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**Syndicate 1947**

**Annual Report**

**Year ended  
31 December 2021**

**SYNDICATE 1947**  
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**SYNDICATE 1947  
DIRECTORS AND ADVISERS**

**Managing Agent**

Hamilton Managing Agency Limited

Registered Office

Level 3  
8 Fenchurch Place  
London  
EC3M 4AJ

Registered Number

05832065

Directors

A. J. Baker (appointed 22 March 2021)	Executive
P. J. Barrett	Non-Executive
M. J. Beacham (resigned 28 February 2022)	Independent Non-Executive
M. J. Beane	Independent Non-Executive
A. J. Daws (appointed 8 June 2021)	Executive
H. M. Goodhew (appointed 2 February 2022)	Independent Non-Executive
P. C. F. Haynes	Independent Non-Executive, Chairman
R. S. Vetch	Executive

Company Secretary

D. McCormack

**Syndicate**

Active Underwriter

N. Attwood

Bankers

Citibank N.A.  
HSBC  
Royal Bank of Canada

Investment Manager

Conning Asset Management Limited

Auditor

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

## **SYNDICATE 1947 MANAGING AGENT’S REPORT**

The Directors of Hamilton Managing Agency Limited (“HMA”) present the Managing Agent’s Report for Syndicate 1947 (“the Syndicate”) for the year ended 31 December 2021.

### **Principal Activity**

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

The Syndicate’s allocated capacity for the 2022 year of account is £147.5m. The capacity for the 2021 and 2020 years of account were £125.0m and £82.0m respectively.

### **Management of the Syndicate**

HMA’s immediate parent undertaking is Hamilton UK Holdings Limited, a company registered in England and Wales. HMA’s ultimate parent company is Hamilton Insurance Group, Ltd (collectively with its subsidiaries, “the Hamilton Group”), a company registered in Bermuda.

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

### **Business of the Syndicate**

The Syndicate is a provider of specialist insurance and reinsurance products. Property – Domestic and Agriculture classes relate to the inwards cession of domestic Indian business from GIC.

During the 2021 financial year gross written premium by product area was as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Property – London Market	48,047	37,997
Agriculture*	12,203	20,421
Personal Lines	23,587	15,625
Property - Domestic*	10,203	8,327
Specialty	23,811	9,670
Space	3,264	-
<b>Total</b>	<b>121,115</b>	<b>92,040</b>

\* Cession from GIC.

Further details of the product areas are provided below.

#### Property – London Market

This comprises Property D&F and Property Treaty portfolios. The Property D&F portfolio is written to achieve a blend and balance of both excess and primary layer, cat and non-cat exposed, across both US and international portfolios. The business written is predominantly open market, with 2 binding authorities written during 2021 (2020: three).

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

#### Agriculture

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

#### Personal Lines

This business line relates to a quota share cession in relation to risks across a diversified portfolio, covering homeowners, motor, liability, collections and yacht exposures. The portfolio focuses on ultra-high net worth US clients.

**SYNDICATE 1947**  
**MANAGING AGENT'S REPORT (continued)**

**Business of the Syndicate (continued)**

Property – Domestic

This is a Domestic property treaty portfolio consisting of a selection of proportional and non-proportional property business written by GIC Re from the Indian domestic insurers covering Indian exposures only. Prior to 2020, the Syndicate also participated on a quota share protecting large property risks for Indian domestic exposures.

Specialty

This product area comprises:

- A Specialty Reinsurance portfolio focussed on worldwide terrorism, complimented by a range of composite marine layers.
- Participation in a UK motor reinsurance consortium.
- PA consortium and a quota share of niche PA risks.
- A proportional casualty portfolio consisting of two blue chip insurers writing a broad international portfolio.

Space

This product is written via a Lloyd's consortium arrangement and comprises launch / in-orbit risks.

**Review of Financial Performance**

The Syndicate's key financial indicators are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Syndicate capacity	125,000	82,000
Gross written premium	121,115	92,040
Loss for the financial year / total comprehensive loss for the financial year	(12,663)	(10,256)
Combined ratio (being total of net loss ratio and net expense ratio)	116.2%	119.5%
Investments, cash and deposits	46,991	23,803

The Syndicate reports a loss for the year of £12.7m (2020: £10.3m), reflecting catastrophe losses, in particular on Hurricane Ida, European floods and US Winter Storms. On an ultimate basis, the 2019 year of account has closed at a loss of £1.5m.

Gross Written Premiums

The Syndicate reports gross written premium for the financial year of £121.1m (2020: £92.0m). This is in line with the plan for the year and reflects an increase on 2020 due to a significant increase in premium written on the Property Treaty, Property D&F and Proportional Casualty classes in line with the business plan.

Claims Incurred

The net loss ratio improved to 87% (2020: 96%). Catastrophe losses during 2021 exceeded the long term average annual allowance for catastrophe losses, however, attritional loss experience was better than expected.

Balance Sheet

Syndicate assets have increased by £37.5m to £143.2m (2020: £105.7m) and the total liabilities have increased by £44.0m to £173.3m (2020: £129.3m). The increase in both assets and liabilities is due to continued growth in size of the syndicate.

**SYNDICATE 1947**  
**MANAGING AGENT'S REPORT (continued)**

**Part VII Transfer**

Following the UK's departure from the European Union, the Syndicate transferred its European non-life insurance policies written between 2018 and 2020 to Lloyd's Insurance Company S.A. (LIC) on the 30 December 2020 in order to continue to access business located in Europe. On the same day, LIC subsequently reinsured the same liabilities back to the Syndicate. There was no gain or loss in this transaction and both the Syndicate and LIC were left in the same economic position prior to the transaction. Note 3 of the financial statements contains more details of the transfer.

**Future Prospects**

The stamp capacity has increased by £22.5m (or 18%) to £147.5m for 2022. This reflects the renewal of certain elements of GIC's international portfolio into the Syndicate in 2021, consisting of European / US catastrophe excess of loss business and international casualty risks. This is part of the GIC's continued strategy to grow its presence in Lloyd's at the heart of its global speciality (re)insurance franchise.

During February 2022, Russia commenced further military conflict in Ukraine. Whilst the situation is developing rapidly, the directors are monitoring the situation and taking steps to mitigate against increasing levels of risk, to ensure compliance with emerging regulations and sanctions and to monitor underwriting portfolios and investment portfolios. It is too early to be able to reliably estimate the impact on future profit and net assets at this stage.

**Research and Development**

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

**Staff Matters**

HMA believes that its staff members are key to its success and seeks to provide a good working environment for its staff that is safe and complies with appropriate employee legislation. There have been no significant injuries to staff in the workplace during the year or any significant actions taken by any regulatory bodies regarding staff matters. Human resources' key performance indicators are reviewed periodically by committees of the Board, and all such indicators are in line with the expectations of the Directors.

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

The Board ensures that the interests of its staff members are appropriately considered when making decisions. In 2021 this included:

- A comprehensive Performance Management process (including feedback and appraisal mechanisms)
- Regular Employee Town Halls where senior management facilitated discussion on key business developments in an open forum, complemented by frequent email and MS Teams-based communication
- A periodic staff engagement survey with appropriate follow up action taken
- An active Diversity & Inclusion Forum, working in unison with a Black Lives Matter working group
- Regular training for staff members on various topics such as unconscious bias and occupational-specific training

HMA is committed to supporting the health and well-being of its staff members and has partnered with a leading online workplace mental health platform as part of its Employee Wellbeing Programme. Hamilton is committed to creating an inclusive workspace where all employees thrive and can bring themselves to work. HMA embraces all backgrounds, perspectives, experiences and talents – without discrimination.

The Company actively monitored the evolving situation with the global Coronavirus (COVID-19) pandemic to ensure the well-being of staff members, as well as uninterrupted service and responsiveness to clients. A refreshed, flexible working policy was introduced to accommodate hybrid working arrangements during and beyond the pandemic.

**Environmental Matters**

HMA is dedicated to being a responsible business and taking care of its community and the environment. HMA's approach is to use its position of strength to create a positive change for the people and communities with which the Company interacts. HMA seeks to leverage its expertise and enable employees to support the communities around us.

**SYNDICATE 1947**  
**MANAGING AGENT'S REPORT (continued)**

**Business Relationships**

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

**Business Conduct**

The Board recognises that a commitment to a high standard of business conduct is critical to the delivery of the strategy and aspires to complete honesty and transparency in all activity. Among key documents reviewed and approved by the Board annually are the Conduct Management Framework, Whistleblowing Policy, Financial Crime Prevention Policy, and the Code of Conduct & Ethics. The Board further monitors conduct management at each meeting and is committed to maintaining high ethical standards.

**Regulators**

HMA has transparent communication with its key regulators which is facilitated through the compliance team. Any significant regulatory engagements are reported to the Board of HMA.

**Principal Risks and Uncertainties**

The Board sets risk appetite annually as part of the Syndicate's business planning and capacity setting process. HMA has established a Risk Committee which meets at least quarterly to review and update the risk register and to monitor performance against risk appetite using a series of key risk indicators. An Own Risk and Solvency Assessment ("ORSA") report is completed annually and reviewed on a quarterly basis. The ORSA is used to monitor changes in the risk profile of HMA and to ensure that HMA meets its current and future capital requirements. The principal risks and uncertainties facing the Syndicate are set out in note 2 to the Annual Report.

**Directors and Officers Serving During the Year**

The Directors who served during the year ended 31 December 2021 and up to the date of this report (and the current Company Secretary) are detailed on page 3.

**Annual General Meeting**

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

**Auditor**

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

**Disclosure of Information to the Auditor**

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

**Board Approval**

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

A. J. Daws  
Chief Executive Officer  
3 March 2022

**SYNDICATE 1947**  
**MANAGING AGENT'S REPORT (continued)**  
**STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES**

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

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

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

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

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

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

**SYNDICATE 1947**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 1947**

**Opinion**

We have audited the syndicate annual accounts of Syndicate 1947 ('the Syndicate') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate annual accounts:

- give a true and fair view of the Syndicate's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

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

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

**Other information**

The other information comprises the information included in the annual report as set out on pages 4 to 7, other than the syndicate annual accounts and our auditor's report thereon. The directors of the managing agent are responsible for the other information contained within the annual report. Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual accounts or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the syndicate annual accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of the managing agent**

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 8, the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the syndicate annual accounts**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Our approach was as follows:

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the Syndicate and determined that the most significant are direct laws and regulations, related to elements of Lloyd's Byelaws and Regulations, and the financial reporting framework (UK GAAP), and requirements referred to by Lloyd's in the instructions. Our considerations of other laws and regulations that may have a material effect on the syndicate annual accounts included permissions and supervisory requirements of Lloyd's of London, the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We obtained a general understanding of how the Syndicate is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the Syndicate. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the Syndicate, Lloyd's of London and other UK regulatory bodies; reviewed minutes of the Board and Risk Committee of the managing agent; and gained an understanding of the managing agent's approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related syndicate annual accounts' items.

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

- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the managing agent and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the managing agent's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with Lloyd's, the FCA and the PRA.
- The Syndicate operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the Syndicate's annual accounts to material misstatement, including how fraud might occur by considering the controls that the managing agent has established to address risks identified by the managing agent, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, economic or external pressures and their potential to influence management to manage earnings or influence the perceptions of stakeholders. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. The fraud risk was considered to be higher in respect of inadequate reserving for gross claims liabilities and improper revenue recognition in relation to insurance premiums. These procedures included testing manual journals and were designed to provide reasonable assurance that the syndicate annual accounts were free from fraud or error.

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

**Use of our report**

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

Robert Bruce (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
3 March 2022

**SYNDICATE 1947**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>TECHNICAL ACCOUNT – GENERAL BUSINESS</b>			
<b>Earned premiums, net of reinsurance</b>			
Gross premiums written	3	121,115	92,040
Outward reinsurance premiums		(23,653)	(21,765)
Net premiums written		97,462	70,275
Change in the provision for unearned premiums			
Gross amount		(17,856)	(16,008)
Reinsurers' share		(3,349)	4,312
Change in the net provision for unearned premiums		(21,205)	(11,696)
<b>Earned premiums, net of reinsurance</b>		76,257	58,579
<b>Allocated investment return transferred from the non-technical account</b>		(165)	75
<b>Claims incurred, net of reinsurance</b>			
Claims paid			
Gross amount		(47,243)	(20,162)
Reinsurers' share		11,396	52
Net claims paid		(35,847)	(20,110)
Change in the provision for claims			
Gross amount		(27,885)	(49,050)
Reinsurers' share		(2,921)	13,161
Change in the net provision for claims		(30,806)	(35,889)
<b>Claims incurred, net of reinsurance</b>		(66,653)	(55,999)
<b>Net operating expenses</b>	5	(21,970)	(14,011)
<b>Balance on the technical account for general business</b>		(12,531)	(11,356)
<b>NON-TECHNICAL ACCOUNT</b>			
Income from investments	9	(165)	75
Allocated investment return transferred to the technical account		165	(75)
Foreign exchange gains/(losses)		(132)	1,100
<b>Loss for the financial year</b>		(12,663)	(10,256)
Other comprehensive income		-	-
<b>Total comprehensive loss for the financial year</b>		(12,663)	(10,256)

All the amounts above are in respect of continuing operations.

**SYNDICATE 1947**  
**STATEMENT OF CHANGES IN MEMBERS' BALANCES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Balance due from members at 1 January	(23,555)	(13,299)
Loss for the financial year	(12,663)	(10,256)
Other comprehensive income	-	-
Total comprehensive loss for the financial year	(12,663)	(10,256)
Transfer to members personal reserve funds	6,104	-
<b>Balance due from members at 31 December</b>	<b>(30,114)</b>	<b>(23,555)</b>

**SYNDICATE 1947**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>ASSETS</b>			
<b>Investments</b>			
Financial investments	10	33,207	20,270
<b>Reinsurers' share of technical provisions</b>			
Provision for unearned premiums	13	1,547	4,903
Claims outstanding	13	15,401	18,095
		16,948	22,998
<b>Debtors due within one year</b>			
Debtors arising out of direct insurance operations – intermediaries	12	11,932	10,087
Debtors arising out of reinsurance operations		56,929	41,192
Other debtors – due from other syndicates		2	289
		68,863	51,568
<b>Other assets</b>			
Cash at bank and in hand		12,226	2,768
Other assets	10	1,557	765
		13,783	3,533
<b>Prepayments and accrued income</b>			
Deferred acquisition costs	11	10,277	7,322
Other prepayments & accrued income		84	56
<b>TOTAL ASSETS</b>		143,162	105,747
<b>MEMBERS' BALANCES AND LIABILITIES</b>			
<b>Members' balances</b>		(30,114)	(23,555)
<b>Technical provisions</b>			
Provision for unearned premiums	13	48,678	30,283
Claims outstanding	13	116,515	87,793
		165,193	118,076
<b>Creditors due within one year</b>			
Creditors arising out of reinsurance operations		5,750	7,896
Other creditors	14	163	-
		5,913	7,896
<b>Accruals and deferred income</b>		2,170	3,330
<b>TOTAL MEMBERS' BALANCES AND LIABILITIES</b>		143,162	105,747

The Syndicate Annual Accounts on pages 12 to 34 were approved by the Board of Hamilton Managing Agency Limited on 3 March 2022 and were signed on its behalf by:

R. S. Vetch  
Chief Financial Officer

**SYNDICATE 1947**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flow from operating activities</b>		
Operating result	(12,663)	(10,256)
<i>Adjustments:</i>		
Increase in technical provisions	45,741	65,057
Decrease / (increase) in reinsurers' share of technical provisions	2,991	(20,213)
Increase in debtors	(16,563)	(19,283)
(Decrease) / increase in creditors	(1,883)	1,611
Movement in other assets and liabilities	(1,590)	(1,602)
Investment return	165	(75)
<b>Net cash inflow from operating activities</b>	<b>16,198</b>	<b>15,239</b>
<b>Cash flows from investing activities</b>		
Purchase of equity and debt instruments	(27,599)	(27,409)
Sale of equity and debt instruments	14,836	13,207
Investment income received	202	79
<b>Net cash outflow from investing activities</b>	<b>(12,561)</b>	<b>(14,123)</b>
<b>Cash flow from financing activities</b>		
Net distribution	6,104	-
RITC net liabilities transfer	(19)	-
<b>Net cash inflow from financing activities</b>	<b>6,085</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,722</b>	<b>1,116</b>
Cash and cash equivalents at 1 January	2,768	1,585
Foreign exchange on cash and cash equivalents	(264)	67
<b>Cash and cash equivalents at 31 December</b>	<b>12,226</b>	<b>2,768</b>

**SYNDICATE 1947**  
**NOTES TO THE ANNUAL REPORT**  
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**1. Statement of Accounting Policies**

General Information

The Syndicate comprises a single corporate member of the Society of Lloyd's that underwrites insurance and reinsurance business in the London market. The corporate member is GIC Re, India, Corporate Member Limited. The registered address of the corporate member is 40 Lime Street, 3rd Floor, London, United Kingdom, EC3M 7AW.

Compliance with Accounting Standards

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

Basis of Preparation

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

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

Going Concern Basis

These financial statements are prepared on a going concern basis.

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

The Syndicate has capacity for the 2022 year of account and is continuing to underwrite. The Syndicate's business activities, together with the factors likely to affect its future development are set out in the Business Review contained within the Managing Agent's Report. In addition, note 2 to the Annual Report provides details of the financial risks the Syndicate is exposed to and how those risks are managed. Furthermore, the directors have assessed that the COVID-19 pandemic has no impact on the Syndicate's ability to continue as a going concern.

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

The Directors have a reasonable expectation that the Syndicate has adequate resources including the Funds at Lloyd's of the member supporting the Syndicate (as detailed in note 14) to continue in operational existence for the foreseeable future.

Use of Judgements and Estimates

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

Management have assessed the impact of the current COVID-19 pandemic. The degree of judgement (and uncertainty) in the booked reserves is somewhat higher because of COVID-19, otherwise, management do not consider that there are any impacts on accounting judgements for the Syndicate given that it is expected to maintain an appropriate level of liquidity and that its operational effectiveness has been maintained.

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

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**1. Statement of Accounting Policies (continued)**

Use of Judgements and Estimates (continued)

*Provision for Claims Outstanding*

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

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (“IBNR”) to the Syndicate.

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

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

*Estimated Premium Income*

For certain insurance contracts, premium is initially recognised based on an estimate. Where premium is sourced through delegated underwriting, the premium estimate is pro-rated across the facility period. This is calculated on a straight line basis unless the underlying writing pattern is understood to differ materially from this. Underwriters adjust the premium estimates as the year of account matures and after a set period, the premiums are adjusted to match the actual signed premium. These estimates are judgemental and could result in revisions in future accounting periods. The use of expert judgements and historical development patterns are the principle means by which the potential for revisions is minimised.

Basis of Accounting

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

*Premiums Written*

Premiums written comprise direct and inwards reinsurance premiums on contracts inception during the financial year. Premiums are shown gross of brokerage payable to intermediaries and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due to the Syndicate not yet notified.

*Unearned Premiums*

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

*Reinsurance Premiums Ceded*

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

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**1. Statement of Accounting Policies (continued)**

Basis of Accounting (continued)

*Acquisition Costs*

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

*Claims Provisions and Related Recoveries*

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

The provision for claims outstanding is assessed on an individual case by case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated IBNR at the balance sheet date based on statistical methods.

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

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

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

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

*Unexpired Risks Provision*

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition cost deferred. The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return. As at 31 December 2021 and 31 December 2020, the Syndicate did not have an unexpired risk provision.

*Foreign Currencies*

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

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

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**1. Statement of accounting policies (continued)**

Basis of Accounting (continued)

*Foreign Currencies (continued)*

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

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

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
US dollar	1.35	1.37
Canadian dollar	1.71	1.74
Euro	1.19	1.12
Australian dollar	1.86	1.77
Japanese yen	155.97	141.12

*Financial Investments*

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

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

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

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

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

*Cash and Cash Equivalents*

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

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**1. Statement of accounting policies (continued)**

Basis of Accounting (continued)

*Investment Return*

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

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

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

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

*Taxation*

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

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

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

*Pension Costs*

GIC UK branch operates a defined contribution scheme. Pension contributions relating to seconded staff are charged to the Syndicate and included within net operating expenses.

*Profit Commission*

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

Profit commission payable to Lloyd's coverholders or producing brokers has been provided for on all years of account and recognised within acquisition costs.

*Insurance Receivables*

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

*Insurance Payables*

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

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**1. Statement of accounting policies (continued)**

Basis of accounting (continued)

*Derecognition of Financial Assets*

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

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

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

**2. Risk Management**

Risk Framework

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

HMA has an established risk management function for the Syndicate with a clear remit from the Board. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the Board. The Risk Management Framework sets out the risk profiles for the Syndicate, risk management, control and business conduct standards for the Syndicate’s operations. It is reviewed annually and any changes are approved by the Board.

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

Insurance Risk - Underwriting

Insurance Risk is a core aspect of the Syndicate’s business model and it is recognised that uncertainty associated with the frequency and severity of claims is inherent to general insurance. The Syndicate accepts a measured amount of this risk in exchange for underwriting profit, relying on the skills and experience of our underwriters and a robust control framework to reduce the likelihood and impact of this risk as far as is practicable and without unreasonable expense.

HMA’s Board approves the risk appetite limit, considering the relativity between willingness to lose and potential forecast profitability for each year of account. The risk appetite will therefore reflect the view of forecast profitability, utilising the Syndicate’s latest business plan assumptions.

*Principal Risks*

The principal risk the Syndicate faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, and the development of long term claims liabilities. The objective of the Syndicate is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical segments. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

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**2. Risk Management (continued)**

Insurance Risk – Underwriting (continued)

*Reinsurance*

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

*Management Committee*

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

Underwriting authorities, underwriting peer reviews of all risks, independent review procedures, and the audit and review of delegated arrangements, all contribute to the strength of the underwriting control environment.

HMA records and monitors individual risk exposures to ensure they remain within the policies and guidelines set.

*Diversification*

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

*Claims Management*

To reduce the risk exposure of the Syndicate, HMA has put in place strict claim review policies to assess all new and ongoing claims. HMA performs regular detailed reviews of claims handling procedures and conducts frequent investigations of possible fraudulent claims.

The following table gives an indication of the likely quantum and scale of the largest (on a gross basis) Realistic Disaster Scenarios estimated for 2021 (highest gross event loss for year ended 31 December 2020 was California Earthquake – San Francisco at £52.6m).

<b>Realistic Disaster Scenarios</b>	<b>Gross event loss £000</b>	<b>Net event loss £000</b>
California Earthquake – Los Angeles	94,033	32,556
California Earthquake – San Francisco	92,637	31,438
European Windstorm	88,752	35,292

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

Insurance Risk – Reserving

*Principal Risk*

HMA's reserving policy seeks to ensure appropriate allowance for reserving risk and consistency in reserving from year to year. Booked reserves represent the level of reserves booked at syndicate level and provide the basis for the syndicate results and forecasts.

Actuarial best estimate reserves are intended to be true best estimates, i.e. estimates of expected value claims reserves. These are the basis for internal reporting and the derivation of expected loss ratios for business planning.

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**2. Risk Management (continued)**

Insurance Risk – Reserving (continued)

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

Impact on result and members’ balances (change in net reserves)	2021 £000	2020 £000
Net loss ratio - increase of 5%	(3,813)	(2,929)
Net loss ratio - increase of 10%	(7,626)	(5,858)

*Mitigation*

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

Regulatory Risk

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

*Capital Framework at Lloyd’s*

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

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

*Provision of Capital by Members*

Each member may provide capital to meet its Economic Capital Assessment (‘ECA’) either by assets held in trust by Lloyd’s specifically for that member (Funds at Lloyd’s), held within and managed within a syndicate (Funds in Syndicate) or as the member’s share of the members’ balances on each syndicate on which it participates.

Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members’ balances reported on the statement of financial position, represent resources available to meet members’ and Lloyd’s capital requirements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The key aspect of credit risk is the risk of default by a reinsurer, insurance intermediary or debt holder. The table below provides information regarding the credit risk exposure of the Syndicate at 31 December 2020 by classifying assets according to Standard & Poor’s credit ratings of the counterparties for assets not yet due. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB and below are classified as speculative grade and have not been rated.

**SYNDICATE 1947**  
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**2. Risk Management (continued)**

Credit Risk (continued)

<b>As at 31 December 2021</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB and below</b>	<b>Not rated</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Variable yield securities and shares	5,090	-	4,266	-	-	9,356
Debt securities	74	10,892	11,720	1,165	-	23,850
Overseas deposits	780	146	296	147	188	1,557
Reinsurers' share of outstanding claims	-	503	9,743	-	5,155	15,401
Reinsurance debtors not yet past due	-	73	267	-	2,669	3,009
Cash at bank and in hand	-	-	12,226	-	-	12,226
<b>Total</b>	<b>5,944</b>	<b>11,614</b>	<b>38,518</b>	<b>1,312</b>	<b>8,012</b>	<b>65,400</b>

  

<b>As at 31 December 2020</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB and below</b>	<b>Not rated</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Variable yield securities and shares	1,710	-	1,716	-	1,290	4,716
Debt securities	150	7,159	7,502	743	-	15,554
Overseas deposits	381	71	128	65	120	765
Reinsurers' share of outstanding claims	-	805	13,661	-	3,629	18,095
Reinsurance debtors not yet past due	-	-	-	-	47	47
Cash at bank and in hand	-	-	2,768	-	-	2,768
<b>Total</b>	<b>2,241</b>	<b>8,035</b>	<b>25,775</b>	<b>808</b>	<b>5,086</b>	<b>41,945</b>

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

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of any mitigation arrangements.

<b>As at 31 December 2021</b>	<b>Not yet due</b>	<b>Past due by three months</b>	<b>Past due three to six months</b>	<b>Past due six to 12 months</b>	<b>Past due over 12 months</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Variable yield securities and shares	9,356	-	-	-	-	9,356
Debt securities	23,851	-	-	-	-	23,851
Overseas deposits	1,557	-	-	-	-	1,557
Reinsurers' share of outstanding claims	15,401	-	-	-	-	15,401
Reinsurance Debtors	3,009	-	-	-	-	3,009
Cash at bank and in hand	12,226	-	-	-	-	12,226
Insurance debtors	7,869	3,442	192	358	72	11,933
Other debtors	65,829	-	-	-	-	65,829
<b>Total</b>	<b>139,098</b>	<b>3,442</b>	<b>192</b>	<b>358</b>	<b>72</b>	<b>143,162</b>

  

<b>As at 31 December 2020</b>	<b>Not yet due</b>	<b>Past due by three months</b>	<b>Past due three to six months</b>	<b>Past due six to 12 months</b>	<b>Past due over 12 months</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Variable yield securities and shares	4,716	-	-	-	-	4,716
Debt securities	15,554	-	-	-	-	15,554
Overseas deposits	765	-	-	-	-	765
Reinsurers' share of outstanding claims	18,095	-	-	-	-	18,095
Reinsurance Debtors	-	-	-	-	-	-
Cash at bank and in hand	2,768	-	-	-	-	2,768
Insurance debtors	6,858	686	1,143	734	666	10,087
Other debtors	53,762	-	-	-	-	53,762
<b>Total</b>	<b>102,518</b>	<b>686</b>	<b>1,143</b>	<b>734</b>	<b>666</b>	<b>105,747</b>

**SYNDICATE 1947**  
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**2. Risk Management (continued)**

Credit Risk (continued)

As at the balance sheet date, all financial assets of the Syndicate are unimpaired.

Liquidity Risk

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

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

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

<b>As at 31 December 2021</b>	<b>Up to one year £000</b>	<b>One to three years £000</b>	<b>Three to five years £000</b>	<b>Greater than five years £000</b>	<b>Total £000</b>
Claims outstanding	20,251	31,042	19,945	45,277	116,515
Creditors	5,913	-	-	-	5,913
Other	151	-	-	-	151
<b>Total</b>	<b>26,315</b>	<b>31,042</b>	<b>19,945</b>	<b>45,277</b>	<b>122,579</b>

  

<b>As at 31 December 2020</b>	<b>Up to one year £000</b>	<b>One to three years £000</b>	<b>Three to five years £000</b>	<b>Greater than five years £000</b>	<b>Total £000</b>
Claims outstanding	17,573	25,930	15,838	28,452	87,793
Creditors	7,896	-	-	-	7,896
Other	3,330	-	-	-	3,330
<b>Total</b>	<b>28,799</b>	<b>25,930</b>	<b>15,838</b>	<b>28,452</b>	<b>99,019</b>

Market Risk

*Investment Risk*

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

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

<b>Interest rate risk</b>	<b>2021 £000</b>	<b>2020 £000</b>
Impact of 50 basis point increase on result	(332)	(219)
Impact of 50 basis point decrease on result	332	219
Impact of 50 basis point increase net assets	(332)	(219)
Impact of 50 basis point decrease net assets	332	219

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**2. Risk Management (continued)**

Market Risk (continued)

*Currency Risk*

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

The Syndicate writes a significant proportion of insurance business in currencies other than pounds sterling, which creates an exposure to currency risk. The Syndicate seeks to manage this exposure by matching foreign currency assets and liabilities. The table below summarises the exposure of financial assets and liabilities to foreign currency exchange risk at the balance sheet date.

<b>As at 31 December 2021</b>	<b>GBP £000</b>	<b>USD £000</b>	<b>EUR £000</b>	<b>CAD £000</b>	<b>AUD £000</b>	<b>JPY £000</b>	<b>Total £000</b>
Financial investments	1,291	29,377	-	2,539	-	-	33,207
Reinsurers' share of technical provisions	162	17,273	(88)	(623)	307	(83)	16,948
Insurance and reinsurance receivables	6,664	58,125	2,266	792	955	61	68,863
Cash and overseas deposits	5,607	297	4,617	318	1,961	983	13,783
Other debtors, prepayments & accrued income	3,720	5,835	148	356	274	28	10,361
<b>Total assets</b>	<b>17,444</b>	<b>110,907</b>	<b>6,943</b>	<b>3,382</b>	<b>3,497</b>	<b>989</b>	<b>143,162</b>
Technical provisions	22,893	121,929	16,491	1,349	2,222	309	165,193
Insurance and reinsurance liabilities	20	5,784	(54)	-	-	-	5,750
Other creditors, accruals, deferred income	2,330	3	-	-	-	-	2,333
<b>Total liabilities</b>	<b>25,243</b>	<b>127,716</b>	<b>16,437</b>	<b>1,349</b>	<b>2,222</b>	<b>309</b>	<b>173,276</b>
Currency (deficiency)/surplus	(7,799)	(16,809)	(9,494)	2,033	1,275	680	(30,114)
<b>As at 31 December 2020</b>	<b>GBP £000</b>	<b>USD £000</b>	<b>EUR £000</b>	<b>CAD £000</b>	<b>AUD £000</b>	<b>JPY £000</b>	<b>Total £000</b>
Financial investments	1,292	17,603	-	1,375	-	-	20,270
Reinsurers' share of technical provisions	183	23,574	174	(160)	(773)	-	22,998
Insurance and reinsurance receivables	863	49,411	172	178	491	164	51,279
Cash and overseas deposits	649	92	607	137	1,510	538	3,533
Other debtors, prepayments & accrued income	4,247	3,216	(1)	110	95	-	7,667
<b>Total assets</b>	<b>7,234</b>	<b>93,896</b>	<b>952</b>	<b>1,640</b>	<b>1,323</b>	<b>702</b>	<b>105,747</b>
Technical provisions	(9,376)	(106,004)	(325)	(1,124)	(1,177)	(70)	(118,076)
Insurance and reinsurance liabilities	(88)	(7,779)	(29)	-	-	-	(7,896)
Other creditors, accruals, deferred income	(3,330)	-	-	-	-	-	(3,330)
<b>Total liabilities</b>	<b>(12,794)</b>	<b>(113,783)</b>	<b>(354)</b>	<b>(1,124)</b>	<b>(1,177)</b>	<b>(70)</b>	<b>(129,302)</b>
Currency (deficiency)/surplus	(5,560)	(19,887)	598	516	146	632	(23,555)

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

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**2. Risk management (continued)**

Market Risk (continued)

*Currency Risk (continued)*

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<i>Sterling weakens</i>		
10% against other currencies	(2,480)	(2,000)
20% against other currencies	(5,579)	(4,499)
<i>Sterling strengthens</i>		
10% against other currencies	2,029	1,636
20% against other currencies	3,719	2,999

Operational Risk

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

Climate Change

HMA undertakes assessments of the Syndicate's exposure to climate change risk. Within market risk, it is possible that the Syndicate's investments could be exposed to climate change risk, this is monitored using various metrics in conjunction with the Syndicate's investment managers which suggests that there is only marginal exposure to climate change risk. Within underwriting risk, climate change is relevant for a number of product areas, and HMA assesses current and future climate change risk in a variety of ways, including stress and scenario testing, over short and long term time horizons. HMA does not believe that these financial statements are subject to material uncertainty arising from climate change risk.

**3. Segmental Analysis**

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

<b>2021</b>	<b>Gross premiums written £000</b>	<b>Gross premiums earned £000</b>	<b>Gross claims incurred £000</b>	<b>Gross operating expenses £000</b>	<b>Reinsurance balance £000</b>	<b>Total £000</b>
<b>Direct insurance:</b>						
Marine aviation and transport	3,497	1,582	(1,334)	(794)	(163)	(709)
Fire and other damage to property	22,430	20,295	(27,977)	(4,720)	(2,150)	(14,552)
Miscellaneous	2,176	1,462	(376)	(728)	(341)	17
	28,103	23,339	(29,687)	(6,242)	(2,654)	(15,244)
<b>Reinsurance</b>	93,012	79,920	(45,441)	(15,728)	(15,873)	2,878
<b>Total</b>	121,115	103,259	(75,128)	(21,970)	(18,527)	(12,366)

<b>2020</b>	<b>Gross premiums written £000</b>	<b>Gross premiums earned £000</b>	<b>Gross claims incurred £000</b>	<b>Gross operating expenses £000</b>	<b>Reinsurance balance £000</b>	<b>Total £000</b>
<b>Direct insurance:</b>						
Marine aviation and transport	-	-	-	-	-	-
Fire and other damage to property	20,767	17,367	(29,071)	(5,423)	3,137	(13,990)
Miscellaneous	370	201	(69)	(95)	(60)	(23)
	21,137	17,568	(29,140)	(5,518)	3,077	(14,013)
<b>Reinsurance</b>	70,903	58,464	(40,072)	(11,132)	(4,678)	2,582
<b>Total</b>	92,040	76,032	(69,212)	(16,650)	(1,601)	(11,431)

Commissions on direct insurance gross premiums during 2021 were £3.3m (2020: £2.7m).

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**3. Segmental Analysis (continued)**

All premiums were concluded in the UK, other than £6.8m (2020: £0.2m) of business through the Lloyd's Brussels platform.

On 30 December 2020, the Syndicate transferred its EEA non-life insurance policies written between 2018 and 2020 to Lloyd's Insurance Company S.A. ('Lloyd's Brussels') pursuant to Part VII of the Financial Services and Markets Act 2000. The value of the net liabilities transferred was \$0.8m. The Syndicate transferred cash of the same amount to Lloyd's Brussels. Lloyd's Brussels subsequently reinsured the same liabilities back to the Syndicate on the same day. The reinsurance premium received was of the same amount of \$0.8m. There was no gain or loss arising on either transaction.

Both the cash transferred for the Part VII transfer and the premium subsequently received back from Lloyd's Brussels have been included in gross written premiums within the income statement. This treatment best reflects the connection between economic substance of both the Part VII transfer and the associated reinsurance arrangement, and the resulting economic substance of the combined transaction.

The 2020 year underwriting results for the transferred policies were reported in the same classes of business as in prior years, as the effective date of the transfer was 30 December 2020, and in line with Society of Lloyd's guidance no movements were processed on these policies on 31 December 2020. For 2021 (and future years), results relating to these risks are reported under the Inwards Reinsurance class of business, reflecting the new contractual arrangement with Lloyd's Brussels. The transaction has no impact on equity.

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
India	17,539	29,219
US	42,348	40,758
Other	61,228	22,063
<b>Total</b>	<b>121,115</b>	<b>92,040</b>

**4. Claims Incurred, Net of Reinsurance**

*Prior Year Reserve Development*

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

Claims incurred, net of reinsurance, include favourable prior year development of £5.1m (2020: £6.6m). Prior year claims development is analysed by line of business in the table below.

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Marine aviation and transport	-	4
Fire and other damage to property	2,312	(284)
Reinsurance	2,830	6,858
<b>Favourable development</b>	<b>5,142</b>	<b>6,578</b>

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**4. Claims Incurred, Net of Reinsurance (continued)**

*Gross Claims Development*

Pure underwriting year	2018	2019	2020	2021	Total
	£000	£000	£000	£000	£000
<i>Estimate of cumulative claims incurred</i>					
At the end of the underwriting year	19,813	25,033	39,477	56,631	
One year later	29,297	54,960	63,211	-	
Two years later	25,756	52,352	-	-	
Three years later	23,731	-	-	-	
Less: cumulative payments to date	(14,993)	(34,794)	(19,808)	(9,815)	
<b>Gross claims outstanding provision</b>	<b>8,738</b>	<b>17,558</b>	<b>43,403</b>	<b>46,816</b>	<b>116,515</b>

*Net Claims Development*

Pure underwriting year	2018	2019	2020	2021	Total
	£000	£000	£000	£000	£000
<i>Estimate of cumulative claims incurred</i>					
At the end of the underwriting year	16,239	24,295	35,459	52,433	
One year later	21,004	45,306	55,374	-	
Two years later	17,928	40,697	-	-	
Three years later	17,296	-	-	-	
Less: cumulative payments to date	(11,967)	(26,695)	(16,209)	(9,815)	
<b>Net claims outstanding provision</b>	<b>5,329</b>	<b>14,002</b>	<b>39,165</b>	<b>42,168</b>	<b>101,114</b>

**5. Net Operating Expenses**

	2021	2020
	£000	£000
Acquisition costs	19,864	12,737
Change in deferred acquisition costs	(3,278)	(2,741)
Administrative expenses	5,384	4,015
<b>Net operating expenses</b>	<b>21,970</b>	<b>14,011</b>

**6. Auditor's Remuneration**

	2021	2020
	£000	£000
<i>Fees payable to the Syndicate's auditor for:</i>		
Audit of the Syndicate Annual Accounts	80	90
Other services pursuant to regulations and Lloyd's byelaws	62	70
Other non-audit services	60	39
	<b>202</b>	<b>199</b>

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

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**7. Staff Numbers and Costs**

All staff were employed by Hamilton UK Services Limited, except for 8 underwriting staff seconded from GIC UK branch and 3 from GIC Head Office (average number employed during the year; 2020: 10 underwriting staff).

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	2,117	1,881
Pension costs	82	142
	<b>2,199</b>	<b>2,023</b>

**8. Emoluments of the Directors of Hamilton Managing Agency Limited**

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

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

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Emoluments	346	434
Pension contributions	2	32
	<b>348</b>	<b>466</b>

**9. Investment Return**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest from financial instruments designated as at fair value through profit or loss	275	53
Other interest and similar income	19	26
Investment income	294	79
<i>Other income from investments designated as at fair value through profit or loss:</i>		
Realised gains/(losses)	(79)	8
Unrealised gains/(losses)	(367)	(4)
		4
Investment management charges	(13)	(8)
<b>Total investment return transferred to the technical account</b>	<b>(165)</b>	<b>75</b>

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**10. Financial investments**

	<b>2021</b> <b>Market</b> <b>Value</b> <b>£000</b>	<b>2021</b> <b>Cost</b> <b>£000</b>	<b>2020</b> <b>Market</b> <b>Value</b> <b>£000</b>	<b>2020</b> <b>Cost</b> <b>£000</b>
Shares and other variable yield securities	9,357	9,357	4,716	4,716
Debt securities and other fixed income securities	23,850	24,229	15,554	15,558
	<b>33,207</b>	<b>33,586</b>	<b>20,270</b>	<b>20,274</b>

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

- Level 1 Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry syndicate, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.
- Level 3 Included in the level 3 category are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, observable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset. These inputs are developed based on the best information available, which might include the Syndicate's own data.

<b>2021</b>	<b>Level 1</b> <b>£000</b>	<b>Level 2</b> <b>£000</b>	<b>Level 3</b> <b>£000</b>	<b>Total</b> <b>£000</b>
Shares and other variable yield securities	4,999	3,067	1,291	9,357
Debt securities and other fixed income securities	-	23,850	-	23,850
Other assets: overseas deposits	250	1,307	-	1,557
<b>Total</b>	<b>5,249</b>	<b>28,224</b>	<b>1,291</b>	<b>34,764</b>

<b>2020</b>	<b>Level 1</b> <b>£000</b>	<b>Level 2</b> <b>£000</b>	<b>Level 3</b> <b>£000</b>	<b>Total</b> <b>£000</b>
Shares and other variable yield securities	1,677	1,747	1,292	4,716
Debt securities and other fixed income securities	-	15,554	-	15,554
Other assets: overseas deposits	167	598	-	765
<b>Total</b>	<b>1,844</b>	<b>17,899</b>	<b>1,292</b>	<b>21,035</b>

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

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**11. Deferred Acquisition Costs**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 January	7,322	2,318
Change in deferred acquisition costs	3,278	5,175
Effect of exchange rates	(323)	(171)
Balance at 31 December	10,277	7,322

**12. Debtors Arising Out of Direct Insurance Operations**

Included within amounts due from intermediaries at 31 December 2021 is £2.5m in relation to payments to loss funds (2020: £0.5m).

**13. Technical Provisions**

<b>Year ended 31 December 2021</b>	<b>Gross</b>	<b>2021</b>	<b>Net</b>
	<b>£000</b>	<b>RI</b>	<b>£000</b>
		<b>£000</b>	
<i>Incurring claims outstanding:</i>			
Balance at 1 January	87,793	(18,095)	69,698
Expected cost of current year claims	75,128	(8,475)	66,653
Claims paid during the year	(47,243)	11,396	(35,847)
Foreign exchange movement	837	(227)	610
Balance as at 31 December	116,515	(15,401)	101,114
Claims notified	52,468	(13,217)	39,251
Claims incurred but not reported	64,047	(2,184)	61,863
Balance as at 31 December	116,515	(15,401)	101,114
<i>Unearned premiums</i>			
Balance at 1 January	30,283	(4,903)	25,380
Premiums written during the year	121,115	(23,653)	97,462
Premiums earned during the year	(103,259)	27,002	(76,257)
Foreign exchange movement	539	7	546
Balance at 31 December	48,678	(1,547)	47,131

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**13. Technical Provisions (continued)**

<b>Year ended 31 December 2020</b>	<b>Gross £000</b>	<b>2020 RI £000</b>	<b>Net £000</b>
<i>Incurring claims outstanding:</i>			
Balance at 1 January	43,150	(6,102)	37,048
Expected cost of current year claims	69,212	(13,213)	55,999
Claims paid during the year	(20,162)	52	(20,110)
Foreign exchange movement	(4,407)	1,168	(3,239)
<b>Balance as at 31 December</b>	<b>87,793</b>	<b>(18,095)</b>	<b>69,698</b>
Claims notified	29,469	(8,026)	21,443
Claims incurred but not reported	58,324	(10,069)	48,255
<b>Balance as at 31 December</b>	<b>87,793</b>	<b>(18,095)</b>	<b>69,698</b>
<i>Unearned premiums</i>			
Balance at 1 January	15,567	(900)	14,667
Premiums written during the year	92,040	(21,765)	70,275
Premiums earned during the year	(76,032)	17,453	(58,579)
Foreign exchange movement	(1,292)	309	(983)
<b>Balance at 31 December</b>	<b>30,283</b>	<b>(4,903)</b>	<b>25,380</b>

**14. Other Creditors**

	<b>2021 £000</b>	<b>2020 £000</b>
Due to Hamilton Group companies	163	-
<b>Balance at 31 December</b>	<b>163</b>	<b>-</b>

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**15. Related Parties**

Capital

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

Managing Agent

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

During the financial year the Syndicate incurred managing agent fees of £0.9m (2020: £0.6m) and a yearly fixed fee of £2.7m (2020: £2.0m) for the services provided to the Syndicate. In addition, Hamilton UK Services Limited recharged costs incurred on behalf of the Syndicate of £0.5m (2020: £0.6m). At the year end, £0.2m (2020: £0.1m) is payable to the Hamilton Group.

Ultimate Parent Company

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

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

Transactions with the GIC Group

Much of the Syndicate’s gross premium written relates to cessions from the GIC Group (details are provided on page 4). The Syndicate also purchases certain reinsurance programmes from the GIC Group, premiums ceded (net of commissions) were £2.1m (2020: £5.0m). Details of staff seconded to the Syndicate from GIC UK branch are provided in note 7. Details of other amounts payable to GIC Group companies are provided in note 14.

**16. Funds at Lloyd’s**

Every member is required to hold capital at Lloyd’s which is held in trust and known as Funds at Lloyd’s (“FAL”) and these funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members’ underwriting liabilities.

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

**17. Off Balance Sheet Items**

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