that may arise in 2024. We forecast rates to continue to rise in 2024 in certain lines of business, but to a lesser degree than achieved in 2022 and 2023.

We have added two new classes to the plan. We will underwrite a specialty reinsurance portfolio comprised predominantly of structured credit, mortgage, and specialist credit. The portfolio will be a mix of long-term partnership and short-term opportunistic deals. Planned gross premium income for 2024 is $10m. Separately, we will launch a new smart follow collaboration to unlock fast, consistent and reliable capacity for London market brokers. Planned gross premium income for 2024 is $20m.

We will also continue to focus on increasing the specialty insurance and reinsurance business classes in the syndicate and ensuring that these classes are appropriately balanced with the property and the casualty classes, to reduce volatility and deliver sustainable profits over time for capital providers. We have planned for further significant growth and development in our specialty classes in 2024 of 13%. This growth is anticipated from new business opportunities and rating increases. In particular, growth will come from the Aviation class, building the Airlines and General Aviation sub-classes to support portfolio balance, and the Offshore Energy and Marine & Energy Liability classes, due to an increase in activity.

We are pleased that the calendar year result for 2023 is significantly better than our original forecast, showing the results expected from all the work undertaken on every aspect of our business. The positive results to date are a testament to the balance of the underwriting portfolio and reinsurance protection purchased. We are seeing already that rates for renewals are increasing marginally higher more than we expected in our 2024 Syndicate Business Plan. We are well positioned to benefit from the positive momentum in the market and to deliver an improved underwriting performance for the 2023 and 2024 years of account when compared to 2021.

Directors and directors’ interests

The directors who held office at the date of signing this report are shown on page 2. Directors’ interests are shown in note 20 as part of the related parties note to the accounts.

Report of the directors of the managing agent

Disclosure of information to the auditor

Each person who is a director of the managing agent at the date of approving this report confirms that:

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

Auditor

Deloitte LLP has indicated its willingness to continue in office as the syndicate’s auditor. The managing agent hereby gives formal notification of a proposal to re-appoint Deloitte LLP as auditor of Syndicate 1969 for a further year.

Approved by the Board.

DCB Ibeson
Chief Executive Officer
26 February 2024

Syndicate 1969

Statement of managing agent's responsibilities

Apollo Syndicate Management Limited, as managing agent, is responsible for preparing syndicate underwriting year accounts in accordance with applicable law and the Lloyd's Syndicate Accounting Byelaw.

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulation 2008 (the "Lloyd's Regulations") require the managing agent to prepare syndicate underwriting year accounts for each syndicate in respect of any underwriting year which is being closed by reinsurance to close as at 31 December 2023. These syndicate underwriting year accounts must give a true and fair view of the result of the closed year of account.

In preparing the syndicate underwriting year of accounts, the managing agent is required to:

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these accounts.

The managing agent is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year of accounts comply with the Lloyd's Regulations and Syndicate Accounting Byelaw. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Syndicate 1969 – 2021 closed year of account

Report on the audit of the syndicate underwriting year accounts for the 2021 closed year of account for the three years ended 31 December 2023

Opinion

In our opinion the syndicate underwriting year accounts of Syndicate 1969 (the 'syndicate'):

- Give a true and fair view of the profit for the 2021 closed year of account;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- Have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

We have audited the syndicate underwriting year accounts which comprise:

- The profit and loss account;
- The statement of changes in members' balances;
- The balance sheet;
- The statement of cash flows; and
- The related notes to the underwriting year accounts 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland", the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and 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 under those standards are further described in the auditor's responsibilities for the audit of the syndicate underwriting year accounts section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year accounts in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the Annual Report and Accounts ("annual report"), other than the syndicate underwriting year accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate underwriting year accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of managing agent

As explained more fully in the statement of managing agent's responsibilities, the managing agent is responsible for the preparation of the syndicate underwriting year accounts under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), and for being satisfied that they give a true and fair view of the result, and for such internal control as the managing agent determines is necessary to enable the preparation of syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of Syndicate 1969 – 2021 closed year of account

In preparing the syndicate underwriting accounts, the managing agent is responsible for assessing the syndicate's ability to realise its assets and discharge its liabilities in the normal course of business, disclosing, as applicable, any matters that impact its ability to do so.

Auditor's responsibilities for the audit of the syndicate underwriting year accounts
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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these syndicate underwriting year accounts.

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

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

We considered the nature of the syndicate and its control environment, and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the syndicate operates in, and identified the key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005); and
- Do not have a direct effect on the syndicate underwriting year accounts but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency II.

We discussed among the audit engagement team, including actuarial specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- Valuation of technical provisions, and specifically IBNR, includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we performed a detailed risk assessment and focused our work on specific classes of business based on size and complexity. We involved our actuarial specialists to develop independent estimates of the technical provisions and make detailed assessments of the methodologies and assumptions used, as appropriate for the specific classes of business chosen. We tested the late journal entries to technical provisions.

Independent auditor's report to the members of Syndicate 1969 – 2021 closed year of account

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Reviewing underwriting year accounts disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the underwriting year accounts;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Lloyd's.

Report on other legal and regulatory requirements

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

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

- The information given in the managing agent's report for the financial year for which the syndicate underwriting year accounts are prepared is consistent with the syndicate underwriting year accounts; and
- The managing agent's report has been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

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

Matters on which we are required to report by exception

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Lloyd's Syndicate Accounting Byelaw (no.8 of 2005) we are required to report in respect of the following matters if, in our opinion:

- The managing agent in respect of the syndicate has not kept adequate or proper accounting records; 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; or
- The syndicate underwriting year accounts are not in compliance with the requirements of paragraph 5 of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have nothing to report in respect of these matters.

Independent auditor’s report to the members of Syndicate 1969 – 2021 closed year of account

Use of our report

This report is made solely to the syndicate’s members, as a body, in accordance with regulation 6 of 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’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Kirstie Hanley (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 February 2024

Profit and loss account
2021 year of account
for the 36 months ended 31 December 2023

Technical account – General business	Notes	$'000
Syndicate allocated capacity		**365,800**
Gross premiums	3	673,684
Outward reinsurance premiums		(352,034)
Net premiums written and earned		**321,650**
Reinsurance to close premium receivable, net of reinsurance	4	**183,050**
		504,700
Allocated investment return transferred from the non-technical account	10	**9,226**
Claims paid		
Gross amount		(341,786)
Reinsurers' share		172,218
Net claims paid		(169,568)
Reinsurance to close premium, net of reinsurance	5	**(207,918)**
Claims incurred, net of reinsurance		**(377,486)**
Net operating expenses	6	(125,402)
Balance on the technical account - general business		**11,038**

Profit and loss account
2021 year of account
for the 36 months ended 31 December 2023

Non-technical account	Notes	$’000
Balance on the technical account – general business		**11,038**
Investment income	10	9,226
Allocated investment return transferred to the technical account – general business		(9,226)
Profit on foreign exchange		4,059
Profit for the 2021 closed year of account		**15,097**

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts.

Statement of changes in members’ balances
for the 36 months ended 31 December 2023

	Notes	$’000
Profit for the 2021 closed year of account	12	15,097
Members’ agents’ fees		(371)
Amounts due to members at 31 December 2023	12	**14,726**

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

Balance sheet
2021 year of account
for the 36 months ended 31 December 2023

Assets	Notes	$'000
Investments		
Financial investments	11	316,689
Reinsurance recoveries anticipated on gross reinsurance to close premium	5	328,035
Debtors		
Debtors arising out of direct insurance operations	13	16,184
Debtors arising out of reinsurance operations	14	35,634
Other debtors	15	2,990
		54,808
Other assets		
Cash and cash equivalents		9,760
Overseas deposits	16	12,533
Other		57
		22,350
Prepayments and accrued income		
Other prepayments and accrued income		2,790
Total assets		**724,672**

Balance sheet
2021 year of account
for the 36 months ended 31 December 2023

Liabilities	Notes	$'000
Amounts due to members	12	14,726
Reinsurance to close premium payable to close the account – gross amount	5	549,012
Deposits received from reinsurers		291
Creditors		
Creditors arising out of direct insurance operations	17	301
Creditors arising out of reinsurance operations	18	34,338
Other creditors	19	126,004
		160,643
Total liabilities		**724,672**

The syndicate underwriting year accounts on pages 62 to 76 were approved by the Board of Apollo Syndicate Management Limited and were signed on its behalf by:

DCB Ibeson
Chief Executive Officer
26 February 2024

Statement of cash flows
2021 year of account
for the 36 months ended 31 December 2023

	$'000
Cash flows from operating activities	
Operating profit for the 2021 closed year of account	15,097
Adjustments for:	
Increase in gross reinsurance to close payable	549,012
Increase in reinsurers' share of reinsurance to close	(328,035)
Increase in debtors	(54,808)
Increase in creditors	160,642
Increase in other assets/liabilities	(2,847)
Investment return	(9,226)
Net cash inflow from operating activities	**329,835**
Cash flows from investing activities	
Purchase of equity and debt instruments	(3,164,549)
Proceeds from sale of equity and debt instruments	2,851,013
Investment income received	6,074
Movements in overseas deposits	(12,533)
Increase in deposits received from reinsurers	291
Net cash outflow from investing activities	**(319,704)**
Net cash flow from financing activities	
Members' agents' fees paid on behalf of members	(371)
Net cash outflow from financing activities	**(371)**
Net increase in cash and cash equivalents	**9,760**
Cash and cash equivalents at 1 January 2021	-
Cash and cash equivalents at 31 December 2023	**9,760**

Notes to the underwriting year accounts

1. Basis of preparation

These underwriting year accounts have been prepared in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and Financial Reporting Standard 103 Insurance Contracts ("FRS 103").

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2021 year of account which has been closed by reinsurance to close at 31 December 2023. Consequently, the balance sheet represents the assets and liabilities of the 2021 year of account at the date of closure. The profit and loss account and cash flow statement reflect the transactions for that year of account during the three-year period until closure.

These underwriting year accounts cover the three years from the date of inception of the 2021 year of account to the date of closure. Accordingly, this is the only reporting period and so comparative amounts are not shown.

As a consequence of the 2021 year of account reinsuring to close into the 2022 year of account, the residual risks to the members on the closed year have been minimised. Accordingly, the members are no longer exposed to changes in the estimates and judgements made after the balance sheet date. The risk disclosure requirements of FRS 102 and FRS 103 are therefore deemed not applicable to these underwriting year accounts. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

2. Accounting policies

The 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.

Gross premiums written

Gross premiums are allocated to years of account based on the inception date of the policy. Premiums in respect of insurance contracts underwritten under a binding authority, lineslip or consortium arrangement are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Premiums are shown gross of brokerage payable and exclude taxes.

Outward reinsurance premiums

Outwards reinsurance premiums are allocated to a year of account in accordance with the underlying 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.

Notes to the underwriting year accounts

2. Accounting policies (continued)

Reinsurance to close premium payable

A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. A reinsurance to close can be payable to the next year of account of the syndicate or a third party syndicate. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

Where the reinsurance to close is payable to the next year of account it is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectable reinsurance recoveries and net of future net premiums relating to the open year of account and all previous years of account reinsured therein. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing the reinsurance to close.

The techniques used and assumptions made in determining outstanding claims reserves, both gross and net of reinsurance, are described within the “Key sources of estimation uncertainty” and in the accounting policy for “Claims provisions and related recoveries” section of the syndicate annual accounts.

The calculation of the reinsurance to close premium payable is determined by the directors on the basis of the information available to them at the time. However, it is implicit in the estimation procedure that the ultimate liabilities will be at a variance from the reinsurance to close so determined.

Where a reinsurance to close premium is payable to a third party syndicate, the net premium payable represents the amount agreed with the third party. The only judgement involved is whether or not to accept the third party’s price for taking on the underlying obligations, net of associated reinsurance. As a reinsurance to close, the contract is deemed to be effective on closure.

Investment return

The 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 investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

Net operating expenses

Net operating expenses include acquisition costs, administrative expenses and members’ standard personal expenses. Reinsurers’ commissions and profit participations and consortia income represent contributions towards operating expenses and are reported accordingly.

Costs incurred by the managing agent on behalf of the syndicate are recognised on an accruals basis. No mark-up is applied.

Net operating expenses are charged to the year of account to which they relate.

Notes to the underwriting year accounts

2. Accounting policies (continued)

Acquisition costs

Acquisition costs comprise costs arising from the conclusion of insurance contracts. They include both direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. Acquisition costs include fees paid to consortium leaders in return for business written on behalf of the syndicate as a consortium member.

Acquisition costs are earned in line with the earning of the gross premiums to which they relate. The deferred acquisition cost asset represents the proportion of acquisition costs, this corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

Reinsurers' commissions and profit participations

Under certain outwards reinsurance contracts the syndicate receives a contribution towards the expenses incurred. The outwards reinsurance contracts may allow the ceding of acquisition costs and in certain instances an allocation of administrative expenses. Reinsurance arrangements can also pay an overriding or profit commission.

The reinsurers' share of expenses is included with operating expenses and earned in line with the related expense. The reinsurers' share of deferred acquisition cost liability corresponds to the gross deferred acquisition costs at the balance sheet date.

Consortia share of expenses

The syndicate is the leader of a number of underwriting consortia. Under the terms of these contracts participants are required to pay fees to the syndicate, as leader, in return for the business written on their behalf. These fees represent a contribution towards the expenses incurred by the syndicate underwriting for the consortia. The syndicate accrues the consortium fee income in line with the writing of the business for each consortium, calculated in accordance with the individual contractual arrangements.

In addition the consortium arrangements include an entitlement to profit commission based on the performance of the business written by the consortium leader. The syndicate accrues profit commission in accordance with the contractual terms based on the forecast performance of each consortium. Both the accrued consortium fees and accrued profit commission are included as a credit to administrative expenses.

Managing agent's fees

The managing agent charges a management fee of 0.9% of syndicate capacity. The managing agent has agreed contractual terms with the capital providers to the syndicate for the payment of profit commission based on the performance of the year of account. Amounts charged to the syndicate become payable on closure of the year of account although the managing agent may receive payments on account of anticipated profit commission if interim profits are released to members.

Notes to the underwriting year accounts

2. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated into US Dollars which is the functional and presentational currency of the syndicate. Transactions in foreign currencies are translated using the exchange rates at the date of the transactions if significant or otherwise at the appropriate average rates of exchange for the period. The syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation of foreign currency amounts are included in the non-technical account.

3. Segmental analysis - 2021 year of account after three years

An analysis of the balance on the technical account before investment return is set out below:

2021 year of account after three years	Gross premiums written $'000	RITC[1] received $'000	Gross claims incurred $'000	Gross[2] operating expenses $'000	Reinsurance balance $'000	Total $'000
Direct insurance:						
Marine, aviation and transport	58,093	10,360	(58,220)	(13,074)	22,926	20,085
Fire and other damage to property	125,149	64,853	(165,266)	(34,409)	16,318	6,645
Third-party liability	155,819	22,389	(236,917)	(46,609)	88,807	(16,511)
Motor (third party liability)	77,073	4,018	(81,067)	(20,594)	21,757	1,187
	416,134	101,620	(541,470)	(114,686)	149,808	11,406
Reinsurance	257,550	81,430	(351,965)	(54,276)	57,667	(9,594)
	673,684	**183,050**	**(893,435)**	**(168,962)**	**207,475**	**1,812**

1 RITC received of $183,050,000 (net of anticipated reinsurance recoveries of $223,134,000) was received from the 2020 year of account.
2 Gross operating expenses are the same as net operating expenses shown in the profit and loss account. Reinsurers' commissions and profit participations of $43,560,000 were received for the 2021 year of account.

All premiums were underwritten in the UK.

The geographical analysis of gross written premiums by situs of the risk is as follows:

	$'000
UK	21,697
EU	15,592
US	379,451
Other	256,944
Total	**673,684**

Notes to the underwriting year accounts

4. Reinsurance to close premium receivable

	Reported $'000	IBNR $'000	Total $'000
Gross reinsurance to close premium receivable	176,740	229,444	406,184
Reinsurance recoveries anticipated	(96,048)	(127,086)	(223,134)
Reinsurance to close premium receivable, net of reinsurance	**80,692**	**102,358**	**183,050**

5. Reinsurance to close premium payable

	Total $'000
Gross reinsurance to close premium payable	551,649
Reinsurance recoveries anticipated	(343,731)
Reinsurance to close premium, net of reinsurance (at average exchange rates)	**207,918**
Foreign exchange	13,059
Reinsurance to close premium payable, net of reinsurance (at closing exchange rates)	**220,977**

	Reported $'000	IBNR $'000	Total $'000
Gross reinsurance to close premium payable	219,676	329,336	549,012
Reinsurance recoveries anticipated	(125,075)	(202,960)	(328,035)
Reinsurance to close premium payable, net of reinsurance	**94,601**	**126,376**	**220,977**

6. Net operating expenses

	$'000
Brokerage and commission	103,896
Reinsurers' commissions and profit participation	(43,560)
Other acquisition costs	26,051
Acquisition costs	86,387
Administrative expenses	29,725
Members' standard personal expenses	11,447
Managing agent's profit commission	3,070
Consortia share of expenses	(5,227)
Total	**125,402**

Notes to the underwriting year accounts

7. Auditor's remuneration

	$'000
Audit Fees	
Fees payable to the syndicate's auditor for the audit of the syndicate's annual financial statements	227
Non-audit fees	
Audit related assurance services	113
Other assurance services	113
	226
Total fees	**453**

8. Staff numbers and costs

All staff are employed by a related company of ASML. The following amounts were incurred by the syndicate in respect of salary costs:

	$'000
Wages and salaries	29,307
Social security costs	3,084
Other pension costs	1,706
Total	**34,097**

The average monthly number of employees employed by the managing agency or related companies but working for the syndicate each year and aggregated for the three years was as follows:

	Number
Underwriting	43
Claims and reinsurance	8
Management, administration and finance	73
Total	**124**

There have been eight Non-Executive directors on the ASML board who have allocated their time to the syndicate during the period from 1 January 2021 to 31 December 2023.

9. Emoluments of the directors of the managing agent

For the purposes of FRS 102, the directors of ASML are deemed to be the key management personnel.

The directors received remuneration recharged to the syndicate of $2,339,000, for the syndicate's 2021 year of account charged as a syndicate expense.

Included in the remuneration are emoluments paid to the highest paid director amounting to $407,000. The remuneration amount recharged to the syndicate for the Active Underwriter is $447,000 which is charged as a syndicate expense.

Notes to the underwriting year accounts

10. Investment income

	$'000
Income from investments	8,553
Gains on the realisation of investments	1,190
Unrealised gains on investments	6,745
	16,488
Losses on the realisation of investments	(3,669)
Unrealised losses on investments	(3,593)
Total	**9,226**

11. Financial investments

	Market value $'000	Cost $'000
Holdings in collective investment schemes	106,474	106,446
Debt securities and other fixed income securities	210,215	209,116
Total	**316,689**	**315,562**

12. Balance on technical account

	2020 & prior years of account $'000	2021 pure year of account $'000	Total 2021 $'000
Technical account balance before investment return & net operating expenses	2,238	124,976	127,214
Acquisition costs	(511)	(85,876)	(86,387)
	1,727	39,100	40,827
Allocated investment return transferred from the non-technical account			9,226
Net operating expenses other than acquisition costs			(39,015)
Profit on foreign exchange			4,059
Profit for the 2021 closed year of account			**15,097**
Members' agents' fees			(371)
Amounts due to members at 31 December 2023			**14,726**

The 2021 year of account profit balance will be distributed to members in 2024.

Notes to the underwriting year accounts

13. Debtors arising out of direct operations

	$'000
Due within one year	16,184

14. Debtors arising out of reinsurance operations

	$'000
Due within one year	35,634

15. Other debtors

	$'000
Consortium fee receivable	2,803
Amount due from members	41
Deposit with ceding undertakings	146
Total	**2,990**

16. Overseas deposits

Overseas deposits are advanced as a condition of conducting underwriting business in certain countries and therefore are restricted assets.

17. Creditors arising out of direct insurance operations

	$'000
Due within one year – intermediaries	301

18. Creditors arising out of reinsurance operations

	$'000
Due within one year	34,338

19. Other creditors

	$'000
Amounts due to ASML managed syndicates	122,239
Amounts due to group companies	3,070
Consortium fee payable	695
Total	**126,004**

20. Related parties

All business with related parties is transacted on an arm's length basis.

Apollo completed a corporate reorganisation during 2021, the effect of which was that ASML became a fully owned subsidiary of a new holding company, Apollo Group Holdings Limited ("AGHL"). Prior to 31 August 2021 ASML was a subsidiary of Apollo Partners LLP ("APL").

Metacomet LLC, a US incorporated limited company, is a shareholder of AGHL. Affiliated companies of Metacomet LLC participate on the syndicate.

Notes to the underwriting year accounts

20. Related parties (continued)

On 11 October 2021, Alchemy Special Opportunities Fund IV LP ("Alchemy") committed to invest $90m in AGHL. Alchemy's investment in AGHL was completed on 11 February 2022, following receipt of regulatory approvals. A key element of that investment was to allow AGHL to provide underwriting capacity to support the Apollo managed syndicates 1969 and 1971.

APL is a wholly owned subsidiary of AGHL which employs all Apollo group staff, including underwriters, claims and reinsurance staff. APL provides the services of these staff to ASML to enable it to function as managing agent for the syndicate. APL also incurs a large proportion of the expenses in respect of operating the syndicate. The cost of these services and expenses is recharged to ASML which in turn recharges these to the syndicate on a basis that reflects its usage of resources, all recharges being without any mark up on cost. The total amount recharged by ASML to the 2021 year of account was $56,339,000; this had been settled and nothing was outstanding at the year-end.

Syndicate 6133 is a SPA syndicate that provides a single 90% quota share reinsurance contract for the Property Treaty class including all related expenses and investment income for each underwriting year. Syndicate 6133 operates on a funds withheld basis and the syndicate undertakes all transactions on its behalf. On closure of a year of account the Syndicate 6133 distribution is settled by the syndicate. The related party transactions and amounts outstanding at the balance sheet date are shown below:

Syndicate 6133	**$'000**
Reinsurance premiums payable	(79,619)
Reinsurance paid recoveries receivable	43,759
Expense recharge	5,617
Allocated investment return	(1,016)
Other creditors	(9,050)

On closure of the 2020 year of account, Syndicate 6133 entered a reinsurance to close transaction with Syndicate 1969 on the 2020 and prior years of account. At 31 December 2023, Syndicate 6133 entered into a reinsurance to close transaction with Syndicate 1969 on the 2021 year of account, thus transferring the remaining syndicates liabilities and ceasing the relationship with Syndicate 6133.

Syndicate 1971 is a SPA syndicate that provided a quota share reinsurance contract for the ibott Rover class including all related expenses and investment income for each underwriting year. The quota share is 90% on the 2021 year of account. Syndicate 1971 operates on a funds withheld basis and the syndicate undertakes all transactions on its behalf. On closure of a year of account the Syndicate 1971 distribution will be settled by the syndicate. The related party transactions and amounts outstanding at the balance sheet date are shown below:

Syndicate 1971	**$'000**
Gross written premium receivable	(149,865)
Gross Claims payable	66,685
Expenses payable	12,772
Allocated investment return	(4,524)
Other creditors	(113,084)

Syndicate 1969

Seven year summary of underwriting results
as at 31 December 2023
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021
Syndicate allocated capacity (£'000)	159,966	179,509	209,123	224,516	249,989	250,000	295,000
Syndicate allocated capacity ($'000) (note 2)	216,002	228,543	277,489	306,619	338,368	302,515	375,566
Number of underwriting members	391	405	417	369	256	191	179
Aggregate net premiums ($'000)	228,351	225,044	237,816	263,567	264,847	289,368	321,650
Result for a name with an illustrative share of £10,000	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Gross premiums	18,017	16,558	15,397	18,832	20,826	23,203	22,837
Net premiums	14,275	12,537	11,372	11,739	10,594	11,575	10,903
Premium for reinsurance to close an earlier year of account	3,550	4,441	6,633	8,291	3,674	6,024	6,205
Net claims	(6,792)	(8,366)	(8,548)	(6,899)	(3,937)	(5,424)	(5,748)
Reinsurance to close the year of account	(4,936)	(7,743)	(8,878)	(9,606)	(6,005)	(7,440)	(7,048)
Syndicate operating expenses	(5,322)	(4,633)	(4,154)	(3,753)	(3,382)	(3,967)	(3,759)
Profit / (Loss) on exchange	179	16	10	(27)	36	(74)	138
Balance on technical account	**954**	**(3,748)**	**(3,565)**	**(255)**	**980**	**693**	**691**
Investment return	69	100	292	402	166	(63)	313
Profit/(Loss) before personal expenses	**1,023**	**(3,648)**	**(3,273)**	**147**	**1,146**	**630**	**1,004**
Illustrative personal expenses (note 3)	(402)	(258)	(226)	(288)	(356)	(406)	(492)
Profit/(Loss) after illustrative personal expenses	**621**	**(3,906)**	**(3,499)**	**(141)**	**790**	**224**	**512**
Capacity utilised (note 4)	82.3%	84.0%	91.5%	111.5%	127.3%	160.5%	151.7%
Net capacity utilised (note 5)	60.4%	58.4%	61.2%	59.6%	51.7%	64.4%	58.0%
Underwriting profit ratio (note 6)	5.3%	(22.6)%	(23.2)%	(1.4)%	4.7%	3.0%	3.0%
Result as a percentage of stamp capacity	4.6%	(30.7)%	(26.4)%	(1.0)%	5.8%	1.9%	4.0%

Notes to the summary:

1. The summary has been prepared from the audited accounts of the syndicate.
2. Syndicate allocated capacity is expressed in US Dollars at the foreign exchange rate at the date the year of account was closed.
3. Illustrative personal expenses comprise the managing agent's fee, contributions to the Central Fund and High-Level Stop Loss Scheme in applicable years, Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the managing agent's fee, and profit commission payable to the managing agent. This amount excludes members' agents' fees.
4. Capacity utilised represents gross premium written net of acquisition costs expressed as a percentage of allocated capacity using business planning foreign exchange rates.
5. Net capacity utilised represents written premium net of acquisition costs net of reinsurance expressed as a percentage of allocated capacity using business planning foreign exchange rates.
6. The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.