Accounts disclaimer

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Syndicate 5000

Annual Accounts as at December 2020

Contents

Directors & Administration

Managing Agent

Travelers Syndicate Management Limited

Directors

Sir J G T Carter (Independent Non-Executive Director)
A G Coughlan (Independent Non-Executive Director)
G S Dibb (Independent Non-Executive Director)
P H Eddy (Non-Executive Director)
M J Gent
M Olivo (Non-Executive Director)
K C Smith (Chairman - Non-Executive Director)
M L Wilson

Company Secretary

J M Abramson

Registered office

One Creechurch Place, Creechurch Lane,
London, EC3A 5AF

Registered number

3207530

Syndicate

Active Underwriter

C Allison

Bankers

Citibank N.A.

Royal Bank of Canada

Barclays Bank PLC

Investment manager

The Travelers Indemnity Company

Registered auditor

KPMG LLP,
Chartered Accountants, Statutory Auditor,
15 Canada Square, London, E14 5GL

Strategic Report of the Directors of the Managing Agent

The Directors of Travelers Syndicate Management Limited present their strategic report for the year ended 31 December 2020.

Principal Activities

The principal activity of Syndicate 5000 (the Syndicate) during the year continued to be the transaction of insurance in its chosen direct and predominantly non-liability classes, namely:

Property	Construction and Special Risks	Aviation
Retail Marine	Professional Risks	
International Marine	Energy	

The Syndicate's business is produced through the Lloyd's broker network and written in the subscription market, in either a lead or follow capacity. Opportunities in allied classes of business are being sought continuously.

Review of the Business

The result for the year ended 31 December 2020 was a loss of £19.3m (2019: loss of £107.9m) and a combined ratio of 107.4%, (2019: 136.1%).

The 2020 combined ratio is much improved over the prior year. This reflects the impact of the underwriting remediation actions taken and the favourable market trading environment. The reported combined ratio of 107.4% includes 5 pts of adverse impact due to COVID-19. This includes both losses directly resulting from the pandemic and increases made to loss ratios in anticipation of an elevated level of claims frequency and severity in the economic recession following the pandemic. Excluding the impact of the pandemic, the attritional and prior year loss ratios were consistent with our expectations. Large losses though were adverse to expectations by about 5 pts.

Gross written premiums are down year on year by £62m. This reflects the impact of underwriting remediation actions, the deliberate non-renewal of certain cases due to the inability to secure COVID-19 exclusions and the adverse impact of the reduced economic activity in 2020.

The priority for the Syndicate in 2021 is to return to an underwriting profit. There has been a significant amount of underwriting remediation undertaken in 2019 and 2020 and rates have hardened significantly through this period. In 2020 we achieved rate increases across the portfolio of 15% and we expect to achieve further rate increases in 2021. On the back of all the portfolio management activity, and the continuing supportive market environment, we believe the Syndicate will return to an underwriting profit in 2021.

The impact of COVID-19 has dominated 2020. In terms of direct losses to the Syndicate the impact has been modest and from an operational resilience perspective the transition to working from home was made very smoothly. Gross written premium levels have been adversely impacted by the inability to secure COVID exclusions in all cases where we believed it to be necessary and by the impact of the economic recession that has followed the pandemic on those portfolios that are particularly sensitive to the economy. As we look forward to 2021, given the nature of the Syndicate’s book of business, and the COVID-19 exclusions we have applied to our portfolio as it has renewed, we do not anticipate any further material direct losses from the pandemic. However, we recognise we are in a period of greater than normal economic uncertainty and have increased the loss ratios in our 2021 plan in anticipation of this.

Review of the Business (continued)

We have considered the appropriateness of the going concern assumption. In doing so the Board has considered the 2021 business plan, the likely trading environment over the next twenty four months and the financial strength of the parent company, The Travelers Companies, Inc. The Board concluded that it remained appropriate to continue to prepare the Syndicate's financial statements using the going concern assumption.

On 30 December 2020, the Members and former Members of the Syndicate, as comprised for each of the relevant years of account between 1993 and April 2019 (or October 2020 in the case of German reinsurance), transferred all relevant policies (and related liabilities) underwritten by them for those years of account to Lloyd's Insurance Company S.A. ('Lloyd's Brussels'), in accordance with Part VII of the Financial Services and Markets Act 2000. On the same date, the Members of the Syndicate entered into a 100% Quota Share Reinsurance Agreement whereby Lloyd's Brussels reinsured all risks on the same policies back to the relevant open years of account of the Syndicate which wrote the transferring policies and/or inherited liabilities on transferring policies through Reinsurance to Close of earlier years of account. Following the sanction of the scheme by the High Court on 25 November 2020, the scheme took effect on 30 December 2020 and the Members and former Members of the Syndicate transferred the impacted EEA policies and related liabilities to Lloyd's Brussels, together with cash of $60,485,700. On the same date, under the Reinsurance Agreement, Lloyd's Brussels reinsured the same risks back, together with an equal amount of cash of $60,485,700. The combined effect of the two transactions had no economic impact for the Syndicate, and accordingly there is no impact on the Syndicate's income statement or balance sheet. Current year underwriting results for the transferred policies have been 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. In future years, results relating to these risks will be reported under the Inwards Reinsurance class of business, reflecting the new contractual arrangement with Lloyd's Brussels.

Post Balance Sheet Event

The Syndicate has exposure to the winter storm event, Winter Storm Uri, that hit Texas and other parts of the United States in the middle of February 2021. We are currently assessing the impact to the Syndicate. Whilst there remains significant uncertainty this soon after the event, our current estimate is for the net loss to be in the range of $10m to $20m.

Strategic Report of the Directors of the Managing Agent

Investment Report

The Syndicate's investment portfolio is managed by the Travelers Indemnity Company, a subsidiary of The Travelers Companies, Inc. A summary of the invested assets and returns is as follows:

	2020 £m	2019 £m
Interest and realised gains	**10.4**	6.8
Unrealised gains	**10.0**	8.7
Total investment return	**20.4**	15.5
Cash and investment balance at 1 January	**431.6**	427.5
Cash and investment balance at 31 December	**568.6**	431.6

The Syndicate's total investment return was £20.4m compared to the prior year return of £15.5m. The portfolio is predominantly comprised of fixed income assets.

The currency mix of the portfolio is:

	2020	2019
US Dollar	**89%**	84%
Sterling	**3%**	5%
Euro	**4%**	6%
Canadian Dollar	**4%**	5%
Total	**100%**	100%

The credit risk in the portfolio is actively managed. Investment guidelines are designed to mitigate credit risk by ensuring a diversification of holdings and setting average credit rating targets across the whole portfolio.

The stratification of the portfolio's credit quality at 31 December was:

	2020	2019
AAA	**33%**	43%
AA	**40%**	35%
A	**27%**	22%
Total	**100%**	100%
Average credit quality	**AA+**	AA+

The average duration across the portfolio was 2.2 years at 31 December 2020 (2019: 2.1 years).

The total investment returns achieved for the major currencies were as follows:

	2020	2019
US Dollar	**5.3%**	5.1%
Sterling	**2.2%**	2.5%
Euro	**0.2%**	0.7%
Canadian Dollar	**3.8%**	2.2%

Investment returns are largely driven by prevailing market yields which remain low by historic standards. This applies to all currencies we invest in.

We do not anticipate any changes to our investment strategy in 2021.

Risk Review

Principal Risks and Uncertainties

The Board of Directors of Travelers Syndicate Management Limited has overall responsibility for the establishment and oversight of the Syndicate's Risk Management Framework.

The Board of Directors has established a Board Risk and Remuneration Committee and an Executive Risk Committee responsible for setting the risk appetite and approving it annually as part of the Syndicate's business planning process. The Board Risk and Remuneration Committee meets regularly to provide oversight of key risks and issues and to oversee performance against risk appetite. The Executive Risk Committee meets regularly to review and update key risks and issues arising from the risk register and to monitor performance against risk appetite using a series of metrics.

The principal risks and uncertainties facing the Syndicate are set out below.

Insurance Risk

Insurance risk relates to underwriting and claims management and the risk that arises from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, and includes catastrophe risk and reserve risk.

The Managing Agent manages insurance risk by setting an appetite annually through the business planning process, which sets down the Syndicate's targets for underwriting classes, underwriting volumes, pricing sufficiency, line sizes and retentions by class of business. The Managing Agent subsequently monitors performance against the business plan throughout the year. The Syndicate uses catastrophe modelling software to model probabilities of loss from catastrophe exposed business.

Reserve adequacy is monitored through quarterly internal actuarial review. The Underwriting Committee oversees underwriting and catastrophe risks and the Finance Committee oversees reserving risk.

Credit Risk

The major sources of credit risk arise from the risk of default by one or more of the Syndicate's reinsurers or from one or more of the Syndicate's investment counterparties. The Syndicate operates a rigorous policy for the selection of reinsurers and managing the quantum of exposure ceded to any one reinsurer. The Syndicate has a conservative appetite to credit risk from investment counterparties and maintains a high quality investment portfolio with an average credit rating of AA+. The Finance Committee monitors and manages the Syndicate's exposure to credit risk.

Market Risk

The primary source of market risk is the risk of adverse movements in the value of assets due to movements in interest rates, currency rates and other market factors. Market risk exposures are monitored through the Finance Committee.

Operational Risk

The primary source of operational risk is the failure of people, processes or systems. These risks are managed through well documented policies and procedures, sound internal control processes and business continuity management procedures. The Executive Risk Committee oversees this risk type.

The pandemic has forced a change in the way we operate. The vast majority of staff and the market have worked remotely for the majority of the year. The business continuity plans and procedures we have in place worked well and there was no material impact on the way we carried out business or on our internal processes and controls. The Lloyd's market electronic placing capabilities also played a major role in being able to continue transacting business.

Regulatory Risk

Regulatory risk comprises the failure to comply with relevant regulations and laws. This risk is overseen by the Executive Risk Committee.

Conduct Risk

Conduct risk is the risk that the Syndicate fails to pay due regard to the interest of its customers or fails to treat them fairly at all times. Conduct risk exposures are monitored through the Executive Risk Committee.

Approved by the Board of Travelers Syndicate Management Limited on 3 March 2021.

M L Wilson
Chief Executive Officer

3 March 2021

Report of the Directors of the Managing Agent

The Directors of the Managing Agent present their Managing Agent's Report for the year ended 31 December 2020.

This annual report is prepared using the annual basis of accounting as required by Statutory Instrument No. 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable United Kingdom Accounting Standards, 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').

The Managing Agent has agreed with the Syndicate's members to take advantage of the dispensation available and will not be producing separate underwriting year accounts for the Syndicate.

<u>Results</u>

The result for the year ended 31 December 2020 is a loss of £19.3m (2019: loss of £107.9m).

<u>Principal Activities</u>

The principal activities of the Syndicate are described within the Strategic Report of the Directors' of the Managing Agent.

<u>Business Review</u>

An analysis of the performance of the Syndicate is described within the Strategic Report of the Directors' of the Managing Agent.

<u>Directors & Directors' Interests</u>

All of the Directors set out on page 1 served throughout the year.

No director participated in the Syndicate during the period under review.

The Directors benefited from qualifying third party indemnity provisions.

<u>Active Underwriter</u>

On 1 January 2021 Chris Allison succeeded Nick Rnjak as active underwriter for Syndicate 5000.

<u>Disclosure of Information to the Auditor</u>

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

<u>Auditor</u>

Pursuant to the an audit tender process in 2020, Mazars will be appointed as auditor of the Syndicate for the financial year ending 31 December 2021. KPMG LLP will resign as the Syndicate's auditor following completion of their statutory and regulatory audits for the financial year ended 31 December 2020.

On behalf of the Board

J M Abramson
Company Secretary

3 March 2021

Statement of Managing Agent's Responsibilities

The Directors of the Managing Agent are responsible for preparing the Syndicate annual accounts in accordance with applicable law and regulations.

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- Assess the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

The Directors of the Managing Agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors of the Managing Agent are responsible for the maintenance and integrity of the Syndicate and financial information included on the Syndicate's website. Legislation in the UK governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

On behalf of the Board

J M Abramson
Company Secretary

3 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 5000

Opinion

We have audited the Syndicate annual accounts of Syndicate 5000 ("the Syndicate") for the year ended 31 December 2020 which comprise the Statement of Profit and Loss: Technical account, Statement of Profit and Loss: non-technical account, Statement of Comprehensive Loss, Balance Sheet, Statement of Changes in Members' Balances, Statement of Cash Flows and related notes, including the accounting policies in note 3.

In our opinion the Syndicate annual accounts:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

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

Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Syndicate's business model and analysed how those risks might affect the Syndicate's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the Audit Committee, internal audit, legal, risk and compliance and inspection of policy documentation as to the Syndicate's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Syndicate's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Committee and other relevant committee meeting minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

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

As required by auditing standards, and taking into our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk of bias in accounting estimates and judgements such as claims outstanding and premium debtors.

We did not identify any additional fraud risks, to those related to the accounting estimates.

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

We also performed procedures including:

- Identifying journal entries and other material adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to accounts linked to an accounting estimate, cash accounts or suspense with unusual or non-routine transactions, those posted with unusual descriptions and those posted by infrequent posters.
- Assessing significant accounting estimates for bias.

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

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

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

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

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

Firstly, the Syndicate is subject to laws and regulations that directly affect the annual accounts including the regulatory capital requirements and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related annual accounts items.

Whilst, the Syndicate is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the annual accounts. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the annual accounts, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the annual accounts, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information - Report of the Directors of the Managing Agent

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Syndicate annual accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Responsibilities of the Directors of the Managing Agent

As explained more fully in their statement set out on page 8, the Directors of the Managing Agent are responsible for: the preparation of the Syndicate annual accounts and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Syndicate annual accounts that are free from material misstatement, whether due to fraud or error; assessing the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Umar Jamil
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
London
Date: 4 March 2021

Statement of Profit & Loss Account: Technical Account

	Note	2020 £000	2019 £000
Gross premiums written	5	**307,668**	369,787
Outward reinsurance premiums		**(45,259)**	(58,381)
Net premiums written		**262,409**	311,406
Change in the provision for unearned premiums			
Gross amount	15	**42,347**	(9,304)
Reinsurers' share	15	**(6,941)**	8,922
Earned Premiums, net of reinsurance		**297,815**	311,024
Allocated Investment Return transferred from the non-technical account		**7,908**	4,470
Claims incurred, net of reinsurance			
Claims paid			
Gross claims paid		**(203,356)**	(296,525)
Reinsurers' share		**16,913**	48,309
Net claims paid		**(186,443)**	(248,216)
Change in the provision for claims			
Gross amount	15	**(16,672)**	(60,097)
Reinsurers' share	15	**1,653**	9,415
Change in the net provision for claims		**(15,019)**	(50,682)
Claims incurred, net of reinsurance		**(201,462)**	(298,898)
Net operating expenses	7	**(118,520)**	(124,307)
Balance on the technical account for general business		**(14,259)**	(107,711)

Statement of Profit & Loss Account: Non-Technical Account

	Note	2020 £000	2019 £000
Balance on the technical account for general business		**(14,259)**	(107,711)
Realised gains on investments		**920**	604
Investment Income		**9,980**	8,577
Investment expenses and charges		**(314)**	(255)
Realised losses on investments		**(195)**	(2,149)
	18	**10,391**	6,777
Allocated investment return transferred to technical account for general business		**(7,908)**	(4,470)
Loss on exchange		**(7,564)**	(2,522)
Loss for financial year		**(19,340)**	(107,926)

All operations relate to continuing activities.

Statement of Comprehensive Loss

	Note	2020 £000	2019 £000
Loss for the year		**(19,340)**	(107,926)
Unrealised gains on investments	18	**9,976**	8,759
Currency translation differences		**(103)**	2,182
Total comprehensive loss for the year		**(9,467)**	(96,985)

The notes on pages 16 to 35 form part of these financial statements.

Balance Sheet

	Note	2020 £000	2019 £000
Investments			
Financial investments	11	**511,117**	403,480
Reinsurers' share of technical provisions			
Provision for unearned premiums	15	**19,784**	26,293
Claims outstanding	15	**87,495**	86,873
		107,279	113,166
Debtors			
Arising out of direct insurance operations	12	**64,024**	83,123
Arising out of reinsurance operations	12	**16,663**	30,419
Other debtors	12	**3,601**	2,315
		84,288	115,857
Other Assets			
Cash and cash equivalents	16	**44,632**	12,926
Overseas deposits		**12,895**	15,172
		57,527	28,098
Prepayments and accrued income			
Accrued interest		**2,514**	2,221
Deferred acquisition costs	13	**36,605**	48,776
Other prepayments and accrued Income		**-**	584
		39,119	51,581
Total Assets		**799,330**	712,182
Capital & Reserves			
Members' balances		**84,334**	(49,631)
Technical Provisions			
Provision for unearned premiums	15	**158,109**	199,963
Claims outstanding	15	**521,835**	513,980
		679,944	713,943
Creditors			
Arising out of direct insurance operations		**317**	374
Arising out of reinsurance operations		**33,413**	38,429
Other creditors		**1,191**	8,939
		34,921	47,742
Accruals & deferred income		**131**	128
Total Liabilities		**799,330**	712,182

The Syndicate financial statements on pages 13 to 35 were approved by the Board of Travelers Syndicate Management Limited on 3 March 2021 and were signed on its behalf by:

M J Gent
Director

3 March 2021

The notes on pages 16 to 35 form part of these financial statements.

Statement of Changes in Members' Balances

	2020 £000	2019 £000
Members' balances brought forward at 1 January	**(49,631)**	(20,727)
Loss for the financial year	**(19,340)**	(107,926)
Other comprehensive income	**9,873**	10,941
Total comprehensive loss	**(9,467)**	(96,985)
Members' funds transferred to Funds in Syndicate (FIS)	**49,045**	13,043
Payment of losses re closed year of account	**93,760**	53,728
Non-standard Personal Expenses	**627**	1,310
Members' balances carried forward at 31 December	**84,334**	(49,631)

Statement of Cash Flows

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Loss for the financial year		**(19,340)**	(107,926)
(Decrease)/increase in gross technical provisions		**(33,999)**	45,621
Decrease/(increase) in reinsurers' share of gross technical provisions		**5,886**	(14,602)
Decrease in debtors		**44,951**	12,049
Decrease in creditors		**(12,818)**	(9,123)
Movement in other assets/liabilities		**2,277**	(4,350)
Investment return		**(10,391)**	(6,777)
Net cash (outflow)/inflow from operating activities		**(23,434)**	(85,108)
Cash flows from investing activities			
Acquisition of financial instruments		**(233,424)**	(186,488)
Proceeds from sale of financial instruments		**128,041**	176,878
Investment income received		**10,098**	7,084
Foreign Exchange		**7,697**	10,956
Other		**(585)**	(6,319)
Net cash inflow/(outflow) from investing activities		**(88,173)**	2,111
Cash flows from financing activities			
Payment of losses re closed year of account		**93,760**	53,728
Net movement on Funds in Syndicate		**49,531**	13,043
Other comprehensive income		**-**	10,941
Net cash inflows from financing activities		**143,291**	77,712
Net increase/(decrease) in cash and cash equivalents		**31,684**	(5,285)
Cash and cash equivalents at 1 January		**13,688**	18,973
Cash and cash equivalents at 31 December	16	**45,372**	13,688

The notes on pages 16 to 35 form part of these financial statements.

Notes to the Accounts

1. Basis of Preparation

Syndicate 5000 (the Syndicate) is supported by two corporate members' of the Society of Lloyd's and underwrites insurance business in the London market. The Syndicate's Managing Agent is Travelers Syndicate Management Limited. The registered address of the Syndicate's Managing Agent is One Creechurch Place, Creechurch Lane, London, EC3A 5AF.

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

The financial statements have been prepared on the historical cost basis, except for financial assets held for sale that are measured at fair value.

In assessing the Syndicate’s going concern position as at 31 December 2020, the Directors have considered a number of factors, including the current statement of financial position, the Syndicate’s forward looking financial plans, the likely trading environment over the next twenty four months, the potential impact of the continuing global pandemic and the financial strength of the parent company, The Travelers Companies Inc. As a result of the assessment, the Directors have a reasonable expectation that the Syndicate has adequate resources to continue in operational existence for the foreseeable future and therefore believe that it is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparingthe Syndicate’s financial statements.

On 30 December 2020, the Members and former Members of the Syndicate, as comprised for each of the relevant years of account between 1993 and April 2019 (or October 2020 in the case of German reinsurance), transferred all relevant policies (and related liabilities) underwritten by them for those years of account to Lloyd’s Insurance Company S.A. (‘Lloyd’s Brussels’), in accordance with Part VII of the Financial Services and Markets Act 2000. On the same date, the Members of the Syndicate entered into a 100% Quota Share Reinsurance Agreement whereby Lloyd’s Brussels reinsured all risks on the same policies back to the relevant open years of account of the Syndicate which wrote the transferring policies and/or inherited liabilities on transferring policies through Reinsurance to Close of earlier years of account. Following the sanction of the scheme by the High Court on 25 November 2020, the scheme took effect on 30 December 2020 and the Members and former Members of the Syndicate transferred the impacted EEA policies and related liabilities to Lloyd’s Brussels, together with cash of $60,485,700. On the same date, under the Reinsurance Agreement, Lloyd’s Brussels reinsured the same risks back, together with an equal amount of cash of $60,485,700. The combined effect of the two transactions had no economic impact for the Syndicate, and accordingly there is no impact on the Syndicate’s income statement or balance sheet. Current year underwriting results for the transferred policies have been 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. In future years, results relating to these risks will be reported under the Inwards Reinsurance class of business, reflecting the new contractual arrangement with Lloyd’s Brussels.

The financial statements are presented in Pound Sterling (GBP), which is the Syndicate's presentational currency. The functional currency of Syndicate 5000 is US Dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated. The Syndicate has chosen to have a presentational currency of sterling, which is different to its functional currency of dollars, as its regulatory reporting to Lloyd’s is required in sterling and this allows for consistency between the Syndicate’s Report and Accounts and its regulatory reporting to Lloyd’s.

2. Use of Judgements and Estimates

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

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

The measurement of the provision for claims outstanding involves judgement 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. There is the risk that material adverse changes to this estimate in future years may have a material impact on the Syndicate's reported performance and financial position.

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate, to reduce the likelihood of adverse run-off deviation.

Another critical estimate is the estimate of the amount of gross written premiums that will ultimately attach to each year of account. Premiums written for the latest year of account are based on the estimated premium income (EPI) of each contract written , with an adjustment for pipeline premiums and for that element of premiums under binders and lineslips where the underlying contracts will attach in future accounting periods. For older years of account estimates of ultimate premiums are derived by way of actuarial projections of signed premiums. Any changes in estimates are recognised in the period in which the change is identified.

3. Significant Accounting Policies

Basis of accounting

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

Premiums written

Premiums written comprise premiums on contracts incepted during the financial year as well as adjustments made in the year to premiums written in prior accounting periods. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Premiums written include estimates for pipeline premiums representing amounts written but not reported to the Syndicate by the balance sheet date.

Unearned premiums

Written premiums are recognised as earned according to the risk profile of the underlying policy. Unearned premiums represent the proportion of premiums written that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate. The reinsurers' share of unearned premiums is calculated with reference to the risk profile of the underlying reinsurance contract.

Reinsurance premiums ceded

Outwards reinsurance premiums are accounted for in the accounting period in which the underlying reinsurance treaty or facultative contract incepts. Reinstatement premiums are recognised when triggered by large or catastrophe losses.

Claims provisions and related recoveries

The provision for claims comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR).

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 provisions relating to previous years.

The provision for claims outstanding is assessed on an individual case basis for reported claims 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 claims incurred by the balance sheet date but not reported until after the year end (IBNR), 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 from 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, together with a contract by contract assessment of problematical areas and major catastrophes that do not lend themselves to projection based methods.

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

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.

Reinsurance assets are assessed for impairment at each balance sheet date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Syndicate may not recover all amounts due, and that event has a reliably measurable impact on the amount that the Syndicate will receive from the reinsurer. Impairment losses are recognised in profit or loss in the period in which the impairment loss is recognised.

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate, to reduce the likelihood of adverse run-off deviation.

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

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

Acquisition costs

Acquisition costs included the direct expenses, primarily commissions and brokerage, of acquiring the insurance policies written during the year. Acquisition costs are charged to the accounting periods in which the related premiums are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred which correspond to the proportion of gross written premiums which are unearned at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency using exchange rates at the date of transactions. 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. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts into the functional currency are included in the non-technical account. Differences arising from the conversion of the functional to the presentational currency are included in the statement of comprehensive income.

Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values presented in the statement of profit and loss or the statement of comprehensive income. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Debt and other fixed-income securities are designated as available for sale and initially recognised at cost. After initial measurement, these assets are subsequently measured at fair value. Interest earned whilst holding available for sale financial assets is reported as interest income. Other fair value changes are recognised in other comprehensive income and accumulated in the fair value reserve.

If an available-for-sale investment is sold or impaired, the net cumulative gain or loss accumulated in the fair value reserve is reclassified to profit or loss. Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The net cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment, and the current fair value, less any impairment loss recognised previously in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. Otherwise it is reversed through the statement of comprehensive income.

Deposits with credit institutions, debtors and accrued interest are classified as loans and receivables.

Recognition

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

Identification & measurement of impairment

The Syndicate conducts a periodic review to identify invested assets having other than temporary impairments. Some of the factors considered in identifying other than temporary impairments include: (1) whether the Syndicate intends to sell the investment or whether it is more likely than not that the Syndicate will be required to sell the investment prior to an anticipated recovery in value; (2) the likelihood of the recoveries in full of the principal and interest; (3) the financial condition, near-term and long-term prospects for the issuer, including the relevant industry conditions and trends, and implications of rating agency actions and offering prices.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after initial recognition of an asset, and that the loss event has an impact of future cash flows on the asset that can be estimated reliably. All impairment losses are recognised in full in the profit and loss.

Offsetting

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

Investment return

Investment return comprises investment income, and realised investment gains and losses, net of investment expenses and charges.

Realised gains and losses on investments are calculated as the difference between sale proceeds and the purchase price.

Investment return is initially recorded in the non-technical account. The investment return relating to the profits on closed years retained within the Syndicate is allocated to the non-technical account. The balance of the investment return is allocated to the technical account.

Movements in unrealised gains and losses on investments are reported in the statement of comprehensive income. They represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, as well as the reversal of previously recognised unrealised gains and losses in respect of investments disposed of in the current period.

Overseas deposits

Overseas deposits are stated at market value at the balance sheet date. US situs trust funds are classified as investments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less that are subject to insignificant risk of changes in valuation and are used by the Syndicate in the management of its short-term commitments.

Taxation

Under Schedule 19 of the Finance Act of 1993 Managing Agents are not required to deduct basic income tax from trading income, including capital appreciation, of syndicates.

It remains the responsibility of members to agree their corporation tax liabilities with HM Revenue & Customs.

No provision has been made for any United States Federal Income Tax or Canadian Federal Income Tax payable on underwriting results and investment income. The Syndicate is required to fund on account assessments of US Dollar and Canadian Dollar source income and these amounts are then recovered by reimbursements from the Member Services Unit. Any payments on account made by the Syndicate during the year are included in the balance sheet under the heading 'Other debtors'.

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

Syndicate operating expenses

Where expenses are incurred by the Managing Agent, or on behalf of the Managing Agent, on the administration of the managed Syndicate, these expenses are apportioned using various methods depending on the type of expense. Expenses which are incurred jointly for the Managing Agent and managed Syndicate are apportioned between the Managing Agent and the Syndicate depending on the amount of work performed, resources used and the volume of business transacted.

Pensions costs

Travelers Management Limited, a service company and fellow group subsidiary, operates a group personal pension plan. Pension contributions relating to syndicate staff are charged to the Syndicate and included within net operating expenses or, where applicable, as claims handling costs within gross claims paid.

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 and the Managing Agent's objectives, policies and processes for measuring and managing these risks and for managing the Syndicate's capital.

Risk Management Framework

As described in the Strategic Report of the Directors of the Managing Agent, the Board of Directors has overall responsibility for the establishment and oversight of the Syndicate's risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Insurance Risk

Management of insurance risk

A key component of the management of underwriting risk for the Syndicate is a disciplined underwriting strategy that is focused on writing quality business and not writing for 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 and classes of business, together with limits on geographical and industry exposures.

The aim is to ensure that a well-diversified book is maintained with no over-exposure in any one geographical region, class or industry. Insurance contracts can contain a number of features which help to manage the underwriting risk, such as the use of deductibles, or capping the maximum permitted loss, or number of claims (subject to local regulatory and legislative requirements).

The Syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to one risk or event, including excess of loss, quote share and catastrophe reinsurance. Where an individual exposure is deemed to be in excess of the Syndicate's appetite additional facultative reinsurance is also purchased.

The Underwriting Committee oversees the management of insurance risk, whilst the Finance Committee oversees reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the quarterly reviews of claims development are all instrumental in mitigating reserving risk.

The Managing Agent's in-house actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, claims and reinsurance technicians. 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. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The Finance Committee performs a review of the results from the reserving analysis, both gross and net of reinsurance.

Following the quarterly reviews the Finance Committee makes recommendations to the Managing Agent's Board of Directors of 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 reduce the probability of adverse run-off deviation.

Concentration of insurance risk

The Syndicate's exposure to insurance risk is well diversified. The following table provides an analysis of the geographical breakdown of its gross written premiums.

	2020 £000	2019 £000
Risks located in UK	**99,520**	110,222
Risks located in other member states of the EU	**26,100**	26,966
Risks located in other countries	**182,048**	232,599
	307,668	369,787

The liabilities established as at 31 December 2020 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 reserves for large losses and catastrophes, or from changes in estimates of claims incurred but not reported (IBNR). A five per cent increase or decrease in the ultimate cost of settling claims arising is considered to be reasonably possible at the reporting date.

A five per cent increase or decrease in total net claims liabilities would have the following effect on the Syndicate's result and financial position:

	2020 £000	2019 £000
Accident and health	**321**	801
Marine, aviation and transport	**4,279**	4,751
Fire and other damage to property	**6,483**	4,798
Third party liability	**2,390**	3,178
Energy	**1,054**	2,028
Other	**42**	8
Reinsurance	**7,147**	5,791
	21,716	21,355

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:

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

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

Management of credit risk

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty by reference to the credit rating of the counterparty. Financial assets are graded according to current credit ratings issued by rating agencies. The Syndicate has a policy of investing only in high quality government and corporate fixed income securities. The Syndicate targets an average portfolio credit quality of AA+.

The Syndicate has maintained its commitment to high quality assets with 73% of bonds having credit ratings of AA or higher.

The Syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty, and maintains an authorised list of acceptable counterparties.

The Syndicate's exposure to intermediaries is monitored as part of its credit control processes.

All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

The Syndicate 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. The Syndicate only uses reinsurers that have been pre-approved by its internal credit processes.

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure. The Syndicate does not hold any collateral as security or purchase any credit enhancements (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).

The following table provides counterparty credit exposure by credit rating:

2020	**AAA £000**	**AA £000**	**A £000**	**<A £000**	**NR £000**	**Total £000**
Financial Investments:						
Debt securities and other fixed income securities	**161,607**	**191,059**	**130,309**	**-**	**-**	**482,975**
Loans with credit institutions	**-**	**-**	**-**	**-**	**4,680**	**4,680**
Deposits with credit institutions	**-**	**-**	**740**	**-**	**-**	**740**
Overseas deposits	**4**	**-**	**-**	**171**	**22,547**	**22,722**
	161,611	**191,059**	**131,049**	**171**	**27,227**	**511,117**
Reinsurers' share of technical provisions	**-**	**53,169**	**33,341**	**9**	**976**	**87,495**
Debtors arising out of direct insurance operations	**-**	**-**	**-**	**-**	**64,024**	**64,024**
Debtors arising out of reinsurance operations	**-**	**10,125**	**6,350**	**2**	**186**	**16,663**
Overseas deposits	**5,461**	**2,830**	**1,028**	**3,486**	**90**	**12,895**
Cash and cash equivalents	**-**	**3,512**	**41,120**	**-**	**-**	**44,632**
Other debtors and accrued interest	**-**	**-**	**-**	**-**	**6,114**	**6,114**
Total	**167,072**	**260,695**	**212,888**	**3,668**	**98,617**	**742,940**

2019	AAA £000	AA £000	A £000	<A £000	NR £000	Total £000
Financial Investments:						
Debt securities and other fixed income securities	162,594	133,057	83,874	-	-	379,525
Loans with credit institutions	-	-	-	-	1,056	1,056
Deposits with credit institutions	-	-	762	-	-	762
Overseas deposits	3	-	187	105	21,842	22,137
	162,597	133,057	84,823	105	22,898	403,480
Reinsurers' share of technical provisions	-	49,303	35,933	-	1,637	86,873
Debtors arising out of direct insurance operations	-	-	-	-	83,123	83,123
Debtors arising out of reinsurance operations	-	17,264	12,582	-	573	30,419
Overseas deposits	8,652	2,002	1,378	3,118	22	15,172
Cash and cash equivalents	-	1,415	11,511	-	-	12,926
Other debtors and accrued interest	-	-	-	-	5,120	5,120
Total	171,249	203,041	146,227	3,223	113,373	637,113

At 31 December 2020 and 2019 the largest concentration of risk within its investment portfolio was to the US government and amounted to £64.6m (2019: £61.0m).

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

An analysis of the carrying amounts of past due debtors as at 31 December is presented in the table below:

	2020		2019	
	Debtors arising from direct insurance £000	**Debtors arising from reinsurance operations £000**	Debtors arising from direct insurance £000	Debtors arising from reinsurance operations £000
Past due but not impaired financial assets:				
Past due by:				
up to 90 days	**9,246**	**48**	9,545	2,529
91 to 180 days	**3,024**	**745**	2,819	1,480
Over 180 days	**2,173**	**337**	2,826	204
Past due but not impaired financial assets	**14,443**	**1,130**	15,190	4,213
Impaired financial assets	**-**	**-**	-	-
Neither past due not impaired financial assets	**49,581**	**15,533**	67,933	26,206
Net carrying value	**64,024**	**16,663**	83,123	30,419

Liquidity Risk

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

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

Management of liquidity risk

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

The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts over the short, medium and long term;

- The Syndicate maintains cash and liquid assets to meet daily calls on its insurance contracts.

Liquidity risk is not considered to be a principal risk to the Syndicate and therefore is not specifically quantified within these accounts.

2020	**Total £000**	**Up to 1 year £000**	**2-5 years £000**	**Over 5 years £000**
Gross Technical Provision	**521,835**	**208,734**	**260,918**	**52,183**
Creditors	**34,921**	**34,921**	**-**	**-**
	556,756	**243,655**	**260,918**	**52,183**

2019	Total £000	Up to 1 year £000	2-5 years £000	Over 5 years £000
Gross Technical Provision	513,980	205,592	256,990	51,398
Creditors	47,742	47,742	-	-
	561,722	253,334	256,990	51,398

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in market prices. Market risk for the Syndicate comprises two principal types of risk: interest rate risk and currency risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Syndicate's exposure 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 of these major components are addressed below.

Interest rate risk

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

Sensitivity analysis to market risks

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

	2020	2019
	£000	£000
Interest rate risk		
Impact of 50 basis point increase on result and net assets	**(5,957)**	(4,388)
Impact of 50 basis point decrease on result and net assets	**6,043**	4,466
Currency risk		
Impact of 10% strengthening in sterling on results and net assets	**15,358**	1,185
Impact of 10% weakening in sterling on results and net assets	**(13,962)**	(1,077)

A 10% increase (or decrease) in exchange rates and a 50 basis point increase/(decrease) in yield curves have been selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year.

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

Currency risk

The Syndicate primarily writes business in Sterling, Euros, and US Dollars and is therefore exposed to currency risk arising from fluctuations in the exchange rates of 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. Any surplus assets are held in US Dollars. The table below summarises the carrying value of the Syndicate's assets and liabilities, at the reporting date:

2020	**Sterling £000**	**Euro £000**	**US Dollar £000**	**Other £000**	**Total £000**
Financial investments	**20,375**	**20,441**	**426,051**	**44,250**	**511,117**
Reinsurers' share of technical provisions	**18,802**	**6,672**	**77,996**	**3,809**	**107,279**
Debtors	**6,421**	**2,468**	**70,257**	**1,541**	**80,687**
Cash and cash equivalents (incl Overseas deposits)	**1,729**	**1,088**	**41,830**	**12,880**	**57,527**
Other assets	**5,632**	**5,646**	**30,484**	**958**	**42,720**
Total assets	**52,959**	**36,315**	**646,618**	**63,438**	**799,330**
Technical provisions	**(143,587)**	**(50,313)**	**(468,889)**	**(17,155)**	**(679,944)**
Insurance and reinsurance payables	**(2,985)**	**(2,402)**	**(27,239)**	**(1,104)**	**(33,730)**
Creditors	**(484)**	**(282)**	**(213)**	**(343)**	**(1,322)**
Total liabilities	**(147,056)**	**(52,997)**	**(496,341)**	**(18,602)**	**(714,996)**
Net assets	**(94,097)**	**(16,682)**	**150,277**	**44,836**	**84,334**

2019	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Financial investments	19,086	22,707	320,963	40,724	403,480
Reinsurers' share of technical provisions	17,666	7,420	85,852	2,228	113,166
Debtors	10,534	6,529	95,309	1,170	113,542
Cash and cash equivalents (incl Overseas deposits)	1,843	2,352	10,722	13,181	28,098
Other assets	8,063	7,629	37,294	910	53,896
Total assets	57,192	46,637	550,140	58,213	712,182
Technical provisions	(124,800)	(55,773)	(518,457)	(14,913)	(713,943)
Insurance and reinsurance payables	(4,407)	(1,851)	(32,053)	(492)	(38,803)
Creditors	(13,335)	5,224	(149)	(807)	(9,067)
Total liabilities	(142,542)	(52,400)	(550,659)	(16,212)	(761,813)
Net assets	(85,350)	(5,763)	(519)	42,001	(49,631)

Capital Management

Capital Framework at Lloyd's

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

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with the Solvency II requirements, and beyond that to meet its own financial strength, license 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 and Lloyd's capital requirements apply at overall and member level only, not at syndicate level, accordingly, the capital requirement in respect of Syndicate 5000 is not disclosed in these financial statements.

Lloyd's capital setting process

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

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicates on which it is participating, but not other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2020 was 35% (2019:35%) of the member's SCR 'to ultimate'.

In the case of Syndicate 5000, the Funds at Lloyd's ("FAL") is wholly provided by Aprilgrange Limited and F&G UK Underwriters Limited, which are both wholly owned subsidiaries of The Travelers Companies, Inc.

5. Analysis of Underwriting Result

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

2020	**Gross premiums written £000**	**Gross premium earned £000**	**Gross claims incurred £000**	**Gross operating expenses £000**	**Reinsurance balance £000**	**Total**	**Net technical provisions £000**
Direct Insurance							
Accident & Health	**13,049**	**12,497**	**(4,788)**	**(6,776)**	**(774)**	**159**	**(8,465)**
Marine, Aviation & Transport	**63,958**	**73,034**	**(40,858)**	**(35,703)**	**(6,378)**	**(9,905)**	**(112,842)**
Fire & Other Damage to Property	**83,766**	**108,417**	**(71,407)**	**(36,601)**	**(10,747)**	**(10,338)**	**(170,962)**
Third Party Liability	**36,802**	**36,145**	**(17,985)**	**(16,008)**	**(7,930)**	**(5,778)**	**(63,022)**
Energy	**15,760**	**17,997**	**(10,068)**	**(8,777)**	**(1,572)**	**(2,420)**	**(27,806)**
Other	**3,646**	**3,946**	**(1,072)**	**(2,092)**	**(138)**	**644**	**(1,098)**
	216,981	**252,036**	**(146,178)**	**(105,957)**	**(27,539)**	**(27,638)**	**(384,195)**
Reinsurance	**90,687**	**97,979**	**(73,850)**	**(16,664)**	**(1,994)**	**5,471**	**(188,470)**
Total	**307,668**	**350,015**	**(220,028)**	**(122,621)**	**(29,533)**	**(22,167)**	**(572,665)**

2019	Gross premiums written £000	Gross premium earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total	Net technical provisions £000
Direct Insurance							
Accident & Health	22,498	22,828	(11,837)	(11,724)	(491)	(1,224)	(22,534)
Marine, Aviation & Transport	64,111	74,922	(80,301)	(36,883)	6,812	(35,450)	(133,653)
Fire & Other Damage to Property	110,594	110,591	(95,930)	(33,120)	4,806	(13,653)	(134,966)
Third Party Liability	30,185	22,791	(49,112)	(9,790)	3,664	(32,447)	(89,407)
Energy	27,367	31,981	(34,277)	(15,745)	2,908	(15,133)	(57,051)
Other	941	713	(236)	(206)	17	288	(217)
	255,696	263,826	(271,693)	(107,468)	17,716	(97,619)	(437,828)
Reinsurance	114,091	96,657	(84,929)	(21,983)	(4,307)	(14,562)	(162,949)
Total	369,787	360,483	(356,622)	(129,451)	13,409	(112,181)	(600,777)

6. Claims Outstanding

The (deficit)/surplus following the reassessment of claims outstanding, net of expected reinsurance recoveries, held at the end of the previous year are set out below:

	2020 £000	2019 £000
Accident & health	**(299)**	(496)
Marine, aviation and transport	**1,956**	(16,296)
Fire and other damage to property	**424**	(8,947)
Third party liability	**(4,363)**	(26,070)
Energy	**(10)**	(5,367)
Other	**(7)**	(308)
Total direct	**(2,299)**	(57,484)
Reinsurance acceptances	**958**	(5,446)
	(1,341)	(62,930)

7. Net Operating Expenses

	2020 £000	2019 £000
Acquisition costs - commissions	**67,335**	89,503
Change in deferred acquisition costs	**12,644**	(1,617)
Administrative expenses	**38,541**	36,421
	118,520	124,307

Included in acquisition costs are £50.4m (2019: £65.4m) in relation to commissions on direct business.

8. Administrative Expenses

Administrative expenses for the year ended 31 December include:

	2020 £000	2019 £000
Auditor's remuneration:		
Fees payable to the Syndicate’s auditor for the audit of these financial statements	**177**	171
Fees payable to the Syndicate’s auditor and its associates in respect of other services pursuant to legislation	**152**	144
	329	315
Members’ standard personal expenses	**2,347**	2,662

9. Key Management Personnel Compensation

The Directors of Travelers Syndicate Management Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses for the years ended 31 December:

	2020 £000	2019 £000
Fees	**90**	106
Emoluments	**593**	590
	683	696

The Active Underwriter received remuneration during the year of £414,428 (2019: £638,723). These amounts were charged to the Syndicate.

10. Staff Numbers and Costs

All staff are employed by Travelers Management Limited. All staff numbers and cost disclosures are made in that company's financial statements.

11. Financial Investments

	Market Value		Cost	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Debt securities and other fixed income securities	**482,975**	379,525	**467,949**	375,206
Loans with credit institutions	**4,680**	1,056	**4,680**	1,056
Deposits with credit institutions	**740**	762	**740**	762
Overseas deposits	**22,722**	22,137	**22,722**	22,137
	511,117	403,480	**496,091**	399,161

The Syndicate's estimates of fair value for investments are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Syndicate's significant market assumptions. The level in the fair value hierarchy within which the fair value measurement is reported is based on the lowest level input that is significant to the measurement of its entirety. The three levels of the hierarchy are as follows:

Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability and therefore, prices are determined using a valuation technique.

The Syndicate utilized a pricing service to estimate the fair value of its investments at both 31 December 2020 and 31 December 2019.

The fair value of a financial instrument is the estimated amount at which the instrument could be exchanged in an orderly transaction between knowledgeable, unrelated, willing parties, i.e. not in a forced transaction. The estimated fair value of a financial instrument may differ from the amount that could be realised if the security was sold in an immediate sale, e.g. a forced transaction. Additionally, the valuation of investments is more subjective when markets are less liquid due to the lack of market based inputs, which may increase the potential that the estimated fair value of an investment is not reflective of the price at which an actual transaction would occur.

For investments that have quoted market prices in active markets, the Syndicate uses the unadjusted quoted market prices as fair value and includes these prices in the amounts disclosed in Level 1 of the hierarchy. The Syndicate receives the quoted market prices from third party, nationally recognized, pricing services. When quoted market prices are unavailable, the Syndicate utilises these pricing services to determine an estimate of fair value. The fair value estimates provided from these pricing services are included in the amount disclosed in Level 2 of the hierarchy. If quoted market prices and an estimate from a pricing service are unavailable, the Syndicate produces an estimate of fair value based on internally developed valuation techniques, which, depending on the level of observable market inputs, will render the fair value estimate as Level 2 or Level 3. The Syndicate bases all of its estimates of fair value for assets on the bid price as it represents what a third-party market participant would be willing to pay in an arm's length transaction.

The following table presents the level within the fair value hierarchy at which the Syndicate's investments are categorised as at 31 December:

2020	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Debt securities and other fixed income securities	**64,562**	**418,413**	**-**	**482,975**
Loans and deposits with credit institutions	**5,420**	**-**	**-**	**5,420**
Overseas deposits as investments	**18,491**	**4,231**	**-**	**22,722**
Financial investments	**88,473**	**422,644**	**-**	**511,117**
Overseas deposits as other assets	**1,228**	**11,667**	**-**	**12,895**
	89,701	**434,311**	**-**	**524,012**

2019	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Debt securities and other fixed income securities	61,006	318,519	-	379,525
Loans and deposits with credit institutions	1,818	-	-	1,818
Overseas deposits as investments	18,371	3,766	-	22,137
Financial investments	81,195	322,285	-	403,480
Overseas deposits as other assets	1,450	13,722	-	15,172
	82,645	336,007	-	418,652

12. Debtors

	2020 £000	2019 £000
Arising out of direct insurance operations		
Amounts due within one year	**64,022**	83,094
Amounts due after one year	**2**	29
Arising out of reinsurance operations		
Amounts due within one year	**16,495**	30,182
Amounts due after one year	**168**	237
	80,687	113,542
Other debtors	**3,601**	2,315
	84,288	115,857

13. Deferred Acquisition Costs

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

	2020 £000	2019 £000
Balance at 1 January	**48,776**	49,160
Incurred costs deferred	**67,335**	89,503
Amortisation	**(79,979)**	(87,886)
Effect of movement in exchange rates	**473**	(2,001)
Balance at 31 December	**36,605**	48,776

14. Claims Development

Claims development is shown in the tables below, both gross and net of reinsurance ceded, on an underwriting year basis. The Syndicate has taken advantage of the transitional arrangements incorporated in FRS103 and accordingly is presenting the data for the last eight underwriting years only, and not the full ten years normally required by FRS103. Balances have been translated at exchange rates prevailing at 31 December 2020.

Gross

Pure Underwriting Year - Estimate of ultimate claims	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	Total £m
At end of underwriting year	113.0	91.1	81.9	90.2	78.9	72.8	130.8	89.8	86.9	81.1	81.1
One year later	247.1	169.8	177.1	154.7	173.6	203.3	243.6	271.5	205.3	-	205.3
Two years later	236.2	163.9	207.1	160.5	190.9	227.0	294.9	285.2	-	-	285.2
Three years later	222.4	158.3	184.2	170.3	194.8	239.4	297.3	-	-	-	297.3
Four years later	225.5	154.4	184.4	179.5	197.4	235.6	-	-	-	-	235.6
Five years later	226.1	155.9	179.0	175.3	197.8	-	-	-	-	-	197.8
Six years later	226.1	161.6	181.8	175.1	-	-	-	-	-	-	175.1
Seven years later	225.9	162.0	179.9	-	-	-	-	-	-	-	179.9
Eight years later	229.2	160.9	-	-	-	-	-	-	-	-	160.9
Nine years later	228.1	-	-	-	-	-	-	-	-	-	228.1
	228.1	**160.9**	**179.9**	**175.1**	**197.8**	**235.6**	**297.3**	**285.2**	**205.3**	**81.1**	**2,046.2**
Cumulative payments	223.9	150.5	168.7	163.6	178.0	202.5	231.0	162.4	75.5	7.2	1,563.4
Estimated Balance to pay	**4.2**	**10.4**	**11.1**	**11.5**	**19.8**	**33.1**	**66.3**	**122.8**	**129.7**	**73.9**	**482.8**
Estimated Balance to pay 2010 & Prior											**39.0**
Total Estimated Balance to pay											**521.8**

Net

Pure Underwriting Year - Estimate of ultimate claims	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	Total £m
At end of underwriting year	103.2	83.0	74.6	83.4	73.5	80.6	115.6	83.6	80.9	70.9	70.9
One year later	227.3	156.3	159.1	145.9	151.6	194.9	223.3	242.5	185.7	-	185.7
Two years later	206.0	159.8	182.2	146.6	170.2	215.1	272.0	252.5	-	-	252.5
Three years later	197.6	155.1	166.8	154.6	172.6	227.3	279.4	-	-	-	279.4
Four years later	197.6	153.0	160.3	157.1	184.2	219.8	-	-	-	-	219.8
Five years later	198.2	149.4	160.2	155.9	183.4	-	-	-	-	-	183.4
Six years later	198.8	151.8	160.8	155.9	-	-	-	-	-	-	155.9
Seven years later	200.9	151.2	164.9	-	-	-	-	-	-	-	164.9
Eight years later	198.3	148.8	-	-	-	-	-	-	-	-	148.8
Nine years later	197.4	-	-	-	-	-	-	-	-	-	197.4
	197.4	**148.8**	**164.9**	**155.9**	**183.4**	**219.8**	**279.4**	**252.5**	**185.7**	**70.9**	**1,858.5**
Cumulative payments	193.6	144.6	155.0	145.1	163.9	191.9	221.0	148.5	73.5	7.1	1,444.3
Estimated Balance to pay	**3.8**	**4.2**	**9.9**	**10.8**	**19.4**	**27.9**	**58.4**	**104.0**	**112.1**	**63.8**	**414.2**
Estimated Balance to pay 2010 & Prior											**20.1**
Total Estimated Balance to pay											**434.3**

15. Technical Provisions

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

	2020 Gross provisions £000	2020 Reinsurance assets £000	2020 Net provisions £000	2019 Gross provisions £000	2019 Reinsurance assets £000	2019 Net provisions £000
Claims Outstanding						
Balance at 1 January	**513,980**	**(86,873)**	**427,107**	469,335	(80,286)	389,049
Change in claims outstanding	**16,672**	**(1,653)**	**15,019**	60,097	(9,415)	50,682
Effect of movements in exchange rates	**(8,817)**	**1,031**	**(7,786)**	(15,452)	2,828	(12,624)
Balance at 31 December	**521,835**	**(87,495)**	**434,340**	513,980	(86,873)	427,107
Claims notified	**239,729**	**(33,231)**	**206,498**	253,386	(38,146)	215,240
Claims incurred but not reported	**268,287**	**(54,264)**	**214,023**	246,422	(48,727)	197,695
Unallocated loss adjustment expenses	**13,819**	**-**	**13,819**	14,172	-	14,172
Balance at 31 December	**521,835**	**(87,495)**	**434,340**	513,980	(86,873)	427,107
Unearned Premiums						
Balance at 1 January	**199,963**	**(26,293)**	**173,670**	198,987	(18,278)	180,709
Change in unearned premiums	**(42,347)**	**6,941**	**(35,406)**	9,304	(8,922)	382
Effect of movements in exchange rates	**492**	**(432)**	**60**	(8,328)	907	(7,421)
Balance at 31 December	**158,109**	**(19,784)**	**138,325**	199,963	(26,293)	173,670

16. Cash and Cash Equivalents

	2020 £000	2019 £000
Cash at bank	**44,632**	12,926
Deposits with credit institutions	**740**	762
Total cash and cash equivalents	**45,372**	13,688

17. Foreign Exchange Rates

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

	2020	2019
Rates ruling at 31 December:		
US Dollar	**1.37**	1.33
Canadian Dollar	**1.74**	1.72
Euro	**1.12**	1.18
Average rates applied for calendar year:		
US Dollar	**1.28**	1.28
Canadian Dollar	**1.72**	1.69
Euro	**1.13**	1.14

18. Investment Yield

The average Syndicate funds available for investment during the year, including cash and overseas deposits, and the investment return and yield for the calendar year, were as follows:

Average amount of Syndicate funds available for investment during the year:

	2020 £000	2019 £000
Sterling	**53,427**	68,207
US Dollar	**405,064**	285,873
Canadian Dollar	**25,913**	22,412
Euro	**26,675**	27,631
Total funds available for investment	**511,079**	404,123

	2020 £000	2019 £000
Interest income and realised gains and losses	**10,391**	6,777
Unrealised investment gains	**9,976**	8,759
Total investment return	**20,367**	15,536
Total annual investment yield	**4.0%**	3.8%

Analysis of investment yield by currency:

	2020	2019
Sterling	**2.2%**	2.5%
US Dollar	**5.3%**	5.1%
Canadian Dollar	**3.8%**	2.2%
Euro	**0.2%**	0.7%

The above investment yields are calculated on total investment returns, including unrealised gains and losses, from all interest generating assets and include all income earned from investments, cash balances and overseas deposits.

19. Related Party Transactions

All related party transactions are entered into on arms-length terms.

The Syndicate is related to Travelers Underwriting Agency Limited (TUAL) by virtue of common control. TUAL acts as a coverholder to Lloyd's underwriters. During the year TUAL placed inwards premium income with the Syndicate on normal commercial terms. Brokerage and commissions paid by the Syndicate to TUAL in the year amounted to £0.4m (2019: £0.5m).

The Syndicate is related to The Travelers Indemnity Company (TIC) by virtue of common control. Investment Management fees paid by the Syndicate to TIC in the year amounted to £0.3m (2019: £0.3m).

The Syndicate is also related to Travelers Casualty and Surety Company of America by virtue of common control. Intercompany reinsurance premiums payable to Travelers Casualty and Surety Company of America amounted to £1.9m (2019: £1.7m).

The Syndicate is also related to Travelers Syndicate Management Limited (TSM) by virtue of common control. The agency fees charged to the Syndicate amounted to £0.1m (2019: £0.1m).

The Syndicate is also related to Travelers Management Limited (TML) by virtue of common control. The recharged expenses amounted to £38.7m (2019: £37.0m).

20. Contingent Liabilities

At 31 December 2020 the Syndicate had no contingent liabilities (2019: £nil).

21. Ultimate Controlling Party

The immediate and ultimate parent company of Travelers Syndicate Management Limited (TSM) is The Travelers Companies, Inc. (TRV), a company registered in the USA. Group accounts for TRV are available from the Company Secretary of TSM, at One Creechurch Place, Creechurch Lane, London, EC3A 5AF.

22. 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'). 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 Prudential Regulatory Authority requirements and resource criteria. The determination of FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these Financial Statements by way of such capital resources. However, the Managing Agent is able to make a call on the Member's FAL to meet liquidity requirements or to settle losses.

23. Post Balance Sheet Event

The Syndicate has exposure to the winter storm event, Winter Storm Uri, that hit Texas and other parts of the United States in the middle of February 2021. We are currently assessing the impact to the Syndicate. Whilst there remains significant uncertainty this soon after the event, our current estimate is for the net loss to be in the range of $10m to $20m.