Important information about Syndicate Reports and Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification.

The syndicate reports and accounts set forth in this section of the Lloyd's website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd's, and Lloyd's has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd's or membership on any syndicate of Lloyd's, and no offer to join Lloyd's or any syndicate is being made hereby. Members of Lloyd's are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate's performance in any subsequent syndicate year.

You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgment and agreement, by which they will also be bound.

ASPEN MANAGING AGENCY LIMITED

SYNDICATE 4711

REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2023

Contents

Directors and Advisors

Managing Agent
Aspen Managing Agency Limited (AMAL)

Directors
T Froehlich (Chair)
M Duffy
C Jones
S Liddell
P Shaw
S Stanford
N Waller

Company secretary
N Burdett

Managing Agent's registered office
30 Fenchurch Street
London, EC3M 3BD
United Kingdom

Managing Agent's registered number
06459521

Syndicate:
4711

Active underwriter
S Stanford

Bankers
Citibank N.A.
RBC Dexia

Investment managers
Blackrock Financial Management Inc
Western Asset Liquidity Funds PLC

Registered Auditor
Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Report of the Directors of the Managing Agent

The Directors of the Managing Agent present their report in respect of Syndicate 4711 ("the Syndicate") for the year ended 31 December 2023.

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

Strategic Report

The result for the year ended 31 December 2023 is a profit of £61.1m (31 December 2022: profit of £35.1m) with a total recognised gain of £61.9m (31 December 2022: gain of £28.7m) and is set out in the Profit and Loss account and Statement of Other Comprehensive Income on pages 18 and 19 respectively. An overview of the 2023 performance is shown on page 5.

The Managing Agent is a subsidiary of Aspen Insurance Holdings Limited ("AIHL") a company registered in Bermuda. AIHL is the parent company of the Aspen Group. Copies of the consolidated financial statements may be obtained from the registered office at 141 Front Street, Hamilton, Bermuda HM19.

Overview of the Business

The principal activity of the Syndicate is the transaction of general insurance and reinsurance business at Lloyd's. The Syndicate is Aspen Group's primary platform for insurance and reinsurance business in the UK. A description of the Syndicate's business is as follows:

Insurance

<u>Specialty</u>:

- Crisis Management: the portfolio is comprised of five main product lines: Terrorism & Political Violence, Kidnap & Ransom, Piracy, Active Assailant and Marine War. These lines are non-correlating, which gives the added benefit of enabling the team to scale up or down individual component parts without increasing the combined accumulation risk.

- Credit & Political Risks: the team offers three main products: Credit, Contract Frustration and Political Risk. Business is predominantly direct insurance, with a small proportion of facultative reinsurance. 90% of this business is non-renewing and therefore, written new each year.

- Natural Resources & Construction: the account is comprised of: Heavy Industries (includes mining and mineral processing; pulp and paper manufacturing; and metal making), Power Generation, Construction, Upstream Energy, Midstream and Renewables. A diverse variety of companies are insured ranging from small to large end accounts.

- Specie: the account consists of four products: Fine Art, General Specie, Cash in Transit (CT) and Jewellers' Block. Our main focus is on Fine Art and General Specie but we consider the other products opportunistically and to provide a full range of services to our partners and clients.

<u>Financial and Professional Lines Insurance:</u>

- Management Liability: the account is made up of three core areas: Commercial Directors' & Officers' Liability ("Commercial D&O") on an open market basis, Transactional Liability ("TL") and Commercial Directors' & Officers' Liability programme business. Ancillary coverages are also offered within Commercial D&O such as: Individual Directors' Liability, Pension Trustee Liability, Prospectus Liability ("POSI"), Trustee Liability and Employment Practice Liability ("EPL").

- Financial Institutions: the account is made up of three core products: Financial Institution Crime/ Bankers' Blanket Bond ("Crime"), Financial Institution Professional Indemnity ("FI PI")/ Errors and Omissions ("E&O") and Financial Institution Directors and Officers Liability ("FI D&O"). Ancillary products such as Pension Trustees Liability ("PTL") / Fiduciary Liability ("FL") and Employment Practices Liability ("EPL") are also provided, however these are not written as stand-alone policies.

- Professional Indemnity: the account focuses on Errors & Omissions and Professional Indemnity coverage for predominately regulated professional services companies, including Accountants & Actuarial Consultants, Architects & Engineers, Insurance Brokers, Law firms, Surveying / Real Estate firms and Miscellaneous Consulting firms.

- Cyber: the account provides Cyber-specific, and Technology Errors and Omissions covers, which can be written on a blended or stand-alone basis. Cyber-specific covers include first party costs (network-based extortion, network-based business interruption and data recovery expenses) and third-party liabilities related to the breach of contractual or statutory data protection obligations.

- Cross Class Binders: the account is comprised of our multi-product relationships with a small number of key partners.

Casualty:

- Primary Casualty: the account focuses on Employers' Liability ("EL") and General Liability ("GL") / Public & Products Liability ("PL") via binding authorities written via Lloyd's approved coverholders (generally SMEs and micro-enterprises with a small number of medium-large risks) and open market business in Ireland for target accounts of Mid-Corporate and Larger SME insureds.

- Excess Casualty: the account is an Excess Liability portfolio, with the majority of accounts being US domiciled and written via the open market and comprised predominantly of Global Fortune 1,000 accounts.

- Environmental: the account is predominantly annually renewable Environmental Legal Liability ("ELL") and Contractors' Pollution Liability ("CPL") project business with year-on-year growth and a focus on long-term profitability.

Reinsurance

- Casualty Re: the account consists of a diversified, global portfolio of Casualty classes which avoids over reliance on any one sector. The underwriting focus is to provide risk-exposed excess of loss cover to specialist insurers on a lead basis. The team also provides Clash and Cat coverages to larger, more generalist insurers.

- Property Re: the account consists of Catastrophe Excess of Loss ("XoL"), Risk XoL and Pro Rata. The portfolio is mainly from Canada, Caribbean, Southern Europe, Sub Saharan Africa and includes some London and Lloyd's market accounts.

- Property Facultative: the account consists of carefully underwritten individual risk accounts and automatics sourced directly and through brokers. Risks are mainly mid /high attachment point fire driven business, targeting lower hazard occupancies.

- Specialty Re: the account consists of a wide range of products that don't naturally fit into Casualty or Property portfolios, including but not limited to Agriculture, Engineering, Marine, Energy, Terror and Tech Lines (Nuclear, Downstream Energy, Contingency, Product Recall, Film Finance and Engineering). We exited Cyber, Aviation, Space and Bloodstock during 2022.

2023 Performance

Overall gross written premium for the year has decreased to £806.3m (2022: £838.6m), with a profit for the financial year of £61.1m (2022: £35.1m profit). The Syndicate benefits from a whole account quota share reinsurance agreement with a fellow Aspen Group subsidiary, Aspen Bermuda Limited ("ABL").

Gross written premium came in under plan expectations as a result of conscious decisions not to follow down changing market conditions in our Financial and Professional Lines classes and our continued efforts to reduce exposure to Cyber. The overall result was a profit across all segments, demonstrates continued improvement of the underlying account and pro-active portfolio management.

Specialty Insurance

Gross written premium increased to £167.0m from £146.3m in 2022. This is mostly due to growth in our Crisis Management portfolio, driven by market conditions. Overall, this portfolio is profit making despite continued activity in Russia, Ukraine and more recently Israel which continues to be reflective of active portfolio management across all classes of business.

Financial and Professional Lines Insurance

Gross written premiums have increased in the year to £285.1m from £257.5m in 2022. Albeit growing in 2023, this growth was less than planned due to market conditions but offset by new opportunities in the Cross Class Binders product line. This portfolio made a profit for the financial year, which continues to demonstrate the benefits of the previous remediation work and ongoing active portfolio management.

Casualty Insurance

Gross written premiums remained stable in the year. This portfolio made a profit for the financial year, driven by strong performance in these lines.

Reinsurance

Overall premium for the year has decreased to £255.8m from £338.2m in 2022. Premium reduction was driven by the decision to close the Australian service company with Property Reinsurance business being non-renewed on the Syndicate combined with exiting Aviation, Space and Bloodstock as part of further optimisation and portfolio management. This segment made a profit in line with prior year.

Reserves

Prior year reserves within the Management Best Estimate were subject to only marginal movement in the year post loss portfolio transfer (LPT) recoveries in aggregate.

The Management Best Estimate includes an explicit uplift in respect of the potential impact of higher inflation on loss costs.

The LPT arrangement strengthens the balance sheet position through providing additional adverse development protection against the 2019 and prior accident year reserves.

Key Performance Indicators

The key financial performance indicators during the year were:

	£m	**£m**
	2023	2022
Capacity	**£1,115.0**	£900.0
Gross written premium	**£806.3**	£838.6
Gross earned premium	**£774.0**	£711.0
Net earned premium	**£335.3**	£318.2
Investment return	**£19.7**	-£33.7
Profit for the financial year	**£61.1**	£35.1
Expense ratio[A]	**24.0 %**	31.6 %
Claims ratio[B]	**62.7 %**	43.8 %
Combined ratio[C]	**86.7 %**	75.4 %

A Net operating expenses/Net earned premium
B Net claims incurred/Net earned premium
C (Net operating expenses+Net incurred claims)/Net earned premium

Outwards Reinsurance Arrangements

We purchase reinsurance and retrocession covers to mitigate and diversify our risk exposure to a level consistent with our risk appetite and to increase our insurance and reinsurance underwriting capacity. These agreements provide for recovery of a portion of our losses and loss adjustment expenses from our reinsurers. The amount and type of reinsurance that we purchase varies from year to year and is dependent on a variety of factors including, but not limited to, the cost of a particular reinsurance contract and the nature of our gross exposures assumed, with the aim of securing cost-effective protection.

We have reinsurance covers in place for the majority of our classes of business with unrelated reinsurers. In 2023, our outwards reinsurance structure remained substantially the same with a mixture of proportional and non-proportional treaties.

The Syndicate also has a 35% whole account quota share for the 2021 and post years of account, this was previously a 20% quota share, to protect the net retained account. This reinsurance is placed with ABL, a subsidiary within the Aspen Group.

The terms of this quota share arrangement were renegotiated for the 2023 year of account to more closely align the economics of this reinsurance arrangement with the economics of the underlying portfolio. The quota share arrangement provides a cede commission to contribute to the expenses of the Syndicate. In 2023 the cede commission is recognised in line with the underlying expenses to align with contractual terms rather than being deferred commensurate with premiums.

For the 2015 to 2021 underwriting years of account, all Marine, Energy and Cargo ("MEC") business written by the Aspen Group was agreed to be written by the Syndicate and an additional 50% quota share was purchased to reduce volatility. This quota share was purchased with Aspen Insurance UK Limited ("AIUK"), another subsidiary within the Aspen Group whose ultimate holding company is AIHL.

In Q2 2022 the Aspen Group closed on a ground-up LPT with a wholly-owned subsidiary of Enstar. Although closing in 2022, the LPT has an effective date of 1 October 2021. The previous adverse development cover also entered into with Enstar in 2020 was assumed under the LPT. The LPT covers all business on the 2019 and prior accident years, which means some development on the 2019 Underwriting Year is not reinsured. The LPT provides the Aspen Group with $450m adverse development cover on Group reserves of $3.12bn at the effective date. As at 31 December 2023 the Group is within the LPT limit of $450m. The Syndicate participates in this reinsurance arrangement following approval of the LPT from the Boards of subsidiaries within the Aspen Group and the relevant regulators. Subject to this Group limit, any deterioration on 2019 and prior accident year reserves in the Syndicate due to inflation or other reasons, are fully recoverable. In the current year, the contract had a favourable impact on the prior year underwriting loss of £9.3m (2022: favourable impact of £44.6m) which decreased the 2023 combined ratio by 2.8% to 86.7% from 89.5% (2022: combined ratio decreased by 14% to 75.4% from 89.4%).

The LPT operates on a cash withheld basis until September 2025, and therefore the Syndicate pays an interest charge on the withheld funds through this period, with interest in the current year amounting to £1.1m (2022: £2.7m). In addition, the responsibility and expense of handling the 2019 and prior gross claims was transferred to the wholly-owned subsidiary of Enstar.

Investment Performance

The investment policy of the Syndicate is proposed and managed by the Aspen Group Investment function and approved by the Board of Aspen Managing Agency Limited ("AMAL"). The Board monitors investment performance, with BlackRock Financial Management Inc managing the Syndicate's investments. Furthermore, investments are also required to be made in line with the guidelines put in place by Lloyd's.

As at 31 December 2023, the Syndicate held £231.4m (2022: £237.0m) in fixed income investments, which were located in various countries; being UK, Canada, USA, France, Australia and Japan. Investment risk is analysed in note 4.

The fixed income portfolio has a duration of 1.44 years at 31st December 2023 versus 1.42 at 31st December 2022. Yields increased during 2023 with the market yield of the investments at 3.57%. The portfolio's book yield increased 119 basis points in the year to 3.43%. The portfolio remains positioned up in quality with a weighted average credit rating of AA. The option adjusted spread on the corporate holdings (approximately 29% of the overall portfolio) narrowed from 76bps as of 31 December 2022 to 57 bps as of 31st December 2023.

The Syndicate maintains investment funds in US dollars and Canadian dollars as well as holding assets in other currencies within Lloyd's overseas deposits, as required by the Syndicate's underwriting activities, and holding cash in other currencies.

As at 31 December 2023 the total value of cash and investments was £331.7m (2022: £419.9m). Of the total value, 8% (91% held in USD, 9% CAD) was invested in money market funds, 13.3% was assets held within Lloyd's overseas deposits, the remaining portion was invested in the diversified public fixed income assets. Overall the investment return for the year was £19.7m (2022:(£33.8m)) on an annualised basis.

Further analysis of the Syndicate's investments can be found in the notes 10 and 11 to these accounts. Investment risk is analysed in note 4.

Financial Position

The Balance Sheet of the Syndicate shows total assets of £2,335.3m (2022: £2,264.1m) and a Member's balances surplus of £25.1m (2022: £6.7m surplus). Of the total assets, £331.7m is represented by cash and financial instruments, of which £44.3m (2022: £83.1m) is held as Overseas Deposits.

The Syndicate maintains all its investments in fixed income bonds and money market funds.

Insurance reserves include a net provision for claims outstanding of £496.1m (2022: £364.5m) and a provision for unearned premium of £211.8m (2022: £202.7m) net of reinsurance.

Enterprise Risk Management and Control Framework

The Board ensures that the Syndicate operates an effective risk management and control framework, which includes risk management, compliance, and internal control systems. The Syndicate maintains appropriate policies, procedures, and internal controls to support the risk and control framework.

Principal Risks and Uncertainties

Risk Management has been embedded in the management and culture of the Aspen Group since its formation in 2002. AMAL and the Syndicate, as operating entities within the Aspen Group, operate within the Group's established risk management practices.

The key risks for the Syndicate are currently:

- Underwriting Risk: Economic conditions are driven by the changing economic and geopolitical environment of the past two years. This has impacted the insurance industry and the outlook for 2024. These impacts are driving a number of changes in the accepted size, nature and coverages offered across the market. The Syndicate's specific focus on specialist lines of business has allowed it to clearly understand the impacts of the market changes and adapt accordingly. However, the potential for further economic volatility and geopolitical instability will continue to present challenging conditions over the coming period.

- Reserve Risk: As stated, the economic environment has provided challenges in recent years notably in relation to the global pandemic, international conflict and financial market volatility. The pandemic is now well understood and is not expected to impact the Syndicate going forward. Exposures relating to the Russia and Ukraine conflict have been reviewed and Aspen has identified impacted policy holders and potential claims, and examined received claims. Although further claims resulting from the conflict are possible, we have made reasonable provision for all potential claims identified to date. Exposures are being assessed following the ongoing conflict seen in Israel and Gaza. However, these are not expected to be material for the Syndicate. Notwithstanding geopolitical events, the economic environment has stabilized somewhat during 2023. As with the rest of the industry, the Syndicate has assessed the impacts of both economic and social inflation on the reserve adequacy of the Syndicate's liabilities. This has been conducted at a product and coverage level to ascertain where any reserve strengthening was required.

  The execution of a Loss Portfolio Transfer with Enstar during 2022 has provided additional protection in terms of the reserves for all 2019 and prior accident years of claims. This agreement provides protection against significant deterioration of prior accident year reserves up to $450m above the group reserves held at the time of the transaction. The Syndicate can recover it's share of losses so long as the Group reserve deterioration does not exceed $450m. Should surpluses develop on 2019 and prior accident years then these surpluses are also ceded under the Loss Portfolio Transfer.

- Market Risk: A degree of volatility has remained in the economic environment over the past year that has impacted investment portfolios for much of the insurance industry. The consensus for the 2024 outlook is that central banks' efforts to manage economic volatility and inflation have been generally successful and that inflation has peaked and is expected to continue to reduce towards central bank targets during 2024. The interest rate environment is expected to be stable and so should lead to less movement in the mark to market value of the assets. However, Market Risk will continue to be closely monitored in the coming 12 months.

- Operational Risk: The Aspen Group has been through a transformative program of change in recent years, including the outsourcing of a number of processes and continues to work through a number of improvement projects. Changes have brought improvements across the operations of the organization as a whole and will continue to do so as the change programme is completed. The significant level of change and transformation activity across the Aspen Group is driving an elevated level of Operational Risk related to process execution and administration. This is particularly relevant for financial reporting, outward reinsurance, and actuarial processes.

- Regulatory Risk: is another area of operational risk which has been elevated in recent years for AMAL and the Syndicate. This situation continues into 2024. The regulatory relationship has been an area of focus for the management of AMAL and this has led to an improvement in the communications received from the regulatory bodies. As the management of key risks improves it is expected that the regulatory risk diminishes.

- A further area of operational risk which has been a challenge across the industry in recent years has been the retention of staff and timely recruitment. The competitive employment market remains challenging, leading to increased voluntary turnover, extended recruiting times, and higher salaries to source and retain the right people, particularly for specialised positions. Achievement of the plan is dependent on retaining key employees across underwriting and support functions. Loss of high profile individuals or underwriting teams has the potential to impact Aspen's market standing and reputation. Furthermore, loss of key staff in other areas would impede progress on strategic transformation efforts currently in progress.

Risk Management Approach

Aspen maintains a Risk Universe which defines the different types of risk that the Syndicate faces and how they are monitored and measured. This framework has been applied and refined continuously and is approved each year by the Board. The Syndicate operates an integrated enterprise-wide risk management strategy designed to deliver shareholder value in a sustainable and efficient manner while providing a high level of policyholder protection. The AMAL Risk and Capital Oversight Committee provides enhanced oversight of the AMAL risk management process. The execution of the integrated risk management strategy is based on:

- The establishment and maintenance of an internal control and risk management system based on a three lines of defence approach to the allocation of responsibilities between risk accepting units (first line), risk management activity and oversight from other central control functions (second line), and independent assurance (third line);

- Identifying material risks to the achievement of the Syndicate's objectives, including emerging risks;

- The articulation at Group and Syndicate level of the risk appetite and a consistent set of key risk limits for each material component of risk;

- Measuring, monitoring, managing and reporting risks and trends;

- The use, subject to an understanding of its limitations, of the Internal Model to test strategic and tactical business decisions and to assess compliance with the Risk Appetite Statements; and

- Stress and scenario testing, including reverse stress testing, designed to help the Syndicate better understand and develop contingency plans for the likely effects of extreme events or combinations of events on capital adequacy and liquidity.

Risk Appetite

In order to meet the expectations of the Syndicate's equity stakeholder, AMAL aims to maintain a level of profitability consistent with the Group return targets set out in the Group Risk Appetite statement, taking into account the contributions of other subsidiaries. AMAL also aims to generate sufficient distributable income to allow the Syndicate to contribute its share of funding for the debt and dividend obligations of the Aspen Group. The AMAL risk appetite and risk management process is aimed at ensuring that these objectives are met. The Risk Appetite statement approved by the Board articulates the Risk Appetite to which AMAL adheres.

In addition to the high-level Risk Appetite statement, AMAL has established a set of Key Risk Limits covering exposures to natural and man-made catastrophe events, market risks, credit risks and operational risks. These are monitored and reported against to the Risk and Capital Oversight Committee on a quarterly basis.

The main risks faced by the Syndicate can be split between core risks and non-core risks. The Risk Appetite distinguishes between core risks and non-core risks.

- Core Risks: the Syndicate actively seeks insurance risk and financial market risk. These are considered core risks, which are assumed as part of the value creation strategy. These core risks are actively sought in cases where:

  - there is a thorough understanding of how risks can be measured and managed,
  - the potential risk accumulation arising from both additional exposures and the dependencies between risk categories are understood and can be controlled,
  - the Syndicate is adequately remunerated for the risk it takes, and
  - there is appropriate alignment of interests between the Syndicate and its stakeholders.

The Syndicate has an appetite for insurance risk across the diversified non-life insurance lines of business in all major geographical markets as determined within the remit provided to it by the wider Aspen Group. Similarly, the Syndicate has an appetite for financial market risk across a diversified range of investment types and strategies. The Syndicate’s appetite for core risks is further detailed in the business plans (including investment plans) approved annually by the Board.

- Non-Core Risks: All other risks to the business are non-core risks. Non-core risks will be minimized through a range of options, where cost effective and reasonable to do so (e.g. mitigation does not result in an unacceptable level of risk in other areas).

As stated above Non-Core Risks which are not actively taken are managed through a variety of mechanisms which are available to the firm. These are outlined below:

- Avoid – The Syndicate will avoid the risk where possible and this will be managed through eliminating the cause of the risk.

- Mitigate – Processes will be put in place to minimise the probability of the risk occurring or minimising the impact of the risk event once it occurs.

- Transfer – The Syndicate will transfer the risk where it is not appropriate for the firm to retain and is unable to mitigate it to an appropriate level.

- Accept – Accept the risks that are not transferable, or economically viable to mitigate.

Where risks are part of the ongoing activities of the business and have the potential to harm the capital position or ongoing viability of the firm, these will be reviewed as part of the Risk Appetite process.

Climate Change

AMAL covers climate change risk in the risk framework and is developing the approach as part of a wider Aspen initiative. This group wide review will look at the various regulatory requirements on financial disclosures, policy and capital considerations. Work is ongoing in respect of product and asset impact assessments and wider ESG considerations.

Climate change may have a material adverse effect on the Syndicate’s operating results and financial condition if the Syndicate were to not adequately assess and price for any increased frequency and severity of weather events resulting from these environmental factors.

Climate change may also give rise to new environmental liability claims in sectors where our insurance customers are active.

Given the scientific uncertainty of predicting the effect of climate cycles and climate change on the frequency and severity of catastrophes and the lack of adequate predictive tools, the Syndicate may not be able to adequately model the associated exposures and potential losses in connection with such catastrophes which could have a material adverse effect on the Syndicate’s business, financial condition, or operating results.

The Syndicate is most directly exposed to Climate Change physical risks through Property and Specialty underwriting. AMAL's view is that physical risk over the shorter-term is mitigated to an acceptable level by the short-term nature of relevant policies, allowing for continuous reviews and monitoring of exposure levels and also through the reinsurance purchased to protect the Syndicate's balance sheet from the impacts of extreme events. Natural catastrophe perils are modelled and monitored on a quarterly basis through the Board Risk and Capital Oversight Committee and relevant sub-committees. Limits are in place for these exposures and an established governance and reporting system is in place.

The investment portfolio and credit and political risk underwriting exposures may be materially adversely affected by global climate change impacts and regulation. The continuous monitoring of the Syndicate’s portfolio indicates that the direct exposure to organisations with fossil fuel assets is minimal.

The Syndicate provides credit and political risk insurance to banks and other institutions providing lending to government and private organisations. In some cases, the lending relates to private organisations involved in the energy sector or governments or government agencies which are dependent on fossil fuels for their revenue. A material change in the asset value of fossil fuels may therefore materially adversely affect the Syndicate’s exposures to credit and political risk.

Future Developments

The Syndicate’s capacity for 2024 has increased to £1,300m (2023: £1,115m).

The Syndicate continues to transact in the classes of general insurance and reinsurance business that it has transacted in historically.

Aspen entered into a relationship with Ki Digital for business incepting from 1st January 2024. Business will be written utilising algorithmic underwriting on a follow line basis.

Aspen’s outwards reinsurance protections spread throughout the year with a significant number of placements incepting outside of the 1st January renewal season. However, those renewals at 1st January were materially in line with expectations. We have two significant quota shares as part of our protections, one of which was extended to 30th June 2024 in late 2022 and we also continue to maintain a 35% quota share through ABL. A large proportion of our outwards reinsurance spend relates to quota shares which we are confident will continue to be beneficial due to the structure of the contracts.

We continue to review our operating model and cost structure in light of the overall strategy of the Aspen Group and to ensure we are well positioned for any further favourable developments in market conditions.

Richard Milner resigned as the Chief Executive Officer and a Director of the Aspen Managing Agency Limited on 17 January 2024. Sarah Stanford, Active Underwriter, has been discharging the responsibilities of Chief Executive officer on an interim basis since that date.

Sarah Stanford has now been appointed as the new Chief Executive Officer of Aspen Managing Agency Limited, subject to regulatory approval.

Directors

The Directors of AMAL at the date of this report are set out on page 3 and below. Changes in Directors during 2023 and up to the date of this report are included below:

		Date of Appointment	**Date of Resignation**
T Froehlich	Non-executive chair		
M Duffy	Non-executive Director	1 February 2023	
C Jones	CFO		
S Liddell	Non-executive Director		
R Milner	CEO		17 January 2024
R Moorehead-Lane	CRO		31 August 2023
P Shaw	Non-executive Director		
S Stanford*	CEO	21 February 2024	
N Waller	Non-executive Director		

* Sarah Stanford, having previously served as Active Underwriter and as a director, was appointed CEO subject to regulatory approval.

Directors' and Officers' Liability Insurance

The Aspen Group has continued to maintain a Directors and Officers insurance policy, which was in place throughout the year ended 31 December 2023, and provides cover for the directors and officers of AMAL. During the year and up to and including the date of approval of this report, the AMAL's Articles provided a qualifying third party indemnity to the Company's Directors and Officers.

Research and Development

The Syndicate has not undertaken any research and development activities during the year.

Disclosure of Information to the Auditors

The Directors each confirm that:

- So far as they are aware, there is no relevant audit information of which the Syndicate's auditors are unaware, and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

Events after the Reporting Period

There are no events subsequent to the reporting period.

Charitable and Political Contributions

The Syndicate made no political or charitable contributions during 2023 (2022: Nil).

Going Concern

Management has conducted a full going concern assessment for the Syndicate taking into consideration sources of capital, liquidity and stress testing. The Syndicate is expected to remain a key platform for the Aspen Group. The corporate member has already formed and provided capital for the 2024 underwriting year. On the basis of this and an improvement in performance as a result of planned rate increases and remediation activities Aspen also expect to have the ability and intention to form a 2025 underwriting year. Therefore, Aspen continue to adopt the going concern basis of accounting for Syndicate 4711.

Auditors

Pursuant to Section 14(2) of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the Board

Sarah Stanford
Director
1 March 2024

Statement of Managing Agent's Responsibilities

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

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires the Directors of the Managing Agent to prepare their Syndicate's annual accounts for each financial year. Under that law they have elected to prepare the annual accounts in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102"), and "Insurance Contracts" ("FRS 103"), and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

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

- Select suitable accounting policies and then apply them consistently;
- Make 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; and
- Assess the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

The Directors of the Managing Agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the Syndicate annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of 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 Syndicate annual accounts may differ from legislation in other jurisdictions.

Sarah Stanford
Director
1 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 4711

Opinion

We have audited the syndicate annual accounts of syndicate 4711 ('the syndicate') for the year ended 31 December 2023 which comprise the Profit and Loss Account: Technical and Non-Technical Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Members' Balances, the Cash Flow Statement and the related notes 1 to 20, 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:

a. give a true and fair view of the syndicate's affairs as at 31 December 2023 and of its profit for the year then ended;
b. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
c. have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the syndicate annual accounts, we have concluded that the managing agent's use of the going concern basis of accounting in the preparation of the syndicate annual accounts is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the syndicate's ability to continue as a going concern for a period of 12 months from when the syndicate annual accounts are authorised for issue.

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

Other information

The other information comprises the information included in the Report and Accounts, other than the syndicate annual accounts and our auditor's report thereon. The directors of the managing agent are responsible for the other information contained within the Report and Accounts.

Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

a. 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
b. 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:

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

Responsibilities of the managing agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 14, the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

Our approach was as follows:

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the syndicate and determined that the most significant are direct laws and regulations related to elements of Lloyd's Byelaws and Regulations, and the financial reporting framework (UK GAAP), and requirements referred to by Lloyd's in the instructions. Our considerations of other laws and regulations that may have a material effect on the syndicate annual accounts included permissions and supervisory requirements of Lloyd's of London, the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').

  We obtained a general understanding of how the syndicate is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the syndicate. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the syndicate, Lloyd's of London and other UK regulatory bodies; reviewed minutes of the Board and Risk Committee of the managing agent; and gained an understanding of the managing agent's approach to governance.

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

- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the managing agent and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the managing agent's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with Lloyd's, the FCA and the PRA.

- The syndicate operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

- We assessed the susceptibility of the syndicate's annual accounts to material misstatement, including how fraud might occur by considering the controls that the managing agent has established to address risks identified by the managing agent, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address the risk. These procedures included:
    - Reviewing accounting estimates for evidence of management bias – we assessed if there were any indicators of management bias in the valuation of gross and net IBNR reserves and the recognition of estimated premium income;
    - Evaluating the business rationale for significant and/or unusual transactions; and
    - Testing the appropriateness of journal entries recorded in the general ledger.

A further description of our responsibilities for the audit of the 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.

Benjamin Gregory (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
1 March 2024

Profit and Loss Account: Technical and Non-Technical Account - General Business
for the year ended 31 December 2023

	Notes	**2023** **£000**	2022 £000
Gross premiums written	5	**806,288**	838,599
Outward reinsurance premiums		**(459,473)**	(474,254)
Net premiums written		**346,815**	364,345
Change in the provision for unearned premiums			
Gross amount	13	**(32,290)**	(127,584)
Reinsurers' share	13	**20,738**	81,426
Net change in provision for unearned premiums		**(11,552)**	(46,158)
Earned premiums, net of reinsurance		**335,263**	318,187
Allocated investment return transferred from the non-technical account	10	**19,670**	(33,748)
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		**(270,035)**	(336,238)
Reinsurers' share		**143,936**	241,850
Net claims paid		**(126,099)**	(94,388)
Change in the provision for claims			
Gross amount	13	**(222,146)**	(121,959)
Reinsurers' share	13	**137,993**	77,038
Net change in the provision for claims		**(84,153)**	(44,921)
Claims incurred, net of reinsurance		**(210,252)**	(139,309)
Net operating expenses	6	**(80,567)**	(100,644)
Balance on the technical account - for general business		**64,114**	44,486
Non-Technical Account			
Investment income	10	**11,331**	4,050
Realised gains/ (losses) on investments	10	**2,590**	(25,763)
Unrealised gains/ (losses) on investments	10	**7,873**	(10,041)
Investment expenses and charges	10	**(2,124)**	(1,994)
Allocated investment return transferred to general business technical account	10	**(19,670)**	33,748
Loss on foreign exchange	7	**(3,021)**	(9,417)
Profit for the financial year		**61,093**	35,069

All operations are continuing.

Statement of Other Comprehensive Income
for the year ended 31 December 2023

	2023	2022
	£000	£000
Profit for the financial year	61,093	35,069
Foreign currency translation gains/(losses)	835	(6,329)
Total recognised gains in the financial year	**61,928**	28,740

The notes on pages 24 to 60 form an integral part of these annual accounts.

Balance Sheet - Assets
at 31 December 2023

	Notes	2023 £000	2022 £000
Investments			
Financial instruments	11	**272,096**	323,286
Deposits with Ceding undertakings		**5,872**	2,865
Reinsurers' share of technical provisions			
Provision for unearned premiums	13	**276,570**	271,375
Claims outstanding	13	**933,103**	902,626
		1,209,673	1,174,001
Debtors - due within one year			
Debtors arising out of direct insurance operations - intermediaries		**251,405**	198,334
Debtors arising out of reinsurance operations		**403,644**	354,985
Other debtors	15	**6,762**	—
		661,811	553,319
Debtors - due after one year			
Debtors arising out of direct insurance operations - intermediaries		**8,423**	9,197
Debtors arising out of reinsurance operations		**192**	643
		8,615	9,840
Other assets			
Cash at bank and in hand	14	**15,319**	13,470
Overseas deposits	11	**44,252**	83,103
		59,571	96,573
Prepayments and accrued income			
Deferred acquisition costs	12	**115,865**	102,704
Other prepayments and accrued income		**1,798**	1,506
		117,663	104,210
TOTAL ASSETS		**2,335,301**	2,264,094

The notes on pages 24 to 60 form an integral part of these annual accounts.

Balance Sheet - Liabilities
at 31 December 2023

	Notes	**2023** **£000**	*2022* £000
Capital and reserves			
Member's balance		**25,142**	6,680
Technical provisions			
Provision for unearned premiums	13	**488,373**	474,079
Claims outstanding	13	**1,429,236**	1,267,117
		1,917,609	1,741,196
Creditors - due within one year			
Creditors arising out of direct insurance operations - intermediaries		**81,869**	65,643
Creditors arising out of reinsurance operations		**20,425**	101,180
Other creditors	15	**58,623**	110,369
		160,917	277,192
Creditors - due after one year			
Creditors arising out of insurance operations		**102**	—
Creditors arising out of reinsurance operations		**140,849**	141,542
		140,951	141,542
Accruals and deferred income	16	**90,682**	97,484
TOTAL LIABILITIES		**2,335,301**	2,264,094

The financial statements on pages 18 to 60 were approved by the Board of Aspen Managing Agency Limited on 29 February 2024 and were signed on its behalf by:

Chris Carl Jones
Director
1 March 2024

The notes on pages 24 to 60 form an integral part of these annual accounts.

Statement of Changes in Members' Balances
at 31 December 2023

	Notes	**2023**	2022
		£000	£000
Members' balances at 1 January		**6,680**	(104,843)
Profit for the financial year		**61,093**	35,069
Foreign currency translation gains/(losses)		**835**	(6,329)
Contribution from members	18	**—**	55,646
Distribution to members	18	**(41,286)**	—
Open year cash calls	18	**—**	27,586
Member's FIT		**(2,180)**	(449)
Members' balance carried forward at 31 December		**25,142**	6,680

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

Member's FIT is in relation to United States Federal Income Tax, for which payments are made by the Syndicate on behalf of its Member.

Cash Flow Statement
for the year ended 31 December 2023

	Notes	**2023** **£000**	2022 £000
Cash flows from operating activities			
Operating result		**61,093**	35,069
Increase in gross technical provisions		**176,413**	390,340
(Increase) in reinsurers' share of gross technical provisions		**(35,672)**	(363,622)
(Increase) in debtors		**(120,720)**	(227,654)
(Increase)/decrease in creditors		**(123,668)**	114,905
Movement in other assets/liabilities		**38,851**	(8,431)
Investment return		**(19,670)**	33,748
Other		**1,345**	(1,531)
Net cash flows from operating activities		**(22,028)**	(27,176)
Cash flows from investing activities			
Purchase of equity and debt instruments		**(128,813)**	(341,262)
Sale of equity and debt instruments		**129,455**	345,498
Purchase of derivatives		**(22,225)**	(41,795)
Sale of derivatives		**26,755**	21,106
Investment income received		**13,922**	4,050
Deposits with Ceding undertakings		**(3,007)**	(5,697)
Net cash flows from investing activities		**16,087**	(18,100)
Cash flows from financing activities			
Contribution from members		**—**	55,646
Open year cash calls		**—**	27,586
Distribution to members		**(41,286)**	—
Net cash flows from financing activities		**(41,286)**	83,232
Net increase in cash and cash equivalents		**(47,227)**	37,956
Cash and cash equivalents at 1 January		**88,824**	56,115
Foreign exchange on cash equivalents at year end		**416**	(5,247)
Cash and cash equivalents at 31 December		**42,013**	88,824
Cash at bank and in hand	14	**15,319**	13,470
Short term deposits with credit institutions	14	**26,694**	75,354
Cash and cash equivalents at 31 December		**42,013**	88,824

The notes on pages 24 to 60 form an integral part of these annual accounts.

Notes to the Accounts

At 31 December 2023

1. Basis of preparation

Syndicate 4711 ('The Syndicate') comprises of a corporate member of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate's managing agent is 30 Fenchurch Street, London, EC3M 3BD.

The financial statements have been prepared in compliance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102"), and "Insurance Contracts" ("FRS 103"), and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies. The directors of the Managing Agent have prepared the financial statements on the basis that the Syndicate will continue to write future business.

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 functional currency of the Syndicate is USD. This reflects the fact that the majority of transactions undertaken by the Syndicate are denominated in USD. Conversely, the presentation currency of the Syndicate is Pound Sterling ("GBP"), in order to align the financial statements with the currency used for reporting to Lloyd's insurance market. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Further information regarding the treatment of foreign exchange is included in the accounting policies.

In relation to climate change, since responses to it are still developing, it is not possible to consider all possible future outcomes when determining asset and liability valuations, and timing of future cash flows, as these are not yet known. Nevertheless, the current management view is that reasonably possible changes arising from climate risks would not have a material impact on asset and liability valuations at the year-end date.

Going concern

Management has conducted a full going concern assessment for the Syndicate taking into consideration sources of capital, liquidity and stress testing. The Syndicate is expected to remain a key platform for the Aspen Group. The corporate member has already formed and provided capital for the 2024 underwriting year. On the basis of this and an improvement in performance as a result of planned rate increases and remediation activities Aspen also expect to have the ability and intention to form a 2025 underwriting year. Therefore, Aspen continue to adopt the going concern basis of accounting for Syndicate 4711.

2. Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires the Directors of the Managing Agent to make judgements, estimates, and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the Syndicate's key sources of estimation uncertainty and judgment:

Insurance and reinsurance contract technical provisions

For insurance and reinsurance contracts estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date, for claims both gross and net of reinsurance recoveries. It can take a significant period of time before the ultimate claims can be established with certainty and for some types of policies IBNR claims form the majority of the liability in the Balance Sheet. The estimation of IBNR is discussed further under section 3 - Significant accounting policies. Refer to note 13 for further details of the IBNR.

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 4.

Notes to the Accounts
At 31 December 2023

Provision for unearned premiums and deferred acquisition costs

For (re)insurance contracts management use their judgement in selecting appropriate earnings patterns for the business underwritten and associated acquisition costs, in particular for contracts where the pattern of loss emergence is likely to be markedly uneven. Patterns are calculated (determined) with reference to the inception and expiry dates of the policies concerned and the likely pattern of loss emergence using the same underlying considerations that apply to the technical provisions, taking into consideration information provided by cedants on loss emergence where appropriate. Refer to note 13 for further details of the UPR.

Estimates of future premiums

For certain (re)insurance contracts premium is initially written based on estimates of ultimate premiums receivable. Estimates are derived from underwriter experience, historical data and use of broker notifications. These estimates are judgemental and could result in adjustments in subsequent periods to revenue recorded in the financial statements. The assumptions used to project future premium development include past premium development, policy mix and pricing trends.

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 financial statements.

Gross Premiums

Gross written premiums comprise total premiums receivable for the whole period of cover for contracts entered into in the reporting period plus any adjustments to such premiums receivable in respect of business written in prior reporting periods. All premiums are shown gross of commissions payable to intermediaries and exclusive of taxes and levies. Estimates are made for pipeline premiums, representing amounts due to the Syndicate not yet notified. Revisions to estimates are recognised as they arise.

Reinstatement premiums are estimated in accordance with the contract terms and recorded based upon paid losses, case reserves as well as IBNR and included within debtors arising out of reinsurance operations in the balance sheet.

(Re)insurance premiums

(Re)insurance premiums relating to (re)insurance placed by the Syndicate are accounted for using the same accounting methodology as used for inwards premiums.

Acquisition costs

Acquisition costs comprise commissions and costs that are directly related to the acquisition of new and renewal (re)insurance contracts. Ceding commissions receivable on outwards reinsurance contracts are derived either from outwards reinsurance premiums or as a contribution towards the company’s operating expenses (including net acquisition costs) depending on the terms and conditions of the contract. Acquisition costs and ceding commissions are recognised within net operating expenses.

Deposits with ceding undertakings

Deposits with ceding undertakings are cash deposits withheld by ceding entities and are stated at cost. All deposits on the Syndicate balance sheet relate to funds withheld by Lloyd's Insurance Company.

Notes to the Accounts
At 31 December 2023

Retroactive reinsurance

Retroactive reinsurance agreements are reinsurance agreements under which a reinsurer agrees to reimburse the Syndicate as a result of past insurable events. On initial recognition the reinsurance premiums payable for coverage are offset by an adjustment to reinsurance recoveries – with any profit or losses arising as a result of a shortfall or excess respectively in the premium payable compared to the reinsured reserves being recognised in the income statement. At each reporting date thereafter, any movement in the reinsured reserves will be offset by an equal and opposite adjustment to reinsurance recoveries up to the policy limit (if applicable). Remeasurement gains and losses are recognised within net incurred claims.

If required by the contract a funds withheld liability is established on inception which is equal to the ceded premium based on the fair value of the assets retained on the balance sheet. At each reporting date thereafter, the funds withheld liability is included within creditors arising out of reinsurance operations on the balance sheet and accounted for on an amortised cost basis and re-measured based on the quantum of the reinsured paid claims (with periodic settlement of the liability by the Syndicate).

Claims

Claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

(Re)insurance claims are recognised when the related gross (re)insurance claim is recognised according to the terms of the relevant contract.

Technical provisions

Technical provisions comprise claims outstanding, provisions for unearned premiums and provisions for unexpired risk.

Claims provision

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The Syndicate takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability is not discounted for the time value of money.

For (re)insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported to the Syndicate, at the reporting date. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Syndicate, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insured until many years after the event giving rise to the claims has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the Syndicate uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Syndicate has regard to the claim circumstance as reported, any

Notes to the Accounts

At 31 December 2023

information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

Where possible the Syndicate adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year. The main projection methodologies that are used are:

- Initial expected loss ratio (“IELR”) method: This method calculates an estimate of ultimate losses by applying an estimated loss ratio to an estimate of ultimate earned premium for each accident year.
- Bornhuetter-Ferguson (“BF”) method: The BF method uses as a starting point an assumed IELR and blends in the loss ratio implied by the claims experience to date by using benchmark loss development patterns on paid claims data (“Paid BF”) or reported claims data (“Reported BF”).
- Loss development (“Chain Ladder”): This method uses actual loss data and the historical development profiles on older accident years to project more recent, less developed years to their ultimate position.
- Exposure-based method: This method is used for specific large typically catastrophic events such as a major hurricane. All exposure is identified and we work with known market information and information from our cedants to determine a percentage of the exposure to be taken as the ultimate loss.

The Syndicate establishes a provision for unallocated loss adjustment expenses ("ULAE") when the related reserve for claims and claim expenses is established. ULAE are expenses that cannot be associated with a specific claim but are related to claims paid or in the process of settlement, such as internal costs of the claims function. The determination of the ULAE is subject to judgement.

In addition to these methodologies, our actuaries may use other approaches depending upon the characteristics of the line of business and available data.

Refer to note 13 for further disclosures on claims provisions.

Provisions for unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date computed separately for each (re)insurance contract. Written premiums are recognised as earned over the period of the policy on a time apportionment basis having regard where appropriate, to the incidence of risk. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Unearned premiums are deemed monetary items and are valued using the closing rate.

Unexpired risks

A liability adequacy provision (the unexpired risks provision) is made where the cost of claims and expenses arising after the end of the financial year from contracts concluded before that date, is expected to exceed the provision for unearned premiums, net of deferred acquisition costs, and premiums receivable.

The assessment of whether a provision is necessary is made by considering separately each category of business on the basis of information available at the reporting date, after offsetting surpluses and deficits arising on products which are managed together.

There were no unexpired risk provisions in 2023 (2022: £0).

Notes to the Accounts

At 31 December 2023

Deferred acquisition costs

Acquisition costs are deferred as at the balance sheet date to the extent that they are attributable to premiums unearned and are expected to be recovered out of future margins in revenue. All other acquisition costs are expensed as incurred. Deferred acquisition costs are amortised over the period in which the related premiums are earned. Ceding commissions are deferred as at the balance sheet date to the extent that they are derived from outwards reinsurance premiums. Ceding commissions deferred as at the balance sheet date are included within accruals and deferred income.

Deferred acquisition costs and deferred ceding commissions are deemed to be monetary items and are valued using the closing rate.

(Re)insurance assets

The Syndicate cedes (re)insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Syndicate may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Syndicate will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss.

Profit commission

Profit commission is generally accrued in the profit and loss account in accordance with the earned profit.

(Re)insurance receivables

(Re)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 (re)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 statement of profit or loss.

(Re)insurance payables

Reinsurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. (Re)insurance payables are derecognised when the obligation under the liability is settled, cancelled or expired. Where applicable, (re)insurance payables include the funds withheld liability which is established on inception of a reinsurance contract (including retroactive reinsurance).

Financial Instruments

As permitted by FRS 102, the Syndicate has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments to account for all of its financial instruments.

The Syndicate classifies its financial assets into the following categories: shares and other variable-yield securities and units in unit trusts, debt securities and other fixed income securities, loans with credit institutions and derivative assets - at fair value through profit or loss; and deposits with credit institutions - loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

Notes to the Accounts
At 31 December 2023

Financial assets at fair value through profit or loss

A financial asset is classified into this category at inception if:

- They are acquired principally for the purpose of selling in the short term; or
- If they form part of a portfolio of financial assets in which there is evidence of short term profit-taking; or
- If so designated by management to minimise any measurement or recognition inconsistency with the associated liabilities.

Financial assets designated at fair value through profit and loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Syndicate's key management personnel. The Syndicate's investment strategy is to invest in listed and unlisted fixed interest rate debt securities, and derivatives designated upon initial recognition at fair value through profit or loss.

The fair values of financial instruments traded in active markets are based on quoted bid prices on the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair values of financial instruments that are not traded in an active market (for example over-the-counter derivatives), are established by the Directors using valuation techniques which seek to arrive at the price at which an orderly transaction would take place between market participants.

Net gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the profit and loss account within 'Unrealised gains on investments' or 'Unrealised losses on investments' in the period in which they arise.

Derivatives are held for trading and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the profit and loss account. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial liabilities

Other financial liabilities relate to derivatives which are designated at fair value through profit and loss, and classified in accruals and deferred income. Creditors are also financial liabilities and are recognised initially at fair value, net of directly attributable transaction costs. Creditors are subsequently stated at amortised cost, using the effective interest rate method. For short term creditors (due within one year), no discounting is applied.

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

Impairment of financial assets

For financial assets not carried at fair value through profit or loss, the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence

Notes to the Accounts
At 31 December 2023

that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. The observable data could be adverse changes in the payment status of issuers or debtors in the group, or national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss account for the period. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

Investment return

Investment return comprises all investment income (which includes the interest income for financial assets carried at amortised cost, using the effective interest method), realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest payable on financial liabilities carried at amortised cost, using the effective interest method.

Realised gains and losses on investments carried at fair value through profit and loss are calculated as the difference between net sales proceeds and purchase price. In the case of investments included at amortised cost, realised gains and losses are calculated as the difference between sale proceeds and their latest carrying value. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

An allocation of actual investment return on investments supporting the general insurance technical provisions and associated equity is made from the non-technical account to the technical account.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Collateral

The Syndicate receives and pledges collateral in the form of cash or non-cash assets in respect of reinsurance arrangements in order to reduce the credit risk of these transactions. The amount and type of collateral required where the Syndicate receives collateral depends on an assessment of the credit risk of the counterparty.

Notes to the Accounts
At 31 December 2023

All collateral received and held in trust by third parties is not recognised in the balance sheet, unless the counterparty defaults on its obligations under the relevant agreement. All collateral pledged by the Syndicate is retained in the balance sheet, unless the Syndicate defaults on its obligations under the relevant agreement.

Refer to note 4 - Risks and Capital management for further details regarding collateral pledged and received.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions. The Syndicate's assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

The functional currency is translated into the presentational currency of GBP as follows:

- assets and liabilities are translated at the closing exchange rate at the balance sheet date
- income and expenses are translated at the average rate of exchange during the year; and
- all resulting exchange differences are recognised in the Statement of Other Comprehensive income and accumulated in Members' Balances.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term and highly liquid investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in 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 statement of financial position.

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

Overseas deposits

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries. These are initially recorded at cost, which equates to fair value, and subsequently carried at fair value through profit or loss.

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 (currently at 20%) deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax ("FIT") payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the balance sheet under the heading 'other debtors'. No provision has been made for any other overseas tax payable by members on underwriting results.

The Syndicate will make payments on account of United States FIT due on underwriting results and investment income on behalf of its Member. These payments are recorded under the heading 'other debtors' and are recovered by the Syndicate from its Member.

Notes to the Accounts
At 31 December 2023

Member’s expenses

Member’s expenses comprise managing agent’s fees, Lloyd’s subscriptions and central fund contributions.

Managing agent’s fees are recognised in full in the calendar year in which they are charged.

Lloyd’s subscriptions and central fund contributions are earned in line with the gross premiums written to the same year of account.

Provisions

A provision is recognised in the Balance Sheet when the Syndicate has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Other creditors

Other creditors comprise of amounts due to undertakings of the Aspen Group which are carried at amortised cost and forward currency derivatives which are valued at fair value.

Accrued expenses are expenses recognised in the balance sheet when they are incurred, not when they are paid.

4. Risk and capital management

Introduction and overview

The Syndicate is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are insurance risk, market risk (including interest rate risk and currency risk) credit risk, and liquidity risk.

The key risks for the Syndicate are as set out in the Principal Risks and Uncertainties section within the Report of the Directors of the Managing Agent.

Risk Governance and Risk Management Strategy

The Board of Directors of AMAL (“the Board”) considers effective identification, measurement, monitoring, management and reporting of the risks facing the Syndicate to be key elements of its responsibilities. The Board ensures that the Syndicate operates an effective risk management and control framework which includes risk management, compliance and internal control systems. The Syndicate, as an operating entity within the Aspen Group, benefits from the Group's established risk management practices. The Group's risk management policies are established to identify and analyse the risks faced by the Group and the Managing Agent, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Syndicate and Managing Agent's activities.

Notes to the Accounts
At 31 December 2023

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 would 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 respectively, not at syndicate level. Accordingly, the capital requirement in respect of Syndicate 4711 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. The syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicates on which it is participating but not other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment ("ECA"). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2023 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member ("funds at Lloyd's"), in the form of Letters of Credit ("LOC's"), assets held and managed within a syndicate ("funds in Syndicate"), or as the member's share of the members' balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of the syndicate, as represented in the members' balances reported on the balance sheet on page 22, represent resources available to meet members' and Lloyd's capital requirements. As the Syndicate has a members' balances surplus this decreases the amount of assets required to be held in trust as funds at Lloyd's.

Insurance Risk

Insurance risk is defined as the risk that underwriting results vary from their expected amounts, including the risk that reserves established in respect of prior periods are understated. Insurance risk includes the following:

- Underwriting risk: The variation of accident year technical result from its expected value. Underwriting risk can be further split into sub-categories including:
    - Catastrophe accumulation risk: the risk that losses from natural catastrophes exceed expected levels;
    - Pricing calibration risk: the risk that actual technical results differ from expected values as a result of invalid assumptions, methodology, or parameters used in the pricing process;

Notes to the Accounts
At 31 December 2023

    - Large claims risk: the risk that losses from a single man-made event, or group of related events, exceed the expected levels;
    - Attritional risk: the risk that the total of all losses other than catastrophe and large losses exceeds the expected level; and
    - Reinsurance mitigation risk: the risk that gross losses are not reduced by reinsurance recoveries to the extent expected.

- Reserving risk: the variation in policyholder reserves for prior accident years.

Processes for addressing risk

We model our exposure to underwriting and reserving risks using the Internal Model to measure the associated capital requirements on both the one year SCR measure stipulated by Solvency II and the ultimate SCR basis used by Lloyd’s to set capital requirements. Our Internal Model has been assessed by Lloyd’s as meeting the tests and standards for Solvency II approval. Modelling of insurance risk exposures is the key process for monitoring and managing insurance risk.

The UK Reserving Risk Policy and Aspen Group Underwriting Risk Policy evidence how Aspen manages the risk of loss or of adverse change in the values of insurance and reinsurance liabilities, resulting from inadequate pricing and provisioning assumptions. The Group Underwriting Risk Policy requires and defines the use of Aspen Underwriting Principles (“AUPS”) or Underwriting Guidelines for each underwriting team. The Group Pricing Standard which establishes the Underwriting Guidelines sets out a series of key principles translated into specific guidelines, requirements, processes and management controls, the compliance with which is mandatory for all underwriters. The Pricing Policy Document ("PPD") set out a series of standards and principles to apply to all business underwritten.

The Insurance Risk policy defines Aspen’s approach to management of material risk concentrations by categorising those risks, setting tolerances and limit, measuring, monitoring, reporting and escalating natural catastrophe and non-natural catastrophe accumulations. This includes the approach to managing the risk that gross losses are not reduced by reinsurance recoveries to the extent expected.

A key part of the approach to managing insurance risk is the LPT with Enstar which covers all business on the 2019 and prior Accident Years.

The Key Risk limits are monitored and reported in the UK Chief Risk Officer's report to the AMAL Risk and Capital Oversight Committee.

Material risk concentrations

The Syndicate has limited its exposure to material risk concentrations by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposures, so they are managed within key risk limits. The material risk concentrations managed via key risk limits include natural catastrophe risks (such as hurricanes, earthquakes, and flood damage) and man-made catastrophic events (such as acts of war, acts of terrorism, and losses resulting from political instability). The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile and escalation of deviations from plan.

Notes to the Accounts
At 31 December 2023

Concentration of insurance risk

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

Year 2023	**Accident and Health**	**Marine, aviation and transport**	**Fire and other damage to property**	**Third party liability**	**Miscellaneous**	**Reinsurance**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
UK	**136**	**3,536**	**27,741**	**114,180**	**20,865**	**77,340**	**243,798**
Asia	**15**	**394**	**3,092**	**12,727**	**2,326**	**8,621**	**27,175**
Europe	**35**	**916**	**7,185**	**29,573**	**5,404**	**20,030**	**63,143**
US	**200**	**5,185**	**40,677**	**167,425**	**30,595**	**113,407**	**357,489**
Other	**64**	**1,663**	**13,050**	**53,710**	**9,815**	**36,381**	**114,683**
Total	**450**	**11,694**	**91,745**	**377,615**	**69,005**	**255,779**	**806,288**

Year 2022	Accident and Health	Marine, aviation and transport	Fire and other damage to property	Third party liability	Miscellaneous	Reinsurance	Total
	£000	£000	£000	£000	£000	£000	£000
UK	804	3,063	26,140	110,293	19,354	107,886	267,540
Asia	138	526	4,485	18,925	3,321	18,512	45,906
Europe	188	717	6,123	25,836	4,534	25,272	62,670
US	967	3,685	31,453	132,708	23,287	129,813	321,914
Other	422	1,609	13,735	57,949	10,169	56,685	140,569
Total	2,519	9,600	81,936	345,711	60,665	338,168	838,599

Notes to the Accounts
At 31 December 2023

Sensitivity of insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being written and can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates of IBNR. There have been no changes from the previous period in the methods and assumptions used to determine the sensitivity of insurance risk.

A five percent increase or decrease in total net claims liabilities would have the following effect on profit or loss and equity:

2023		2022	
5 per cent increase	**5 per cent decrease**	5 per cent increase	5 per cent decrease
£000	**£000**	£000	£000
(23,832)	**23,832**	(17,524)	17,524

Net claims liability is excluding ULAE.

The impact of a 10% increase or decrease in the net claims ratio would have the following effect on profit or loss and equity:

Year ended 31 December	**2023**		2022	
£000	**10% Increase**	**10% Decrease**	10% Increase	10% Decrease
Total	**33,526**	**(33,526)**	31,819	(31,819)

Claims Development

Reserves are required owing to the time between the occurrences, reporting and eventual settlement of a loss, which, for some lines of business, can be several years. Since reserves are an estimate of the likely outcome of these future events, they are subject to a degree of volatility. That is, the actual emergence of ultimate losses can be expected to differ, perhaps materially, from any estimate of such losses.

The users should be aware that loss payment and loss reporting patterns are not the only considerations in establishing loss reserves.

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 accident year is greatest when the accident 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. Due to the nature of the type of business written certain classes have a higher level of uncertainty than others and therefore an increased potential for volatility. The MEC Liability class of business in particular has historically shown higher levels of reserve volatility and as such there is significant uncertainty around reserve projections for this business line.

Aspen has cedants/insureds that have assets in Russia and Ukraine, and the Syndicate has run several scenarios to assess its potential exposure and it will continue to monitor these exposures closely. The exposures arise from aviation reinsurance exposures and credit and political risks and international crisis management insurance exposures. Significant uncertainty exists on the final outcome given legal and jurisdiction related complexities with few notifications received to date. The loss estimate recognised has been based by applying probabilities to the exposed limits for each exposure.

Claims development is shown in the tables below, both gross and net of reinsurance ceded, on an underwriting year basis. Balances have been translated at exchange rates prevailing at 31 December 2023 in all cases.

Notes to the Accounts
At 31 December 2023

Gross

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Pure underwriting year	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Estimate of gross claims at end of underwriting year	83,457	110,374	102,299	121,164	105,176	98,030	121,451	117,887	213,472	180,516	
One year later	207,246	258,398	266,538	261,468	267,011	301,602	218,345	277,605	453,057	—	
Two years later	221,662	251,515	300,487	334,820	299,792	332,696	210,917	269,263	—	—	
Three years later	216,477	254,742	299,175	333,959	327,176	387,228	227,877	—	—	—	
Four years later	235,739	259,544	291,989	360,145	334,454	404,874	—	—	—	—	
Five years later	234,682	256,253	326,506	378,513	375,908	—	—	—	—	—	
Six years later	238,981	270,134	302,787	379,138	—	—	—	—	—	—	
Seven years later	251,002	275,736	307,075	—	—	—	—	—	—	—	
Eight years later	244,064	278,920	—	—	—	—	—	—	—	—	
Nine years later	245,393	—	—	—	—	—	—	—	—	—	
	245,393	278,920	307,075	379,138	375,908	404,874	227,877	269,263	453,057	180,516	
Less gross claims paid	223,910	240,889	265,885	284,804	229,542	247,476	85,661	75,762	53,398	2,684	
Gross ultimate reserve	(21,483)	(38,031)	(41,190)	(94,334)	(146,366)	(157,398)	(142,216)	(193,501)	(399,659)	(177,832)	(1,412,010)
2013 and prior years											(17,226)
Gross claims reserves											(1,429,236)

Notes to the Accounts
At 31 December 2023

Net

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Pure underwriting year	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Estimate of net claims at end of underwriting year	61,448	61,090	57,989	55,357	39,342	44,151	64,278	50,372	105,124	83,951	
One year later	143,169	153,924	152,930	119,893	107,266	134,271	121,303	123,953	210,847	–	
Two years later	146,494	140,044	162,751	150,973	109,866	135,275	116,045	121,256	–	–	
Three years later	143,817	141,465	159,623	145,515	117,218	86,323	126,574	–	–	–	
Four years later	147,518	142,901	149,173	153,575	82,758	91,017	–	–	–	–	
Five years later	147,356	126,826	162,347	162,353	135,943	–	–	–	–	–	
Six years later	147,396	135,919	134,778	156,696	–	–	–	–	–	–	
Seven years later	152,580	136,071	154,715	–	–	–	–	–	–	–	
Eight years later	146,731	134,461	–	–	–	–	–	–	–	–	
Nine years later	146,135	–	–	–	–	–	–	–	–	–	
	146,135	134,461	154,715	156,696	135,943	91,017	126,574	121,256	210,847	83,951	
Less net claims paid	141,832	128,265	150,346	128,569	107,279	89,101	55,600	36,847	28,981	521	
Net reserve	(4,303)	(6,196)	(4,369)	(28,127)	(28,664)	(1,916)	(70,974)	(84,409)	(181,866)	(83,430)	(494,254)
2013 and prior years											(1,879)
Net claims reserves											(496,133)

Market Risk

Market risk is defined as the risk of variation in the income generated by, and the fair value of, the Syndicate's investment portfolio, cash and cash equivalents, and derivative contracts, including the effect of changes in foreign currency exchange rates.

Within the Aspen's Risk Universe six categories of market risk are defined:

- Foreign currency risk: the risk of adverse variation in the US dollar value of net assets in foreign currencies as a result of currency rate movements;

- Fixed income security risk: the risk of variation in the market value of fixed income securities or derivatives. Fixed income security risk can be further split into sub-categories including:
    - Interest rate risk: the risk of variation in the market value of fixed income securities as a result of changes in prevailing interest rates. Aspen classifies reinvestment risk as the risk of lower yields on the reinvestment of the proceeds from coupons payments, maturities and prepayments, which is a sub-category of interest rate risk.

    - Spread risk (including default risk): the yield of a non-government fixed income security can be divided into two parts:

Notes to the Accounts
At 31 December 2023

- The 'risk free' rate, being the yield of the treasury security issued by the country in which the issuer operates which is closest to it in maturity; and

- The 'spread' of the yield over the risk free rate (= total yield - risk free rate). The spread is normally positive because it represents the extra consideration required by the market to compensate for the greater risk (compared to the government issuer) of default on interest or redemption. The spread may also be influenced by the actual or perceived liquidity or marketability of the security.

The spread of a bond also adjusts over time to reflect the spread required on similar new issues. This movement up or down in spread therefore also contributes to overall market risk and this is referred to as 'spread risk'. This includes the risk that a security falls in value as a result of being downgraded by a rating agency as this will also cause the spread to increase. The risk of actual default on interest or redemption as a special case of spread risk is also included. This default risk is actually a type of credit risk but it is appropriate to deal with it here under market risk because of the way it is modelled in the Internal Model as an extreme case of downgrade risk.

Spread risk is managed by monitoring the overall credit quality of the investment portfolio and the concentrations of investments with specific issuers. This risk is mitigated by limiting exposure to any single counterparty;

- Equity risk: The Syndicate defines equity risk as the risk of adverse movements in the market price of investments (or their derivatives) other than fixed income securities. Unlike fixed income securities the value of equities is not directly linked to interest rates and spreads, there are many factors that affect the value of investments. As at 31 December 2023, the Syndicate does not have any investments in equities;

- Market risk mitigation risk: the risk of variation in the value or effectiveness of hedging positions;

- Asset concentration risk: the aggregate value of the Syndicate's investment portfolio may be at greater risk if it is overexposed to the same asset or a group of similar assets with similar risk dynamics. Concentrations which the Syndicate seeks to manage include types of asset (e.g. mortgage backed securities), economic sector of issuer, and securities of the same issuer; and

- Valuation risk: some assets within Syndicate's investment portfolio can be "private assets" for which there are no readily available market prices. There is a risk that the approaches used to value these "private assets" result in incorrect current values. As at 31 December 2023, the Syndicate did not have any investments in "private assets".

Processes for addressing and monitoring risk

As with insurance risk, Aspen model exposure to market risk using the Internal Model to measure the associated capital requirements on both an internal basis and the Solvency II SCR regulatory basis. Modelling market risk exposures is a key process for monitoring and managing market risk.

The Group Investment Policy and UK Financial Risk Policy describe the investment strategy in the context of the annual business plan, asset allocation, and concentration limits at group and entity levels.

The UK Financial Risk Policy describes the measurement of market risks, and specifically describes what is permissible with regards to the use of derivatives in order to manage currency positions, portfolio duration, and interest rate risk in the investment portfolio.

Use of derivatives is limited to interest rate swaps, forward rate transactions, bond options, interest rate futures, foreign exchange spot and forward transactions, and currency options. During 2023, the Syndicate only entered into foreign exchange forward transactions.

The Asset and Liability Management Policy defines Aspen's approach to duration and currency matching. Management monitors the value, currency, and duration of cash and investments held by the Syndicate to

Notes to the Accounts
At 31 December 2023

ensure that it is able to meet the insurance and other liabilities as they become due. The following components of both cash matching and duration matching are employed to manage the investment portfolio:

- the average duration of liabilities;
- the outlook for interest rates and the yield curve;
- the need for cash to pay claims; and
- total return.

Material risk concentrations

As with insurance risks as well as modelling exposures and the capital required to address potential market risks using the Internal Model, AMAL has also limited its exposure to material risk concentrations. Key Risk Limits regarding asset allocation, overall credit rating, and the volatility of investment portfolio have been defined by management and approved by the Board. In order that AMAL can manage its currency risks within the regulatory parameters required, a Key Risk Limit approved by the Board limits the mismatch between assets and liabilities where there are material positions in currencies other than the functional currency of AMAL. The effectiveness of risk mitigation techniques is assessed through continual monitoring of the underlying risk profile and escalation of any deviations from plan.

Notes to the Accounts
At 31 December 2023

Foreign Currency Risk

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

Year 2023	Sterling £000	Euro £000	US dollar £000	Other £000	Total £000
Financial instruments:					
Shares and other variable yield securities and units in unit trusts	95	—	24,286	2,313	26,694
Debt securities and other fixed income securities	—	—	138,866	92,525	231,391
Loans with credit institutions	6,127	—	—	—	6,127
Derivative financial assets	—	—	7,884	—	7,884
	6,222	—	171,036	94,838	272,096
Deposits with Ceding undertakings	824	1,139	3,905	4	5,872
Reinsurers' share of technical provisions	115,938	63,112	924,968	105,655	1,209,673
Debtors	13,238	21,274	616,599	19,315	670,426
Other assets	28,333	4,287	5,683	21,268	59,571
Prepayments and accrued income	19,981	16,313	72,952	8,417	117,663
Total assets	184,536	106,125	1,795,143	249,497	2,335,301
Technical provisions	(266,752)	(165,922)	(1,268,918)	(216,017)	(1,917,609)
Creditors	(43,718)	(3,630)	(218,329)	(36,191)	(301,868)
Accruals and deferred income	(2,948)	2,089	(71,123)	(18,700)	(90,682)
Total liabilities	(313,418)	(167,463)	(1,558,370)	(270,908)	(2,310,159)
Member's balance	(128,882)	(61,338)	236,773	(21,411)	25,142

The sterling liability balances above include liabilities in other currencies that will be settled in sterling.

Notes to the Accounts
At 31 December 2023

Year 2022	Sterling £000	Euro £000	US dollar £000	Other £000	Total £000
Financial instruments:					
Shares and other variable yield securities and units in unit trusts	—	—	62,821	12,533	75,354
Debt securities and other fixed income securities	—	—	166,455	70,573	237,028
Loans with credit institutions	6,127	—	—	—	6,127
Derivative asset	—	—	4,777	—	4,777
	6,127	—	234,053	83,106	323,286
Deposits with Ceding undertakings	256	807	1,802	—	2,865
Reinsurers' share of technical provisions	92,337	39,583	965,240	76,841	1,174,001
Debtors	9,825	40,742	356,660	155,932	563,159
Other assets	26,187	831	7,580	61,975	96,573
Prepayments and accrued income	36,845	11,996	45,989	9,380	104,210
Total assets	171,577	93,959	1,611,324	387,234	2,264,094
Technical provisions	(231,051)	(130,075)	(1,174,829)	(205,241)	(1,741,196)
Creditors	(78,061)	(2,105)	(269,654)	(68,914)	(418,734)
Accruals and deferred income	(24,515)	2,113	(46,276)	(28,806)	(97,484)
Total liabilities	(333,627)	(130,067)	(1,490,759)	(302,961)	(2,257,414)
Member's balance	(162,050)	(36,108)	120,565	84,273	6,680

The Syndicate manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

In order for the Syndicate to manage the currency mismatch risks within the regulatory parameters, a limit of unhedged currency mismatches, approved by the AMAL Board, is in force. This limit ensures that the value of assets in each currency is above 85% of the value of insurance liabilities in that currency and less than 115% of the value of insurance liabilities in that currency, net of FX hedging, subject to these assets exceeding 5% of the value of assets in all currencies. This ensures the Syndicate's compliance with Lloyd's regulatory requirements. The Syndicate uses derivatives to hedge unmatched currency balance sheet positions.

The Syndicate is primarily exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than the U.S. Dollar, the Syndicate's functional currency. Other significant currencies to which the Syndicate is exposed are the Pound Sterling, Australian Dollars, Canadian Dollars and the Euro. The Syndicate seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

Notes to the Accounts
At 31 December 2023

The Syndicate's sensitivity to exchange rate risk on the total recognised gains and losses as well as member's balances in relation to GBP is shown below:

	2023 Profit or loss for the year	2022 Profit or loss for the year
	£000	£000
Currency Risk to 2023 gain (2022 loss)		
10 percent increase in GBP/USD exchange rate	**(5,554)**	(3,188)
10 percent decrease in GBP/USD exchange rate	**6,788**	3,896

Fixed Income Securities - Interest rate risk

The Syndicate's investment portfolio consists primarily of fixed income securities. Fluctuations in interest rates have a direct impact on the market valuation of these securities. The Syndicate manages interest rate risk by maintaining short to medium duration financial assets to reduce the effect of interest rate changes on fair value, and taking out interest rate swaps where appropriate.

The Syndicate’s sensitivity to interest rate risk is shown below:

	2023 Profit or loss for the year	2022 Profit or loss for the year
	£000	£000
Interest rate risk		
=+ 50 basis points shift in yield curves	**(2,397)**	(2,772)
=- 50 basis points shift in yield curves	**2,397**	2,772

Fixed Income Securities - Spread Risk

The yield of a non-government fixed income security can be divided into two parts:

- The ‘risk free’ rate, being the yield of the treasury security issued by the country in which the issuer operates which is closest to it in maturity
- The ‘spread’ of the yield over the risk free rate (= total yield - risk free rate)

The spread is normally positive because it represents the extra consideration required by the market to compensate for the greater risk (compared to the Government issuer) of default on interest or redemption. The spread may also be influenced by the actual or perceived liquidity or marketability of the security.

The spread of a bond also adjusts over time to reflect the spread required on similar new issues. This movement up or down in spread therefore also contributes to overall market risk and we call this ‘spread risk’. We also include within spread risk the risk that a security falls in value as a result of being downgraded by a rating agency as this will also cause the spread to increase. We also include the risk of actual default on interest or redemption as a special case of spread risk. This default risk is actually a type of credit risk but it is convenient to deal with it here under market risk because of the way we model it in the Internal Model as an extreme case of downgrade risk.

Notes to the Accounts
At 31 December 2023

We manage spread risk by limiting the overall credit quality of our investment portfolio and the concentrations of investments with specific issuers of investments. This risk is mitigated by limiting exposure to any single counterparty.

Market risk mitigation risk

We define Market risk mitigation risk as the risk of variation in the value or effectiveness of hedging positions. The Syndicate uses derivatives to hedge against market risk.

Asset concentration risk

The aggregate value of our investment portfolio may be at greater risk if it is over exposed to the same asset or a group of similar assets with similar risk dynamics.

Concentrations which we seek to manage for this reason include types of asset (e.g. mortgage backed securities), economic sector of issuer and securities of the same issuer.

Credit Risk

Credit risk is the risk of loss to the Syndicate if a counterparty to a financial instrument or reinsurance agreement fails to meet its contractual obligations. The Syndicate is exposed to credit risk through its investment holdings (cash, debt securities and other fixed income securities), its reinsurers' shares of insurance liabilities and amounts due from reinsurers in respect of claims already paid. As already stated within our Internal Model and our management process we treat credit risk relating to our fixed Income security investments as part of Market risk.

Processes for addressing risk

As with Insurance risk, we model our exposure to credit risks using the Internal Model to measure the associated capital requirements on both the one year SCR measure stipulated by Solvency II and the ultimate SCR basis used by Lloyd's to set capital requirements.

In certain situations, the Syndicate requires reinsurers to place collateral to act as security against the credit risk arising out of reinsurance arrangements. The funds withheld structure of the LPT similarly protects AMAL against the credit risk with Enstar.

The processes for addressing credit risk in relation to financial instruments has already been dealt with as part of the explanation of the processes to address market risk. The Group Credit Risk and UK Financial Risk policies define the processes for assessing, monitoring, and managing credit exposure to intermediaries, policyholders, and reinsurance counterparties.

Material risk concentrations

The Syndicate is potentially exposed to concentrations of credit risk in respect of amounts recoverable from reinsurers, and insurance and reinsurance balances owed by the brokers with whom it transacts business. The Syndicate manages the levels of credit risk by placing limits on its exposure to a single counterparty, or groups of counterparty. Such risks are subject to regular review. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. AMAL has risk limits for the amount of exposure to both third party and intragroup related reinsurers and any breaches of those limits are reported to the AMAL Risk and Capital Oversight Committee and Board, and the Syndicate makes use of collateral arrangements to further reduce credit risk. The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile.

Notes to the Accounts
At 31 December 2023

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 balance sheet, with analysis by credit ratings of the counterparties issued by Standard and Poor's. AAA is the highest possible rating.

Year 2023	AAA £000	AA £000	A £000	BBB £000	Not rated £000	Total £000
Financial Instruments						
Shares and other variable yield securities and unit trusts	15,217	9,753	1,724	—	—	26,694
Debt securities	39,356	89,527	60,242	10,078	32,188	231,391
Loans with credit institutions	—	—	—	—	6,127	6,127
Overseas deposits as other assets	15,774	1,451	2,627	2,068	22,332	44,252
Derivative assets	—	—	7,884	—	—	7,884
	70,347	100,731	72,477	12,146	60,647	316,348
Deposits with ceding undertakings	—	—	5,872	—	—	5,872
Reinsurer' share of claims outstanding	—	200,201	687,609	—	45,293	933,103
Insurance and reinsurance Debtors	—	48,607	166,947	—	448,110	663,664
Cash at bank and in hand	—	14,156	1,163	—	—	15,319
Other debtors	—	—	—	—	6,762	6,762
	70,347	363,695	934,068	12,146	560,812	1,941,068

Notes to the Accounts
At 31 December 2023

Year 2022	AAA £000	AA £000	A £000	BBB £000	Not rated £000	Total £000
Financial Instruments						
Shares and other variable yield securities and unit trusts	75,354	—	—	—	—	75,354
Debt securities	12,463	87,521	90,365	9,655	37,024	237,028
Loans with credit institutions	—	—	—	—	6,127	6,127
Overseas deposits as other assets	40,109	10,004	5,857	5,706	21,427	83,103
Derivative assets	—	—	4,777	—	—	4,777
	127,926	97,525	100,999	15,361	64,578	406,389
Deposits with ceding undertakings	—	—	—	—	2,865	2,865
Reinsurer' share of claims outstanding	—	59,822	583,472	174,644	84,688	902,626
Insurance and reinsurance debtors	—	13,401	144,728	—	405,030	563,159
Cash at bank and in hand	—	12,333	1,137	—	—	13,470
Total	127,926	183,081	830,336	190,005	557,161	1,888,509

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. The Syndicate do not consider these debtors to be impaired on the basis of stage of collection of amount owed to the Syndicate.

The non rated debt securities and overseas deposits as other assets are based on Standard & Poors rating, as used by the Syndicate. However, these investments do hold a rating with other rating agency's.

An analysis of the carrying amounts of past due debtors is presented in the table below.

2023	**Debtors arising from direct insurance and reinsurance operations £000**
Past Due but not impaired financial assets:	
Past due by:	
1 to 30 days	**49,288**
31 to 90 days	**98,575**
91 to 180 days	**47,705**
More than 180 days	**297,149**
Past Due but not impaired financial assets:	**492,717**
Impaired financial assets	**—**
Gross value of past due and impaired financial assets	**492,717**
Neither overdue nor impaired financial assets	**170,947**
Net carrying value	**663,664**

Notes to the Accounts
At 31 December 2023

2022	Debtors arising from direct insurance and reinsurance operations £000
Past Due but not impaired financial assets:	
Past due by:	
1 to 30 days	33,865
31 to 90 days	67,731
91 to 180 days	32,571
More than 180 days	105,234
Past Due but not impaired financial assets:	239,401
Impaired financial assets	—
Gross value of past due and impaired financial assets	239,401
Neither overdue nor impaired financial assets	323,758
Net carrying value	563,159

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Credit risk is also mitigated by entering into collateral agreements, some of which are managed at an Aspen Group level. Management monitors the market value of the collateral, requests additional collateral when needed, and performs an impairment valuation when applicable.

All collateral received is held against reinsurers' share of claims outstanding. The fair value of cash collateral received for the benefit of participating undertakings of the Aspen Group, as of 31 December 2023 was £1,322.2m (2022: £250.1m). No collateral received from the counterparty has been sold or repledged (2022: £0m). The fair value of collateral pledged and retained on the balance sheet was £225.8m (2022: £270.6m). Collateral is held as letters of credit, cash and other acceptable financial instruments and is not included on the balance sheet except for funds withheld.

Liquidity Risk

Liquidity risk is defined as the risk of failing to maintain sufficient liquid financial resources to meet liabilities as they fall due or to provide collateral as required for commercial or regulatory purposes.

Liquidity risk includes the following:

- Payment default risk: the risk that there is insufficient cash to make payments when due and that no additional cash can be made available by borrowing, sale of assets, or capital raising;
- Risk of unplanned asset realisation losses: the risk that securities are required to be sold at a loss to meet liquidity requirements;
- Risk of failure of credit facility: the risk that advances from the credit facility are unavailable;
- Group liquidity risk: the risk that liquidity cannot be secured for a Group company from elsewhere in the Group; and
- Collateral risk: the risk that the Syndicate is unable to provide collateral to a third party when contractually required to do so.

Processes for addressing risk

Unlike insurance, market, and credit risk, the Syndicate does not model and manage liquidity risk using its Internal Model as it is not a risk that is mitigated by holding capital against it. AMAL's annual Stress & Scenario Testing ("SST") process is used to determine the basis of the key liquidity risk limit. The Group Liquidity Risk

Notes to the Accounts
At 31 December 2023

and UK Financial Risk policies provide further details of how liquidity risks are identified, monitored, managed, and modelled. This includes details of an escalation process for a breach of the minimum free funds limit.

Material risk concentrations

The Syndicate limits its exposure to material risk concentrations through the operation of the Group Liquidity Risk and UK Financial Risk Policies. These highlight the measures that Aspen have put in place in order to maintain an agreed amount of unencumbered assets in cash and cash equivalents. These measures include concentration limits to ensure the liquidity of assets, appropriateness of the marketability or realisability of assets. A liquidity contingency funding plan is detailed in the Group Treasury Liquidity Playbook.

Liquidity stress testing is carried out against the Syndicate's and the Group's risk profiles at least annually by the Risk Management department as part of the Stress and Scenario Testing programme. This allows management to identify the potential strains on liquidity as a result of the scenarios assessed as well as gaining understanding of the Group's ability to support the liquidity needs of entities such as the need arises. Cash flow forecasting is also used to reduce liquidity risk. The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile. The tables below analyse the Syndicate's assets and liabilities into their relevant maturity groups. For financial instruments this is based on the period remaining at the year end to their contractual maturities, and for insurance contract assets and liabilities it is based on their expected settlement dates.

The table below analyses the Syndicate's monetary assets and liabilities into their relevant maturity groups based on the period remaining at the year end to their contractual maturities (financial instruments) or expected settlement dates (insurance contracts):

			Undiscounted net cash flows			
	Carrying amount	Total cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Year 2023	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Financial instruments:						
Shares and other variable yield securities and units in unit trusts	**26,694**	**26,694**	**26,694**	**—**	**—**	**—**
Debt securities	**231,391**	**215,278**	**28,776**	**118,238**	**67,451**	**812**
Reinsurers share of technical provisions	**1,209,673**	**1,209,673**	**514,680**	**373,785**	**274,459**	**46,749**
Debtors and accrued interest	**672,224**	**672,224**	**663,609**	**8,615**	**—**	**—**
Cash at bank and in hand	**15,319**	**15,319**	**15,319**	**—**	**—**	**—**
Other assets	**50,124**	**50,124**	**50,124**	**—**	**—**	**—**
Loans with credit institutions	**6,127**	**6,127**	**1,166**	**4,961**	**—**	**—**
Derivative assets	**7,884**	**7,884**	**7,884**	**—**	**—**	**—**
Total assets	**2,219,436**	**2,203,323**	**1,308,252**	**505,599**	**341,910**	**47,561**
Technical provisions	**1,917,609**	**1,917,609**	**879,605**	**557,539**	**409,426**	**71,039**
Creditors	**392,399**	**392,399**	**209,086**	**183,313**	**—**	**—**
Derivative liabilities	**151**	**151**	**151**	**—**	**—**	**—**
Total liabilities	**2,310,159**	**2,310,159**	**1,088,842**	**740,852**	**409,426**	**71,039**

Notes to the Accounts
At 31 December 2023

			Undiscounted net cash flows			
	Carrying amount	Total cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Year 2022	£000	£000	£000	£000	£000	£000
Financial instruments:						
Shares and other variable yield securities and units in unit trusts	75,354	75,354	75,354	—	—	—
Debt securities	237,028	264,845	56,343	105,153	79,656	23,693
Reinsurer's share of technical provisions	1,174,001	1,174,001	364,951	433,232	362,331	13,487
Debtors and accrued interest	564,665	564,665	564,665	—	—	—
Cash at bank and in hand	13,470	13,470	13,470	—	—	—
Other assets	85,968	85,968	85,968	—	—	—
Loans with credit institutions	6,127	6,127	—	1,166	4,961	—
Derivative assets	4,777	4,777	4,777	—	—	—
Total assets	2,161,390	2,189,207	1,165,528	539,551	446,948	37,180
Technical provisions	1,741,196	1,741,196	602,943	629,304	493,400	15,549
Creditors	513,186	513,186	371,644	—	141,542	—
Derivative liabilities	3,032	3,032	3,032	—	—	—
Total liabilities	2,257,414	2,257,414	977,619	629,304	634,942	15,549

Notes to the Accounts

At 31 December 2023

5. Segmental Information

An analysis of the underwriting result before investment return is presented in the table below:

2023

	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£000	£000	£000	£000	£000	£000
Direct insurance:						
Marine aviation and transport	**11,694**	**10,470**	**(469)**	**(3,388)**	**(5,918)**	**695**
Energy	**26,793**	**25,233**	**(30,976)**	**(7,761)**	**6,980**	**(6,524)**
Fire and other damage to property	**91,745**	**85,043**	**(36,603)**	**(26,577)**	**(9,871)**	**11,992**
Third party liability	**377,615**	**341,224**	**(244,253)**	**(109,388)**	**28,510**	**16,093**
Pecuniary loss	**42,212**	**34,582**	**(7,495)**	**(12,228)**	**(10,816)**	**4,043**
Accident & health	**450**	**1,149**	**4,395**	**(130)**	**(4,844)**	**570**
Total direct	**550,509**	**497,701**	**(315,401)**	**(159,472)**	**4,041**	**26,869**
Reinsurance	**255,779**	**276,297**	**(176,780)**	**(74,094)**	**(7,848)**	**17,575**
Total	**806,288**	**773,998**	**(492,181)**	**(233,566)**	**(3,807)**	**44,444**

2022

	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Total
	£000	£000	£000	£000	£000	£000
Direct insurance:						
Marine aviation and transport	9,600	9,504	(226)	(2,575)	(1,097)	5,606
Energy	25,595	26,959	(44,575)	(6,865)	29,605	5,124
Fire and other damage to property	81,936	70,938	(33,211)	(21,978)	(7,486)	8,263
Third party liability	345,711	315,470	(186,463)	(92,731)	777	37,053
Pecuniary loss	35,070	30,319	(20,202)	(9,407)	3,440	4,150
Accident & health	2,519	2,207	(4,979)	(676)	3,079	(369)
Total direct	500,431	455,397	(289,656)	(134,232)	28,318	59,827
Reinsurance	338,168	255,618	(168,541)	(90,708)	22,039	18,408
Total	838,599	711,015	(458,197)	(224,940)	50,357	78,235

The majority of premiums were underwritten in the UK, with a small amount written in Australia and Singapore. For 2023, the amount in Singapore was £751k (2022: £1.2m) and Australia was £18.4m (2022: £28.8m).

Notes to the Accounts
At 31 December 2023

6. Net operating expenses

	2023	2022
	£000	£000
Brokerage and commissions	**165,369**	160,041
Other acquisition costs	**30,779**	29,633
Change in deferred acquisition costs	**(16,609)**	(27,089)
Administrative expenses	**54,028**	62,354
Reinsurer's commissions and profit participations	**(148,574)**	(146,967)
Change in deferred RI acquisition costs	**(4,426)**	22,672
	80,567	100,644

	2023	2022
	£000	£000
Administrative expenses include:		
Auditors' remuneration:		
Fees payable to the Syndicate's auditors for the audit of these financial statements	**743**	411
Fees payable to the Syndicate's auditors and its associates in respect of other services pursuant to legislation	**126**	89
Managing agent's fees	**6,690**	5,880

Total commissions for direct insurance business for the year amounted to £165.4m (2022: £106.9m).

Members' standard personal expenses amounting to £13.6m (2022: £12.3m) are included in other acquisition costs and administrative expenses. Members' standard personal expenses include Lloyd's Members subscriptions, Central Fund contributions, and managing agent's fees.

7. Loss on foreign exchange

Loss on foreign exchange of £3.0m (2022: charges £9.4m) consists of foreign exchange gains and losses on monetary assets and liabilities, arising from translation into US Dollars at the exchange rate prevailing at the balance sheet date. The US Dollar functional balances are translated into GBP, in line with the accounting policy (page 32).

8. Key management personnel compensation

The directors of AMAL received £1.7m (2022: £1.5m) aggregate remuneration which has been charged to the Syndicate and included within net operating expenses.

No other compensation was payable to key management personnel.

The active underwriter received the following aggregate remuneration charged to the Syndicate.

	2023	2022
	£000	£000
Emoluments	**677**	560

Notes to the Accounts
At 31 December 2023

9. Staff numbers and costs

The Syndicate has no employees of its own. All of the personnel employed in the Syndicate's business are employed by Aspen Insurance UK Services Limited ("AIUKS"). AIUKS is a fellow subsidiary of AIHL.

AIUKS encourages its employees to develop their full potential by providing opportunities for training and professional development. Such opportunities, as well as career development and promotion, are equally available to disabled employees, whether newly recruited or existing employees who become disabled whilst in AIUKS's employment.

AIUKS's equal opportunities policy aims to ensure that no potential or existing employee receives less favourable treatment because of his / her sex, actual or perceived sexual orientation, gender (including gender reassignment), marital or family state, age, ethnic origin, disability, race, colour, nationality, national origin, creed, political affirmation, part-time status, or any other condition.

10. Investment return

The investment return (comprising total income, expenses, net gains or losses, including changes in fair value, recognised on all financial assets and liabilities) transferred from the non-technical account to the technical account is as follows:

	2023	2022
	£000	£000
Investment income	**11,331**	4,050
Realised gains/(losses) on investments	**2,590**	(25,763)
Unrealised gains/(losses) on investments	**7,873**	(10,041)
Investment expenses and charges	**(2,124)**	(1,994)
	19,670	(33,748)

The table below presents the average amounts of funds in the year per currency and analysis by major currency the average investment yields in the year.

	2023	2022
	£000	£000
Average amount of syndicate funds available for investment during year:		
Sterling	**31,403**	30,501
Euro	**3,219**	830
US dollar	**231,186**	241,784
Canadian dollar	**87,999**	99,265
Singapore dollar	**2,227**	1,162
Australian dollar	**39,358**	45,892
	395,392	419,434

Gross calendar year investment yield:	**%**	%
Sterling	**0.80**	0.02
Euro	**0.84**	0.21
US dollar	**0.27**	3.03
Canadian dollar	**0.24**	2.55
Australian dollar	**(0.78)**	3.42
Combined in Sterling	**0.14**	2.77

Notes to the Accounts
At 31 December 2023

The investment yields are calculated from investment income.

11. Financial Instruments

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

Level 1 -Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 -Prices based on recent transactions in identical assets (either unadjusted or adjusted)
Level 3 -Prices determined using a valuation technique

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

	Market value		**Cost**	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Shares and other variable yield securities and units in unit trusts	**26,694**	75,354	**26,694**	75,354
Debt securities and other fixed income securities	**231,391**	237,028	**215,278**	263,609
Loans with credit institutions	**6,127**	6,127	**6,127**	6,127
Derivative assets	**7,884**	4,777	**7,884**	4,777
Total	**272,096**	323,286	**255,983**	349,867
Derivative liabilities	**(151)**	(3,032)	**(151)**	(3,032)

There was no material change in fair value for financial instruments held at fair value attributable to own credit risk in the current or comparative period.

Listed Investments

Included in the carrying values above are amounts in respect of listed investments as follows:

		2023		**2022**
	Cost	**Market Value**	**Cost**	**Market Value**
	£000	**£000**	**£000**	**£000**
Financial assets at fair value				
Debt securities and other fixed income securities	**217,542**	**214,250**	216,693	203,123
Total financial assets	**217,542**	**214,250**	216,693	203,123

There have been no day 1 profits recognised in respect of financial instruments designated at fair value through profit or loss.

Notes to the Accounts
At 31 December 2023

2023	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Shares and other variable yield securities and units in unit trusts	**26,694**	**—**	**—**	**26,694**
Debt securities and other fixed income securities	**109,682**	**121,709**	**—**	**231,391**
Overseas deposits	**—**	**44,252**	**—**	**44,252**
Loans with credit institutions	**—**		**6,127**	**6,127**
Derivative assets	**—**	**7,884**	**—**	**7,884**
Total	**136,376**	**173,845**	**6,127**	**316,348**
Derivative liabilities	**—**	**(151)**	**—**	**(151)**

During the current period, the directors have reviewed the fair value hierarchy applied to certain debt securities and other fixed income securities, overseas deposits and derivative assets/liabilities based on the valuation technique applied, and have determined that they should be classified as level 2.

2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	75,354	—	—	75,354
Debt securities and other fixed income securities	192,583	44,445	—	237,028
Overseas deposits	83,103	—	—	83,103
Loans with credit institutions	—	—	6,127	6,127
Derivative assets	4,777	—	—	4,777
Total	355,817	44,445	6,127	406,389
Derivative liabilities	(3,032)	—	—	(3,032)

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

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modeling techniques to determine a security price.

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

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

Notes to the Accounts
At 31 December 2023

12. Deferred acquisition costs

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

	2023	2022
Gross Acquisition Costs	**£000**	£000
Balance at 1 January	**102,704**	68,501
Acquisition costs incurred	**196,147**	189,674
P&L movement on deferred acquisition costs during the year	**(179,538)**	(162,585)
Effect of movements in exchange rates	**(3,448)**	7,114
Balance at 31 December	**115,865**	102,704

	2023	2022
RI Acquisition Costs	**£000**	£000
Balance at 1 January	**(81,145)**	(51,464)
Acquisition costs incurred	**(148,574)**	(146,967)
P&L movement on deferred acquisition costs during the year	**153,000**	124,295
Effect of movements in exchange rates	**4,442**	(7,009)
Balance at 31 December	**(72,278)**	(81,145)

13. Technical provisions

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

2023	**Gross provisions**	**Reinsurance assets**	**Net**
	£000	**£000**	**£000**
Claims outstanding			
Balance at 1 January	**1,267,117**	**(902,626)**	**364,491**
Change in claims outstanding	**222,146**	**(137,993)**	**84,153**
Effect of movements in exchange rates	**(60,027)**	**107,516**	**47,489**
Balance at 31 December	**1,429,236**	**(933,103)**	**496,133**
Claims notified	**467,921**	**(321,423)**	**146,498**
Claims incurred but not reported	**961,315**	**(611,680)**	**349,635**
Balance at 31 December	**1,429,236**	**(933,103)**	**496,133**
Unearned premiums			
Balance at 1 January	**474,079**	**(271,375)**	**202,704**
Change in unearned premiums	**32,290**	**(20,738)**	**11,552**
Effect of movements in exchange rate	**(17,996)**	**15,543**	**(2,453)**
Balance at 31 December	**488,373**	**(276,570)**	**211,803**

Notes to the Accounts
At 31 December 2023

2022	Gross provisions	Reinsurance assets	Net
	£000	£000	£000
Claims outstanding			
Balance at 1 January	1,041,014	(643,231)	397,783
Change in claims outstanding	121,959	(77,038)	44,921
Recognition of retroactive reinsurance*	—	(111,146)	(111,146)
Effect of movements in exchange rates	104,144	(71,211)	32,933
Balance at 31 December	1,267,117	(902,626)	364,491
Claims notified	472,503	(206,038)	266,465
Claims incurred but not reported	794,614	(696,588)	98,026
Balance at 31 December	1,267,117	(902,626)	364,491
Unearned premiums			
Balance at 1 January	309,842	(167,149)	142,693
Change in unearned premiums	127,584	(81,426)	46,158
Effect of movements in exchange rate	36,653	(22,800)	13,853
Balance at 31 December	474,079	(271,375)	202,704

*Note this includes initial recognition of the LPT

The change in claims outstanding includes the impact of strengthening of net reserves for claims incurred on the prior years of £7,637k (2022: release of £87k). These net reserve movements are stated net of the protection provided by the LPT.

14. Cash and Cash Equivalents

	2023	2022
	£000	£000
Cash at bank and in hand	**15,319**	13,470
Money Market Funds	**26,694**	75,354
Total cash and cash equivalents	**42,013**	88,824

Only shares and other variable yield securities (Monet Market Funds) with maturities of three months or less that are used by the Syndicate in the management of its short-term commitments are included in cash and cash equivalents.

15. Other Debtors and Creditors

	2023	2022
	£000	£000
Amounts due from undertakings of the Aspen Group	**6,762**	—
Total Debtors	**6,762**	—
Amounts due to undertakings of the Aspen Group	**58,472**	107,337
Derivative liability	**151**	3,032
Total Creditors	**58,623**	110,369

Notes to the Accounts
At 31 December 2023

16. Accruals and deferred income

	Notes	2023 £000	2022 £000
Profit commission accrual		**16,830**	14,258
Other accruals		**1,574**	2,081
Reinsurers' share of deferred acquisition costs	12	**72,278**	81,145
Total accruals and deferred income		**90,682**	97,484

17. Related parties

AMAL is the managing agency of the Syndicate. The Syndicate has been charged the following amounts by AMAL in the year:

	2023 £000	2022 £000
Managing agency fees	**6,690**	5,880
Year end balance due to Aspen Managing Agency Limited	**4,580**	9,750

The Syndicate is supported by Aspen Underwriting Limited ("AUL"), which provides 100% of its underwriting capacity. At year end the Syndicate had a balance due from AUL of £1,083k (2022: £2,704k due from AUL).

The ultimate holding company and controlling party of AMAL and AUL as at 31 December 2023 is Highlands Bermuda Holdco Ltd a company incorporated in Bermuda.

Internal brokers and coverholders

Aspen UK Syndicate Services Limited ("AUKSSL") serves as a Lloyd's broker. Asset Protection Jersey ("APJ"), an insurance company, which reinsured all of its business through a quota share agreement with the Syndicate, has now entered liquidation. Aspen Australia Service Company Pty Limited ("AASCPL") serves as a Lloyd's coverholder, stopped placing business through the Syndicate after the 2022 year of accounts. All are intermediaries which are 100% owned by Aspen.

The Syndicate has written the following premium amounts in the year and the balances due to the Syndicate at the end of the year are:

2023	**AUKSSL**	**APJ**	**AASCPL**
	£000	**£000**	**£000**
Written Premium in year	**—**	**—**	**6,819**
Year end debtor balance	**84**	**—**	**4,174**

2022	AUKSSL	APJ	AASCPL
	£000	£000	£000
Written Premium in year	—	—	28,632
Year end debtor balance	94	64	4,601

Notes to the Accounts
At 31 December 2023

Service providers to the Syndicate

AIUKS, ABL, Aspen Holding Limited ("AHL"), Aspen Reinsurance America ("ARA"), and Aspen Singapore Pte Limited (ASPL) provide services to the Syndicate. The amounts charged to the Syndicate within the year and the balances due from the Syndicate at the end of the year are:

2023	**ABL**	**AIUKS**	**ARA**	**Syndicate Service Companies***	**AHL**	**Other****	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Expenses recharged	**2,127**	**51,818**	**7,141**	**253**	**530**	**6,690**	**68,559**
Year end amount due to/(from) group undertakings	**16,832**	**34,756**	**2,172**	**(6,077)**	**530**	**3,497**	**51,710**

2022	ABL	AIUKS	ARA	Syndicate Service Companies*	AHL	Other**	Total
	£000	£000	£000	£000	£000	£000	£000
Expenses recharged	2,297	60,219	10,003	790	—	5,880	79,189
Year end amount due to group undertakings	8,625	81,642	3,770	846	—	12,454	107,337

*Syndicate Service Entities includes amounts due/from ASPL, AASCPL and AUKSSL
**Other includes amounts due/from AMAL and AUL mentioned above

The total year end amount due to/(from) Aspen Group undertakings is £51,710k. This corresponds to the Other Creditor balance of £58,472k less the Other Debtor amount on the £6,762k in note 15.

Internal reinsurers

The Syndicate has the following internal reinsurance arrangements:

- 50% Quota Share (QS) with Aspen Insurance (UK) Limited ("AIUK")
- Reciprocal ($10m excess $10m) excess of loss reinsurance with AIUK
- 20% QS Treaty for years of account 2009 to 2020 and 35% on 2021 to 2023 to ABL
- Ceding premium to ABL in relation to the group excess of loss (XOL) cover

Notes to the Accounts
At 31 December 2023

The Syndicate has incurred the following amounts in the year and the balances due to/from entities in the Aspen Group at the end of the year relating to these are:

2023	**ABL QS**	**ABL XOL**	**AIUK MEC QS**	**AIUK XOL**
	£000	**£000**	**£000**	**£000**
Premiums balances ceded to/(from)	**174,111**	**663**	**(288)**	**—**
Claims balances ceded (to)/from	**(103,667)**	**5,008**	**(3,120)**	**49**
Reinsurance commission to/(from)	**(72,150)**	**(71)**	**72**	**—**
Year end debtor/(creditor) balance	**(60,402)**	**(23,640)**	**48,296**	**—**

2022	ABL QS	ABL XOL	AIUK MEC QS	AIUK XOL
	£000	£000	£000	£000
Premiums balances ceded to/(from)	162,619	2	2,321	—
Claims balances ceded (to)/from	(101,577)	349	18,404	1,801
Reinsurance commission to/(from)	(53,570)	(83)	(580)	—
Year end debtor/(creditor) balance	(71,512)	(18,619)	41,373	—

The LPT arrangement is a contract between AIHL and a wholly owned subsidiary of Enstar. The Syndicate participates in the LPT through a group-wide allocation agreement. There are no related party cash flows until the LPT funds withheld balance is settled in 2025.

18. Distributions and Cash calls

The distributions to members during 2023 were £41.3m (2022: £0.0m). Cash calls from member's personal reserve funds of £0.0m (2022: £27.6m) and collection of losses to the member's personal reserve funds of £0.0m (2022: £55.7m) were made during the year.

19. 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 member's underwriting liabilities.

FAL is set with regards 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 member's FAL to meet liquidity requirements or to settle losses on behalf of the Syndicate.

FAL is provided in the form of investments from Aspen Underwriting Limited ("AUL"), unsecured letter of credit and unsecured third-party financing facilities.

Notes to the Accounts
At 31 December 2023

20. Foreign exchange rates

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

	2023 **Year-end rate**	**2023** **Average rate**	2022 Year-end rate	2022 Average rate
Euro	**1.15**	**1.15**	1.13	1.17
US dollar	**1.27**	**1.25**	1.20	1.23
Canadian dollar	**1.68**	**1.68**	1.63	1.60