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Syndicate 3334

Annual Report

Year ended 31 December 2020

SYNDICATE 3334

CONTENTS

DIRECTORS AND ADVISERS

Managing Agent

Hamilton Managing Agency Limited

Registered Office

Level 3, 8 Fenchurch Place, London, EC3M 4AJ

Registered Number

05832065

Directors

P. J. Barrett	Non-Executive
M. J. Beacham	Independent Non-Executive
M. J. Beane	Independent Non-Executive
C. D. Brown (resigned 30 June 2020)	Executive
T. A. B. H. Glover (resigned 20 November 2020)	Executive
P. C. F. Haynes	Independent Non-Executive, Chairman
J. F. Reiss (resigned 30 June 2020)	Non-Executive
P. Skerlj (resigned 8 September 2020)	Non-Executive
A. Ursano Jr (resigned 8 September 2020)	Non-Executive
R. S. Vetch	Executive
D. N. White (resigned 11 November 2020)	Executive

Company Secretary

D.V.T. Ford

Syndicate

Run-off Manager

B. J. Taylor

Bankers

Barclays plc, London
Citibank N.A., London
Royal Bank of Canada, London

Investment Managers

DWS Investment Management Americas, Inc
Barclays Bank (Suisse) SA
Conning Asset Management Limited

Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

MANAGING AGENT'S REPORT

The Directors of Hamilton Managing Agency Limited ("HMA") present the Managing Agent's Report for Syndicate 3334 ("the Syndicate") for the year ended 31 December 2020.

Principal Activity

The principal activity of the Syndicate was the underwriting of general insurance and reinsurance business at Lloyd's until 31 December 2019 at which point it was placed into run-off.

Management of the Syndicate

For the year ended 31 December 2019 the Syndicate was managed by Hamilton Underwriting Limited ("HUL"). Effective 1 January 2020, the managing agency agreement between the Syndicate's capital provider Hamilton Corporate Member Limited ("HCM") and HUL was novated to HMA and accordingly HMA acts from this date forward as the managing agent of the Syndicate.

This decision followed on from the acquisition of HMA by Hamilton UK Holdings Limited ("HUK"), the parent company of HCM and HUL, on 20 August 2019. HMA also manages Syndicate 4000, Syndicate 2014, Syndicate 6125 and Syndicate 1947. The capital to support Syndicate 4000's 2020 year of account is also provided by HCM. Capital to support the underwriting of the other managed syndicates is provided by third parties.

Business of the Syndicate

The Syndicate was a provider of specialist insurance and reinsurance products at Lloyd's. Further details of the product areas are provided below.

Property

The worldwide Property D&F book offered All Risks of Physical Loss or Damage including Machinery Breakdown and Business Interruption coverage. Coverage for some standalone catastrophe perils was also offered. Capacity could be deployed on a Primary and Excess of Loss basis, and as reinsurance or direct business.

Treaty/Reinsurance

The focus was on short-tail classes, worldwide, offering products including:

- Energy: offered on excess of loss and pro rata bases for onshore/offshore, power generation, renewables, wind and Gulf of Mexico.
- Marine: offered for hull, yacht, cargo, specie, fine art, marine liability and marine war.
- Property Treaty: per risk, catastrophe and pro rata coverage for commercial and residential accounts.
- War and Terrorism: excess of loss and treaty basis, including for country pools.
- Accident and Health: per risk and catastrophe coverage on excess of loss and treaty bases.

Casualty/Professional

This division included the Excess Casualty, General Liability, Cyber and D&O classes. The latter three classes were written through specific business arrangements with MGAs and consortia arrangements. Part of the Casualty business was written through a group service company based in Bermuda.

Business of the Syndicate (continued)

Speciality

The Speciality division comprised cover for Personal Accident, Financial Institutions and, Political Violence:

- The Personal Accident portfolio consists of a significant number of binding authorities, which the Syndicate leads, as well as business acquired in the open market. The portfolio includes Group and Individual Personal Accident and Sickness cover (for most occupations), Medical Expense Reimbursement and Catastrophe Excess of Loss business.
- Financial Institution products included: Bankers Blanket Bond, Professional Indemnity, Directors & Officers for financial institutions and Commercial Crime cover for non-financial institutions. The book continued to have a limited exposure to large financial institutions.
- The Political Violence team underwrote all major products in this class, as well as specialist and/or more recent products such as Contingent Business Interruption, Active Assailant, Loss of Attraction and Threat.

Space/Aviation

The Space team offered launch and in-orbit coverage for launch providers, satellite owners, operators and manufacturers worldwide. For launch this was either Launch Vehicle Flight Only or Launch plus Post-separation. Aviation was written through a specific business arrangement with an MGA, covering the airlines, general aviation and aerospace classes.

Marine

The account was comprised of two main sub-classes: Marine Liability and Energy Liability. In addition, a small amount of Seafarers' Abandonment business was also written.

Lines in Run-off

The Syndicate ceased underwriting Professional Indemnity and Contingency in late 2018.

Review of Financial Performance

The Syndicate's key financial indicators are as follows:

	2020 £m	**2019 £m**
Syndicate capacity	-	96.2
Gross earned premium	70.1	136.6
Net earned premium	(11.8)	81.3
Loss for the financial year	(0.9)	(24.0)
Total comprehensive loss for the financial year	(1.7)	(21.4)
Combined ratio	65.5%	133.7%
Investments, cash and deposits	104.9	120.9

The Syndicate reported a loss for the year of £0.9m (2019: £24.0m).

Gross Written and Earned Premiums

Gross written premiums for the financial year were £17.2m (2019: £130.2m), reflecting the move to a run-off status. There was no new premium bound in 2020 with the exception of risks written under binder contracts prior to January 2020. Gross earned premiums for the financial year were £70.1m (2019: £136.6m).

Net Earned Premiums

Net earned premiums for the financial year were £(11.8)m (2019: £81.3m).

Net Earned Premiums (continued)

On 6 February 2020 HMA on behalf of the Syndicate entered into a retrospective quota share arrangement with another Lloyd's syndicate as the reinsurer under which the reinsuring syndicate provides proportional back to back quota share reinsurance cover on the net technical provisions for the run-off of professional lines claims within the Syndicate's 2018 & prior years of account. This is the driver of the negative net earned premiums in 2020.

The premium payable for this contract is within outwards reinsurance premiums and the resulting claims recovered and recoverable are included in reinsurance recoveries for the year.

Claims Incurred

In 2020 the net loss ratio is skewed by the impact of the retrospective quota share contract referred to above. The total net claims reported were a credit of £26.0m (2019: net claims cost of £70.3m). The gross loss ratio which is unaffected by this contract was 67.3% in 2020. Due to the run-off of the book the Syndicate had lessened exposure to CAT events in 2020, recording losses for events earlier in the year such as Australian hailstorms and Tennessee tornadoes. COVID claims losses recorded amounted to 9.1% of the gross loss ratio for the year. Without these claims the gross loss ratio would have been 58.2%.

In 2019 the gross and net loss ratios were 91.3% and 86.5% respectively which included a number of large losses and CAT events such as Typhoons Faxai and Hagibis on the Treaty book, a large satellite loss and the grounding of Boeing 737 Max 8 impacting the Space/Aviation book and in addition reserve strengthening within the casualty classes.

Investment Return

Investment return in 2020 was £2.0m (2019: £0.9m), the increase reflecting additional investment of US dollar Situs funds in the year.

Net Operating Expenses

Net operating expenses (note 5) in 2020 were £18.3m (2019: £38.3m), reflecting the move of the syndicate into run-off.

Balance Sheet

Syndicate assets have decreased by £57.8m to £255.1m (2019: £312.9m) and the total liabilities excluding members' balances have decreased by £90.7m to £246.6m (2019: £337.3m).

Part VII Transfer

Following the UK's departure from the European Union, the Syndicate transferred its European non-life insurance policies written between 2015 and 2020 to Lloyd's Insurance Company S.A. (LIC) on the 30 December 2020 in order to continue to access business located in Europe. On the same day, LIC subsequently reinsured the same liabilities back to the Syndicate. There was no gain or loss in this transaction and both the Syndicate and LIC were left in the same economic position prior to the transaction. Note 3 of the financial statements contains more details of the transfer and the accounting policies have been updated to reflect the accounting treatment followed.

Outlook

As a result of the acquisition of HMA, a Group Board decision was made to renew the Syndicate's underwriting business in Syndicate 4000 from 1 January 2020 and place Syndicate 3334 into run-off. Accordingly, there was no 2020 business plan for the Syndicate. Following the decision to cease underwriting through Syndicate 3334 with effect from 1 January 2020, Belinda Taylor was appointed as the Run-Off Manager. The strategy of the Syndicate is to actively manage claims reserves and expenses, to continue to be pro-active in advising reinsurers of potential losses to speed up the recovery process and to seek investment return, whilst maintaining liquidity and remaining within investment risk appetite.

The closure of the syndicate's years of account have continued, with the 2018 year of account being closed by way of reinsurance to close into the 2019 year. It is the current intention of the Board to close the 2019 year of account into Syndicate 4000 and Syndicate 3334 will cease operating.

Research and Development

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

Staff Matters

HMA recognises that its staff members are key resources and seeks to provide a good working environment for its staff that is safe and complies with appropriate employee legislation. During the year there have been no significant injuries to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters.

Human resources' key performance indicators are reviewed periodically by committees of the Board, and all such indicators are in line with the expectations of the Directors.

As of 1 December 2019, all HMA and HUL UK staff were transferred to Hamilton UK Services Limited and HMA entered into a service agreement with this entity for the provision of services in relation to its role as managing agent, including for Syndicate 3334. Hamilton UK Services Limited is also a fully owned subsidiary of HUK.

The Board ensures that the interests of its staff members are appropriately considered when taking decisions. In 2020 this was demonstrated by:

- Regular Employee Town Halls where senior management facilitated discussion on key business developments in an open forum.
- A periodic staff engagement survey with appropriate follow up action taken.
- The establishment of the Black Lives Matter working group as an extension to the Diversity & Inclusion Forum.
- Regular training for staff members on various matters from unconscious bias to mindfulness.
- The launch of a new long-term incentive compensation plan.

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

The Company actively monitored the evolving situation with the global Coronavirus (COVID-19) pandemic to ensure the well-being of staff members, as well as uninterrupted service and responsiveness to clients.

Environmental Matters

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

Business Relationships

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

Business Conduct

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

Regulators

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

Principal Risks and Uncertainties

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

The principal risks and uncertainties facing the Syndicate are set out in note 2 to the Annual Report.

Directors and Officers Serving During the Year

The Directors and Company Secretary of HMA, who served during the year ended 31 December 2020 and up to the date of this report, are detailed on page 4.

Annual General Meeting

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

Auditor

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

Disclosure of Information to the Auditor

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

Board Approval

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

R. S. Vetch
Chief Financial Officer
9 March 2021

SYNDICATE 3334

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the syndicate accounts; and
- assess the Syndicate's ability to continue to write new business, disclosing as applicable, matters related to its ability to continue to operate and use the going concern basis of accounting, unless the managing agent intends to cease to operate the Syndicate or has no realistic alternative but to do so.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 3334

Opinion

We have audited the syndicate annual accounts of Syndicate 3334 ('the syndicate') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Members' Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate annual accounts:

- give a true and fair view of the syndicate's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the syndicate annual accounts section of our report below. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – anticipated closure of the 2019 year of account

We draw attention to the basis of preparation note which explains that the 2019 year of account of Syndicate 3334 is anticipated to close all assets and liabilities within the next 12 months, transferring them to Syndicate 4000 through a third-party reinsurance to close arrangement. Syndicate 3334 has no successor year of account.

As a result, Syndicate 3334 is no longer a going concern. The reinsurance to close occurs in the normal course of business for a syndicate year of account at the 36 months stage of development and the Syndicate Accounts have been prepared on the basis that the recorded assets and liabilities will be realised and discharged in the normal course of business.

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report set out on pages 5 to 9, other than the syndicate annual accounts and our auditor's report thereon. The directors of the managing agent are responsible for the other information. Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the directors of the managing agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 10, the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

Our approach was as follows:

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

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

For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related syndicate annual accounts' items.

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

Our audit procedures included:

- Reviewing accounting estimates for evidence of management bias. Supported by our Actuaries we assessed if there were any indicators of management bias in the valuation of insurance liabilities.
- Evaluating the business rationale for significant and/or unusual transactions.
- Testing the appropriateness of journal entries recorded in the general ledger, particularly in respect of judgemental areas including insurance liabilities.

In addition, we considered the impact of COVID-19 on the syndicate, including an assessment of the consistency of operations and controls in place as they transitioned to operating remotely for a significant proportion of 2020, and making enquiries with management via use of video conferencing. We performed analytical review procedures to assess for unusual movements throughout the year. Our audit procedures also incorporate unpredictability into the nature, timing and extent of our testing.

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

Use of our report

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

Robert Bruce (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
9 March 2021

SYNDICATE 3334

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned premiums, net of reinsurance			
Gross premiums written	3	17,238	130,205
Outward reinsurance premiums		(59,458)	(55,998)
Net premiums written		(42,220)	74,207
Change in the provision for unearned premiums			
Gross amount		52,868	6,363
Reinsurers' share		(22,430)	706
Change in the net provision for unearned premiums		30,438	7,069
Earned premiums, net of reinsurance		**(11,782)**	**81,276**
Allocated investment return transferred from the non-technical account		**1,995**	**920**
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	4	(76,044)	(65,816)
Reinsurers' share	4	40,119	22,026
Net claims paid	4	(35,925)	(43,790)
Change in the provision for claims			
Gross amount		28,875	(58,823)
Reinsurers' share		33,072	32,272
Change in the net provision for claims		61,947	(26,551)
Claims incurred, net of reinsurance		**26,022**	**(70,341)**
Net operating expenses	5	**(18,307)**	**(38,328)**
Balance on the technical account for general business		**(2,072)**	**(26,473)**
NON-TECHNICAL ACCOUNT			
Investment income on Syndicate assets	9	1,995	920
Allocated investment return transferred to the technical account	9	(1,995)	(920)
Investment return on Funds in Syndicate	9	2,552	3,318
Foreign exchange (losses)/gains		(1,335)	(885)
Loss for the financial year		**(855)**	**(24,040)**
Other comprehensive income – currency translation differences		(820)	2,586
Total comprehensive loss for the financial year		**(1,675)**	**(21,454)**

All the amounts above are in respect of continuing operations.

SYNDICATE 3334

STATEMENT OF CHANGES IN MEMBERS' BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	2019 £000
Balance at 1 January	**(24,439)**	(14,917)
Loss for the financial year	**(855)**	(24,040)
Effect of foreign exchange translation	**(292)**	771
Members' agents' fees	**40**	(20)
Transfer from members' personal reserves funds	**33,980**	13,709
Net movement on funds in syndicate	**-**	-
Unearned profit in closure of prior underwriting year	**23**	58
Balance at 31 December	**8,457**	**(24,439)**

Members participate on syndicates by reference to years of account and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year. Members that only participate on one syndicate may hold the capital supporting their underwriting in their premium trust funds. These funds are known as funds in syndicate (FIS). At 31 December 2020 there was £50,449,533 (2019: £49,885,929) of FIS within members' balances. Where a member takes advantage of this facility in the year, the movement is reflected in the above table as 'net movement on funds in syndicate'.

SYNDICATE 3334

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	**2020 £000**	**2019 £000**
ASSETS			
Investments			
Financial investments	10	90,895	99,621
Reinsurers' share of technical provisions			
Provision for unearned premiums	15	4,868	26,706
Claims outstanding	4	101,272	79,730
		106,140	106,436
Debtors due within one year			
Debtors arising out of direct insurance operations – intermediaries	11	15,405	44,750
Debtors arising out of reinsurance operations	12	22,481	21,549
Other debtors	13	23	27
		37,909	66,326
Debtors due after one year			
Debtors arising out of reinsurance operations	12	3,640	5,971
Other assets			
Cash at bank and in hand		3,941	11,892
Overseas deposits		10,086	9,403
		14,027	21,295
Prepayments and accrued income			
Deferred acquisition costs	14	2,109	11,205
Other prepayments & accrued income		415	2,031
		2,524	13,236
TOTAL ASSETS		**255,135**	**312,885**
MEMBERS' BALANCES AND LIABILITIES			
Members' balances		**8,457**	**(24,439)**
Technical provisions			
Provision for unearned premiums	15	9,446	61,051
Claims outstanding	4	163,653	195,396
		173,099	256,447
Creditors due within one year			
Creditors arising out of direct insurance operations – intermediaries		3,521	3,354
Creditors arising out of reinsurance operations		38,638	39,572
Other creditors		2,386	9,190
		44,545	52,116
Creditors due after one year			
Creditors arising out of reinsurance operations		28,033	22,603
Accruals and deferred income		1,001	6,158
TOTAL MEMBERS' BALANCES AND LIABILITIES		**255,135**	**312,885**

The Syndicate Annual Accounts on pages 14 to 36 were approved by the Board of Hamilton Managing Agency Limited on 9 March 2021 and were signed on its behalf by:

R.S. Vetch
Chief Financial Officer

SYNDICATE 3334

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	2019 £000
Cash flow from operating activities		
Operating result	**(855)**	(24,040)
Adjustments:		
Increase/(decrease) in technical provisions	(83,348)	44,787
Increase/(decrease) in reinsurers' share of technical provisions	296	(29,488)
Investment return	(4,547)	(4,238)
Other	36,630	21,518
Net cash flow from operating activities	**(51,824)**	**8,539**
Cash flows from investing activities		
Purchase of equity and debt instruments	(121,324)	(26,011)
Sale of equity and debt instruments	126,541	1,370
Investment income received	4,457	4,168
Net cash flow from investing activities	**9,674**	**(20,473)**
Cash flows from financing activities		
Loss distributed from members	33,980	13,709
Funds in syndicate	-	-
Members' agents' fee repayment/(advances)	40	(20)
Net cash flow from financing activities	**34,020**	**13,689**
Net increase/(decrease) in cash and cash equivalents	**(8,130)**	**1,755**
Cash and cash equivalents at 1 January	11,892	10,540
Foreign exchange on cash and cash equivalents	179	(403)
Cash and cash equivalents at 31 December	**3,941**	**11,892**

1. Statement of Accounting Policies

General Information

The Syndicate comprises a single corporate member of the Society of Lloyd's that underwrote insurance business in the London market. The corporate member details are shown on page 5. The registered address of the managing agent is Level 3, 8 Fenchurch Place, London, EC3M 4AJ.

Compliance with Accounting Standards

These Financial Statements have been prepared in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts" and the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. There were no material departures from those standards.

Basis of Preparation

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

The financial statements are presented in pounds sterling, which is the Syndicate's reporting currency, in order for them to be consistent with returns provided to Lloyd's. The Syndicate's functional currency is US dollars, in order to better reflect the underlying business of the Syndicate. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

As permitted by FRS 103 the Syndicate continues to apply the existing accounting policies that were applied prior to this standard for its insurance contracts.

In respect of the 2019 year of account, it is currently the Board's intention that Syndicate 3334 will enter a reinsurance to close arrangement with Syndicate 4000. Syndicate 3334 will cease to operate and will have no successor years of account. On this basis the syndicate is no longer a going concern. This does not affect the balance sheet valuations in the annual accounts.

The annual accounts have been prepared on the basis of other than going concern. While these syndicate accounts have not been prepared on a going concern basis, there is no impact on the valuation of the assets or liabilities of the syndicate. The principal accounting policies applied in the preparation of these syndicate annual accounts are set out below.

Use of Judgements and Estimates

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

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

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

1. Statement of Accounting Policies (continued)

Use of Judgements and Estimates (continued)

Provision for Claims Outstanding

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

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

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

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

Estimated Premium Income

For certain insurance contracts, premium is initially recognised based on an estimate. These estimates are judgemental and could result in prospective revisions in future accounting periods. The use of expert judgements and historical development patterns are the principle means by which the potential for revisions are minimised.

Basis of Accounting

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

Premiums Written

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

Unearned Premiums

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

Reinsurance Premiums Ceded

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

Acquisition Costs

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

1. Statement of Accounting Policies (continued)

Basis of Accounting (continued)

Claims Provisions and Related Recoveries

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

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

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

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

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

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

Unexpired Risks Provision

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition cost deferred. The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return. As at 31 December 2019 and 31 December 2018, the Syndicate did not have an unexpired risk provision.

Foreign Currencies

The Syndicate's functional currency is US dollars. The financial statements are presented in pounds sterling, which is the Syndicate's reporting currency, in order for them to be consistent with returns provided to Lloyd's. Transactions in Pounds sterling, Canadian dollars, Australian dollars and Euros are translated at the average rates of exchange for the period. Transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

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

Exchange differences arising on the retranslation of opening balance sheet items at the closing balance sheet rate and the retranslation of the profit and loss account for the year are recorded in the non-technical account. Exchange differences arising on the retranslation from functional to presentational currency are recorded in Other Comprehensive Income.

1. Statement of accounting policies (continued)

Basis of Accounting (continued)

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

	31 December 2020	31 December 2019
US dollar	1.37	1.32
Canadian dollar	1.74	1.72
Euro	1.12	1.18
Australian dollar	1.77	1.88

Financial Investments

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

The Syndicate classifies its financial investments as financial assets at fair value through profit or loss ("FVPL").

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

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

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

Cash and Cash Equivalents

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

Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments are held to support underwriting liabilities.

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

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

Taxation

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

1. Statement of accounting policies (continued)

Basis of Accounting (continued)

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

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

Pension Costs

The Hamilton Group operates a defined contribution scheme for its UK staff. Pension contributions relating to syndicate staff are charged to the Syndicate and included within net operating expenses.

Profit Commission

Profit commission is charged by the managing agent at a rate of 15% of profit subject to the operation of a deficit clause.

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

Insurance Receivables

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

Insurance Payables

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

Derecognition of Financial Assets

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

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

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

2. Risk Management

Risk Framework

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

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

The Underwriting & Risk Committee ("URC") and the Board approves the risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. Significant emphasis is placed on the assessment and documentation of existing and emerging risks and controls, including the articulation of risk appetite.

Insurance Risk - Underwriting

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

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

Principal Risks

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

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical segments. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. With the move to run-off status, the nature of underwriting risk will change over time and HMA will amend its approach accordingly.

Reinsurance

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

2. Risk Management (continued)

Insurance Risk – Underwriting (continued)

Diversification

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

Claims Management

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

The following table gives an indication of the likely quantum and scale of the largest (on a gross basis) Realistic Disaster Scenarios estimated for 2020 (highest gross loss event for year ended 31 December 2019 was Gulf of Mexico Windstorm at £91.0m).

Realistic Disaster Scenarios	**Gross event loss £000**	**Net event loss £000**
California Earthquake (Los Angeles)	49,521	7,802
Gulf of Mexico Windstorm	48,479	11,794
Terrorism Rockefeller Centre	38,444	2,201

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

Insurance Risk – Reserving

Principal Risk

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

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

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

Impact on result and members' balances (change in net reserves)	**2020 £000**	**2019 £000**
Net loss ratio - increase of 5%	589	4,064
Net loss ratio - increase of 10%	1,178	8,128

Mitigation

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

2. Risk Management (continued)

Regulatory Risk

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

Capital Framework at Lloyd's

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

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

Provision of Capital by Members

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

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

Credit Risk

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

As at 31 December 2020	**AAA**	**AA**	**A**	**BBB and below**	**Not rated**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Variable yield securities	2,735	4,889	-	-	396	8,020
Debt securities	39,687	4,069	26,795	11,825	-	82,376
Participation in investment pools	499	-	-		-	499
Overseas deposits	4,028	694	609	1,575	3,180	10,086
Reinsurer' share of outstanding claims	-	-	88,148	-	1,447	89,595
Reinsurer debtors not yet past due	-	-	21,210	-	509	21,719
Cash at bank and in hand	-	-	3,919	-	22	3,941
Insurance debtors	-	-	-	-	15,405	15,405
Total	**46,949**	**9,652**	**140,681**	**13,400**	**20,959**	**231,641**

2. Risk Management (continued)

Credit Risk (continued)

As at 31 December 2019	AAA £000	AA £000	A £000	BBB and below £000	Not rated £000	Total £000
Variable yield securities	21,991	-	19,885	-	396	42,272
Debt securities	32,900	3,513	8,219	12,139	-	**56,771**
Participation in investment pools	-	-	-	578	-	**578**
Overseas deposits	3,752	790	2,260	1,675	926	**9,403**
Reinsurer' share of outstanding claims	-	932	53,817	-	248	**54,997**
Reinsurer debtors not yet past due	-	443	19,200	-	-	**19,643**
Cash at bank and in hand	-	-	11,892	-	-	**11,892**
Insurance debtors	-	-	-	-	44,750	**44,750**
Total	**58,643**	**5,678**	**115,273**	**14,392**	**46,320**	**240,306**

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

Investment credit risk is managed through investment management guidelines and quarterly compliance reports.

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

As at 31 December 2020	Not yet due £000	Past due by three months £000	Past due three to six months £000	Past due over six months £000	Greater than one year £000	Total £000
Variable yield securities	8,020	-	-	-	-	**8,020**
Debt securities	82,376	-	-	-	-	**82,376**
Participation in investment pools	499	-	-	-	-	**499**
Overseas deposits as investments	10,086	-	-	-	-	**10,086**
Reinsurers share of outstanding claims	89,596	-	-	-	-	**89,596**
Reinsurance debtors	21,719	-	-	-	-	**21,719**
Cash at bank and in hand	3,941	-	-	-	-	**3,941**
Insurance debtors	3,020	836	1,999	1,791	7,759	**15,405**
Other debtors	23,494	-	-	-	-	**23,494**
Total	**242,751**	**836**	**1,999**	**1,791**	**7,759**	**255,136**

As at 31 December 2019	Not yet due £000	Past due by three months £000	Past due three to six months £000	Past due over six months £000	Greater than one year £000	Total £000
Variable yield securities	42,272	-	-	-	-	**42,272**
Debt securities	56,770	-	-	-	-	**56,770**
Participation in investment pools	578	-	-	-	-	**578**
Overseas deposits as investments	9,403	-	-	-	-	**9,403**
Reinsurers share of outstanding claims	54,997	-	-	-	-	**54,997**
Reinsurance debtors	19,644	-	-	-	-	**19,644**
Cash at bank and in hand	11,892	-	-	-	-	**11,892**
Insurance debtors	33,011	5,204	4,289	822	1,424	**44,750**
Other debtors	72,579	-	-	-	-	**72,579**
Total	**301,146**	**5,204**	**4,289**	**822**	**1,424**	**312,885**

As at the balance sheet date, all financial assets of the Syndicate are unimpaired (2019: all unimpaired).

2. Risk Management (continued)

Liquidity Risk

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

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

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

As at 31 December 2020	No stated maturity £000	Up to one year £000	One to three years £000	Three to five years £000	Greater than five years £000	Total £000
Claims outstanding	-	56,549	57,741	25,372	23,991	163,653
Creditors	21,890	22,656	28,033	-	-	72,579
Total	21,890	79,205	85,774	25,372	23,991	236,232

As at 31 December 2019	No stated maturity £000	Up to one year £000	One to three years £000	Three to five years £000	Greater than five years £000	Total £000
Claims outstanding	-	69,561	68,477	29,709	27,649	195,396
Creditors	40,718	11,398	22,603	-	-	74,719
Total	40,718	80,959	91,080	29,709	27,649	270,115

Market Risk

Investment Risk

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

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

Interest rate risk	2020 £000	2019 £000
Impact of 50 basis point increase on result	(412)	(284)
Impact of 50 basis point decrease on result	412	284
Impact of 50 basis point increase on net assets	(412)	(284)
Impact of 50 basis point decrease on net assets	412	284

2. Risk Management (continued)

Market Risk (continued)

Currency Risk

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

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

As at 31 December 2020	**GBP £000**	**USD £000**	**EUR £000**	**CAD £000**	**AUD £000**	**Total £000**
Financial investments	396	87,081	-	3,419	-	**90,896**
Overseas deposits	3,831	758	-	695	4,802	**10,086**
Reinsurers' share of technical provisions	31,383	65,475	1,972	1,163	6,147	**106,140**
Insurance assets	3,317	35,102	2,846	273	(12)	**41,526**
Cash and cash equivalents	2,072	22	1,701	20	127	**3,942**
Other assets	177	1,985	139	238	10	**2,549**
Total assets	**41,176**	**190,423**	**6,658**	**5,808**	**11,074**	**255,139**
Technical provisions	40,589	115,303	6,329	2,894	7,984	**173,099**
Insurance liabilities	10,909	44,587	5,591	1,353	7,751	**70,191**
Other creditors	23	3,265	98	-	2	**3,388**
Total liabilities	**51,521**	**163,155**	**12,018**	**4,247**	**15,737**	**246,678**
Currency (deficiency)/surplus	(10,345)	27,268	(5,360)	1,561	(4,663)	8,461

As at 31 December 2019	**GBP £000**	**USD £000**	**EUR £000**	**CAD £000**	**AUD £000**	**Total £000**
Financial investments	396	94,687	-	4,538	-	**99,621**
Overseas deposits	3,786	601	-	909	4,107	**9,403**
Reinsurers' share of technical provisions	13,801	86,629	4,270	533	1,202	**106,435**
Insurance assets	5,360	57,797	7,486	693	934	**72,270**
Cash and cash equivalents	6,227	1,770	(136)	-	4,031	**11,892**
Other assets	1,687	10,135	818	433	191	**13,264**
Total assets	**31,257**	**251,619**	**12,438**	**7,106**	**10,465**	**312,885**
Technical provisions	56,299	173,096	13,344	5,008	8,700	**256,447**
Insurance liabilities	1,859	60,398	3,166	105	-	**65,528**
Other creditors	208	14,939	178	24	-	**15,349**
Total liabilities	**58,366**	**248,433**	**16,688**	**5,137**	**8,700**	**337,324**
Currency (deficiency)/surplus	**(27,109)**	**3,186**	**(4,250)**	**1,969**	**1,765**	**(24,439)**

Operational Risk

The Syndicate is potentially exposed to direct or indirect losses resulting from inadequate or failed internal processes, systems, or people, or from external events. HMA seeks to manage this risk with detailed procedure manuals and a structured programme of testing of processes and systems by internal audit. This is not impacted by the move to run-off status, given the continuity of managing agency and renewal of the same business lines into another Hamilton syndicate.

3. 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	9,422	14,847	(5,492)	(4,587)	(926)	3,842
Marine aviation and transport	(579)	9,626	(9,322)	(2,338)	(1,478)	(3,512)
Energy – Non-Marine	(3,128)	(341)	(694)	(135)	13	(1,157)
Fire and other damage to property	913	9,419	(3,705)	(2,444)	(4,092)	(822)
Third party liability	9,524	27,237	(20,558)	(5,957)	(786)	(64)
Pecuniary loss	21	592	(3,969)	(706)	1,361	(2,722)
Reinsurance	1,067	8,725	(3,427)	(2,138)	(2,786)	374
Total	**17,240**	**70,105**	**(47,167)**	**(18,305)**	**(8,694)**	**(4,061)**

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	15,635	15,535	(11,922)	(6,570)	2,248	**(709)**
Marine aviation and transport	22,242	24,079	(19,250)	(6,187)	(210)	**(1,568)**
Energy – Non-Marine	6,655	6,285	(3,887)	(1,017)	(1,549)	**(168)**
Fire and other damage to property	18,849	21,651	(14,651)	(5,640)	(2,313)	**(953)**
Third party liability	40,053	43,511	(43,053)	(12,785)	1,258	**(11,069)**
Pecuniary loss	1,179	2,361	(5,147)	(1,057)	1,837	**(2,006)**
	104,613	113,422	(97,910)	(33,256)	1,271	**(16,473)**
Reinsurance	25,592	23,146	(26,729)	(5,072)	(2,265)	**(10,920)**
Total	**130,205**	**136,568**	**(124,639)**	**(38,328)**	**(994)**	**(27,393)**

Commissions on direct insurance gross premiums during 2020 were £6.0m (2019: £21.1m).

The reinsurance balance is the aggregate total of all those items in the technical account which relate to outwards reinsurance transactions including items recorded as reinsurance commission and profit participations.

All premiums were concluded in the UK.

On 30 December 2020, the Syndicate transferred its EEA non-life insurance policies written between 2015 and 2020 to Lloyd's Insurance Company S.A. ('Lloyd's Brussels') pursuant to Part VII of the Financial Services and Markets Act 2000. The value of the net liabilities transferred was $6.7m. The Syndicate transferred cash of the same amount to Lloyd's Brussels. Lloyd's Brussels subsequently reinsured the same liabilities back to the Syndicate on the same day. The reinsurance premium received was of the same amount of $6.7m. There was no gain or loss arising on either transaction.

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

3. Segmental Analysis (continued)

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

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

	2020 £000	2019 £000
UK	6,600	33,229
Europe	-	10,957
North America	8,749	53,809
Australasia	220	3,526
Other	1,670	28,684
Total	**17,239**	**130,205**

4. Claims Incurred, Net of Reinsurance

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

Claims incurred, net of reinsurance, represent favourable prior year development of £49.2m which includes the impact of a retrospective quota share contract taken out in February 2020 (2019: adverse development of £46.2m).

Gross claims development

Pure underwriting year	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	Total £000
Estimate of cumulative claims incurred						
At the end of the underwriting year	1,143	15,563	48,174	45,232	35,455	
One year later	2,275	45,127	96,954	101,572	67,676	
Two years later	2,000	52,075	121,241	107,059	-	
Three years later	1,458	54,922	124,174	-	-	
Four years later	1,945	59,553	-	-	-	
Five years later	1,518	-	-	-	-	
Less: cumulative payments to date	(1,518)	(39,496)	(80,404)	(53,901)	(21,008)	
Gross claims outstanding provision	**-**	**20,057**	**43,770**	**53,158**	**46,668**	**163,653**

4. Claims Incurred, Net of Reinsurance (continued)

Net claims development

Pure underwriting year	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	Total £000
Estimate of net claims						
At the end of the underwriting year	1,143	12,007	32,579	35,641	29,501	
One year later	2,133	40,532	72,003	75,844	57,487	
Two years later	1,866	45,102	85,294	49,180		
Three years later	1,323	45,364	70,645			
Four years later	1,810	39,287				
Five years later	1,384					
Less: cumulative payments to date	(1,384)	(34,660)	(57,933)	(29,576)	(20,372)	
Net claims reserves	**-**	**4,627**	**12,712**	**19,604**	**37,115**	**74,058**

5. Net Operating Expenses

	2020 £000	2019 £000
Acquisition costs	7,235	30,037
Change in deferred acquisition costs	9,283	2,732
Administrative expenses	7,554	16,492
Gross operating expenses	24,072	49,261
Reinsurers' commissions	(5,765)	(10,933)
Net operating expenses	18,307	38,328

6. Auditor's Remuneration

	2020 £000	2019 £000
Fees payable to the Syndicate's auditor for:		
Audit of the Syndicate Annual Accounts	72	174
Other services pursuant to regulations and Lloyd's byelaws	5	13
	77	187

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

7. Staff Numbers and Costs

All staff were employed by Hamilton UK Services Limited or Hamilton Underwriting Limited during the periods under review. The following amounts were recharged to the Syndicate in respect of salary costs:

	2020 £000	2019 £000
Wages and salaries	1,808	9,904
Other pension costs and social security	396	1,851
	2,204	**11,755**

The average number of employees employed by the managing agent or UK service company but working for the Syndicate during the year was as follows:

	2020 Number	2019 Number
Administration, compliance and finance	40	52
Underwriting and claims	13	23
	53	**75**

8. Emoluments of the Managing Agency Directors

The Directors of HMA (for 2020) and HUL (for 2019) received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2020 £000	2019 £000
Emoluments	91	628
Pension contributions	-	-
	91	**628**

This excludes a number of deferred awards which vested during the year, which would have been partially charged to the Syndicate (in this and prior years).

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

The remuneration in relation to the Run-off Manager charged as a syndicate expense during the year comprised emoluments of £59,000 and pension contributions of £1,000. During 2019, there were two joint active underwriters whose remuneration charged as a syndicate expense comprised emoluments of £438,000.

9. Investment Return

Investment return on Syndicate assets

	2020 £000	2019 £000
Income from financial investments designated as at fair value through profit or loss	458	149
Other interest and similar income	634	634
Investment income	1,092	783
Other income from investments designated as at fair value through profit or loss:		
Realised gains on investments	981	176
Unrealised gains on investments	1	11
	982	187
Investment management charges	(79)	(50)
Total investment return transferred to the technical account	**1,995**	**920**

Investment return on Funds in Syndicate

	2020 £000	2019 £000
Income from financial investments designated as at fair value through profit or loss	1,468	1,665
Realised gains on investments	1,013	1,607
Unrealised gains on investments	71	46
Total investment return transferred to the technical account	**2,552**	**3,318**

10. Financial Investments

	2020 Market Value £000	2020 Cost £000	2019 Market Value £000	2019 Cost £000
Shares and other variable yield securities	8,020	8,020	42,273	42,272
Debt securities and other fixed income securities	82,376	79,653	56,770	55,422
Participation in investment pools	499	499	578	578
	90,895	**88,172**	**99,621**	**98,272**

All investments are designated as fair value through profit or loss. The carrying value of these investments is same as market value.

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

Level 1 Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry syndicate, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.

Level 3 Included in the level 3 category are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, observable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset. These inputs are developed based on the best information available, which might include the Syndicate's own data.

2020	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Shares and other variable yield securities	-	7,624	396	8,020
Debt securities and other fixed income securities	-	82,376	-	82,376
Participation in investment pools	499	-	-	499
Total	**499**	**90,000**	**396**	**90,895**

2019	**Level 1 £000**	**Level 2 £000**	**Level 3 £'000**	**Total £000**
Shares and other variable yield securities	14,018	27,858	397	42,273
Debt securities and other fixed income securities	-	56,770	-	56,770
Participation in investment pools	578	-	-	578
Total	**14,596**	**84,628**	**397**	**99,621**

11. Debtors Arising Out of Direct Insurance Operations

Included within amounts due from intermediaries at 31 December 2020 are £178,000 in relation to payments to loss funds.

12. Debtors Arising Out of Reinsurance Operations

	2020 £000	2019 £000
Due from ceding insurers and intermediaries under reinsurance business	22,481	21,549
Due from reinsurers and intermediaries under reinsurance contracts ceded	3,640	5,971
	26,121	**27,520**

13. Deferred Acquisition Costs

	2020 £000	2019 £000
Balance at 1 January	11,205	14,339
Change in deferred acquisition costs	(9,283)	(2,732)
Effect of exchange rates	187	(402)
Balance at 31 December	**2,109**	**11,205**

14. Technical Provisions

	2020			2019		
	Gross £000	RI £000	Net £000	Gross £000	RI £000	Net £000
Incurred claims outstanding:						
Balance at 1 January	195,396	(79,730)	115,666	142,035	(49,913)	92,122
Change in prior year provisions	33,614	(10,386)	23,228	36,546	(12,432)	24,114
Expected cost of current year claims	13,555	(62,805)	(49,250)	88,092	(41,865)	46,227
Claims paid during the year	(76,044)	40,119	(35,925)	(65,816)	22,026	(43,790)
Other and effect of exchange rates	(2,868)	11,530	8,662	(5,461)	2,454	(3,007)
Balance at 31 December	163,653	(101,272)	(62,381)	195,396	(79,730)	115,666
Claims notified	66,770	(35,018)	31,752	77,201	(21,802)	55,399
Claims incurred but not reported	96,883	(54,577)	42,306	118,195	(33,195)	85,000
Other *	-	(11,677)	(11,677)	-	(24,733)	(24,733)
Balance at 31 December	**163,653**	**(101,272)**	**62,381**	**195,396**	**(79,730)**	**115,666**
Unearned premiums:						
Balance at 1 January	61,051	(26,706)	34,345	69,625	(27,035)	42,590
Premiums written during the year	17,238	(59,458)	(42,220)	130,205	(55,998)	74,207
Premiums earned during the year	(70,106)	81,888	11,782	(136,568)	55,292	(81,276)
Effect of exchange rates	1,263	(592)	671	(2,211)	1,035	(1,176)
Balance at 31 December	**9,446**	**(4,868)**	**4,578**	**61,051**	**(26,706)**	**34,345**

*Other represents intergroup whole account quota share.

15. Related Parties

Managing Agent

The Syndicate is managed by Hamilton Managing Agency Limited ("HMA") from 1 January 2020. Following the acquisition of this company on 20 August 2019, the immediate parent of HMA is Hamilton UK Holdings Limited ("HUK"). For the year ended 31 December 2019 and the prior reporting year, the Syndicate was managed by Hamilton Underwriting Limited ("HUL").

Capital

Capital to support the underwriting of the Syndicate is provided by Hamilton Corporate Member Limited ("HCM").

Ultimate Parent Company

The ultimate parent company of HUK, HMA, HUL and HCM is Hamilton Insurance Group, Ltd., a company registered in Bermuda.

Related Party Disclosure Exemption

The Syndicate has taken advantage of the exemption given by FRS 102 Section 33 Related Party Disclosures to wholly owned subsidiary undertakings, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

16. Funds at Lloyd's

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

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

17. Off Balance Sheet Items

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

18. Borrowings

During the period to 31 December 2020, the syndicate had an unsecured overdraft facility agreement with Barclays Bank plc (Barclays), as a buffer against any timing differences between premium receipts and claims and other expense payments being made. This facility was available for use against the Sterling, euro, US and Australian dollar accounts. There were no gross balances outstanding at Barclays as at 31 December 2020 (2019: none).