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W/R/B
UNDERWRITING
| a Berkley Company

W. R. Berkley Syndicate 1967 Annual Report and Financial Statements

For the year ended 31 December 2020

W/R/B UNDERWRITING | a Berkley Company

MANAGING AGENT'S CORPORATE INFORMATION

DIRECTORS AND ADMINISTRATION

Managing Agent

W. R. Berkley Syndicate Management Limited

DIRECTORS

William Robert Berkley – Chairman [1]
William Robert Berkley Jr [1]
Alastair Blades
James Bronner
Robert Chase [2]
Andrew Mitchell
Jacqueline Hedges
Ira Lederman
Michael Smith [2]
Steven Taylor
Edward Creasy [2]

[1] *Directors of ultimate parent company W. R. Berkley Corporation*

[2] *Independent non-Executive Director*

Company Secretary
Clyde & Co Secretaries Limited

Managing Agent's registered office
14th floor, 52 Lime Street
London, EC3M 7AF

Managing Agent's registered number
07712472

Active underwriter
Miriam Goddard

Bankers
Citibank NA
RBC Dexia

Investment manager
Berkley Dean & Company, Inc.

Registered auditor
KPMG LLP

Reporting actuary
Ernst & Young LLP

Directors' interests
None of the Directors of the Managing Agent have any participation in the Syndicate's premium income capacity.

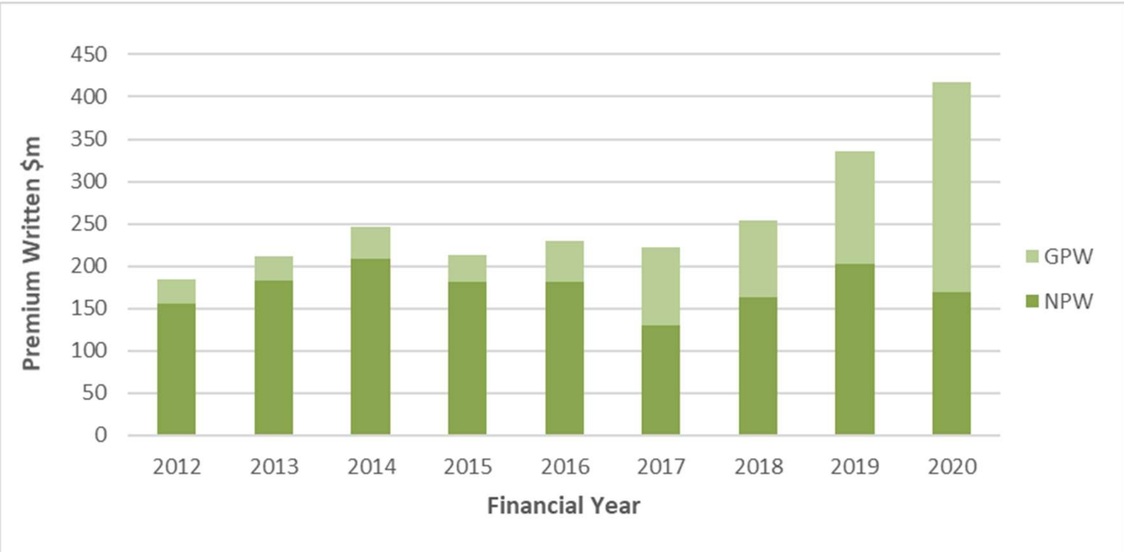
Contents

W/R/B UNDERWRITING | a Berkley Company

HIGHLIGHTS

Financial year	2020	2019	2018	2017	2016	2015	2014
Gross premium written ($m)	417.5	335.4	254.5	222.4	229.4	213.2	246.7
Net premium written ($m)	168.5	203.0	162.5	129.6	180.9	181.4	207.9
Net premium earned ($m)	184.4	179.3	155.7	138.1	175.5	192.1	188.8
Net claims ratio (%)	129.1	51.5	66.5	98.0	71.9	56.0	53.4
Acquisition expense ratio (%)	21.6	18.7	21.9	29.7	28.2	25.6	27.1
Admin expense ratio (%)	20.8	17.7	21.9	23.2	17.5	14.2	13.3
Net combined ratio (%)	**171.5**	**87.9**	**110.3**	**150.9**	**117.6**	**95.8**	**93.8**
Cash and investments ($m)	223.9	147.9	112.9	105.6	132.1	141.6	144.1
Profit / (Loss) for financial year ($m)	**(131.7)**	**23.4**	**(16.4)**	**(69.8)**	**(26.6)**	**8.9**	**10.9**

Net expense ratio and net combined ratio excludes profit / (loss) on foreign exchange.



Pure underwriting year	2020 F'cast	2019 F'cast	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
Lloyd's stamp capacity ($m)	444.3	298.1	286.6	304.4	278.0	277.0	304.6
Stamp gross premium written ($m)	402.4	304.7	252.1	240.1	239.9	197.9	211.4
Profit / (Loss) for underwriting year ($m)	(69.1)	(48.6)	(12.3)	(35.3)	(35.6)	1.9	(2.6)
Return on capacity (%)	**(15.6)**	**(16.3)**	**(4.3)**	**(11.6)**	**(12.8)**	**0.7**	(0.9)

W/R/B UNDERWRITING | a Berkley Company

ACTIVE UNDERWRITER'S REPORT

W. R. Berkley Syndicate 1967 ("the Syndicate") underwrites a diversified portfolio of risks, both Short Tail and Long Tail.

Short Tail business includes Property, Crisis Management, Engineering & Construction classes. Long Tail business includes the Specialty Casualty classes of Professional Indemnity, Directors & Officers and Medical Malpractice, and also comprises the affiliate Berkley lines of business and the Lloyd's China business.

Business is mainly written directly to the Lloyd's platform through London Market intermediaries. However, the Syndicate also makes use of its service company, W. R. Berkley UK Limited, to underwrite certain business and to facilitate its network of affiliated Berkley businesses acting as approved coverholders. Business related to EEA risks is placed through Lloyd's Insurance Company S.A. ("Lloyd's Brussels"), the market's Brexit solution, and 100% reinsured by the Syndicate, and business related to Chinese risks is written through Lloyd's Insurance Company (China) Limited ("Lloyd's China") and 100% reinsured by the Syndicate.

The Syndicate has taken action to cease underwriting in non-performing classes where it did not believe that a sustainable cross cycle return was achievable. In 2019, the Syndicate exited from the Asset Protection and Accident and Health classes of business. These classes are now in run-off. In response to the impacts of COVID-19 the Syndicate has significantly reduced its participation in the Event Cancellation and Trade Credit business within the Crisis Management class.

The Lloyd's stamp capacity for 2020 was an increase over the prior year at £325.0 million, or US$417.4 million (2019: £225.0 million, or US$304.4 million). The Stamp capacity for the 2021 underwriting year has increased to £350 million, or US$478.4 million.

UNDERWRITING RESULTS

Calendar year result

The 2020 calendar year GAAP result is a loss of US$131.7m (2019: a profit of US$23.4m) and a combined ratio of 171.5% (2019: 87.9%). The COVID-19 pandemic has had wide ranging impacts across multiple underwriting years primarily on Contingency business. Excluding COVID-19 losses and associated reinsurance premiums and recoveries the Syndicate result would have been a profit of $29.5m with a combined ratio of 88.1%.

The result for each individual underwriting year is included below.

Closed years

There were deteriorations on our closed years (2009-2017) including $5.6m of COVID related net losses on the 2017 YoA resulting in an overall loss on closed years of $12.0m which contributed to both the calendar year result and the closing 2018 year result.

2018 Year

This year of account closed on 31 December 2020 at a loss of $12.3 million including results on closed years. Catastrophe losses of $14.5 million, primarily from Hurricanes Florence and Michael affected the result for the year. There was adverse development on Crisis Management lines with $2.6m of COVID related losses during the 2020 calendar year.

W/R/B UNDERWRITING | a Berkley Company

ACTIVE UNDERWRITER'S REPORT (CONT.)

2019 Year

The 2019 underwriting year has experienced considerable adverse development in 2020. Premium written continued to show positive growth in key classes and encouraging rate performance. However, significant losses arising from COVID-19 ($81.6m)have contributed to the forecast $48.6m loss on the year and $52.1m losses incurred during 2020. These losses are now capped through the loss portfolio transfer agreement entered into with Berkley Insurance Company as detailed further in the Directors Report and Note 4.

2020 Year

Performance of the 2020 underwriting year has been significantly affected by the COVID-19 pandemic. The Syndicate has achieved rate improvements and underwritten new business in core classes in line with plans. There has been particularly strong growth in Commercial Property and Specialty Casualty business. The forecast result for the year is a loss of $69.1m, driven primarily from net losses arising from the COVID-19 pandemic of $71.4m particularly on the Contingency class. These losses from the Contingency class are now capped through the loss portfolio transfer agreement entered into with Berkley Insurance Company, as detailed further in the Directors Report and Note 4.

OUTLOOK

2021 presents the opportunity to capitalise on careful cycle management over recent years with the development of a strong core book and recent rate improvements expected to continue. Syndicate 1967 has taken steps to mitigate the risk of further loss activity arising from the COVID-19 pandemic including the Loss Portfolio Transfer Agreement set out in the Directors' Report, and is well placed to take advantage of hardening market conditions and opportunities to target profitable growth in key classes through its increased capacity in the 2021 year.

Syndicate operational performance has proved resilient throughout 2020 and this will enable it to capitalise on the opportunities forthcoming in 2021. As a part of W. R. Berkley Corporation ("WRBC") it has the ability to attract top-quartile talent and the investments in people, policies, technology and systems made to date will ensure the Syndicate is in position to generate satisfactory returns for its capital providers in the future.

M. GODDARD

ACTIVE UNDERWRITER

4 MARCH 2021

W/R/B UNDERWRITING | a Berkley Company

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors of W. R. Berkley Syndicate Management Limited ("WRBSML" or "the Managing Agent") present their report in respect of the Syndicate 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").

RESULTS

The result for the year ended 31 December 2020 is a loss of $131.7 million (2019: profit of $23.4 million).

PRINCIPAL ACTIVITIES

The principal activity of the Syndicate is the transaction of general insurance and reinsurance business in the Lloyd's market, in accordance with the risk appetite agreed by the Board of Directors of the Managing Agent ("the Board").

The Syndicate specialises in its chosen classes of Property, Crisis Management (which comprises of Political Risk, Political Violence and Contingency), Engineering and Construction, and Specialty Casualty (which comprises of Professional Indemnity, Directors and Officers and Medical Malpractice). The Syndicate also provides an international underwriting platform for member companies of WRBC and writes a limited level of treaty and facultative reinsurance through Lloyd's China. The Syndicate also manages the run off of its closed Marine, Aviation, Accident and Health and Asset Protection classes.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The table below sets out our key performance indicators. Gross premium written increased by 24.5%, largely as a result of an increase across Short Tail classes of 26.4% and 45.2% growth in Specialty Casualty lines. This growth was partly offset by premium decreases from classes in run-off (Aviation, Marine, Asset Protection and Accident and Health). The net claims ratio significantly deteriorated, as a result of COVID-19 related losses primarily on the Contingency class, to 129.1%. During 2020 the Syndicate has entered into a Loss Portfolio Transfer Agreement ("LPT") with Berkley Insurance Company ("BIC"), a Group company, in which the Syndicate ceded to BIC and BIC reinsured 100% of all losses that have not yet been paid and are directly attributable to COVID-19 arising under policies of insurance or reinsurance underwritten by or on behalf of the Syndicate bound prior 1 October 2020 excluding certain intergroup reinsurance agreements.

	2020 $'000	2019 $'000	2018 $'000
Gross premium written	417,528	335,430	254,500
(Loss)/Profit for the financial year	(131,681)	23,441	(16,440)
Net Claims ratio	129.1%	51.5%	66.5%
Net Expense ratio	42.4%	36.4%	43.8%
Net Combined ratio	**171.5%**	**87.9%**	**110.3%**
Investment Gains/(Losses)	4,005	3,238	1,752

W/R/B UNDERWRITING | a Berkley Company

REPORT OF THE DIRECTORS OF THE MANAGING AGENT (CONT.)

The following table further details the gross premium written by class of business.

Gross premium written	2020 $'000	2019 $'000	2018 $'000
Property	180,705	124,496	87,108
Crisis management	21,976	35,140	25,277
Consortia	505	536	653
Engineering + Construction	58,029	46,534	24,213
Short Tail	**261,215**	**206,706**	**137,251**
Specialty Casualty	86,953	59,877	38,551
Reinsurance China	9,134	9,565	7,167
Berkley Business	63,925	44,078	40,466
Long Tail	**160,012**	**113,520**	**86,184**
Run-off (Aviation, Marine A+H & Asset Protection)	(3,700)	15,204	31,065
Total	**417,527**	**335,430**	**254,500**

The Active Underwriter's report on page 2 also provides a review of business for the year.

Total investment return after expenses and unrealised gains/losses was $4.1 million (2019: $3.2 million). Investment return is monitored against industry 1–3 year benchmarks and the portfolios have performed in line with these benchmarks.

FUTURE DEVELOPMENTS

The capacity for the 2021 year of account has increased to £350.0 million ($487.0 million), compared with the 2020 year of account of £325.0 million ($417.4 million).

Future at Lloyd's is a market-wide transformation programme that is focussed on combining data, technology and new ways of working with existing strengths to transform the Lloyd's market and its culture. 'Blueprint Two' priorities have now been published to inform the strategy and business planning processes of market participants with implementation intended in 2021 and 2022.

Brexit including Part VII Transfer to Lloyd's Brussels

Following the UK's withdrawal from the EU on 31 December 2020, from 1 January 2021 onwards, it continues to be Lloyd's policy that all non-life EEA insurance risks are written by Lloyd's Insurance Company S.A. ("Lloyd's Brussels"). Like other managing agents, WRBSML's authority to write EEA business is provided by Lloyd's Brussels. To achieve contract continuity, Lloyd's has transferred all remaining in scope policies written by the Lloyd's market between 1993 and 2020 to Lloyd's Brussels. A Part VII transfer of this business that includes relevant policies written by Syndicate 1967 took place on 30 December 2020. The impact of the transfer on the Syndicate is outlined further in Note 4.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT (CONT.)

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is a core tenet of the Managing Agent and in accordance with its culture and philosophy, the Syndicate's individual and aggregate risk exposures are managed proactively with a strong balance sheet, including a high-quality investment portfolio. The Board is responsible for managing all risks facing the business. The Board sets risk appetite as part of the business planning and capital planning processes. A 'three lines of defence' governance model is in place that promotes and enables an effective system of risk management and internal control across the Managing Agent. The Board has an established Risk & Capital Committee ("RCC") and Risk Management function.

The principal risks and uncertainties facing the Syndicate are as follows:

- Insurance risk;
- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk including regulatory risk; and
- Group Risk.

Note 4 to the Financial Statements – Risk and Capital Management provides a further explanation of how these risks are addressed.

Coronavirus

The worldwide spread of the COVID-19 virus has had wide ranging social, economic and financial implications since the virus was declared a global pandemic by the World Health Organisation on 11 March 2020. The governments of many countries including the U.K. government have taken unprecedented measures to contain and delay the spread of the virus, including travel bans, quarantines, lock downs, social distancing, and closures of non-essential services. The Syndicate has experienced significant impacts on its business operations and underwriting performance during 2020 as a result of the ongoing pandemic and has put in place mitigation strategies to support ongoing operations and the Syndicate's underwriting position. The Syndicate's assessment of the risks and impacts arising from COVID-19 and the risk management responses taken is set out in further detail in Note 4.

Brexit

Following the UK's withdrawal from the EU on 31 December 2020, from 1 January 2021 onwards, it continues to be Lloyd's policy that all non-life EEA insurance risks are written by Lloyd's Brussels. The impact and responses are outlined further above in the Future Developments section and in Note 4.

GOING CONCERN

Based on the going concern assessment performed as at 31 December 2020, the Directors consider there to be no material uncertainties that may cast significant doubt over the Syndicate's ability to continue to operate as a going concern. The Directors have formed a judgment that the Syndicate has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements and confirm their intent to open a 2022 year of account.

W/R/B UNDERWRITING | a Berkley Company

REPORT OF THE DIRECTORS OF THE MANAGING AGENT (CONT.)

POLITICAL AND CHARITABLE DONATIONS

The Syndicate made no charitable donations during the year nor in the prior year. There were no political donations made this year nor in the previous year.

DIRECTORS SERVING IN THE YEAR

The Directors of the Managing Agent, who served during the year, were as follows:

William Robert Berkley – Chairman [1]	Jacqueline Hedges
William Robert Berkley Jr [1]	Ira Lederman
Alastair Blades	Steven Taylor
James Bronner	Andrew Mitchell
Robert Chase [2]	Michael Smith [2]
Edward Creasy [2]	Heather McKinlay (resigned 16 April 2020)

[1] *Directors of ultimate parent company W. R. Berkley Corporation*

[2] *Independent non-Executive Director*

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors of the Managing Agent who held office at the date of approval of this Managing Agent's report confirm that, so far as they are each aware, there is no relevant audit information of which the Syndicate's auditors are 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 auditors are aware of that information.

AUDITOR

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

SYNDICATE ANNUAL GENERAL MEETING

In accordance with the Syndicate Meetings (Amendment No. 1) Byelaw (No. 18 of 2000), notice is hereby given that the managing agent does not propose to hold an annual general meeting of the members of the Syndicate.

On behalf of the Board

A. BLADES
DIRECTOR

4 MARCH 2021

W/R/B UNDERWRITING | a Berkley Company

STATEMENT OF MANAGING AGENT'S DIRECTORS' 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 (Lloyds's Syndicate and Aggregate Accounts) Regulations 2008 requires the Directors of the Managing Agent to prepare their Syndicates 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 Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

— Select suitable accounting policies and then apply them consistently;

— Make judgements and estimates that are reasonable and prudent;

— State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts;

— 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 Syndicate annual accounts comply with the Insurance Accounts Directive (Lloyds's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Syndicate 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 financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

A. BLADES
DIRECTOR

4 MARCH 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF W. R. BERKLEY SYNDICATE 1967

OPINION

We have audited the Syndicate annual accounts of Syndicate 1967 ("the Syndicate") for the year ended 31 December 2020 which comprise the Statement of Profit or Loss: Technical account – General business, Statement of Profit or Loss: non-technical account, Balance Sheet – Assets, Balance Sheet – Liabilities, 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 Financial Reporting Council ("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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF W. R. BERKLEY SYNDICATE 1967

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

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

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

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

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

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management, journals posted without a user identity, those posted to accounts linked to an accounting estimate and those posted with unusual descriptions or related to run-off if any; and
- 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 Syndicate annual accounts from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Managing Agent's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF W. R. BERKLEY SYNDICATE 1967

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

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

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

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

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

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

OTHER INFORMATION - REPORT OF THE DIRECTORS OF THE MANAGING AGENT

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

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

- we have not identified material misstatements in the Report of the Directors of the Managing Agent;
- in our opinion the information given in the Report of the Directors of the Managing Agent is consistent with the Syndicate annual accounts; and
- in our opinion the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF W. R. BERKLEY SYNDICATE 1967

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF W. R. BERKLEY SYNDICATE 1967

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

4 MARCH 2021

STATEMENT OF PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT - GENERAL BUSINESS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	$'000	$'000	$'000	$'000
Earned premiums, net of reinsurance					
Gross premium written	*5*	417,528		335,430	
Outwards reinsurance premium		(248,997)		(132,386)	
Net premium written			168,531		203,044
Change in the provision for unearned premiums					
Gross amount	*17*	(41,666)		(45,909)	
Reinsurers' share	*17*	57,581		22,142	
Change in the net provision for unearned premiums			15,915		(23,767)
Earned premiums, net of reinsurance			**184,446**		**179,277**
Allocated investment return transferred from the non-technical account			4,055		3,238
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(220,467)		(139,559)	
Reinsurers' share		89,752		45,652	
Net claims paid			(130,715)		(93,907)
Change in the provision for claims					
Gross amount	*17*	(253,436)		(17,934)	
Reinsurers' share	*17*	146,108		19,542	
Change in the net provision for claims			(107,328)		1,608
Claims incurred, net of reinsurance	*6*		(238,043)		(92,299)
Net operating expenses	*7*		(78,266)		(65,223)
Total technical charges			(316,309)		(157,522)
Balance on the technical account – general business			**(127,809)**		**24,993**

All amounts above are in respect of continuing operations.

The notes on pages 20 to 50 form part of these financial statements.

W/R/B UNDERWRITING | a Berkley Company

STATEMENT OF PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $'000	2019 $'000
Balance on the technical account – general business		(127,809)	24,993
Investment income	*10,11*	3,612	2,649
Realised gains and losses on investments	*10*	(116)	(109)
Unrealised gains and losses on investments	*10*	739	819
Investment expenses and charges	*10*	(180)	(121)
Allocated investment return transferred to technical account - general business		(4,055)	(3,238)
Other income		-	-
Loss on foreign exchange		(3,872)	(1,552)
(Loss)/Profit for the financial year		**(131,681)**	**23,441**

All amounts above are in respect of continuing operations.

There are no recognised gains and losses for the current period other than those included in the profit and loss account above and therefore no statement of other comprehensive income has been presented.

The notes on pages 20 to 50 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2020

		2020		2019	
Assets	***Notes***	**$'000**	**$'000**	**$'000**	**$'000**
Investments					
Financial investments	*12,13*		181,221		122,752
Reinsurers' share of technical provisions					
Provision for unearned premiums	*17*	117,893		58,720	
Claims outstanding	*4, 17, 18*	333,944		118,965	
			451,837		177,685
Debtors					
Debtors arising out of direct insurance operations	*14*	117,191		98,765	
Debtors arising out of reinsurance operations	*15*	113,550		16,711	
Other debtors		9,231		7,076	
			239,972		122,552
Other assets					
Cash at bank and in hand		11,932		5,304	
Overseas deposits	*13*	30,769		19,828	
			42,701		25,132
Prepayments and accrued income					
Accrued interest and rent		1,124		797	
Deferred acquisition costs		39,473		35,345	
Other prepayments and accrued income		2,183		1,330	
			42,780		37,472
Total assets			**958,511**		**485,593**

The notes on pages 20 to 50 form part of these financial statements.

W/R/B UNDERWRITING | a Berkley Company

BALANCE SHEET AS AT 31 DECEMBER 2020 (CONT.)

		2020		2019	
Liabilities	*Notes*	$'000	$'000	$'000	$'000
Capital and reserves					
Member's balances			(137,364)		(40,966)
Technical provisions					
Provision for unearned premiums	*17*	222,853		175,899	
Claims outstanding	*4, 17*	543,919		278,823	
			766,772		454,722
Creditors					
Creditors arising out of direct insurance operations	*19*	5,050		1,513	
Creditors arising out of reinsurance operations – due within one year	*20*	273,150		49,484	
Other creditors		27,717		2,976	
			305,917		53,973
Accruals and deferred income			23,186		17,864
Total liabilities, capital and reserves			**958,511**		**485,593**

The financial statements on pages 14 to 50 were approved by the Board on 4 March 2021 and were signed on behalf of the Board of W. R. Berkley Syndicate Management Limited by:

A. BLADES

DIRECTOR

The notes on pages 20 to 50 form part of these financial statements.

STATEMENT OF CHANGES IN MEMBER'S BALANCES FOR YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000
Member's balances brought forward	(40,966)	(76,708)
(Loss)/Profit for the financial year	(131,681)	23,441
Cash call	35,283	12,301
Member's balances carried forward at 31 December	**(137,364)**	**(40,966)**

Members participate in the Syndicate by reference to years of account and their ultimate results. Assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year.

The notes on pages 20 to 50 form part of these financial statements.

W/R/B UNDERWRITING | a Berkley Company

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	$'000	$'000	$'000	$'000
(Loss)/Profit for the financial year	(131,681)		23,441	
Increase in technical provisions	312,050		69,907	
(Increase) in reinsurers' share of technical provisions	(274,152)		(42,803)	
(Increase) in debtors	(122,730)		(41,472)	
Increase in creditors	257,266		13,748	
Investment return	(4,055)		(3,238)	
Realised/ Unrealised foreign exchange losses	3,872		1,552	
Net cash flow from operating activities		**40,570**		**21,135**
Cash flows from investing activities				
Purchase of equity and debt instruments	(194,448)		(96,642)	
Sale of equity and debt instruments	144,147		62,652	
Purchase of shares and other variable yield securities	(15,392)		(2,204)	
Investment income received	3,315		2,418	
Realised / unrealised foreign exchange (losses)	(6,826)		(2,091)	
Unrealised (gains) / losses	(21)		158	
		(69,225)		**(35,709)**
Cash flows from financing activities				
Cash call		35,283		12,301
Net increase/(decrease) in cash and cash equivalents		**6,628**		**(2,273)**
Cash and cash equivalents at the beginning of the year		5,304		7,577
Cash at bank and in hand	11,932		5,304	
Cash and cash equivalents at 31 December		**11,932**		**5,304**

The notes on pages 20 to 50 form part of these financial statements.

W/R/B UNDERWRITING | a Berkley Company

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Lloyd's Syndicate 1967 ('the Syndicate') underwrites insurance business in the London Market. It is managed by W.R. Berkley Syndicate Management Limited ("the Managing Agent"). The address of the Managing Agent is 14th floor, 52 Lime Street, London, EC3M 7AF.

The financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice, "UK GAAP"), including Financial Reporting Standard 102, *The Financial Reporting Standard Applicable in the United Kingdom 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 at fair value through profit or loss that are measured at fair value.

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

Going Concern

The Syndicate annual accounts are prepared on a going concern basis in accordance with FRS102. The Directors have performed an assessment of the Syndicate's ability to continue as a going concern, including the impact of the COVID-19 pandemic.

In response to the COVID 19 pandemic, the Syndicate reviewed and assessed the potential implications for each class of business that the Syndicate underwrites, across all its platforms, with involvement from underwriting, exposure management, actuarial, claims and finance teams. The output of this review formed the basis of Syndicate's loss reserving. The current best estimate financial impact of COVID-19 is $161.2 million. Net COVID-19 losses held on the balance sheet at year end are $0.2m.

The Syndicate's financial forecasts reflect the outcomes that the Directors consider most likely, based on the information available at the date of signing these annual accounts. To assesses the Syndicate's going concern, resilience and response to the COVID-19 pandemic, the financial stability of the Syndicate was modelled for a period of at least 12 months and a number of sensitivity, stress and scenario tests were applied. This included, among other analysis, a best estimate forecast with scenario analysis covering the impact of deterioration within attritional, large and catastrophe loss events alongside pessimistic investment return scenarios. To further stress the financial stability of the Syndicate, additional scenario testing was performed. This included modelling the occurrence of a number of high severity loss events impacting the Syndicate's underwriting platforms in 2021. The testing identified that even under the more severe but plausible stress scenarios, the Syndicate had sufficient liquidity and solvency headroom.

In addition to the above, the following factors were also considered as part of going concern assessment:

- The Syndicate has significantly reduced its participation in classes most severely impacted by COVID-19. This includes the Event Cancellation and Trade Credit business within the Crisis Management class.
- In response to the COVID-19 pandemic, the Syndicate has entered into a Loss Portfolio Transfer Agreement ("LPT") with Berkley Insurance Company, a Group entity in which the Syndicate ceded to BIC and BIC reinsured 100% of all losses that are directly attributable to COVID-19 arising under policies of insurance or reinsurance underwritten by or on behalf of the Syndicate bound prior 1 October 2020 excluding certain intergroup reinsurance agreements.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

1. BASIS OF PREPARATION (CONT.)

- On 15 January 2021, the UK Supreme Court delivered its judgement on the FCA's business interruption test case. The aim of the test case was to obtain clarity on insurance contract wording and determine whether certain business interruption clauses were triggered by the COVID-19 pandemic. For the insurance industry, this means that in certain instances, policyholders will now have their COVID-19 related business interruption claims paid where previously these claims may have been denied. It may also impact the reinsurance industry as insurers will seek to recover from the reinsurance protection they have in place. In light of the UK Supreme Court ruling, the Syndicate has performed a detailed review of the business interruption clauses in its insurance and reinsurance contracts and concluded that there is no material impact on the COVID-19 best estimate loss booked for the year ended 31 December 2020.
- The Syndicate was able to open the 2021 year of account with increased stamp of £350.0 million or US$478.4 million.
- As at 31 December 2020, the Syndicate considers that it has sufficient liquidity to pay its obligations as they fall due. The Syndicate held cash and cash equivalents of US$11.9 million and fixed maturity investments with maturity dates of less than one year of US$52.3 million.
- As at 31 December 2020, the average credit quality of the fixed maturity portfolio was AA (31 December 2019 – AA) and there has not been a significant change in Syndicate's counterparty credit exposure as a result of the COVID-19 pandemic. However, it is an area the Directors continue to monitor. Additional credit risk disclosures are set out on pages 33 to 34.
- Additionally, the ability of the Syndicate to meet its obligations as they fall due is also underpinned by the support provided by the Lloyd's solvency process and its chain of security for any members who are not able to meet their underwriting liabilities.

Based on the going concern assessment performed as at 31 December 2020, the Directors consider there to be no material uncertainties that may cast significant doubt over the Syndicate's ability to continue to operate as a going concern. The Directors have formed a judgment that the Syndicate has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements and confirm their intent to open a 2022 year of account.

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 judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2. USE OF JUDGEMENTS AND ESTIMATES

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

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

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in the sensitivity analysis note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Premium written

Gross premium written comprises premiums on contracts incepted during the year. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Premiums include estimates for pipeline premiums, representing amounts due to the Syndicate but not yet received or notified.

Outwards reinsurance premiums are accounted for in the period in which they incept and earned in line with underlying gross exposure.

Unearned Premium

The provision for unearned premiums comprises the proportion of premiums written which is estimated to be earned in the following or subsequent financial period. It is computed using a daily pro rata method.

Written premium is earned according to the risk profile of the policy and computed using a daily pro rata method.

Acquisition costs

Acquisition costs include direct costs such as brokerage and commission and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. Costs incurred in acquiring general insurance contracts are deferred, whereby the deferred acquisition cost asset represents the proportion of acquisition cost which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

Claims provisions and related recoveries

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The provision for claims outstanding is an aggregate of estimates made on an individual case basis and the estimated ultimate cost of these case reserves not settled as at the balance sheet date, together with a provision for related claims handling costs. The provision also includes the estimated cost of IBNR at the balance sheet date. This is calculated through statistical methods. These methods generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced.

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

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 period and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

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

The Directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the annual accounts 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 and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return.

Foreign currencies

The functional and presentational currency of the Syndicate is US Dollars. Income and expenditure in foreign currencies are translated at the average rates of exchange for the period. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate. Non-monetary assets and liabilities are translated at the rate of exchange ruling at the date of transaction. All differences arising on translation of foreign currency amounts are included in the profit and loss account.

Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

Financial assets and liabilities are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. The Syndicate considers financial assets and liabilities to include debtors and creditors and are stated at cost which is deemed to be fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Classification

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

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, units in collective investment schemes, and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

Deposits with credit institutions are classified as financial investments and debtors and accrued interest are classified as receivables, and are held at amortised cost. For this purpose investments are stated at market value (bid value) and deposits with credit institutions are stated at amortised cost.

Recognition

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

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

Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency, but excludes interest income. The investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business account to reflect the investment return on funds supporting underwriting business.

Debtors, cash and cash equivalents and non-derivative financial liabilities are measured at amortised cost.

Identification and measurement of impairment

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

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Syndicate about any significant financial difficulty of the issuer, or significant changes in the technological, market, economic or legal environment in which the issuer operates.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

Off-setting

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

Investment Return

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

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Interest income on financial assets measured at amortised cost is recognised using the effective interest method. For the purpose of separately presenting investment income and unrealised gains and losses for financial assets at fair value through profit or loss, interest income is recognised as it accrues on the next coupon payment.

For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. For investments measured at amortised cost, realised gains and losses represents the difference between the net proceeds on disposal and the latest carrying value (or if acquired after the last reporting date, the purchase price).

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period, or the valuation at the beginning of the year; as well as the reversal of previously recognised unrealised gains and losses in respect of investment disposed of in the current period.

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

Fair Value Hierarchy

The Syndicate utilises a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for similar assets in active markets.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs may only be used to measure fair value to the extent that observable inputs are not available. The fair value of the majority of the Syndicate's portfolio is based on observable data (other than quoted prices) and, accordingly, is classified as Level 2.

In classifying particular financial securities in the fair value hierarchy, the Syndicate uses its judgement to determine whether the market for a security is active and whether significant pricing inputs are observable. The Syndicate determines the existence of an active market by assessing whether transactions occur with sufficient frequency and volume to provide reliable pricing information. The Syndicate determines whether inputs are observable based on the use of such information by pricing services and external investment managers, the uninterrupted availability of such inputs, the need to make significant adjustments to such inputs and the volatility of such inputs over time. If the market for a security is determined to be inactive or if significant inputs used to price a security are determined to be unobservable, the security is categorised in Level 3 of the fair value hierarchy.

Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost in the balance sheet.

Taxation

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

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings.

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

Pension costs

W. R. Berkley Syndicate Limited ("WRBSL") and W. R. Berkley London Staff, Limited ("WRBLSL") operate defined contribution schemes. No pension contributions, relating to staff employed by WRBSL or WRBLSL, were paid directly by the Syndicate.

Profit commission

A profit commission is not charged by the Managing Agent.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT

Introduction and overview

This note presents information about the nature and extent of insurance, financial and non-financial risks to which the Managing Agent and the Syndicate are exposed, and the objectives and approach for managing risk and capital. For the purposes of this note, the Managing Agent and the Syndicate either individually or collectively are hereinafter referred to as "the Managing Agent" and "the Syndicate".

Risk Management Framework, Governance and Oversight

Risk management is a core tenet of the Managing Agent and in accordance with its culture and philosophy, the Syndicate's individual and aggregate risk exposures are managed proactively with a strong balance sheet, including a high-quality investment portfolio. The Board is responsible for managing all risks facing the business. The Board sets risk appetite as part of the business planning and capital planning processes. A 'three lines of defence' governance model is in place that promotes and enables an effective system of risk management and internal control across the Managing Agent. An enterprise risk management framework has been developed and implemented to provide the structure through which the Managing Agent identifies, assesses, monitors, measures, prioritises, reports and controls the risks posed to the achievement of strategic and business plan objectives. The enterprise risk management framework is articulated and set out in a comprehensive suite of policy, process and procedural documentation that is subject to a regular cycle of review and enhancement in accordance with business standards and needs; on-going changes in the risk environment; evolving good practice on risk management and governance; and applicable regulatory/supervisory requirements. The Managing Agent's internal control system supports and enables the management of risks and the undertaking of appropriate related actions on a timely basis.

The Board delegates certain day-to-day management and oversight to its sub-committees. Further information is provided below about the activities of certain Board sub-committees in accordance with the purpose of this note.

Risk and Capital Committee

The Risk and Capital Committee ("RCC") provides oversight of the enterprise risk management framework including the own risk and solvency assessment ("ORSA") process and reporting on behalf of the Board. The RCC reviews and challenges risk profile information and escalates any issues to the Board. The RCC considers the adequacy of available capital and assesses capital requirements based on risk based calculations and proposes relevant actions to be taken by the Board. The RCC is chaired by an independent non-executive Director.

Actuarial Reserving Committee

The Actuarial Reserving Committee ("ARC") provides oversight of the process for the determination of GAAP reserves on behalf of the Board. The ARC is responsible for recommending appropriate policies, procedures, methodologies and assumptions to the Board for determining the appropriate levels of ultimate and earned reserves to be held by the Syndicate considering external actuarial and audit sign off where appropriate. The ARC is chaired by an independent non-executive Director.

Audit Committee

The Audit Committee ("AC") operates independently from other committees and makes recommendations directly to the Board. The AC reviews and considers internal audit and external audit reports on the effectiveness of internal control systems and financial reporting. The AC reviews and makes recommendations to the Board on audited financial statements and returns. The AC is chaired by an independent non-executive Director.

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Risk Profile

The Managing Agent is focused on generating superior risk-adjusted returns over the insurance cycle based on a real understanding of the amount of risk being assumed by the Syndicate and the proactive management of risk exposures. The Managing Agent manages insurance, financial and non-financial risks on an ongoing basis in keeping with its approved risk appetite and system of internal controls.

Coronavirus (COVID-19)

The Syndicate's risk management framework provides the structure and basis for the work to identify, assess, control, monitor and report on the principal risks for the Syndicate in general including additional, enhanced or emerging risks, in particular those arising out of the COVID-19 pandemic. Various adaptations have been and will continue to be planned and implemented to enable the Syndicate to continue to serve customers, brokers and stakeholders in accordance with its strategic goals, objectives and priorities. This includes management of insurance and other risks to ensure Syndicate has sufficient capital and liquidity available to meet its insurance liabilities and other cash outflow demands as and when they fall due. The Directors also believe that the Syndicate has the resources (people, processes, IT infrastructure / technology and facilities, and data and information security) and the operating model flexibility and resilience to support and enable the continuing delivery of its services and activities. As lockdown and some form of remote working extends through 2021 this will be kept under regular review.

As part of its approach to managing risks and uncertainties from COVID-19, the Syndicate has entered into a Loss Portfolio Transfer Agreement ("LPT") with Berkley Insurance Company, a Group entity in which the Syndicate ceded to BIC and BIC reinsured 100% of all losses that are directly attributable to COVID-19 arising under policies of insurance or reinsurance underwritten by or on behalf of the Syndicate bound prior 1 October 2020 excluding certain intergroup reinsurance agreements.

The Syndicate has further considered the potential second order impacts on profitability including those arising from recessionary pressures, operational challenges and potential increases to liquidity and credit risk arising from COVID-19 within the existing risk management framework as outlined below.

Insurance Risk

Insurance risk is the risk of any deviation from anticipated risk adjusted returns due from underwriting, claims, reserving or reinsurance activities including inherent uncertainties as to the occurrence, amount and timing of insurance liabilities. In transacting general insurance and reinsurance business in the Lloyd's market, the Syndicate is subject to various risks and uncertainties, including but not limited to: the cyclical nature of the property casualty industry; the impact of significant competition, including new alternative entrants to the industry; the long-tail and potentially volatile nature of the insurance and reinsurance business; product demand and pricing; claims development and the process of estimating reserves; the effects of emerging claim and coverage issues; the uncertain nature of damage theories and loss amounts including claims for cyber security related risks; natural and man-made catastrophic losses, including as a result of terrorist activities; , epidemics or pandemics such as COVID-19; and the potential effects of climate change on physical risks, which may increase the frequency and severity of catastrophe events or may have potential longer-term impacts, and lead to potential climate-related legal liability risk exposures and climate related transition risk exposures.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

The Managing Agent has established controls for managing its underwriting, pricing, exposure management, reinsurance, claims and reserving activities, processes and deliverables. Where insurance risk exposure moves outside of approved risk appetite, tolerances and limits; action will be taken to manage the insurance risk exposure back to within the approved risk appetite, tolerances and limits in accordance with the Managing Agent's insurance risk policy.

Concentration of insurance risk

The following table provides an analysis of the geographical breakdown of gross premiums written by class of business:

2020	Property	Crisis Management	Consortia	Engineering + Construction	Reinsurance China	Berkley Business	Casualty	Marine	Accident + Health	Aviation	Asset Protection	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
UK	1,903	2,509	443	5,034	-	16,473	61,706	669	1,581	(117)	(2,705)	87,496
Europe	2,037	5,649	-	1,062	-	16,274	12,922	(247)	7	136	305	38,145
North America	154,211	7,140	8	27,636	-	24,014	3,870	(3,103)	455	(339)	71	213,963
Central America	4,268	754	-	269	-	1,409	1,850	18	(1)	(10)	(27)	8,530
South America	5,024	282	-	182	-	-	59	(15)	17	-	(237)	5,312
Australasia	8,125	291	-	21,631	-	2,730	1,965	101	4	(73)	(156)	34,618
Asia	3,110	2,121	-	1,035	9,134	758	633	183	37	8	(51)	16,968
Middle East	1,504	1,209	54	620	-	1,945	3,748	-	29	(8)	(228)	8,873
Africa	523	2,021	-	560	-	322	200	-	(1)	(3)	-	3,622
Total	**180,705**	**21,976**	**505**	**58,029**	**9,134**	**63,925**	**86,953**	**(2,394)**	**2,128**	**(406)**	**(3,028)**	**417,527**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Concentration of insurance risk (cont.)

The following table provides an analysis of the geographical breakdown of gross written premiums by class of business for the prior period.

2019	Property	Crisis Management	Consortia	Engineering + Construction	Reinsurance China	Berkley Business	Marine	Accident + Health	Aviation	Asset Protection	Casualty	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
UK	1,173	4,206	644	2,883	-	5,546	332	5,114	3,943	6,235	30,977	61,053
Europe	1,314	7,240	-	847	-	7,424	(933)	365	1,824	2,290	4,717	25,088
North America	69,628	7,640	9	6,574	-	22,728	280	2,865	444	2,749	357	113,274
Central America	4,559	1,141	-	233	-	592	88	(2)	32	107	337	7,087
South America	3,220	94	-	1,556	-	26	(32)	187	(511)	51	42	4,633
Australasia	3,952	532	-	8,598	-	2,270	6	-	1,266	1,465	726	18,815
Asia	1,582	2,253	-	1,336	7,167	259	(54)	192	597	558	171	14,061
Middle East	1,184	1,315	-	2,172	-	629	55	(39)	861	578	1,185	7,940
Africa	496	856	-	14	-	992	(63)	3	187	25	39	2,549
Total	**87,108**	**25,277**	**653**	**24,213**	**7,167**	**40,466**	**(321)**	**8,685**	**8,643**	**14,058**	**38,551**	**254,500**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the actual claims arising as they are determined. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates in 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 percent increase or decrease in total claims liabilities would have the following effect on profit or loss before application of reinsurance:

	2020		2019	
	5 per cent increase	**5 per cent decrease**	**5 per cent increase**	**5 per cent decrease**
	$'000	$'000	**$'000**	**$'000**
Property	(4,876)	4,876	(3,136)	3,136
Crisis Management	(7,768)	7,768	(971)	971
Consortia	(174)	174	(226)	226
Engineering + Construction	(2,169)	2,169	(589)	589
Marine	(515)	515	(1,783)	1,783
Accident + Health	(312)	312	(620)	620
Aviation	(534)	534	(954)	954
Reinsurance	(1,577)	1,577	(285)	285
Asset Protection	(251)	251	(439)	439
Berkley Business	(5,484)	5,484	(2,476)	2,476
Casualty	(3,536)	3,536	(1,427)	1,427
Total	**(27,196)**	**27,196**	**(12,906)**	**12,906**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Gross and Net claims development triangles

The below tables illustrate the development of the estimates of cumulative claims for the Syndicate on an underwriting year basis. All tables have been revalued to reflect the current year closing rate of exchange and are prepared on an undiscounted basis.

Gross Claims Development

Estimate of cumulative claims	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
At end of underwriting year	76,020	39,741	78,660	69,585	53,828	66,812	107,058	61,626	68,438	222,049
One year later	106,189	59,003	102,814	111,435	107,713	160,882	186,315	146,604	277,854	-
Two years later	108,354	67,384	114,041	135,705	119,854	183,759	204,605	167,363	-	-
Three years later	118,757	76,663	115,297	134,461	120,591	187,200	224,255	-	-	-
Four years later	122,540	79,675	116,051	151,971	115,299	210,968	-	-	-	-
Five years later	122,615	79,976	114,694	150,106	117,533	-	-	-	-	-
Six years later	122,312	78,698	115,431	148,574	-	-	-	-	-	-
Seven years later	122,323	78,565	115,038	-	-	-	-	-	-	-
Eight years later	122,174	78,425	-	-	-	-	-	-	-	-
Nine years later	121,802	-	-	-	-	-	-	-	-	-
Cumulative payments	121,284	75,893	112,698	131,179	107,085	156,125	171,241	100,357	102,374	61,878
Estimated balance to pay	518	2,532	2,340	17,394	10,448	54,843	53,014	67,006	175,480	160,171
Gross estimated balance to pay										
2010 and prior										172
Grand total										543,919

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Net Claims Development

Estimate of cumulative claims	**2011 $'000**	**2012 $'000**	**2013 $'000**	**2014 $'000**	**2015 $'000**	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**
At end of underwriting year	75,926	39,680	78,035	68,723	51,678	60,709	68,008	42,505	49,031	76,916
One year later	102,946	56,417	94,436	108,610	101,939	125,219	120,324	95,315	143,105	-
Two years later	104,986	65,503	103,859	125,576	112,387	141,477	127,448	103,169	-	-
Three years later	113,002	76,311	105,322	124,546	113,543	137,000	133,597	-	-	-
Four years later	115,334	79,317	106,839	124,015	109,405	140,781	-	-	-	-
Five years later	115,112	79,591	106,813	123,241	109,378	-	-	-	-	-
Six years later	114,910	78,590	107,121	121,706	-	-	-	-	-	-
Seven years later	115,151	78,498	106,740	-	-	-	-	-	-	-
Eight years later	115,010	78,369	-	-	-	-	-	-	-	-
Nine years later	114,639	-	-	-	-	-	-	-	-	-
Cumulative payments	114,323	75,837	104,423	116,654	102,769	121,659	114,337	71,599	78,766	18,223
Estimated balance to pay	316	2,532	2,317	5,052	6,609	19,122	19,260	31,570	64,339	58,693
Net estimated balance to pay										
2010 and prior										165
Grand total										**209,975**

In the calendar year there was a prior accident year adverse development of claims incurred of $1.1 million (2019: $5.1 million adverse).

Credit risk

Credit risk is the risk of loss as a result of the failure by another party or counterparty to meet its contractual obligations or its failure to perform them in a timely manner. The Syndicate is exposed to a variety of types of credit risk that include but are not limited to: reinsurer credit risk; credit risk from intermediaries such as brokers and coverholders; credit risk from third party claims administrators; credit risk associated with the Syndicate's investments; and credit risk from other third parties including banks. The Managing Agent has established controls to manage its credit risk and mitigate the potential impact of its credit risk exposures to counterparties arising out of its business activities. In circumstances where credit risk exposure moves outside of approved risk appetite, tolerances and limits, action is to be taken to manage the credit risk exposure back to within the approved risk appetite, tolerances and limits in accordance with the Managing Agent's credit risk policy.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Exposure to credit risk

The table below analyses the credit rating of the assets held at the reporting date:

2020	AAA	AA	A	BBB	<BBB	Not Rated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Shares and other variable yield securities	-	-	27,632	-	-	-	27,632
Debt securities	69,715	83,875	-	-	-	-	153,590
Loans with credit institutions	-	-	-	-	-	-	-
Overseas deposits as investments	10,130	1,459	2,782	12,128	1,148	3,122	30,769
Reinsurers' share of claims outstanding	-	27,481	303,264	-	-	3,199	333,944
Reinsurers' debtors	-	7,277	101,926	-	-	4,347	113,550
Cash at bank and in hand	-	-	11,932	-	-	-	11,932
Total credit risk	**79,845**	**120,092**	**447,536**	**12,128**	**1,148**	**10,668**	**671,417**

2019	AAA	AA	A	BBB	<BBB	Not Rated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Shares and other variable yield securities	-	-	15,604	-	-	-	15,604
Debt securities	51,881	54,387	-	-	-	-	106,268
Loans with credit institutions	-	-	880	-	-	-	880
Overseas deposits as investments	10,568	2,558	1,714	1,116	283	3,589	19,828
Reinsurers' share of claims outstanding	-	6,502	98,670	-	-	13,793	118,965
Reinsurers' debtors	-	2,795	12,390	-	-	1,526	16,711
Cash at bank and in hand	-	-	5,304	-	-	-	5,304
Total credit risk	**62,449**	**66,242**	**134,562**	**1,116**	**283**	**18,908**	**283,560**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Financial assets

An analysis of the carrying amounts of financial assets is presented in the table below:

	Neither past due nor impaired	Financial assets that are past due but not impaired				Financial assets that have been impaired	Total
		up to 3 months	3 to 6 months	6 to 12 months	greater than 1 year		
2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Shares and other variable yield securities and unit trusts	27,633	-	-	-	-	-	27,633
Debt securities	153,589	-	-	-	-	-	153,589
Loans to credit institutions	-	-	-	-	-	-	-
Overseas deposits as investments	30,768	-	-	-	-	-	30,768
Reinsurers' share of claims outstanding	333,943	-	-	-	-	-	333,943
Reinsurance debtors	113,550	-	-	-	-	-	113,550
Insurance debtors	72,882	22,843	10,003	11,463	-	-	117,191
Other assets	169,905	-	-	-	-	-	169,905
Cash at bank and in hand	11,932	-	-	-	-	-	11,932
Total credit risk	**914,202**	**22,843**	**10,003**	**11,463**	**-**	**-**	**958,511**

There have been no impairments or write off of financial assets in the year (2019: Nil).

	Neither past due nor impaired	Financial assets that are past due but not impaired				Financial assets that have been impaired	Total
		up to 3 months	3 to 6 months	6 to 12 months	greater than 1 year		
2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Shares and other variable yield securities and unit trusts	15,604	-	-	-	-	-	15,604
Debt securities	106,268	-	-	-	-	-	106,268
Loans to credit institutions	880	-	-	-	-	-	880
Overseas deposits as investments	19,828	-	-	-	-	-	19,828
Reinsurers' share of claims outstanding	118,965	-	-	-	-	-	118,965
Reinsurance debtors	16,711	-	-	-	-	-	16,711
Insurance debtors	69,271	20,592	7,372	1,530	-	-	98,765
Other assets	103,268	-	-	-	-	-	103,268
Cash at bank and in hand	5,304	-	-	-	-	-	5,304
Total credit risk	**456,099**	**20,592**	**7,372**	**1,530**	**-**	**-**	**485,593**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Liquidity risk

Liquidity risk is the risk that the Syndicate, although solvent, does not have sufficient readily realisable financial resources available including liquid assets in the correct currency to enable it to meet its obligations as they fall due, or can only meet them at excessive cost, in both normal market conditions and in severe but plausible stressed situations. The Syndicate is exposed to a variety of types of liquidity risk that include but are not limited to: funding liquidity risk; intraday liquidity risk; and the potential impact to liquidity following a large market-wide insurable event such as a severe natural catastrophe. The Managing Agent has established controls to mitigate the potential impact from liquidity risk exposures arising out of its business activities. In possible circumstances, where liquidity risk exposure moves outside of approved risk appetite, tolerances and limits, action is to be taken to manage the liquidity risk exposure back to within the approved risk appetite, tolerances and limits in accordance with the Managing Agent's liquidity risk policy.

The maturity of liabilities and expected settlement profile for claims liabilities held at the reporting date is shown in the table below:

2020	Not stated maturity $'000	0-1 year $'000	1-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total $'000
Claims outstanding	-	287,999	171,103	55,944	28,873	543,919
Creditors	-	305,917	-	-	-	305,917

2019	Not stated maturity $'000	0-1 year $'000	1-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total $'000
Claims outstanding	-	87,885	115,235	46,305	29,398	278,823
Creditors	-	53,973	-	-	-	53,973

The maturity of the assets held by the Syndicate match the liabilities held as they fall due.

Market risk

Market risk is the risk of fluctuations in the value of the Syndicate's assets, the amount of its liabilities, or the income from its assets, as a result of market movements. Market movements include but are not limited to changes in interest rates, credit spreads, volatility of equities and stock market indices, foreign exchange rates, commodity prices, and inflation. Such macro-economic factors could also lead to possible systemic risk affecting the entire financial system. As set out above, there is also credit risk associated with the investment of the Syndicate's assets. The Managing Agent has established controls to mitigate the potential impact of its market risk exposures arising out of its business activities. In possible circumstances, where market risk exposure moves outside of approved risk appetite, tolerances and limits, action is to be taken to manage the market risk exposure back to within the approved risk appetite, tolerances and limits in accordance with the Managing Agent's market risk policy.

W/R/B UNDERWRITING | a Berkley Company

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

The table below summarises the assets and liabilities at the reporting date split by currency:

2020	USD $'000	GBP $'000	EUR $'000	CAD $'000	AUD $'000	Total $'000
Financial investments	137,662	5,771	-	37,788	-	181,221
Overseas deposits	3,157	4,147	-	8,967	14,498	30,769
Reinsurers' share of technical provisions	357,158	35,574	22,929	15,778	20,398	451,837
Insurance and reinsurance receivables	162,429	56,601	(9,619)	6,479	14,851	230,741
Cash and cash equivalents	23	7,272	1,831	1,308	1,498	11,932
Other assets	20,547	14,984	8,067	4,404	4,009	52,011
Total assets	**680,976**	**124,349**	**23,208**	**74,724**	**55,254**	**958,511**
Technical provisions	(474,836)	(146,303)	(60,296)	(42,282)	(43,055)	(766,772)
Insurance and reinsurance payables	(253,084)	(15,868)	(4,448)	(789)	(4,011)	(278,200)
Other creditors	(34,777)	(9,759)	(2,582)	(1,114)	(2,671)	(50,903)
Total liabilities	**(762,697)**	**(171,930)**	**(67,326)**	**(44,185)**	**(49,737)**	**(1,095,875)**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

2019	USD $'000	GBP $'000	EUR $'000	CAD $'000	AUD $'000	Total $'000
Financial investments	97,591	880	1,305	16,326	6,650	122,752
Overseas deposits	2,700	3,883	-	4,109	9,136	19,828
Reinsurers' share of technical provisions	119,101	27,191	12,462	6,997	11,934	177,685
Insurance and reinsurance receivables	68,203	44,964	(8,580)	3,309	7,579	115,475
Cash and cash equivalents	5	1,853	1,807	938	701	5,304
Other assets	17,712	13,561	6,607	3,767	2,902	44,549
Total assets	**305,312**	**92,332**	**13,601**	**35,446**	**38,902**	**485,593**
Technical provisions	(279,798)	(96,401)	(32,839)	(20,646)	(25,038)	(454,722)
Insurance and reinsurance payables	(33,147)	(12,569)	(2,415)	(440)	(2,426)	(50,997)
Other creditors	(9,686)	(5,592)	(1,583)	(1,681)	(2,298)	(20,840)
Total liabilities	**(322,631)**	**(114,562)**	**(36,837)**	**(22,767)**	**(29,762)**	**(526,559)**

Sensitivity analysis to market risks for financial instruments

An analysis of the Syndicate's sensitivity to interest rate fluctuations is presented in the table below:

Interest rate risk	2020 $'000	2019 $'000
Impact of 100 basis point increase on the net assets	(4,640)	(3,482)
Impact of 50 basis point increase on the net assets	(2,320)	(1,741)
Impact of 100 basis point decrease on the net assets	4,746	3,566
Impact of 50 basis point decrease on the net assets	2,373	1,783

W/R/B UNDERWRITING | a Berkley Company

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

Operational and Group Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or from certain external events including those that impact on an external relationship that can be found in almost all insurance, financial and non-financial activities. For the Managing Agent, operational risk exposures could include but are not limited to risks and uncertainties relating to the Managing Agent's business activities and its ability to attract and retain key personnel and qualified employees; legislative and regulatory developments, including those related to business practices in the insurance industry; and potential difficulties with technology and/or cyber security issues. The Managing Agent has established controls to mitigate the potential impact from operational risk exposures to its corporate governance arrangements, organisational and management structures and the day-to-day activities, processes and deliverables from its business functions. In possible circumstances, where operational risk exposure moves outside of approved risk appetite and tolerances, action is to be taken to manage the operational risk exposure back to within the approved risk appetite and tolerances in accordance with the Managing Agent's operational risk policy.

Management have also assessed the operational impact for the Syndicate of COVID-19 that has resulted from government lockdowns and travel bans. Since 17 March 2020 and following the UK government's announcement in relation to the COVID-19 pandemic including lockdown restrictions, the Managing Agent has had to make adaptations to its business model to sustain operations in order to ensure that it continues to operate effectively to serve its customers and brokers in accordance with its strategic goals and objectives, and priorities. The Managing Agent is working closely with the WRBC Group with a focus on prioritising the health, safety and well-being of staff in acknowledgement of the continuing and evolving COVID-19 circumstances. To support staff through these unprecedented times and in recognition that stress and mental health could become potential issues over time, advice and information is being disseminated on wellbeing and all staff are being encouraged to participate in a number of different initiatives that are being offered through the human resources function. Management believe that the business has the technology, staff training, processes, procedures and controls to be able to continue to operate for a sustained period, if necessary with no material impact on the servicing of policyholders or operational effectiveness.

Group risk is the risk arising from being part of the wider WRBC Group in addition to being part of the Lloyd's market. WRBC Group provides centralised capital and expertise, including investment and reinsurance management, corporate actuarial, financial, ERM, catastrophe modelling, IT and security, and legal support.

Other Risks including Non-Financial and Emerging Risks

The Syndicate, like all other insurance companies, is exposed to continuous change from the external environment that can include political, social, legal, regulatory, governance, economic, industry, and environmental change. The Managing Agent continuously monitors changes in the external environment to ensure appropriate action is taken in alignment with the enterprise risk management framework and risk appetite.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

4. RISK AND CAPITAL MANAGEMENT (CONT.)

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 will comply with the Solvency II requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Although, as described below, Lloyd's capital setting processes use a capital requirement set at Syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at Syndicate level. Accordingly, the capital requirement in respect of the Syndicate 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 and approval by Lloyd's.

A Syndicate may be supported by one or more underwriting members of Lloyd's. Each member is liable only for its own share of underwriting liabilities on the Syndicates on which it is participates. 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 may be 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 2019 and 2020 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a Syndicate (Funds in Syndicate), and the member's share of the members' balances on a Solvency II basis on each Syndicate on which it participates.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

5. SEGMENTAL ANALYSIS

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

2020	Gross Premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross operating expenses $'000	Reinsurance Balance $'000	Total $'000
Direct insurance						
Accident & Health	2,449	2,909	(1,467)	(1,278)	(403)	(239)
Fire and other damage to property	179,071	161,452	(118,530)	(44,757)	(11,742)	(13,577)
Energy – Marine	240	305	(138)	(70)	(96)	1
Energy – Non-Marine	2,909	2,336	(1,243)	(149)	(387)	557
Third Party Liability	133,228	109,565	(91,037)	(36,343)	3,269	(14,546)
Pecuniary loss	21,436	23,601	(195,260)	(10,129)	85,135	(96,653)
Transport	373	451	119	(232)	(99)	239
Marine	1,081	1,055	(2,212)	(855)	2,475	463
Aviation	(4,079)	(3,428)	(2,785)	1,847	2,141	(2,225)
Motor - Third party liability	996	978	(283)	(331)	(165)	199
Motor - Other Classes	7,021	6,208	(2,872)	(1,880)	(1,050)	406
	344,725	**305,432**	**(415,708)**	**(94,177)**	**79,078**	**(125,375)**
Reinsurance Business	72,803	70,430	(58,195)	(16,446)	(2,278)	(6,489)
Total	**417,528**	**375,862**	**(473,903)**	**(110,623)**	**76,800**	**(131,864)**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

5. SEGMENTAL ANALYSIS (CONT.)

2019	Gross Premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Gross operating expenses $'000	Reinsurance Balance $'000	Total $'000
Direct insurance						
Accident & Health	1,972	4,262	(4,972)	(822)	(171)	(1,703)
Fire and other damage to property	137,243	106,717	(47,684)	(35,051)	(6,190)	17,792
Energy – Marine	-	-	(8)	-	(6)	(14)
Energy – Non-Marine	1,750	1,489	358	(264)	(84)	1,499
Third Party Liability	83,065	74,335	(26,446)	(23,355)	(6,287)	18,247
Pecuniary loss	28,806	27,569	(26,869)	(8,787)	(2,417)	(10,504)
Transport	671	480	684	(240)	(32)	892
Marine	(60)	(50)	(1,543)	1	(51)	(1,643)
Aviation	(697)	2,256	(5,645)	(1,351)	59	(4,681)
Motor - Third party liability	6	276	(331)	(123)	(13)	(191)
Motor - Other Classes	6,283	4,863	(2,276)	(2,105)	(221)	261
	259,039	**222,197**	**(114,732)**	**(72,097)**	**(15,413)**	**19,955**
Reinsurance Business	76,391	67,324	(42,761)	(20,677)	(2,086)	1,800
Total	**335,430**	**289,521**	**(157,493)**	**(92,774)**	**(17,499)**	**21,755**

The segmental note above is presented by regulatory class of business. The table in the Report of the Directors' of the Managing Agent, on page 5, uses the managed class of business analysis.

Commissions on direct insurance business during 2020 were $64.2 million (2019: $66.7 million). Reinsurance balances includes reinsurance commissions receivable.

Lloyd's Part VII Transfer

On 30 December 2020, the Syndicate for each of the relevant years of account between 2009 and April 2019 (or October 2020 in the case of German reinsurance), transferred all relevant policies (and related liabilities) underwritten by or on behalf of the Syndicate 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 Syndicate entered into a 100% Quota Share Reinsurance Agreement whereby Lloyd's Brussels reinsured all risks on the same policies back to the Syndicate.

Following the sanction of the scheme by the High Court on 25th 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 $45.2m. On the same date, under the Reinsurance Agreement, Lloyd's Brussels reinsured the same risks back, together with an equal amount of cash of $45.2m.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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

6. CLAIMS

	2020 $'000	2019 $'000
Claims incurred – current accident year	236,975	87,205
Claims incurred – development of prior accident years	1,068	5,094
Claims incurred, net of reinsurance	238,043	92,299

The Syndicate has loss reserves for various events and for losses that are incurred but not reported (IBNR). Losses continue to develop both positively and negatively on these open balances. Whilst the Syndicate has a reasonable degree of confidence as to the ultimate adequacy of its recourse for all events, volatility exists around the final settlement value.

7. NET OPERATING EXPENSES

	2020 $'000	2019 $'000
Brokerage & commissions	36,177	28,704
Other acquisition costs	1,851	2,491
Change in deferred acquisition costs	1,883	2,264
Acquisition costs	**39,911**	**33,459**
Administrative expenses	38,355	31,764
Net operating expenses	**78,266**	**65,223**

Administrative expenses include:

	2020 $'000	2019 $'000
Auditor's remuneration		
Fees payable to the Syndicate's auditor for the audit of these financial statements	316	282
Fees payable to the Syndicate's auditor for other services pursuant to legislation	120	108
	436	**390**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

8. REMUNERATION OF KEY MANAGEMENT PERSONNEL OF W. R. BERKLEY SYNDICATE MANAGEMENT LIMITED

The Executive Directors of the Managing Agent receive remuneration from an affiliated service company, WRBSL. An allocation of the total remuneration is chargeable to the Syndicate under the Managing Agent's Agreement.

The non-executive Directors are remunerated by way of fees paid by the Managing Agent. No fees are levied to the Syndicate for the services of the shareholder non-executive Directors, where the majority of their time and effort is in respect of corporate matters for WRBC.

	2020 $'000	2019 $'000
Executive Directors total remuneration	1,354	1,264
Non-executive Directors fees	448	345
	1,802	**1,609**

The highest paid Director received a total remuneration of $481,397 (2019: $468,794).

The Active Underwriters received the following aggregate remuneration from the Managing Agent, which was charged to the Syndicate by way of the Secondment and Services Agreement.

	2020 $'000	2019 $'000
Total remuneration	**326**	**318**

The value above represents the combined total remuneration of the Active Underwriter.

9. STAFF NUMBERS AND COSTS

All staff are employed by affiliated service companies, WRBSL and WRBLSL, and are recharged to the Syndicate by way of the Secondment and Services Agreements and the Managing Agent's Agreement. WRBSL and WRBLSL made total charges (including staff costs amongst other expenses) to the Managing Agent of $29.8 million (2019: $24.9 million) in accordance with the Secondment and Services Agreements. The Managing Agent made a total charge to the Syndicate of $30.7 million (2019: $25.5 million) in accordance with the Managing Agent's Agreement.

The average number of persons employed by WRBSL and WRBLSL and working for the Syndicate during the year is as follows:

	2020	2019
Underwriting	40	40
Claims	10	9
Administration and finance	60	42
	110	**91**

W/R/B UNDERWRITING | a Berkley Company

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

10. INVESTMENT RETURN

	2020 $'000	2019 $'000
Interest income	3,612	2,649
Realised gains and losses on investments	(116)	(109)
Unrealised gains and losses on investments	739	819
Investment management expenses and charges	(180)	(121)
Investment return	**4,055**	**3,238**

11. INVESTMENT YIELD

The average amount of Syndicate funds available for investment and the investment return and yield were as follows:

	2020 $'000	2019 $'000
Average fund	188,322	130,045
Investment return	4,055	3,238
Investment yield	2.15%	2.49%
Average funds available for investment by fund		
Sterling	8,670	9,211
Euro	2,374	5,070
United States Dollars	129,222	86,252
Canadian Dollars	30,674	15,937
Australian Dollars	17,382	13,575
Analysis of investment yield by fund		
Sterling	1.35%	0.06%
Euro	(0.68%)	(0.14%)
United States Dollars	2.13%	2.93%
Canadian Dollars	2.57%	2.02%
Australian Dollars	2.39%	2.90%

"Average fund" is the average of bank balances, overseas deposits and investments held at the end of each month during the calendar year. For this purpose, investments are revalued at month-end market prices. The investment yield is the total investment return, including investment management expenses and charges and unrealised gains and losses, divided by the average investment funds.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

12. FINANCIAL INVESTMENTS

	2020		2019	
	Market value $'000	Cost $'000	Market value $'000	Cost $'000
Shares and other variable yield securities	27,632	27,632	15,604	15,604
Debt securities and other fixed income securities	153,589	152,966	106,268	105,874
Loans to credit institutions	-	-	880	880
Total	**181,221**	**180,598**	**122,752**	**122,358**

All "Shares and other variable yield securities" are listed securities, except for the Lloyd's Canadian Trust Funds short term blended investment accounts of $1.7 million (2019: $0.1 million).

13. FAIR VALUE HIERARCHY

2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value $'000	Balance sheet position $'000
Shares and other variable yield securities and unit trusts	-	27,632	-	27,632	27,632
Debt securities and other fixed income investments	-	153,589	-	153,589	153,589
Overseas deposits	-	30,769	-	30,769	30,769
Total	**-**	**211,990**	**-**	**211,990**	**211,990**

2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value $'000	Balance sheet position $'000
Shares and other variable yield securities and unit trusts	-	15,604	-	15,604	15,604
Debt securities and other fixed income investments	-	107,148	-	107,148	107,148
Overseas deposits	4,886	14,942	-	19,828	19,828
Total	**4,886**	**137,694**	**-**	**142,580**	**142,580**

Overseas deposits comprise funds which are lodged as a condition of conducting underwriting business in certain countries or states within countries.

14. DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2020 $'000	2019 $'000
Due within one year	117,191	98,765
Due after one year	-	-
	117,191	98,765

W/R/B UNDERWRITING | a Berkley Company

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

15. DEBTORS ARISING OUT OF REINSURANCE OPERATIONS

	2020 $'000	2019 $'000
Due within one year	113,550	16,548
Due after one year	-	163
	113,550	**16,711**

16. YEAR OF ACCOUNT DEVELOPMENT

Year of account	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	Three year funded adjs. $'000	Profit/ (Loss) to member $000
2012	(4,699)	21,163	1,907	-	-	-	-	-	-	(1,400)	16,971
2013	-	(2,802)	11,876	(6,489)	-	-	-	-	-	(396)	2,189
2014	-	-	(2,850)	13,570	(12,034)	-	-	-	-	(1,241)	(2,555)
2015	-	-	-	1,867	4,623	(3,440)	-	-	-	(1,121)	1,929
2016	-	-	-	-	(19,238)	(12,055)	(1,099)	-	-	(1,547)	(33,939)
2017	-	-	-	-	-	(54,341)	1,414	14,089	-	3,553	(35,285)
2018	-	-	-	-	-	-	(16,755)	9,117	(8,235)	2,623	(13,250)
2019	-	-	-	-	-	-		235	(52,161)	-	(51,926)
2020	-	-	-	-	-	-	-	-	(71,285)	-	(71,285)
Calendar year result	**(4,699)**	**18,361**	**10,933**	**8,948**	**(26,649)**	**(69,836)**	**(16,440)**	**23,441**	**(131,681)**	**471**	**(187,151)**

The three year funded adjustments arise from foreign exchange differences.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

17. TECHNICAL PROVISIONS SEGMENT

	2020			2019		
	Gross provisions $'000	Reinsurance assets $'000	Net $'000	Gross provisions $'000	Reinsurance assets $'000	Net $'000
Claims outstanding						
As at 1 January	278,823	(118,965)	159,858	258,153	(98,728)	159,425
Change in claims outstanding	253,436	(146,108)	107,328	17,934	(19,542)	-1,608
Effect of movements in exchange rates	11,660	(68,871)	(57,211)	2,736	(695)	2,041
As at 31 December	**543,919**	**(333,944)**	**209,975**	**278,823**	**(118,965)**	**159,858**
Claims notified	220,733	(114,053)	106,680	135,070	(50,054)	85,016
Claims incurred but not reported	316,306	(219,891)	96,415	139,025	(68,911)	70,114
Unallocated Loss Adjustment Expenses	6,880	-	6,880	4,728	-	4,728
As at 31 December	**543,919**	**(333,944)**	**209,975**	**278,823**	**(118,965)**	**159,858**
Unearned premiums						
As at 1 January	175,899	(58,720)	117,179	126,662	(36,154)	90,508
Change in unearned premiums	41,666	(57,581)	(15,915)	45,909	(22,142)	23,767
Effect of movements in exchange rates	5,288	(1,592)	3,696	3,328	(424)	2,904
As at 31 December	**222,853**	**(117,893)**	**104,960**	**175,899**	**(58,720)**	**117,179**
Deferred acquisition costs						
As at 1 January	35,345	(17,236)	18,109	26,419	(6,706)	19,713
Change in deferred acquisition costs	3,133	(5,016)	-1,883	8,156	(10,420)	(2,264)
Effect of movements in exchange rates	995	(611)	384	770	(110)	660
As at 31 December	39,473	(22,863)	16,610	35,345	(17,236)	18,109

18. UNEXPIRED RISK RESERVE

An unexpired risk reserve of $4.8m (2019: $0) has been determined in respect of the 2019 year of account. The unexpired risk reserve arising due to unexpired claims and unearned reinsurance premiums related to COVID-19 losses being in excess of gross unearned premium. This reserve on the 2019 YOA is expected to unwind in the first half of 2021. This is included in gross claims outstanding in the balance sheet and in note 17 above.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

19. CREDITORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2020 $'000	2019 $'000
Due within one year	5,050	1,513
Due after one year	-	-
Total	**5,050**	1,513

20. CREDITORS ARISING OUT OF REINSURANCE OPERATIONS

	2020 $'000	2019 $'000
Due within one year	273,150	49,484
Due after one year	-	-
Total	**273,150**	49,484

21. RELATED PARTIES

The Syndicate is managed by the Managing Agent under the terms of a Lloyd's Managing Agent's Agreement. A Managing Agent's fee equal to 0.2% of the stamp capacity of the current underwriting year (2019: 0.2%) plus costs under the terms of the Secondment and Services Agreements (see below) is charged in the current calendar year and payable by the Syndicate to the Managing Agent.

Under the terms of the Secondment and Services Agreements the affiliated companies, WRBSL and WRBLSL, provides staff and facilities for the operation of the Syndicate and the Managing Agent. A fee, which equates to costs plus a margin of 6% is charged in the current calendar year and payable by the Managing Agent to WRBSL and WRBLSL. The fees charged were $30.7 million (2019: $25.5 million).

Investments are managed by an affiliated company, Berkley Dean & Company, Inc., under the Investment Management Agreement. Fees are charged based on the basis of a percentage of assets under management and are settled by WRBSL on behalf of the Syndicate.

The provision of computer and data processing services are provided to the Syndicate and the Managing Agent by an affiliated company, Berkley Technology Services LLC, pursuant to the Master Services Agreement. Fees are charged on a time and materials basis and settled by WRBSL and recharged to the Syndicate.

Certain centralised services are provided by an affiliated company, WRBC Services, Limited, under the Services Agreement. Fees are chargeable on a time and materials basis and settled by WRBSL on behalf of the Syndicate.

All the above charges are considered to have been made on an "arm's length" basis as set out in the contractual terms and are in the course of normal market conditions.

The Syndicate writes certain international business, classified as "Berkley" business, written on a coverholder basis or on a referral basis with certain affiliated companies within WRBC. The total amount of gross premium written in the year was $1.2 million (2019: $1.8 million).

W/R/B UNDERWRITING | a Berkley Company

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

21. RELATED PARTIES (CONT.)

The Syndicate cedes certain risks to BIC pursuant to the terms of certain reinsurance agreements, including the LPT arrangement in respect of COVID-19 losses. For the year ended 31 December 2020, total written premiums ceded to BIC were $160.2m (2019: $54.3m) and total recoveries were $111.9m (2019: $30.9m).

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. FAL is 100% provided by WRBC Corporate Member Limited, an indirect wholly owned subsidiary of WRBC.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's and is based on PRA requirements and resource criteria as described in the Capital Management section of Note 4. Since FAL is not under the management of the Managing Agent, no amount has been shown in these annual accounts by way of such capital resources. However, the Managing Agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.

23. OFF BALANCE SHEET ITEMS

The Syndicate has not been party to any arrangement, which is not reflected in its balance sheet, where material risks and benefits arise for the Syndicate.

24. POST BALANCE SHEET EVENTS

A Cash Call of $139.1m was received into the Syndicate on 28th January 2021 from WRBC Corporate Member. This was in part to fund the LPT with Berkley Insurance Company and the loss on the 2019 and 2020 years.

25. FOREIGN EXCHANGE RATES

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

	2020 Year end rate	2020 Average rate	2019 Year end rate	2019 Average rate
Euro	1.22	1.14	1.12	1.12
Sterling	1.37	1.28	1.32	1.28
Canadian Dollar	0.78	0.74	0.77	0.75
Australian Dollar	0.77	0.69	0.70	0.70