

**Syndicate 1176**

**Report, Annual Accounts and Underwriting Year Accounts**

**31 December 2025**

**chaucer**

 A China Re Company

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## Syndicate Information

### Directors of the Managing Agent

J Faure  
P A Jardine  
R T Milner  
A C Pearce  
H D Spink  
N J Stacey  
H Wang (appointed 11 September 2025)  
L S Watkins  
J Wright  
H Yin (appointed 22 July 2025)  
Dr H Zuo (resigned 1 April 2025)

Senior Independent Non-Executive Director  
Chairman and Independent Non-Executive Director  
Chief Executive Officer  
Independent Non-Executive Director  
Chief Operating Officer  
Chief Underwriting Officer  
Group Non-Executive Director  
Independent Non-Executive Director  
Chief Financial Officer  
Group Non-Executive Director  
Group Non-Executive Director

### Managing Agent's company secretary

R N Barnett (resigned 30 April 2025)  
P J Hamer (appointed 1 May 2025)

### Managing Agent's registered office

52 Lime Street  
London  
EC3M 7AF

### Managing Agent's registered number

00184915

### Managing Agent's independent auditor

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### Syndicate active underwriter

M G Dawson

### Syndicate banker

The custodians of the Syndicate's investment funds are:  
Citibank N.A.  
Western Asset Management

### Syndicate investment manager

Goldman Sachs Asset Management International

### Syndicate independent auditor

KPMG LLP  
15 Canada Square  
London  
E14 5GL

# Underwriter's Report

## Background

Syndicate 1176 (the Syndicate) looks to provide insurance cover to the Nuclear Industry. It does not participate in the wider non-nuclear insurance market. The Syndicate forms an integral part of China Re International Holdings Limited, which is part of the broader group whose parent is China Re International Company Limited (Chaucer).

Nuclear risk predominantly comprises cover for physical damage loss to civil nuclear power stations, as well as nuclear liability, where the Syndicate issues policies with terms which have withstood the test of time. The Syndicate also provides coverage within the wider nuclear fuel cycle and associated risks, including coverage for radioactive isotopes, raw uranium and nuclear fuel (including manufacturing facilities), as well as shipment and storage of waste. The Syndicate's main exposures however derive from the power that nuclear energy produces in a power station because this is where most of the value from nuclear energy emanates. The Syndicate has been operating in a unique market niche and on a profitable basis since its inception in 1991.

## Nuclear power

Man has an insatiable need for power. In a developing world, even the poorest countries are in a phase of rapid power production. Against this background, there is a reducing supply of the fossil fuels, which have provided much of the power to the world's leading countries. Further increased awareness of the impact of carbon emissions to the planet are driving momentum away from fossil fuels to renewable energy production, including nuclear. The recent conflict in Ukraine has highlighted the risk of relying on gas producers, and the resultant need for "home grown" energy at more stable prices.

All power stations produce energy through the rotation of a generator. The power needed to turn the generator is produced through the rotation of a turbine, through water, wind or, most commonly, steam propulsion. Steam is produced by the boiling of water using a heat source; typically, gas, coal, oil or nuclear fission. The difference between a conventional fossil fuel station and a nuclear power station is that the heat is produced by nuclear fission. Other than this main heat source, a nuclear power station is similar to a fossil fuel station. Because the nuclear core is potentially damaging, considerable safety standards have been adopted to ensure that there is a very small risk of a significant nuclear accident.

Since the nuclear industry's formation in the early 1950s there has only been one significant core melt nuclear event paid by the insurance market, at Three Mile Island in the US in 1979. Since then, safety standards have improved materially, and the insurance industry has typically only suffered the occasional non-nuclear loss of an attritional nature. Following the Fukushima accident (which was not insured for earthquake and tsunami in the conventional market) in March 2011, an extensive review of the Syndicate's potential catastrophe exposure was undertaken, and exposure is considered to be limited. This topic is further explored below, however, as a generality, nuclear power stations are not built in areas where natural catastrophe is expected and are not normally built in cities where an accumulation of risk with other businesses could occur. There has never been a significant insured nuclear loss from natural catastrophe.

Energy prices have recently been volatile. This is being led by two macro influencers; security of supply – where countries are nervous of relying on energy supply from often volatile areas, politically; and a low carbon agenda – where most of the world agrees that generation from coal is just too abusive to the environment. Future ideas such as carbon capture and nuclear fusion remain on the horizon, where they have remained for many years. This has led to many countries re-investigating the merits of nuclear power, including the possibility of developing smaller modular reactors. Whilst currently the main new development remains as large-scale nuclear units, it is hoped that, in the future, the new nuclear build will be extended to include smaller modular reactors. One of the areas of debate to be had within society is where these modular reactors, which are cheaper and less prone to design creep, should be built. At present many of the historic transmission and distributions lines (i.e., the grid, that carries electricity) are old and around 20% of generating production is lost in the transmission process. This would encourage the new smaller modular reactors to be built closer to main cities, which would reduce loss through distribution. However, the general public have not become engaged in the issue of siting of new nuclear builds and it remains to be seen quite what the enthusiasm for "local" new nuclear would be. These are important issues that need to be part of a national debate on manageable cost, safe, secure low carbon energy capacity in the future. The timetable to achieve regulatory, environmental and planning consent, mean that new build is going to take some time before operating plant income flows through to the Syndicate, particularly for those countries that have

## Underwriter's Report

readily available gas supplies. New significant income could be some 10 years in the future. Because of the need for increased electricity and the realities around the slow development of new nuclear, it is likely that natural gas will play a crucial role in the medium term.

### Property damage

The Syndicate provides physical damage and business interruption cover within the nuclear fuel cycle. The largest values that the Syndicate insures are normally nuclear power stations, although the Syndicate also covers manufacturers of nuclear fuel and radioisotopes, their transport and ultimately their safe storage.

The probabilistic risk assessment of each unit suggests that there is limited catastrophe exposure. The Syndicate traditionally has excluded cover for earthquake in Japan and, following the Fukushima tsunami event, the Syndicate has undertaken extensive analysis of each site insured and the potential for catastrophe loss; including assessment of the plant location, construction, the coverage offered, deductible levels and exposure.

In general, though nuclear power plants are not built in areas where there is significant catastrophe exposure; if there is some residual exposure, construction and safety procedures are introduced to minimise the risk.

An analysis of cyber exposure has been undertaken and whilst there remains some residual risk, the Syndicate believes the exposure is limited. Cyber protection of nuclear plants is considered paramount, but details of such protection remain confidential. The Syndicate has developed a new product in conjunction with Chaucer's wider Cyber expertise which covers to a limited, manageable extent loss to nuclear operators from a malicious Cyber-attack. It remains to be seen whether this product proves attractive to operators. There was no take up of the product in 2025 and it is hoped that Operators will buy the Cyber cover in 2026. A small amount of premium, £2m, has been forecast for the Syndicate's share of the exposures in 2026.

### Windstorms, hurricanes and cyclones

In terms of other perils, the Syndicate Underwriter remains confident that exposure to windstorm is low. In the 60 years of operating nuclear sites, there has never been a significant loss to a nuclear facility from a windstorm event. The largest insured windstorm loss to date was from a spares warehouse on a nuclear site from Hurricane Andrew in 1992. While the warehouse was damaged, with losses in the region of \$200m, there was no damage to the nuclear unit. All the plants in the vicinity of the tracks of recent hurricanes and typhoons performed to plan and as expected, there were no significant claims advices from these events.

### Earthquake and tsunami

Policies with exposures in Japan currently exclude cover for damage arising from earthquake or tsunami perils. While historically a product was considered for a small aggregate sub-limit, with significant deductibles and a satisfactory price, this was never pursued. Were it to be requested, following extensive safety upgrades at Japanese plants, this cover could be considered. But the sub-limit, deductible and price would be all important. Outside Japan, studies have been undertaken on the two nuclear sites in California. One is approximately 200km from San Francisco and the other is approximately 100km from Los Angeles (this plant was closed in 2014 as a result of economic assessment; there remains some residual risk, during closure, but this is much reduced from that of an operating plant). Both were built to withstand earthquake, and even if some damage was incurred, it is considered a low risk that damage to plants would coincide with damage to the main conurbations of San Francisco and Los Angeles. Separate studies have also been made of tsunami risk. One site is located on top of a cliff and so tsunami damage is not considered possible; the other has significant sea walls and the backup generators (which were swamped and failed in the Japanese tsunami) which are located in watertight bunkers. Elsewhere, exposures have been considered and there does not appear to be significant peril exposure.

### Liability

The Syndicate provides limited nuclear liability coverage to most non-US nuclear power stations. The coverage issued normally has an aggregate limit for the lifetime of the nuclear site and also claims typically have to be made within ten years of an occurrence. These policies, which normally include terrorism coverage, are enshrined in national nuclear laws and international conventions, and typically the national government retains exposure in excess of insurer policy limits. The policy includes damage caused by an

## Underwriter's Report

incident as a result of terrorism (see below) or any other incident leading to nuclear liability such as cyber. Cyber protection of nuclear plants is considered paramount, but details of such protection remain confidential. We consider the chance of a cyber-attack leading to a significant release of radiation, leading to offsite damage, to be remote. Strict liability would also follow, were damage to occur following any incident. This means, for instance, that were a worker to fall sick on duty from any illness and cause a nuclear incident releasing nuclear material that causes damage, the nuclear liability policy would be expected to respond. That said, there are multiple layers of safety, and such a possibility is not considered likely.

The Syndicate also writes non-nuclear incidental liability policies for much smaller limits, which do not benefit from international conventions. These are designed to cover incidental risks such as contractors or visitors to nuclear sites.

The Syndicate historically underwrote reinsurance of the US Nuclear Pool for liability business. The policy had a strict limit, and a large fund was available to cover losses either notified or occurring within a ten-year period. As a result of the industry's desire to be more involved in self-insurance, this reinsurance was discontinued from 31 December 1998. While the Syndicate is not currently involved in any US liability business and remains cautious generally, were an acceptable risk offered, the Syndicate would consider it, subject to normal underwriting acceptance procedures.

There is a general need for increased liability limits worldwide. Historically, the bulk of the exposure has been with governments, which are increasingly looking for the nuclear insurance market to provide additional capacity. Looking forward, the revision of current international nuclear conventions has resulted in additional capacity and coverage being sought by operators. In the UK for instance, the indemnity for a nuclear accident increased at 1 January 2022 from £140m to €700m and thereafter is increasing by €100m in each of the subsequent five years to take the capacity needed to €1.2bn. This means that the UK liability limit increased to €1,100m at 1 January 2026. Further, international nuclear conventions have been revised to incorporate additional coverage. Anticipating the move to increased liability coverage, several years ago, the Syndicate increased the liability share of maximum exposure to 50%.

Increased income and exposure remain uncertain though, due to the Syndicate's reluctance to take on the new discovery period for losses, which has been extended from 10 years to 30 years in the EU and UK, without a clear notification of a nuclear incident, within an agreed timeframe. In many countries the existing 10-year claim period following a nuclear incident remains. In the UK and many EEA countries the notification period is prescribed in law as 30 years. The Syndicate resisted the extension to the discovery period and has not written the revised convention liability business with a new 30-year tail. However, during 2025 the Syndicate, working with Nuclear Risk Insurers (NRI, the UK Nuclear Pool) developed a new wording that defines a nuclear incident and introduces an incident notification period. This is the clarity the Syndicate has been seeking, and the revised Policy was put to Government and Industry in the final quarter of 2025. For many UK operators they have sought a further period to analyse the new wording with Government. Accordingly, where the new policy has yet to be accepted, the existing Government indemnity (under the old policy for 10–30-year claims) remains. We have sold a policy with the revised wording at January 2026 and it is hoped that other insureds will buy the policy later in 2026. We then intend to work with other countries who similarly require the extended reporting period in 2026. The Syndicate's liability book comprised 24% of total gross written premium in 2025.

### Terrorism

In many countries, property terrorism is excluded, or excess coverage has been provided through government reinsurance schemes such as Pool Reinsurance (Nuclear) Limited (PRNL) in the UK (for fire and explosion property insurance) and under TRIPRA (Terrorism Risk Insurance Program Reauthorization Act 2007) in the US. Coverage is given where terrorism risk is considered to be lower. Further liability limits do not exclude strict liability under nuclear conventions for terrorism. While there are significant protections against terrorism, and the construction of power stations makes significant loss from terrorism unlikely, the Syndicate normally limits exposure to 50% of the maximum property net line for terrorism. In the UK, the UK Property Terrorism scheme, with unlimited reinsurance provided by the UK Government, ceased accepting new business from 31 December 2023. Since this date any UK property terrorism business has been retained net by the Syndicate. As a result of the closure of PRNL, regulatory support for the cessation was required by the regulators. This was a quick process, and regulatory approval was received in September 2025. This led to liquidators being appointed. In November 2025 the Syndicate received confirmation that a

## Underwriter's Report

distribution of the assets held by members would be distributed. The amount for Syndicate 1176 is estimated at some £9.3m of which some £7.3m was received in late December 2025. The amount is reflected within other technical income in the 2023 year of account as the distribution was upon underwriting business placed in 2023.

### Transit

The Syndicate generates a small amount of premium insuring the transit of nuclear fuel and waste. The limits are typically modest and there has never been a significant transit loss. Transit of nuclear materials is undertaken to strict international standards and involves the highest safety procedures.

### Construction

The Syndicate has been open to the modest expansion of business to include Construction risks and has committed a modest line to insuring the new builds expected over the coming years. The business is different in that the projects themselves are expected to take at least seven years to complete. Whilst the values of the projects only increase gradually over this time, resulting in small incremental exposures in the early years, the values towards the end of the project are high. Accordingly, whilst considerable premium is expected on a risk-by-risk basis, it is held to earn over the life of the project. The result is that there is little expected profit over the early years. Over the longer term, the accounts are expected to be profitable, but there can be no certainty in this regard. The Syndicate's line on these projects is expected to be well below that written for operational plants at a probable maximum loss of circa \$15m. This exposure, which is less than 2% of the normal contract loss, is expected to be retained net. The overall premium income is planned as modest at less than 1% of total premium income, and the development of this line is slow, but we remain open to consider this business, providing we follow respected leaders. Our approach is deliberately cautious, and we will learn and develop as appropriate over the years.

### NuPro

The Syndicate has developed a new trigger-based product which seeks to indemnify Nuclear Power Generators should they sustain loss as a result of significant material damage and/or a release of radiation greater than 10 millisieverts, measured offsite. The Syndicate is leading a consortium of markets supporting this insurance with a planned commitment of \$62.5m gross and \$37.5m net. It remains to be seen how successful the new facility will be, but it has been developed to respond to the increased revenue generators are experiencing as a result of higher electricity pricing. The Syndicate had a planned income of £7.3m in 2025 gross, £4.3m net of quota-share reinsurance. This was not achieved with no business bound in 2025. The Syndicate has renewed consortia lead for 2026, and it remains to be seen whether the product will be attractive to operators in 2026. The Syndicate has a planned income of £7.3m in 2026, £3.1m net of acquisition costs and quota-share reinsurance.

### CyNuC

The Syndicate has developed an innovative malicious Cyber product, called CyNuC for nuclear power operators. The product has been developed in conjunction with Chaucer's wider Cyber team. The limit is modest at \$25m, and it covers loss during the policy period from a malicious cyber-attack to the operating system of nuclear power plants. It does not extend to the wider corporate assets outside the nuclear site. The Syndicate leads the facility with a 50% share. The exposure could theoretically accumulate with the liability policy, or indeed tail end property cover and the Syndicate will work to ensure that aggregate exposures remain within maximum exposure. The total estimated income for 2026 is planned at £2m and will be underwritten using the CY and CZ risk codes (including two new risks codes, CG and CH, for Non-US exposures). It remains to be seen whether this is an attractive product for operators.

### Premium income

Historically the Syndicate generated approximately 80% of premium income from nuclear property risk and 20% from nuclear liability risk. This is planned to be 77% property and 23% liability for the 2026 year of account, including the planned income for both NuPro and CyNuC.

## Underwriter's Report

### Outward reinsurance arrangements

Aside from inter-pool reciprocal exchange of risk and reinsurance through government terrorist schemes, the Syndicate does not generally purchase reinsurance. Historically, the Syndicate did buy excess of loss reinsurance, but this was discontinued predominantly on economic grounds in 2012.

Brexit has resulted in EEA required risks being underwritten through Lloyd's Brussels. Lloyd's Brussels is not a Pool and as such can only undertake reinsurance with the Syndicate. This means that in order to allow for reinsurance with other nuclear pools, the reinsurance needs to be undertaken at Syndicate level. The Syndicate sought approval from Lloyd's to these arrangements in 2019, with a small portion of premium ceded since 2019, with £1.1m planned in 2026.

The Syndicate's NuPro is protected by quota-share reinsurance with £3.1m planned for 2026. The success of the new product is uncertain and so the planned ceded premium is too speculative.

### Business placements

Most of the Syndicate's business comes through international pools of nuclear capacity. Countries that have nuclear capacity have established nuclear pools to insure domestic risks. As few pools have sufficient domestic capacity, the national pools reinsure on a reciprocal basis with the other foreign pools. The Syndicate is the leading participant of the British Nuclear Pool, Nuclear Risk Insurers Ltd (NRI Ltd), and owns a share of the associated management company in proportion to its share (approximately 47%) of the Pool. Any profit or loss from these operations is paid to the Syndicate account.

NRI Ltd insured business is reciprocally reinsured with non-UK countries' nuclear pools for a share of their indigenous risks. The Syndicate also participates as a local insurer in the Canadian, Chinese, Japanese and South African nuclear pools. The exposures and premiums received from the pools are net of the inter-pool reciprocal reinsurances. In addition, the Syndicate provides reinsurance capacity to nuclear insurance mutual organisations and underwrites some open market business. The Syndicate is careful to aggregate net exposures to ensure that these are within the limits set.

The Syndicate has no further involvement in the small exposure it had to Russian risks, following international sanctions introduced. It does maintain a small exposure in Ukraine for some liability policies, but there is an appropriate war exclusion clause in place.

The Syndicate underwrites a significant exposure, which is up to eight times the net capacity level committed to the UK Pool, although there are few exposures at this level. This means that in the event of a significant nuclear accident at one of the top exposures, a £10,000 share on the Syndicate is expected to suffer a loss of up to £80,000. Any further loss, however unlikely, would be in addition. Aside from inter-pool reciprocal exchange of risk and terrorism reinsurance for property risks, at pool level, a small amount of reinsurance is purchased at Syndicate level from business flowing through Lloyd's Brussels. Lloyd's have approved special arrangements in respect of the Syndicate's EEA business. The maximum exposure retained by the pools currently suggests a maximum loss in the region of £300m; there are fewer than 10 risks at this level. In addition, this should be offset by the normal level of profit in a year reducing the impact of a single loss. During 2022, as a result of weakening on Sterling, exposures were at one time as high as £350m on two risks. Since this time, Sterling has appreciated and at the time of writing, all exposures are within the £300m net committed to the pools. Exposures can also fluctuate in line with Sterling's volatility.

The Underwriter wishes to make it clear that, in the event of a material nuclear loss, an immediate cash call will be made, many multiples in excess of the Syndicate's capacity. Any further loss would be in addition. The Underwriter wishes to draw the members' attention to the possibility of increased loss because of exchange rate fluctuations. The Managing Agent carefully monitors the Syndicate's exposure to currency risk as detailed in Note 12.

# Underwriter's Report

## Underwriting performance

### 2023 and Prior Years of Account

The 2023 year of account had an original planned income of £30.8m, which included c.£4.0m of income that was expected from the final implementation of the revised liability conventions. However, some markets, particularly the nuclear industry's own self-insurance schemes as well as some foreign pools, took the 30-year exposure which resulted in this business not being placed through the Syndicate. The Syndicate did achieve some new liability business, particularly in the UK where the Government provided an indemnity to those insurers not willing to accept the risk associated with 30-year liability business. Rating levels had some modest increases and the net effect from these, together with some lost liability business and the weakness in Sterling, favourable experience to date with increased investment return due to more favourable conditions than when the plan was set, resulted in an expected premium for 2023 of £31.5m. There have been a number of losses to the 2023 and prior underwriting years. The most significant involves a non-nuclear incident in Canada. The Syndicate's reserve for this is in the region of £9m. Other losses include a reserve of some £1.5m for a liability incident on the 2021 underwriting year. The effect of these claims is to reduce the profit from underwriting to c.£15m. This is less than previous years. However, due to the distribution of £7.3m from the PRNL scheme, the final profit of the Syndicate is greater leading to a return on capacity of 44.0% for the 2023 year of account (28.3% excluding the one off distribution). The PRNL distribution is a one off event and it is not expected that further distributions of this nature will materialise from other arrangements that the Syndicate undertakes.

### 2024 Year of Account

The 2024 year of account had a planned premium income of £43.0m. This included an amount of £9.3m gross income that we planned as a result of the NuPro product. We indicated that the planned income for the new product was speculative as we were uncertain how attractive it would be to operators. The planned roll out of the product which is piloted in the US, was delayed and no business was bound in 2024. This has led to a forecast premium income for 2024 of £30.6m.

The 2024 year of account actual net loss ratio is currently favourable to plan because we have received few claims and those received were settled at less than reserved.

The result for the 2024 year of account is uncertain, but with the expected lower levels of forecast losses, we are currently estimating a return on capacity in the range of 22.5%-37.5%.

### 2025 Year of Account

The 2025 year of account had a planned income of £42.5m. This included an amount of £9.4m gross income that we planned for the NuPro and CyNuC products. These have not been achieved and as a result we have reforecast our income as £31.3m for the 2025 year of account. We have received a few attritional advices of losses during 2025, but nothing significant such that our planned result would not be achieved. However, uncertainty remains as the year matures and a forecast range will not be estimated until later in 2026.

To illustrate performance against plan the following key metrics are useful:

Underwriting Year	Planned Net Written Premium	Actual Net Written Premium	Planned Net Loss Ratio	Actual Net Loss Ratio
2023	£30.2m	£32.1m	48.7%	53.2%
2024	£37.7m	£30.3m	46.7%	26.0%
2025	£38.4m	£35.1m	47.5%	46.5%

## Outlook

As the claims language has been clarified for the extended reporting period for liability business, initially in the UK, it is hoped that this will give the opportunity for additional income and exposure (albeit still within plan). Further it is hoped that we will be successful in selling our new NuPro and CyNuC policies. That said, we were hoping for additional premium in 2025 as a result of the NuPro and the CyNuC products, which was

## Underwriter's Report

not achieved. The low carbon agenda is suggesting some opportunity for longer term growth, but this is well into the future. China and our relationship with China Re is leading to the opportunity for longer-term growth in China. In the UK we are, in a measured way, looking to develop our existing nuclear output with new builds. This is best illustrated by the Hinkley Point C project and the announced Sizewell C project which are being led by EDF - the French utility. Other examples include new units in the United Arab Emirates, which started producing power in 2020 and for which the Syndicate is, through NRI Ltd, the lead reinsurer and further units being commissioned in China. In the longer term we are optimistic that the small modular reactors and low carbon agenda will lead to increased nuclear capacity and increased insurance needs globally. Despite underlying competition and the liability challenges that this report has explained, the Syndicate has remained, and expects to continue, to be a leading insurer of nuclear risk. While we still see opportunities as insurers in the specialist area of nuclear insurance, the volatility and exposure within the portfolio is real. The Syndicate has worked hard to sell stable rating and strong capital to our ultimate clients. We hope that this consistency of supply in underwriting capacity and stability in terms of coverage and pricing will continue to be appreciated by our ultimate customers.

I was honoured in 2025 to be made a Fellow of the Nuclear Institute (FNucl) in recognition of my personal contribution to the Nuclear Industry. This of course is really awarded beyond me, to the team that supports me, Chaucer and of course the capital that supports our business plan that supports the nuclear industry. Thank you for your support.

I would like to take this opportunity to thank the team working on behalf of the Syndicate for their help. It is an efficient team that provides a real level of expertise in a highly specialised segment, and I appreciate their support.

Michael Dawson Hon FNucl  
Active Underwriter  
18 February 2026

## Managing Agent's Report

The Directors of the Managing Agent present their report and the audited annual accounts for the year ended 31 December 2025.

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 (Lloyd's Regulations 2008).

### The Managing Agent

The Managing Agent is Chaucer Syndicates Limited, whose registered office is 52 Lime Street, London EC3M 7AF and registered number is 00184915.

### Principal activities

This report covers the business of the Syndicate, whose principal activity during the year continued to be the transaction of worldwide nuclear insurance and reinsurance business in the United Kingdom and overseas, underwriting at Lloyd's of London.

### Review of the business and future developments

The Syndicate's key financial performance indicators during the year were as follows:

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Gross premiums written	33,069	34,153
Total comprehensive income	25,599	16,427
Combined ratio <sup>1</sup>	50.7%	59.2%
Amount due to members	33,549	18,481

<sup>1</sup> The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned. A lower combined ratio represents better performance.

Total comprehensive income primarily comprises net earned premium of £31.8m (2024: £33.2m) and other technical income of £7.3m (2024: £nil) which represents an asset distribution to members, following the liquidation of Pool Reinsurance (Nuclear) Limited. This is offset by net incurred claims of £5.4m (2024: £11.2m) and net operating expenses of £10.8m (2024: £8.5m). The decrease in net incurred claims is mainly driven by fewer attritional losses in 2025, compared to 2024. Total comprehensive income also includes investment return of £3.3m (2024: £3.1m).

Refer to the Underwriter's Report for more detail on the development and performance of the Syndicate during the year and future developments in the business of the Syndicate.

### Principal risks and uncertainties

The following paragraphs describe the principal risks and uncertainties facing the Syndicate.

#### Underwriting risk

The Managing Agent separately defines underwriting risk appetite in respect of market losses and Syndicate specific losses, with appetite for the former being greater.

Underwriting risk appetite is expressed at the highest level, as a maximum event-specific net underwriting loss as a percentage of Syndicate capacity for an annual year of account. Where appropriate, stochastic modelling of underwriting risk using dynamic financial analysis techniques supports this approach.

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

## **Managing Agent's Report**

### *Managing risk aggregation*

Underwriting exposure is controlled via risk policy coding systems, setting of maximum lines, setting of jurisdiction limits, strict underwriter authority limits, Realistic Disaster Scenario monitoring, reinsurance programme design, policy limitations and exclusions, imposed deductibles and policy wording and coverage clauses.

The Managing Agent records and monitors individual risk exposures on a regular basis to ensure these remain within the policies and guidelines set.

### *Underwriting controls*

The Managing Agent operates a number of underwriting controls, details of which are set out below.

### *Underwriting planning process*

The Underwriting team undertakes an extensive annual underwriting planning process in order to determine targets for premiums written and profitability for the coming year. Factors taken into account in determining the targets include the risk appetite agreed by the Managing Agent with the principal and other capital providers, anticipated policy pricing, terms and conditions, expected claims frequency and cost, and reinsurance cost and efficacy.

### *Monitoring performance against plan*

The Managing Agent manages performance against plan through monthly reporting of detailed underwriting management information. Reports are provided to the Syndicate Underwriting Committee, and then to the Chaucer Underwriting Committee, which ultimately reports to the Managing Agent's Board. This control process ensures that several layers of review occur for underwriting risks, with the focus being on the main components of risk, notably pricing, loss ratio selection, reserving, experience variations, reinsurance protection and catastrophe modelling.

### *Emerging risks*

Emerging risks are new or future risks where the hazard potential or implications are not yet reliably known. These risks may evolve over time or hit the business with little warning. Emerging risks could be risks which have arisen recently or are anticipated in the future or risks which, although known previously may show changing dynamics with the consequence of unanticipated losses. Emerging risks may not be fully understood or be allowed for in insurance terms and conditions, pricing, reserving, capital setting or the operational activities of the Managing Agent. The Managing Agent has a defined emerging risk process to identify, assess and manage the potential impact of such risks.

### *Peer, independent and underwriting risk reviews*

Peer review is performed on a risk-based sample of business by a fellow underwriter to ensure adherence to sound underwriting practices. The independent review process involves detailed review of individual underwriting risks and supporting documentation by experienced specialist individuals independent of the class of business under review. Themed underwriting reviews are conducted by the Risk Management team to ensure that underwriting procedures and discipline are followed.

### *Geopolitical Risks*

The Risk Management Function continuously monitor Geopolitical Risks and a dashboard containing the most significant Geopolitical Risks is presented to the quarterly Risk and Capital Committee. A more extensive list of risks underpins the dashboard and is updated in detail twice a year. On an ad-hoc basis, deep dives may be carried out to gather more information on how Geopolitical Risks may impact the Syndicate.

### *Internal audit*

The Managing agent operates a three lines of defence model, where Internal Audit acts as the third line providing independent assurance and monitoring the design and operating effectiveness of organisation controls including those relating to underwriting.

## Managing Agent's Report

### Claims risk

While claims events are inherently uncertain and volatile, the Managing Agent's Claims function has experience covering a wide range of business classes. The Managing Agent has management controls in place to mitigate claims risk; some of these controls are outlined below.

#### *Claims settlement and reserving authority limits*

The Managing Agent employs strict claims handling authority limits. All transactions in excess of an individual claims handler's authority are referred in a tiered approach to a colleague with the requisite knowledge and experience.

#### *Peer review*

The Managing Agent currently conducts an internal peer review of claims movements to ensure accurate recording of claims within the Managing Agent's systems. Any discrepancies discovered are escalated to the relevant Claims Handlers for resolution prior to sign off.

#### *Monthly reporting*

Monthly reporting is produced for all claims movements in order to identify any movements in excess of Claims Handlers authority limits. Any qualifying movements are checked to ensure adequate authority was in place prior to claims agreement. Any discovered breach of authority is escalated to the Head of Technical Claims Adjusting for further review/action.

#### *Management of external experts*

The Managing Agent appoints third party loss adjusters, surveyors and legal advisors for claims investigation and assessment services. The development of long standing relationships with key experts and agreed Terms of Engagement aim to ensure that the Syndicate receives a high quality service. Direct contact with external experts is also actively encouraged. However, this process is not exclusive. If no suitable expert exists on the Managing Agent's panel for any one particular claim, an 'Expert Exception' process operates to ensure a timely appointment of an appropriate expert.

### Reserving risk

The reserving policy for the Syndicate seeks to ensure appropriate allowance for reserving risk, consistency in reserving from year to year and the equitable treatment of capital providers on the closure of a year of account. Reserves are set on a two tier hierarchical basis.

#### *Tier 1: Actuarial best estimate reserves*

Actuarial best estimate reserves are prepared on an underwriting year basis and are intended to be true best estimates, i.e. estimates of expected value claims reserves. These are the basis for internal reporting and the derivation of expected loss ratios for business planning. The actuarial best estimate reserves are the responsibility of the internal Signing Actuary. The Managing Agent's Actuarial Team calculates the reserves in conjunction with extensive discussions with the Underwriter.

#### *Tier 2: Syndicate reserves*

Determination of Syndicate reserves is a two-stage process: first, they are determined on an underwriting year basis and then they are converted to an annually accounted basis.

#### (a) Underwriting year Syndicate reserves

Underwriting year Syndicate reserves are prepared on an underwriting year basis and equal the Tier 1 reserves plus any reserve risk loadings. The intention of such risk loadings is to match areas within the Syndicate where the perception is that there is a particularly high risk that the best estimate reserve may be inadequate. Such areas include, but are not limited to, the following:

- New classes of business
- Classes where early development is materially better or worse than expected

## Managing Agent's Report

- Classes or events with abnormally skewed claim distributions
- Claim events or reserving categories with a poorly understood distribution

To ensure consistency in the application of risk loadings, the starting point in their assessment is, where possible, formulaic. The formulaic risk loadings are adjusted wherever considered either excessive or understated. There may also be additional risk loadings in respect of risks not covered by the formulaic basis.

The underwriting year Syndicate reserves provide the basis for all Syndicate results and forecasts.

### (b) Annually accounted Syndicate reserves

Annually accounted Syndicate reserves are the underwriting year Syndicate reserves converted to an annually accounted basis, plus additional loadings.

The Managing Agent's Board approves all risk loadings within Syndicate reserves.

The assessment of actuarial best estimate reserves is a rolling quarterly process. The underwriting portfolio comprises a number of heterogeneous business types, each of which the analysis projects to ultimate. Where certain contracts or claim events obscure development trends, the analysis splits these out for separate review. The application of standard actuarial techniques to the historical data supports the estimation of ultimate loss ratios. The analysis also draws on external data or market data or non-standard methodologies where appropriate. Whenever actual development of premiums or claims within a reserving category during a quarter is materially different from expected development based on the existing methodology, then that methodology is reassessed and, where appropriate, amended. The analysis takes credit for reinsurance recoveries.

Reserving risk is controlled by the robust application of actuarial methodologies, stepped sign-off procedures, quarterly tracking of projected ultimate loss ratios and reassessment of methodologies where appropriate, regular dialogue between actuaries and practitioners and access to a history of loss data. Finally, explicit risk loadings are applied in respect of the areas of greatest risk within the reserve assessment.

Although the risk loadings provide important protection against adverse developments in reserves, the degree of subjectivity in the reserving process, the exposure to unpredictable external influences (e.g. the legal environment) and the quantum of reserves relative to net tangible assets, mean that reserving remains a significant source of risk to the Syndicate.

## Financial risk

### Credit risk

The Syndicate does not bear significant exposure to credit risk from reinsurers since it cedes a small proportion of its book of business. To date, no recoveries have been made and therefore the Managing Agent considers the Syndicate's exposure to credit risk on outwards reinsurance to be negligible.

The Syndicate's credit risk arises from exposure to international pools however this is deemed as low risk.

### Investment risk

The Managing Agent's approach is that investment activities are complementary to the primary underwriting activities of the business and should not therefore divert or utilise financial resources otherwise available for insurance operations.

The preservation of capital and maintenance of sufficient liquidity to support the business and the enhancement of investment returns, within a set of defined risk constraints, are at the heart of the financial market risk policies adopted by the Managing Agent.

## Managing Agent's Report

Investment risk constraints, which quantify the maximum amount of investment risk permitted over a one-year time horizon, are approved by the Board on an annual basis and are used to derive the maximum allocation, or risk budget, that can be allocated to each asset class.

The Managing Agent reviews and amends asset allocations in accordance with investment risk constraints. Due regard is given to the outlook for each asset class because of changes in market conditions and investment returns. Proposed asset allocations are tested using stochastic modelling techniques prior to formal adoption.

The Syndicate invests a proportion of funds in fixed income and variable yield securities managed by a professional portfolio manager. The manager operates within a defined set of investment guidelines and against an appropriate benchmark.

Refer to Note 12 for more detail on the Syndicate's exposure to investment risks and the processes in place for managing these risks.

### **Operational risk**

Operational risk arises from inadequate or failed internal processes and systems, from people related or external events. Operational risk excludes strategic risk, but includes breakdowns in the internal control environment, human error, legal & regulatory risk and the risk arising from change initiatives. The Managing Agent seeks to manage this risk through business performance measures, internal controls, disaster recovery and operational resilience planning and other governing procedures which are reviewed through a structured programme of testing of processes and systems by Internal Audit and other assurance processes.

#### *Regulatory and legal risk*

Regulatory risk is the risk of loss or reputational damage owing to a breach of regulatory and legal requirements or failure to respond to regulatory change.

The Managing Agent's Compliance function supports and monitors the compliance of the business with regulatory and legal requirements whilst promoting successful business practices and meeting business objectives through advice and guidance. The exposure to regulatory risk is managed by monitoring regulatory compliance within the requirements of the Prudential Regulatory Authority, Financial Conduct Authority and Lloyd's and other domestic and international regulatory requirements.

Legal risk is the risk that exposes the Managing Agent to actual or potential legal proceedings. The Managing Agent has legal risk resource, which monitors legal developments and assesses impact on the business.

#### *Conduct risk*

Conduct risk is the risk of treating the Syndicate's customers unethically or unfairly by delivering inappropriate outcomes due to improper attitudes, systems, controls and governance, including non-compliance with FCA Consumer Duty and product requirements. The Managing Agent operates a suitable risk management and governance framework across the Syndicate, which monitors the various areas of potential exposure to conduct risk matters and ensures appropriate design and performance of controls and the effective escalation and resolution of items as required.

#### *Staff matters*

Chaucer Underwriting Services Limited (CUSL), the service company that employs people who perform work on behalf of the Syndicate, considers its employees to be a key priority. It seeks to provide an environment for all employees that is rewarding, inclusive and safe, and complies with appropriate employee legislation. During the year there have been no significant injuries to employees in the workplace or any significant actions taken by any regulatory bodies with regard to employee matters

#### *Cyber risk*

Like other insurers the Managing Agent is exposed to cyber risk through systems and applications it employs and is also exposed to the risk of loss of data it records. Cyber incidents such as ransomware, data

## Managing Agent's Report

breaches, and system outages continue to increase in frequency, severity, and sophistication and present significant financial, operational, regulatory, and reputational risks. The Managing Agent manages these risks through a multi-layered framework:

- Governance and Oversight - Cyber risk is overseen through established governance structures aligned with Lloyd's standards and Chaucer's Product Oversight & Governance Policy, ensuring appropriate controls, fair value, and ongoing assessment of managed exposures.
- Technology and Security Controls - The Managing Agent maintains robust cybersecurity measures, including continuous monitoring, threat detection and response, identity and access management, penetration testing, and robust business continuity and disaster recovery arrangements. CUSL is ISO 27001 certified.
- Regulatory Compliance - The Managing Agent complies with applicable data protection laws and regulatory frameworks, including UK GDPR requirements, FCA expectations related to operational resilience, and Lloyd's cyber underwriting principles.
- Incident Response and Resilience - Comprehensive incident response arrangements are in place to minimise disruption from internal or external cyber events. These include, crisis management procedures, and partnerships with expert cyber forensics and response firms.

### Climate related risks

The Managing Agent's Board is responsible for the effectiveness and oversight of the risk management system and the general management and mitigation of risks including climate change risk. It has delegated the detailed regular oversight of climate related risk management processes and activities to its Risk and Capital Committee, who monitor the effectiveness of the risk management framework including internal controls.

The Managing Agent recognises that risks arising from climate change may arise over different time horizons. However, the current assessment is that the physical risks of climate change will not materially impact the performance of the Syndicate because the risks insured are not materially exposed to natural catastrophe or climate change risks. The Syndicate's principal exposures are nuclear installations, typically at locations chosen for their naturally low incidence of natural catastrophe and hence inherently low risk. This assessment is subject to continual review and could change – see transition risk section below. In delivering its business strategy, the Managing Agent is committed to considering and addressing those risks, including those that are longer term and extend beyond the usual business and strategy planning timescales.

There are also longer time horizon climate risks, such as acute and chronic risks that will need to be managed holistically as sea level and temperature rises. The current assessment does not highlight any significant risks, but the Managing Agent's existing risk identification and assessment processes and future developments will continue to seek to capture any potential risks.

Therefore, the Syndicate's most material current climate change exposure is to Transition risk.

In delivering its business strategy, the Managing Agent is committed to considering and addressing those risks, including those that are longer term and extend beyond its usual business and strategy planning timescales.

The Managing Agent has been working to improve the understanding, approach, management and reporting and disclosure of climate risks. During the year climate risk has been strengthened at all levels of risk governance structure.

#### *Climate risk strategy*

The Managing Agent will continue to develop its strategy to bolster the management of the risks and opportunities arising from climate change. Planned actions include:

- The Syndicate will support the energy transition from fossil fuels to low carbon energy production by providing underwriting capacity for nuclear risks, which are planned to grow in the UK and globally.
- Exposure management activities undertaken to date have demonstrated the importance of data collection, in particular for modelling exposures and assessing loss scenarios. The Managing Agent

## Managing Agent's Report

will improve exposure data categorisation to improve the assessment of any exposures the Syndicate has to climate change risk. The Managing Agent will prioritise the assessment of exposure to vulnerable regions and will insist that the exposure to these vulnerable regions is adequately priced when accepting risk.

- The Managing Agent plans to enhance its due diligence process to understand the potential current and future impacts of climate risks on material existing counterparty arrangements and all future material counterparty arrangements.
- The Managing Agent will comply with the new PRA requirements SS5/25.

### *Identification and assessment of climate risks*

The major climate risks are recognised as Physical, Transition and Liability risks, which are monitored through the Managing Agent's Enterprise Risk Management (ERM) framework processes. The Managing Agent considers that the financial risks from climate change can be managed through existing 1st, 2nd and 3rd line of defence frameworks and in particular risk management processes and activities. The ongoing, forward-looking ORSA process and annual ORSA Report which documents the various risk management and capital assessment activities also support the Managing Agent in managing climate risk by clearly assessing and reporting its own view of risk.

The Managing Agent has been developing specific risk management tools and processes to address climate risks and ensure the sustainability of its business and targeted performance of the Syndicate. Existing strategies implemented to date include:

- Enhanced risk management capability and framework specifically adapted to improve understanding and management of climate change risks;
- Adaptations to processes in the ERM framework ensure that the identification and assessment of long-term risks is considered with a focus on key risk categories;
- An active Sustainability Group responsible for the annual publication of Sustainability Reports and setting of objectives which will contribute to the mitigation of climate-related operational risks;
- Development of own view of risk which is core to managing climate risk; and
- Production of a quarterly Climate Change Risk Dashboard highlighting the material climate risk exposures categorising these risks into Physical and Transitional risk types, recognising the time horizon around expected emergence of issues.

Whilst existing approaches are an effective foundation, the characteristics of climate risks, including time-horizon and potential to impact all risk categories require that new approaches are also developed to supplement the foundation. These developments are being undertaken with reference to the PRA's Supervisory Statement 5/25 which has been updated from SS3/19.

### *Transition Risks*

The Syndicate's investment portfolio is exposed to transition risk, and in particular, any impacts to the liquidity of the portfolio as a result of policy changes and/or risks associated with the transition to a low carbon economy. Risk management actions taken to date are:

- Continual monitoring of the investment portfolio against multiple climate change and ESG-related screens to ensure the Managing Agent has as much foresight as possible to any potential issues which may arise;
- The Managing Agent is in the process of formalising risk appetites and investment strategies for the Syndicate which fully embed ESG considerations to investment decisions; and
- Quantitative scenario testing of the investment portfolio to understand the potential impact to the assets the Syndicate holds, across a range of time horizons.

The Syndicate has a very short-dated portfolio and is a hold to maturity investor. As such, the risk from climate change on the portfolio is seen as minimal. The periodic reinvestment of a portion of the portfolio provides flexibility in investment decisions and the ability to react to developing market conditions.

## **Managing Agent's Report**

The Syndicate could also be exposed to transition risk arising from uncertainty as to the depth and degree of alignment between the climate change policies of the different jurisdictions that the Syndicate operates in. In a scenario where transition targets diverge, chronic and acute physical risks may worsen and have the potential to impact the Syndicate's exposures by significantly increasing them if not mitigated. Further, transition risk could cause much deeper, wider disruption including that to the financial system if industry were forced to predict when or if transition policies may be introduced across different regions.

### **Directors' interests**

The Directors of the Managing Agent (Directors) who held office during the year and up to the date of signing the annual accounts are detailed on page 1. The Board of Directors are pleased to welcome the new Board members.

None of the Directors has any participation in the Syndicate's premium income capacity.

### **Disclosure of information to the auditor**

The Directors each confirm that:

- So far as they are aware, there is no relevant audit information of which the Syndicate's auditor is 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 auditor is aware of that information.

### **Independent Auditor**

The auditor, KPMG LLP, has indicated its willingness to continue in office and is deemed re-appointed as auditor of the Company for another term in accordance with Section 487 of the Companies Act 2006.

Approved by order of the Board of Chaucer Syndicates Limited.

J Wright  
Chief Financial Officer  
18 February 2026

## Statement of Managing Agent's Responsibilities

The Directors of the Managing Agent are responsible for preparing the Syndicate Annual Report and Accounts in accordance with applicable law and regulations.

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

In preparing the Syndicate 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;
- Prepare the annual accounts on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that the Syndicate will do so; and
- Oversee the preparation and review of the iXBRL tagging that has been applied to the Syndicate Accounts in accordance with the instructions issued by Lloyd's, including designing, implementing and maintaining systems, processes and internal controls to result in tagging that is free from material non-compliance with the instructions issued by Lloyd's, whether due to fraud or error.

The Directors of the Managing Agent are responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

The Directors of the Managing Agent are also responsible for the maintenance and integrity of the corporate and financial information included on the business' website. Legislation in the United Kingdom governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdiction.

We confirm that to the best of our knowledge the Syndicate accounts, including the iXBRL tagging applied to these accounts, comply with the requirements of the Lloyd's Syndicate Accounts Instructions version 3.1 as modified by the Frequently Asked Questions version 1.1 issued by Lloyd's.

J Wright  
Chief Financial Officer  
18 February 2026

## Independent auditor's report to the members of Syndicate 1176

### Opinion

We have audited the Syndicate annual accounts of Syndicate 1176 ("the Syndicate") for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Members' Balances, Statement of Cash Flows, and related notes, including the accounting policies in Note 2.

In our opinion the Syndicate annual accounts:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and Sections 1 and 5 of the Syndicate Accounts Instructions Version 3.1 issued by the Council of Lloyd's, as modified by the Syndicate Accounts Frequently Asked Questions Version 1.1 dated 13 February 2026 issued by the Council of Lloyd's (together "the Syndicate Accounts Instructions").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), applicable law, and, under the terms of our engagement letter dated 31 July 2025, the Syndicate Account Instructions. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Syndicate in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Syndicate's business model and analysed how those risks might affect the Syndicate's financial resources or ability to continue operations over the going concern period, including inspecting correspondence with the Council of Lloyd's to assess whether there were any known impediments to establishing a further year of account.

Our conclusions based on this work:

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

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

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

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

## Independent auditor's report to the members of Syndicate 1176

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

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

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as incurred but not reported ("IBNR") reserves. On this audit, there is a fraud risk related to revenue recognition because of the significant estimates and subjective judgements involved in the assessment of revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries to seldom used accounts, entries containing unusual descriptions, entries containing unusual debits and credits, entries posted with key words or with no description, entries posted or approved by unauthorised users and post-closing journal entries meeting the previously defined criteria.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the appropriateness and consistency of the methods and assumptions used for reserving.

### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

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

As the Syndicate is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Syndicate annual accounts varies considerably. Firstly, the Syndicate is subject to laws and regulations that directly affect the Syndicate annual accounts including financial reporting legislation (such as the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and the Lloyd's Syndicate Accounts Instructions) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Syndicate annual accounts items.

Secondly, the Syndicate is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Syndicate annual accounts, for instance through the imposition of fines or litigation or the loss of the Syndicate's capacity to operate. We identified the following areas as those most likely to have such an effect: regulatory capital requirements, corruption and bribery, recognising the regulated nature of the Syndicate's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and

## **Independent auditor's report to the members of Syndicate 1176**

regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

### **Other information – Report of the Directors of the Managing Agent**

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

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

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

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

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

- adequate accounting records have not been kept on behalf of the Syndicate; or
- the Syndicate annual accounts are not in agreement with the accounting records; or
- certain disclosures of Managing Agent's emoluments specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Responsibilities of the Directors of the Managing Agent**

As explained more fully in their statement set out on page 17, the Directors of the Managing Agent are responsible for: the preparation of the Syndicate annual accounts in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounts Instructions, and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Syndicate annual accounts that are free from material misstatement, whether due to fraud or error; assessing the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease operations, or have no realistic alternative but to do so.

## **Independent auditor's report to the members of Syndicate 1176**

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

The Directors of the Managing Agent are required, under the Syndicate Accounts Instructions, to include these Syndicate annual accounts within a document to which XBRL tagging has been applied. This auditor's report provides no assurance over whether the XBRL tagged document has been prepared in accordance with those requirements.

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

This report is made solely to the Syndicate's members, as a body, in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the terms of our engagement letter with the Managing Agent. 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 the further matters we are required to state to them in accordance with the terms agreed with the Managing Agent, 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.

**Rajan Thakrar (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

19 February 2026

## Statement of Comprehensive Income for the year ended 31 December 2025

	Note(s)	2025 £000	2024 £000
<b>Technical Account – General Business</b>			
Gross premiums written	3	33,069	34,153
Outward reinsurance premiums		(1,712)	(931)
<b>Premiums written, net of reinsurance</b>		<b>31,357</b>	<b>33,222</b>
<i>Changes in unearned premium</i>			
Change in the gross provision for unearned premiums	19	528	(34)
Change in the provision for unearned premiums reinsurers' share		(90)	32
<b>Net change in provision for unearned premiums</b>		<b>438</b>	<b>(2)</b>
<b>Earned premiums, net of reinsurance</b>		<b>31,795</b>	<b>33,220</b>
Allocated investment return transferred from the Non-Technical Account	10	3,323	3,065
Other technical income, net of reinsurance	9	7,292	–
<i>Claims paid</i>			
Gross amount	19	(2,320)	(721)
<b>Net claims paid</b>		<b>(2,320)</b>	<b>(721)</b>
<i>Change in the provision for claims</i>			
Gross amount	19	(3,456)	(10,312)
Reinsurers' share		417	(188)
<b>Net change in provision for claims</b>		<b>(3,039)</b>	<b>(10,500)</b>
<b>Claims incurred, net of reinsurance</b>		<b>(5,359)</b>	<b>(11,221)</b>
Net operating expenses	3, 5	(10,766)	(8,459)
<b>Balance on the Technical Account – General Business</b>		<b>26,285</b>	<b>16,605</b>
<b>Non-Technical Account – General business</b>			
Investment income	10	2,228	2,740
Realised gains / (losses) on investments	10	206	(261)
Unrealised gains on investments	10	929	623
Investment expenses and charges	10	(40)	(37)
<b>Total investment return</b>		<b>3,323</b>	<b>3,065</b>
Allocated investment return transferred to the general business technical Account		(3,323)	(3,065)
Loss on foreign exchange		(686)	(178)
<b>Total comprehensive income for the year</b>		<b>25,599</b>	<b>16,427</b>

All the amounts above are in respect of continuing operations.

The accompanying notes from page 26 to 50 form an integral part of these financial statements.

## Statement of Financial Position as at 31 December 2025

	Note(s)	2025 £000	2024 £000
<b>Assets</b>			
<b>Investments</b>			
Financial investments	13	66,908	36,502
Deposits with ceded undertakings		4	4
		<u>66,912</u>	<u>36,506</u>
<b>Reinsurers' share of technical provisions</b>			
Provision for unearned premiums	19	241	331
Claims outstanding		1,123	707
		<u>1,364</u>	<u>1,038</u>
<b>Debtors</b>			
Debtors arising out of direct insurance operations - intermediaries	14	8,812	9,529
Debtors arising out of reinsurance operations	15	26,306	31,156
Other debtors	16	350	343
		<u>35,468</u>	<u>41,028</u>
<b>Other assets</b>			
Cash at bank and in hand		4,036	10,045
Other	17	314	926
		<u>4,350</u>	<u>10,971</u>
<b>Prepayments and accrued income</b>			
Accrued interest and rent		644	333
Deferred acquisition costs	18	696	871
		<u>1,340</u>	<u>1,204</u>
<b>Total assets</b>		<b><u>109,434</u></b>	<b><u>90,747</u></b>
<b>Capital and reserves</b>			
Members' balances		33,549	18,481
<b>Total capital and reserves</b>		<b><u>33,549</u></b>	<b><u>18,481</u></b>
<b>Liabilities</b>			
<b>Technical provisions</b>			
Provision for unearned premiums	19	15,672	16,922
Claims outstanding	12, 19, 21	54,841	51,564
		<u>70,513</u>	<u>68,486</u>
<b>Creditors</b>			
Creditors arising out of direct insurance operations	22	–	13
Creditors arising out of reinsurance operations	23	774	973
Other creditors including taxation and social security	24	56	18
		<u>830</u>	<u>1,004</u>
<b>Accruals and deferred income</b>		4,542	2,776
<b>Total liabilities</b>		<b><u>75,885</u></b>	<b><u>72,266</u></b>
<b>Total liabilities, capital and reserves</b>		<b><u>109,434</u></b>	<b><u>90,747</u></b>

The annual accounts on pages 22 to 50 were approved by the Board of Chaucer Syndicates Limited on 18 February 2026 and signed on its behalf by:

J Wright  
Chief Financial Officer

## Statement of Changes in Members' Balances for the year ended 31 December 2025

	2025 £000	2024 £000
Members' balance brought forward at 1 January	18,481	27,647
Total comprehensive income for the year	25,599	16,427
Payments of profit to members' personal reserve funds	(10,374)	(25,472)
Members' agent fees	(86)	(85)
Other	(71)	(36)
<b>Members' balance carried forward at 31 December</b>	<b>33,549</b>	<b>18,481</b>

## Statement of Cash Flows for the year ended 31 December 2025

	Note	2025 £000	2024 £000
<b>Cash flows from operating activities</b>			
Total comprehensive income		25,599	16,427
<i>Adjustments:</i>			
Increase in gross technical provisions		2,672	10,275
(Increase) / decrease in reinsurers' share of technical provisions		(326)	156
Decrease in debtors		4,857	691
Increase / (decrease) in creditors		1,594	(2,194)
Movement in other assets/liabilities		589	(409)
Investment return	10	(3,323)	(3,065)
Foreign exchange		357	192
Other		(155)	(121)
<b>Net cash flows from operating activities</b>		<b>31,864</b>	<b>21,952</b>
<b>Cash flows from investing activities</b>			
Purchase of equity and debt instruments		(74,072)	(4,594)
Sale of equity and debt instruments		41,003	11,738
Investment income received		2,407	2,845
<b>Net cash flows from investing activities</b>		<b>(30,662)</b>	<b>9,989</b>
<b>Cash flows from financing activities</b>			
Distribution profit		(10,374)	(14,956)
Open year profit release		–	(10,516)
<b>Net cash flows from financing activities</b>		<b>(10,374)</b>	<b>(25,472)</b>
Net (decrease) / increase in cash and cash equivalents		(9,172)	6,469
Cash and cash equivalents at the beginning of the year		17,679	11,383
Foreign exchange on cash and cash equivalents		(321)	(173)
<b>Cash and cash equivalents at the end of the year</b>	25	<b>8,186</b>	<b>17,679</b>

## Notes to the Accounts for the year ended 31 December 2025

### 1. Basis of preparation

The Syndicate comprises a group of members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate's Managing Agent is 52 Lime Street, London EC3M 7AF.

The Syndicate annual accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, applicable Accounting Standards in the United Kingdom and the Republic of Ireland, including Financial Reporting Standard (FRS 102), Financial Reporting Standard 103 (FRS 103) in relation to insurance contracts, and the Lloyd's Syndicate Accounts Instructions Version 3.1 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd's.

The Syndicate annual accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies is set out below.

The financial statements are presented in GBP and all amounts have been rounded to the nearest thousand, unless otherwise indicated.

### Going concern

The Syndicate has financial resources to meet its financial needs and manages its portfolio of insurance risk. The Directors have continued to review the business plans, liquidity and operational resilience of the Syndicate and are satisfied that the Syndicate is well positioned to manage its business risks in the current economic environment. The Syndicate's 2026 Year of Account has opened and the Directors have concluded that the Syndicate has sufficient resources to, and a reasonable expectation that it will, open a 2027 Year of Account. The Syndicate has sufficient capital for each year of account in its Funds at Lloyd's (FAL). There is no intention to cease underwriting or cease the operations of the Syndicate. Having assessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the accounts.

### 2. Accounting policies

#### a. Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

##### i. Premiums written

Premiums written comprise premiums on contracts incepted during the financial year as well as adjustments made in the year to premiums written in prior accounting periods. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Premium written is initially based on the estimated premium income (EPI) of each contract. Judgement is involved in determining the ultimate estimates in order to establish the appropriate premium value and, ultimately, the cash to be received. EPI estimates are updated to reflect changes in an underwriter's expectation through consultation with brokers, changes in market conditions, historic experience and to reflect actual cash received for a contract.

##### ii. Unearned premiums

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

##### iii. Reinsurance premiums ceded

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

##### iv. Claims provisions and related recoveries

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

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

## Notes to the Accounts for the year ended 31 December 2025

### 2. Accounting policies (Continued)

#### iv. Claims provisions and related recoveries (Continued)

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

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

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

Finally, the Actuarial Function applies a bespoke approach for allowing for excess IBNR where existing methods would not otherwise adequately allow for future inflation expectations. In particular, where future calendar year inflation is forecast to be different to past experience. This approach considers both frequency and severity and expectations of economic and excess inflation (including social inflation) applied to the specific drivers of loss for classes written by the Syndicate.

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

#### v. Unexpired risks provision

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred. The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return.

#### vi. Deferred acquisition costs

Acquisition costs, which comprise commission and other costs directly related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

#### b. Other technical income

Other technical income represents income arising from insurance operations other than arising from insurance contracts and includes distributions received (or receivable) from the liquidation of the company established for reinsurance arrangements. Such amounts are recognised in the technical account when the Syndicate has an unconditional right to receive the distribution and the inflow of economic benefits is virtually certain, with measurement based on the amount notified or approved by the liquidator (or best estimate where appropriate).

#### c. Net operating expenses

Net operating expenses are recognised on an accruals basis. These comprise the Syndicate's operating expenses such as remuneration, office and administrative costs, acquisition costs, Managing Agency costs, the costs of membership of Lloyd's and other expenses attributable to the Syndicate's underwriting.

#### d. Cash and cash equivalents

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

## Notes to the Accounts for the year ended 31 December 2025

### 2. Accounting policies (Continued)

#### e. Foreign currencies

The functional and presentation currency of the Syndicate is Pound Sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date with the exception of non monetary items, which are held at historic rates.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account.

#### f. Financial assets

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

##### i. Classification

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

The initial classification of a financial instrument shall take into account contractual terms including those relating to future variations. Once the classification of a financial instrument is determined at initial recognition, re-assessment is only required subsequently when there has been a modification of contractual terms that is relevant to an assessment of the classification.

All investments are classified as fair value through profit and loss and are measured at fair value.

##### ii. Recognition

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

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

##### iii. Measurement

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

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest and dividend income.

Loans and receivables are measured at amortised cost using the effective interest method, except Syndicate loans to the Central Fund which are measured at fair value through profit or loss.

## Notes to the Accounts for the year ended 31 December 2025

### 2. Accounting policies (Continued)

#### f. Financial assets (Continued)

Fair value is determined using published bid price quotations of each security. The Directors consider the fair value through profit and loss option to be appropriate as financial assets are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to key management personnel. In addition, investment risk is assessed on a total return basis, which is consistent with the adoption of fair value through profit and loss. Overseas deposits are stated at fair value (per Lloyd's valuation).

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 Statement of Comprehensive Income within 'Unrealised gains on investments' or 'Unrealised losses on investments'.

#### iv. Identification and measurement of impairment

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

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

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

#### v. Off-setting

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

#### g. Financial liabilities

Creditors are 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 method.

#### h. Investment return

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

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

Investment return is initially recorded in the Non-Technical Account. A transfer is made from the Non-Technical Account to the General Business Technical Account. Investment return has been wholly allocated to the Technical Account as all investments relate to the Technical Account.

## Notes to the Accounts for the year ended 31 December 2025

### 2. Accounting policies (Continued)

#### i. Taxation

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

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

#### j. Pension costs

CUSL operates a defined contribution scheme. Pension contributions relating to CUSL staff working for the Syndicate are charged to the Syndicate and included within net operating expenses.

#### k. Profit commission

Profit commission is charged by the Managing Agent at a rate of 15% of profit subject to the operation of a deficit clause. Where profit commission is charged, it is included in members' standard personal expenses within administrative expenses.

#### l. Deposits with ceding undertakings

Deposits with ceding undertakings are funds held by Lloyd's Europe on behalf of the Syndicate to settle Part VII claims. These funds are held at amortised cost in the balance sheet.

#### m. RITC and Portfolio Transfer Policy

The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three-year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the Year of Account to be closed by payment of a reinsurance to close premium to the successor year of account.

The net reinsurance to close premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectible reinsurance recoveries, relating to the closed year of account and all prior years of account reinsured therein.

The reinsurance to close contract transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year and prior years to the Names on the next open year in so far as they have not been provided for in these accounts. It gives the Names on the next open year the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts. The reinsurance to close is treated as the extinguishment of the related net insurance liabilities for the closed underwriting year.

#### n. Reinsurers' commission

Reinsurers' commissions which include reinsurance profit commission and overriding commission, are treated as a contribution to expenses.

#### o. Debtors and creditors

Insurance debtors and creditors include amounts due to and from agents, brokers and insurance contract holders. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Insurance debtors are measured at amortised cost less any provision for impairments. Insurance creditors are stated at amortised cost. The Syndicate does not have any debtors directly with policyholders, all transactions occur via an intermediary.

## Notes to the Accounts for the year ended 31 December 2025

### 2. Accounting policies (Continued)

#### o. Debtors and creditors (Continued)

Reinsurance debtors and creditors include amounts due to and from reinsurers. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Reinsurance debtors are measured at amortised cost less any provision for impairments. Reinsurance creditors are stated at amortised cost. Reinsurance debtors principally relate to claims recoveries where the underlying claim has been settled and the recovery is due. Reinsurance creditors are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Other debtors principally consist of amounts due from sundry debtors and are carried at amortised cost less any impairment losses.

Other creditors principally consist of amounts due to related entities and taxation. These are stated at amortised cost determined using the effective interest rate method.

#### p. Classification of insurance and reinsurance contracts

Insurance and reinsurance contracts are classified as insurance contracts where they transfer significant insurance risk. If a contract does not transfer significant insurance risk, it is classified as a financial instrument. All of the Syndicate's written contracts and purchased reinsurance contracts transfer significant insurance risk and therefore are recognised as insurance contracts.

#### q. Contingent assets

Contingent assets arise from past events and represent possible assets whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Syndicate.

Such assets are not recognised until the realisation of the related income is virtually certain. Where an inflow of economic benefits is considered probable, details of the contingent asset are disclosed in the notes to the financial statements.

#### r. Key judgements and uncertainty

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

In applying the accounting policies described in Note 2, the following estimates that have had the most significant impact on the accounts are:

- Valuation of general insurance contract liabilities (page 26 - 27)
- Measurement of premium written (page 26)

## Notes to the Accounts for the year ended 31 December 2025

### 3. Segmental analysis

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

	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000
<b>2025</b>						
<i>Direct insurance</i>						
Marine, aviation and transport	83	82	(28)	(30)	–	24
Fire and other damage to property	7,909	7,906	(2,791)	(2,449)	–	2,666
Third party liability	3,356	3,615	(983)	(922)	–	1,710
<b>Total direct insurance</b>	<b>11,348</b>	<b>11,603</b>	<b>(3,802)</b>	<b>(3,401)</b>	<b>–</b>	<b>4,400</b>
Reinsurance acceptances	21,721	21,994	(1,974)	(7,365)	(1,385)	11,270
<b>Total</b>	<b>33,069</b>	<b>33,597</b>	<b>(5,776)</b>	<b>(10,766)</b>	<b>(1,385)</b>	<b>15,670</b>
<b>2024</b>						
<i>Direct insurance</i>						
Marine, aviation and transport	45	43	(4)	(16)	–	23
Fire and other damage to property	7,756	8,001	(8,392)	(2,001)	–	(2,392)
Third party liability	3,882	3,766	(995)	(1,002)	–	1,769
<b>Total direct insurance</b>	<b>11,683</b>	<b>11,810</b>	<b>(9,391)</b>	<b>(3,019)</b>	<b>–</b>	<b>(600)</b>
Reinsurance acceptances	22,470	22,309	(1,642)	(5,440)	(1,087)	14,140
<b>Total</b>	<b>34,153</b>	<b>34,119</b>	<b>(11,033)</b>	<b>(8,459)</b>	<b>(1,087)</b>	<b>13,540</b>

The gross premiums written for direct insurance by location of where contracts were concluded is presented in the table below:

	2025 £000	2024 £000
UK	11,348	11,683
	<b>11,348</b>	<b>11,683</b>

### 4. Movement in prior year's provision for claims outstanding

There has been no material change to the method of reserving during the year under review.

During the year, the Syndicate released £5,932k of technical reserves in respect of prior years (2024: £7,739k) arising from the nuclear property and nuclear liability classes (2024: nuclear property and nuclear liability classes).

### 5. Net operating expenses

	2025 £000	2024 £000
Acquisition costs - brokerage and commissions	1,115	1,016
Change in deferred acquisition costs	(138)	(78)
Administrative expenses	2,431	1,835
Members' standard personal expenses	7,358	5,686
	<b>10,766</b>	<b>8,459</b>

## Notes to the Accounts for the year ended 31 December 2025

### 5. Net operating expenses (Continued)

Total commissions for direct insurance business for the year amounted to:

	2025 £000	2024 £000
Total commission for direct insurance business	308	388

### 6. Auditor's remuneration

	2025 £000	2024 £000
Fee payable to the Syndicate's auditor for the audit of these annual accounts	103	119
Fees payable to the Syndicate's auditor and its associates in respect of other services pursuant to legislation	109	65

Other services pursuant to legislation relate to the audit and review of Lloyd's regulatory returns as required by Lloyd's byelaws.

### 7. Staff numbers and costs

All staff are employed by a related group undertaking, CUSL.

Syndicate expenses, including the audit fee, are incurred by CUSL and recharged to the Syndicate via Chaucer Syndicates Limited (CSL) as a flat fee included in administrative expenses.

The average number of employees employed by CUSL, but working for the Syndicate, during the year was as follows:

	2025	2024
Administration and finance	7	7
Underwriting	3	3
	<b>10</b>	<b>10</b>

### 8. Emoluments of the Directors of the Managing Agent and Active Underwriter of the Syndicate

The Directors of Chaucer Syndicates Limited were remunerated in respect of their services to the Syndicate, and charged to the Syndicate via CSL as a flat fee included in administrative expenses.

The Active Underwriter received the following consultancy fees, incurred by a related group undertaking and recharged to the Syndicate within Managing Agency fees.

	2025 £000	2024 £000
Emoluments	251	245

### 9. Other technical income, net of reinsurance

Other technical income of £7,292k (2024: £nil) relates to the liquidation of Pool Reinsurance (Nuclear) Limited which entered into a reinsurance arrangement with the Syndicate and was placed into liquidation during the year, resulting in a subsequent distribution to members.

## Notes to the Accounts for the year ended 31 December 2025

### 10. Investment return

	2025	2024
	£000	£000
<b>Interest and similar income</b>		
From financial assets designated at fair value through profit and loss		
Interest and similar income	1,833	2,454
Interest on cash and cash equivalents	395	286
<b>Other income from investments</b>		
From financial assets designated at fair value through profit or loss		
Gains on the realisation of investments	527	204
Losses on realisation of investments	(321)	(465)
Unrealised gains on investments	1,188	918
Unrealised losses on investments	(259)	(295)
Investment management expenses, including interest	(40)	(37)
<b>Total investment return</b>	<b>3,323</b>	<b>3,065</b>
Transferred to the technical account from the non-technical account	<b>3,323</b>	<b>3,065</b>

The investment return was wholly allocated to the technical account as all investments held support the underwriting activities of the Syndicate.

### 11. Distribution

A distribution of £14,089k to members will be proposed in relation to the closing year of account 2023 (2024: £10,374k in relation to the closing year of account 2022).

### 12. Financial instruments

#### Risk policies

##### a. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Syndicate's exposure to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

##### i. Management of market risks

For each of the major components of market risk the Syndicate has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the Syndicate at the reporting date to each major risk are addressed below.

##### ii. Interest rate risk

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Syndicate is exposed to interest rate risk through its investment portfolio and cash and cash equivalents.

The most significant proportion of risk within the Syndicate's fixed income portfolio is interest rate risk, which increases as the duration of each portfolio gets longer. In order to manage this risk, duration constraints are set relative to a benchmark to provide downside protection for increases in interest rates with minimum and maximum duration targets of 2.5 years and 3.5 years respectively for each portfolio.

## Notes to the Accounts for the year ended 31 December 2025

### 12. Financial instruments (Continued)

The Finance and Investment Committee monitors the duration of these assets on a regular basis, targeting an investment portfolio duration that, in the event of changes in interest rates, always maintains the internal capital requirements.

#### iii. Currency risk

The Syndicate writes a proportion of insurance business in currencies other than Sterling, which gives rise to exposure to currency risk. The Managing Agent mitigates this through a policy of broadly matching Syndicate assets and liabilities by currency.

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

	Sterling £000	US dollar £000	Euro £000	Canadian dollar £000	Japanese Yen £000	Other £000	Total £000
<b>2025</b>							
Investments	62,760	1,689	–	2,463	–	–	66,912
Reinsurers' share of technical provisions	1,364	–	–	–	–	–	1,364
Debtors	19,327	3,786	1,322	10,115	133	785	35,468
Other assets	3,881	156	–	298	–	15	4,350
Prepayments and accrued income	1,102	235	–	2	–	1	1,340
<b>Total assets</b>	<b>88,434</b>	<b>5,866</b>	<b>1,322</b>	<b>12,878</b>	<b>133</b>	<b>801</b>	<b>109,434</b>
Technical provisions	(60,698)	(6,286)	–	(3,529)	–	–	(70,513)
Creditors	(820)	(10)	–	–	–	–	(830)
Accruals and deferred income	(4,508)	(34)	–	–	–	–	(4,542)
<b>Total liabilities</b>	<b>(66,026)</b>	<b>(6,330)</b>	<b>–</b>	<b>(3,529)</b>	<b>–</b>	<b>–</b>	<b>(75,885)</b>
<b>Total capital and reserves</b>	<b>(22,408)</b>	<b>464</b>	<b>(1,322)</b>	<b>(9,349)</b>	<b>(133)</b>	<b>(801)</b>	<b>(33,549)</b>
<b>2024</b>							
Investments	28,870	1,807	–	5,829	–	–	36,506
Reinsurers' share of technical provisions	1,038	–	–	–	–	–	1,038
Debtors	30,182	7,310	1,137	2,124	219	56	41,028
Other assets	9,544	506	–	869	–	52	10,971
Prepayments and accrued income	420	780	–	4	–	–	1,204
<b>Total assets</b>	<b>70,054</b>	<b>10,403</b>	<b>1,137</b>	<b>8,826</b>	<b>219</b>	<b>108</b>	<b>90,747</b>
Technical provisions	(57,538)	(7,868)	–	(3,080)	–	–	(68,486)
Creditors	(1,002)	(2)	–	–	–	–	(1,004)
Accruals and deferred income	(2,739)	(37)	–	–	–	–	(2,776)
<b>Total liabilities</b>	<b>(61,279)</b>	<b>(7,907)</b>	<b>–</b>	<b>(3,080)</b>	<b>–</b>	<b>–</b>	<b>(72,266)</b>
<b>Total capital and reserves</b>	<b>(8,775)</b>	<b>(2,496)</b>	<b>(1,137)</b>	<b>(5,746)</b>	<b>(219)</b>	<b>(108)</b>	<b>(18,481)</b>

## Notes to the Accounts for the year ended 31 December 2025

### 12. Financial instruments (Continued)

#### iv. Sensitivity analysis to market risks

The analysis below is performed for reasonably possible movements in market indices on financial instruments with all other variables held constant, showing the impact on the result before tax due to changes in fair value of financial assets and liabilities (whose fair values are recorded in the profit and loss account) and members' balances.

The sensitivities shown in the table below indicate the estimated impact on result from parallel shifts in the yield curve.

	2025		2024	
	Impact on results before tax £000	Impact on members' balances £000	Impact on results before tax £000	Impact on members' balances £000
<b>Interest rate risk</b>				
+ 50 basis points shift in yield curves	(702)	(702)	(700)	(700)
- 50 basis points shift in yield curves	702	702	406	406
<b>Currency risk</b>				
10 percent increase in GBP/euro exchange rate	(120)	(120)	(103)	(103)
10 percent decrease in GBP/euro exchange rate	147	147	126	126
10 percent increase in GBP/US dollar exchange rate	42	42	(227)	(227)
10 percent decrease in GBP/US dollar exchange rate	(52)	(52)	277	277

The sensitivity analysis demonstrates the effect of a change in a key variable while other assumptions remain unchanged. A 50 basis point increase (or decrease) in yield curves and a 10% increase (or decrease) in exchange rates have been selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year. However, the occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

The sensitivity analyses do not take into consideration that the Syndicate's financial investments are actively managed. Additionally, the sensitivity analysis is based on the Syndicate's financial position at the reporting date and may vary at the time that any actual market movement occurs. As investment markets move past pre-determined trigger points, action would be taken which would alter the Syndicate's position.

#### b. Liquidity risk

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities. The Syndicate is subject to calls on cash resources, mainly in respect of claims on insurance business, on a daily basis.

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

##### i. Management of liquidity risk

The Managing Agent operates and maintains a liquidity risk policy designed to ensure that cash is available to settle liabilities and other obligations when due without excessive cost to the business.

The liquidity risk policy sets limits for cash required to meet expected cash flows. It includes a contingency funding plan, which details the process and provisions for liquidating assets and/or raising additional funds required to meet liabilities in extreme circumstances.

## Notes to the Accounts for the year ended 31 December 2025

### 12. Financial instruments (Continued)

#### ii. Maturity analysis of syndicate liabilities

The expected payment profile of undiscounted liabilities is as follows:

	Maturity band (Years)				
	<1 £000	1-3 £000	3-5 £000	>5 £000	Total £000
Creditors	830	–	–	–	830
Claims outstanding	15,270	18,940	10,179	10,452	54,841
<b>At 31 December 2025</b>	<b>16,100</b>	<b>18,940</b>	<b>10,179</b>	<b>10,452</b>	<b>55,671</b>
Creditors	1,004	–	–	–	1,004
Claims outstanding	14,497	17,960	9,353	9,754	51,564
<b>At 31 December 2024</b>	<b>15,501</b>	<b>17,960</b>	<b>9,353</b>	<b>9,754</b>	<b>52,568</b>

#### c. Credit risk

Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to discharge a contractual obligation.

The Syndicate is exposed to credit risk in respect of the following:

- Debt securities and other fixed income securities;
- Reinsurers' share of claims outstanding;
- Debtors arising out of direct insurance operations;
- Debtors arising out of reinsurance operations;
- Cash and cash equivalents; and
- Other debtors and accrued interest.

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

#### i. Management of credit risk

The Syndicate holds the majority of its investments in investment grade securities and money market funds, managed by the external portfolio manager. The Investment manager may expose the Syndicate to credit risk as a tactical enhancement to fixed income returns when suitable opportunities arise within the risk budget set for the manager. The Investment managers mitigate credit risk through diversification and by setting maximum limits for individual counterparties.

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

The Syndicate's exposure to intermediaries and reinsurance counterparties is monitored by the individual business units as part of their credit control processes. All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored on a regular basis. The Syndicate assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly.

## Notes to the Accounts for the year ended 31 December 2025

### 12. Financial instruments (Continued)

#### ii. Exposure to credit risk

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

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Shares and other variable yield securities	–	4,150	–	–	–	–	4,150
Debt securities and other fixed income securities	18,225	14,100	23,810	6,623	–	–	62,758
Deposits with ceded undertakings	–	–	4	–	–	–	4
Reinsurers' share of claims outstanding	–	1,123	–	–	–	–	1,123
Debtors arising out of direct insurance operations	–	–	–	–	–	8,812	8,812
Debtors arising out of reinsurance operations	–	–	–	–	–	26,306	26,306
Cash at bank and in hand	–	4,036	–	–	–	–	4,036
Other assets	195	14	60	29	16	–	314
Other debtors and accrued interest	–	–	–	–	–	994	994
<b>At 31 December 2025</b>	<b>18,420</b>	<b>23,423</b>	<b>23,874</b>	<b>6,652</b>	<b>16</b>	<b>36,112</b>	<b>108,497</b>
Shares and other variable yield securities	1,502	6,132	–	–	–	–	7,634
Debt securities and other fixed income securities	9,763	4,372	10,993	3,368	–	–	28,496
Syndicate loans to central fund	–	372	–	–	–	–	372
Deposits with ceded undertakings	–	–	4	–	–	–	4
Reinsurers' share of claims outstanding	–	707	–	–	–	–	707
Debtors arising out of direct insurance operations	–	–	–	–	–	9,529	9,529
Debtors arising out of reinsurance operations	–	–	–	–	–	31,156	31,156
Cash at bank and in hand	10,045	–	–	–	–	–	10,045
Other assets	556	45	145	128	52	–	926
Other debtors and accrued interest	–	–	–	–	–	676	676
<b>At 31 December 2024</b>	<b>21,866</b>	<b>11,628</b>	<b>11,142</b>	<b>3,496</b>	<b>52</b>	<b>41,361</b>	<b>89,545</b>

Overseas deposits within the prior year comparative have been reclassified from other debtors and accrued interest to other assets.

## Notes to the Accounts for the year ended 31 December 2025

### 12. Financial instruments (Continued)

#### iii. Financial assets that are past due or impaired

Debtors arising from direct insurance and reinsurance operations have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below:

	Neither past due nor impaired assets £000	Past due but not impaired assets £000	Gross value of impaired assets £000	Impairment allowance £000	Total £000
Shares and other variable securities	4,150	–	–	–	4,150
Debt securities and other fixed income securities	62,758	–	–	–	62,758
Deposits with ceded undertakings	4	–	–	–	4
Reinsurers' share of claims outstanding	1,123	–	–	–	1,123
Debtors arising out of direct insurance operations	8,812	–	–	–	8,812
Debtors arising out of reinsurance operations	26,306	–	–	–	26,306
Cash at bank and in hand	4,036	–	–	–	4,036
Other assets	314	–	–	–	314
Other debtors and accrued interest	994	–	–	–	994
<b>At 31 December 2025</b>	<b>108,497</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>108,497</b>
Shares and other variable securities	7,634	–	–	–	7,634
Debt securities and other fixed income securities	28,496	–	–	–	28,496
Syndicate loans to central fund	372	–	–	–	372
Deposits with ceded undertakings	4	–	–	–	4
Reinsurers' share of claims outstanding	707	–	–	–	707
Debtors arising out of direct insurance operations	9,529	–	–	–	9,529
Debtors arising out of reinsurance operations	31,156	–	–	–	31,156
Cash at bank and in hand	10,045	–	–	–	10,045
Other assets	926	–	–	–	926
Other debtors and accrued interest	676	–	–	–	676
<b>At 31 December 2024</b>	<b>89,545</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>89,545</b>

Overseas deposits within the prior year comparative have been reclassified from other debtors and accrued interest to other assets.

## Notes to the Accounts for the year ended 31 December 2025

### 13. Financial investments

	2025		2024	
	Cost £000	Market Value £000	Cost £000	Market Value £000
Shares and other variable yield securities	4,198	4,150	7,923	7,634
Debt securities and other fixed income securities	62,159	62,758	28,780	28,496
Syndicate loans to central fund	–	–	398	372
	<b>66,357</b>	<b>66,908</b>	<b>37,101</b>	<b>36,502</b>

The amount attributable to listed investments is £nil (2024: £7,634k). The 2024 comparative figure, which previously disclosed listed investments of \$nil, has been restated.

The table below presents an analysis of financial investments by their measurement classification.

	2025 £000	2024 £000
Financial assets measured at fair value through profit or loss	66,908	36,502
	<b>66,908</b>	<b>36,502</b>

#### *Determination of fair value hierarchy*

The Syndicate classifies its financial instruments held at fair value in its balance sheet using a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

## Notes to the Accounts for the year ended 31 December 2025

### 13. Financial investments (Continued)

The following table presents the Syndicate's assets measured at fair value at 31 December 2025 and at 31 December 2024.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and unit trusts	–	4,150	–	4,150
Debt securities and other fixed income securities	–	62,758	–	62,758
<b>At 31 December 2025</b>	<b>–</b>	<b>66,908</b>	<b>–</b>	<b>66,908</b>
Shares and other variable yield securities and unit trusts	7,634	–	–	7,634
Debt securities and other fixed income securities	–	28,496	–	28,496
Syndicate loans to central fund	–	–	372	372
<b>At 31 December 2024</b>	<b>7,634</b>	<b>28,496</b>	<b>372</b>	<b>36,502</b>

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 modelling 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.

Lloyd's introduced Syndicate loans to the Central Fund in 2019. The proceeds from these loans were used to strengthen Lloyd's central resources and to inject capital into Lloyd's Insurance Company SA (Lloyd's Brussels). The Loans were for 5 years and were not repaid before 5 years had elapsed. Interest thereon is determined by reference to the risk-free yield plus a credit spread, and were normally paid annually on the anniversary of the loan. These investments were classified as an equity share for which the fair value cannot be determined using direct or indirect observable inputs, therefore these were classified as level 3.

During the year, the final tranche of the loans were repaid in full. The repayment fully settles all obligations in respect of this facility, and no amounts remain outstanding.

At the reporting date level 1 and level 2 financial assets and liabilities were valued using valuation techniques based on observable market data. There were no investments categorised as level 3.

## Notes to the Accounts for the year ended 31 December 2025

### 14. Debtors arising out of direct insurance operations

	2025 £000	2024 £000
Due within one year	8,812	9,529
	<b>8,812</b>	<b>9,529</b>

### 15. Debtors arising out of reinsurance operations

	2025 £000	2024 £000
Due within one year	23,600	28,132
Due after one year	2,706	3,024
	<b>26,306</b>	<b>31,156</b>

### 16. Other debtors

	2025 £000	2024 £000
Other debtors	350	343
	<b>350</b>	<b>343</b>

Other debtors primarily relate to overseas taxes.

### 17. Other

This represents overseas deposits which are lodged as a condition of conducting underwriting business in certain countries. The funds are required in order to protect policyholders and enable the Syndicate to operate in these markets. The Syndicate has only restricted access to these funds and no influence over their investment.

### 18. Deferred acquisition costs

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

	2025 £000	2024 £000
Balance at 1 January	871	791
Incurred deferred acquisition costs	(1,115)	(1,016)
Amortised deferred acquisition costs	1,253	1,094
Foreign exchange movements	(313)	2
<b>Balance at 31 December</b>	<b>696</b>	<b>871</b>

## Notes to the Accounts for the year ended 31 December 2025

### 19. 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.

	2025			2024		
	Gross provisions	Reinsurance assets	Net	Gross provisions	Reinsurance assets	Net
	£000	£000	£000	£000	£000	£000
<b>Claims outstanding</b>						
Balance at 1 January	51,564	(707)	50,857	41,426	(895)	40,531
Claims paid during the year	(2,320)	–	(2,320)	(721)	–	(721)
Expected cost of current year claims	11,765	(474)	11,291	18,885	75	18,960
Change in estimates of prior year provisions	(5,989)	57	(5,932)	(7,852)	113	(7,739)
Effect of movements in exchange rate	(179)	1	(178)	(174)	–	(174)
<b>Balance at 31 December</b>	<b>54,841</b>	<b>(1,123)</b>	<b>53,718</b>	<b>51,564</b>	<b>(707)</b>	<b>50,857</b>

	2025			2024		
	Gross provisions	Reinsurance assets	Net	Gross provisions	Reinsurance assets	Net
	£000	£000	£000	£000	£000	£000
<b>Unearned premiums</b>						
Balance at 1 January	16,922	(331)	16,591	16,845	(299)	16,546
Premiums written during the year	33,069	(1,712)	31,357	34,153	(931)	33,222
Premiums earned during the year	(33,597)	1,802	(31,795)	(34,119)	899	(33,220)
Effect of movements in exchange rate	(722)	–	(722)	43	–	43
<b>Balance at 31 December</b>	<b>15,672</b>	<b>(241)</b>	<b>15,431</b>	<b>16,922</b>	<b>(331)</b>	<b>16,591</b>

## Notes to the Accounts for the year ended 31 December 2025

### 20. Insurance risk

The Syndicate's Managing Agent Board has set out policies, processes and controls arising from insurance contracts. The key summary of these are as follows:

#### *Underwriting risk*

The Managing Agent separately defines underwriting risk appetite in respect of market losses and syndicate-specific losses, with appetite for the former being greater.

Underwriting risk appetite is expressed at the highest level, as a maximum event-specific net underwriting loss as a percentage of Syndicate capacity for an annual year of account. Where appropriate, stochastic modelling of underwriting risk using dynamic financial analysis techniques supports this approach.

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

#### *Managing risk aggregation*

Underwriting exposure is controlled via risk policy coding systems, setting of maximum lines, setting of jurisdiction limits, strict underwriter authority limits, Realistic Disaster Scenario monitoring, reinsurance programme design, policy limitations and exclusions, imposed deductibles and policy wording and coverage clauses. The Managing Agent records and monitors individual risk exposures on a regular basis to ensure these remain within the policies and guidelines set.

#### *Concentration of insurance risk*

Refer to Note 3. Segmental analysis which provides split of gross written premium by region.

The following table shows the impact of a 5% variation in the loss ratio on profit or loss and members' balances:

	2025		2024	
	+5.0%	-5.0%	+5.0%	-5.0%
	£000	£000	£000	£000
Claims outstanding – gross of reinsurance	(2,742)	2,742	(2,578)	2,578
Claims outstanding – net of reinsurance	(2,686)	2,686	(2,543)	2,543

The 2024 comparative for claims outstanding net of reinsurance -5.0% has been restated.

## Notes to the Accounts for the year ended 31 December 2025

### 21. Claims development tables

The development of insurance liabilities provides a measure of the Managing Agent's ability to estimate the ultimate value of claims.

Pure underwriting year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Estimate of gross claims incurred</i>											
At end of underwriting year	10,480	7,459	6,570	6,589	7,490	6,257	8,269	7,332	7,452	9,621	
One year later	13,578	8,678	9,108	10,261	8,578	7,395	12,205	17,477	8,041	–	
Two years later	10,865	6,079	6,821	6,326	5,329	5,117	8,858	16,781	–	–	
Three years later	6,860	4,242	5,906	5,789	4,334	5,577	8,522	–	–	–	
Four years later	6,321	3,536	3,923	3,771	3,731	5,150	–	–	–	–	
Five years later	5,777	2,972	3,002	3,026	3,099	–	–	–	–	–	
Six years later	5,353	2,556	2,449	2,487	–	–	–	–	–	–	
Seven years later	4,987	1,950	2,091	–	–	–	–	–	–	–	
Eight years later	4,525	1,375	–	–	–	–	–	–	–	–	
Nine years later	4,093	–	–	–	–	–	–	–	–	–	
Estimate of gross claims reserve	4,093	1,375	2,091	2,487	3,099	5,150	8,522	16,781	8,041	9,621	61,260
Provision in respect of prior years											548
Less gross claims paid	3,321	52	493	294	45	76	2,648	38	–	–	6,967
Gross reserves	772	1,323	1,598	2,193	3,054	5,074	5,874	16,743	8,041	9,621	54,841

## Notes to the Accounts for the year ended 31 December 2025

### 21. Claims development tables (Continued)

Pure underwriting year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Estimate of net claims incurred</i>											
At end of underwriting year	10,468	7,459	6,570	6,543	7,301	6,099	8,122	6,987	7,212	9,214	
One year later	13,567	8,678	9,108	10,235	8,405	7,247	11,803	17,261	7,717	–	
Two years later	10,863	6,079	6,821	6,324	5,244	5,041	8,671	16,667	–	–	
Three years later	6,859	4,242	5,906	5,788	4,262	5,515	8,341	–	–	–	
Four years later	6,321	3,536	3,923	3,771	3,730	5,097	–	–	–	–	
Five years later	5,777	2,972	3,002	3,026	3,055	–	–	–	–	–	
Six years later	5,353	2,556	2,449	2,487	–	–	–	–	–	–	
Seven years later	4,987	1,950	2,091	–	–	–	–	–	–	–	
Eight years later	4,525	1,375	–	–	–	–	–	–	–	–	
Nine years later	4,093	–	–	–	–	–	–	–	–	–	
Estimate of net claims reserve	4,093	1,375	2,091	2,487	3,055	5,097	8,341	16,667	7,717	9,214	60,137
Provision in respect of prior years											548
Less net claims paid	3,321	52	493	294	45	76	2,648	38	–	–	6,967
Net reserves	772	1,323	1,598	2,193	3,010	5,021	5,693	16,629	7,717	9,214	53,718

Gross and net claims incurred that are denominated in non-functional currency are converted to Pound Sterling as of 31 December 2025, the most recent balance sheet date, for all years presented.

## Notes to the Accounts for the year ended 31 December 2025

### 22. Creditors arising out of direct insurance operations

	2025 £000	2024 £000
Due within one year	–	13
	<u>–</u>	<u>13</u>

### 23. Creditors arising out of reinsurance operations

	2025 £000	2024 £000
Due within one year	774	973
	<u>774</u>	<u>973</u>

### 24. Other creditors including taxation and social security

	2025 £000	2024 £000
Other related party balances	56	18
	<u>56</u>	<u>18</u>

### 25. Cash and cash equivalents

	2025 £000	2024 £000
Cash at bank and in hand	4,036	10,045
Short term debt instruments presented within financial investments	4,150	7,634
	<u>8,186</u>	<u>17,679</u>

Included within cash and cash equivalents are the following amounts which are not available for use by the Syndicate because they relate to restricted accounts aligned to trust funds.

	2025 £000	2024 £000
Short term debt instruments presented within financial investments	2,244	6,334
	<u>2,244</u>	<u>6,334</u>

### 26. Analysis of net debt

	At 1 January 2025 £000	Cash flows £000	Fair value and exchange movements £000	At 31 December 2025 £000
Cash and cash equivalents	17,679	(9,176)	(317)	8,186
	<u>17,679</u>	<u>(9,176)</u>	<u>(317)</u>	<u>8,186</u>

The Syndicate does not have any borrowings and obligations under finance leases.

## Notes to the Accounts for the year ended 31 December 2025

### 27. Related parties

Chaucer Syndicates Limited and Chaucer Underwriting Services Limited, wholly owned subsidiaries of China Reinsurance (Group) Corporation, act as Managing Agent and service company respectively for the Syndicate. Chaucer Syndicates Limited and Chaucer Underwriting Services Limited charged the Syndicate with the following expenses during the year along with the outstanding balance at the year end:

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Managing agency fees	2,583	2,483
Profit commission	4,517	2,899
Expenses recharged	38	38
Balance due to Chaucer Syndicates Limited at 31 December	4,528	2,775
Balance due to Chaucer Underwriting Services Limited at 31 December	56	18

Amounts are unsecured and are expected to be settled in cash and cash equivalents within one year.

A subsidiary of China Reinsurance (Group) Corporation supports the underwriting capacity of the Syndicate as follows:

	<b>Year of account</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chaucer Corporate Capital (No. 3) Limited	26,484	26,484	26,484

These transactions are subject to the Managing Agent's internal controls, which ensure that all are compliant with Lloyd's Related Party Byelaw provisions.

Pool Reinsurance (Nuclear) Limited (PRNL) entered into a reinsurance arrangement with the Syndicate. PRNL subsequently went into liquidation and, following settlement of all liabilities and liquidation expenses, the remaining cash assets were distributed to its members. The Syndicate recognised its share of this distribution as other technical income in the year.

	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Pool Reinsurance (Nuclear) Limited	7,292	–

### 28. Contingent assets

During the year, the Syndicate received an initial distribution of £7,292k from the liquidation of Pool Reinsurance (Nuclear) Limited, which has been recognised in the financial statements.

Additional distributions may follow once the liquidator completes the remaining work, including finalising tax matters and other aspects of the liquidation. Based on information currently available, a further distribution of approximately £2,008k is anticipated. However, both the amount and timing remain uncertain and depend on factors outside the Syndicate's control.

As the receipt of the remaining net assets is considered probable but not virtually certain at the reporting date, no asset or technical income has been recognised in respect of the expected further distribution. Instead, the potential receipt has been disclosed as a contingent asset.

## Notes to the Accounts for the year ended 31 December 2025

### 29. Foreign exchange rates

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

	2025			2024		
	Start of Period Rate	End of Period Rate	Average Rate	Start of Period Rate	End of Period Rate	Average Rate
US dollar	1.25	1.35	1.32	1.27	1.25	1.28
Euro	1.21	1.15	1.17	1.17	1.21	1.18
Sterling	1.00	1.00	1.00	1.00	1.00	1.00
Canadian dollar	1.80	1.85	1.84	1.70	1.80	1.75
Australian dollar	2.02	2.02	2.04	1.93	2.02	1.94
Japanese Yen	196.75	211.19	197.20	186.40	196.75	193.53

### 30. Funds at Lloyd's

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

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's, based on Prudential Regulatory Authority requirements and resource criteria. FAL has regard to a number of factors, including the nature and amount of risk to be underwritten by the member and an 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.

### 31. Capital

#### Capital framework at Lloyd's

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

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency UK, 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 UK and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of the Syndicate is not disclosed in these accounts.

#### Lloyd's capital setting process

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

## Notes to the Accounts for the year ended 31 December 2025

### 31. Capital (Continued)

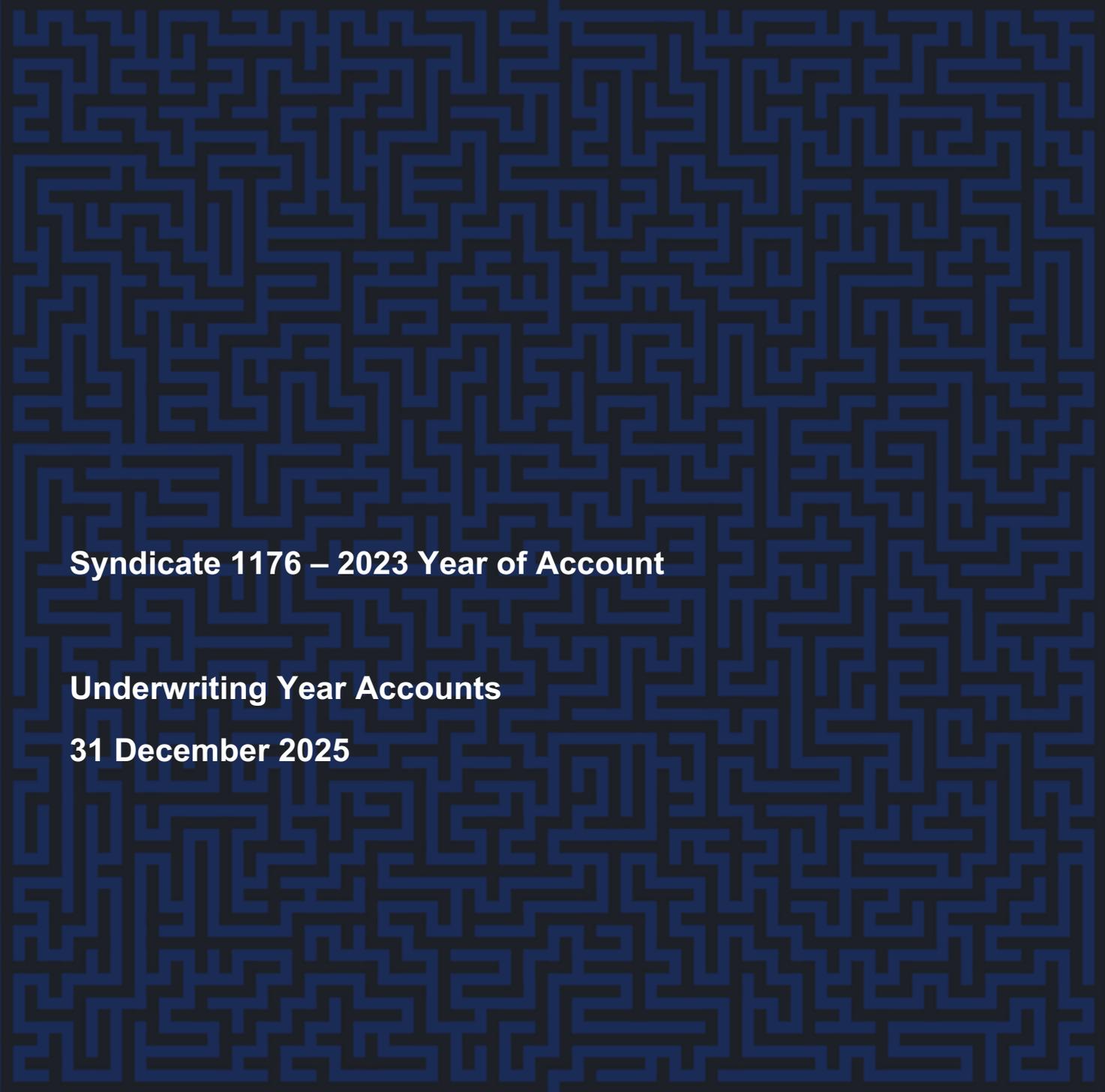
A syndicate may comprise one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicate(s) on which it is participating but not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on 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 year 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 Solvency UK requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2025 was 35% (2024: 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), held within and managed within a syndicate (funds in syndicate) or as the member's share of the members' balances on each syndicate on which it participates. Accordingly all of the assets less liabilities of the Syndicate, as represented in the member's balance reported on the Statement of Financial Position on page 23, represent resources available to meet member's and Lloyd's capital requirements.

### 32. Ultimate parent company

The Managing Agent's immediate parent company is Chaucer Capital Investments Limited. The largest and smallest group of undertakings for which group financial statements are prepared, and in which the results of the Managing Agent are included, is China Reinsurance (Group) Corporation. The Company considers China Reinsurance (Group) Corporation to be its ultimate parent company. A copy of the most recent consolidated financial statements is available from the website of China Reinsurance (Group) Corporation ([www.chinare.com.cn](http://www.chinare.com.cn)).



**Syndicate 1176 – 2023 Year of Account**

**Underwriting Year Accounts**

**31 December 2025**

**chaucer**

 A China Re Company

## Managing Agent's Report

The Managing Agent presents its report at 31 December 2025 for the 2023 closed year of account.

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations ("the 2008 Regulations").

A list of Directors of the Managing Agent who held office during the year ended 31 December 2025 is on page 1 of the Syndicate Annual Reports and Accounts.

### Review of the business

The gross premiums written for the 2023 year of account were £34.3m compared to the Syndicate's 2022 year of account's gross premiums written of £32.3m.

The plan was for a premium income of £30.8m, the closing result shows premium gross of acquisition costs of £34.3m. The surplus against plan is mainly due to new liability business, particularly from UK government-backed indemnity related to the revised liability convention. There have been a number of losses which have been reserved at the year end, within loss expectations. The final profit achieved on the 2023 year of account is £20.5m, representing a return on capacity of 44.0% (28.3% excluding a one off distribution of £7.3m).

### Disclosure of information to the auditor

The Directors each confirm that:

- So far as they are aware, there is no relevant audit information of which the Syndicate's auditor is 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 auditor is aware of that information.

Approved by order of the Board of Chaucer Syndicates Limited

J Wright  
Chief Financial Officer  
18 February 2026

## Statement of Managing Agent's Responsibilities

The Directors of the Managing Agent are responsible for preparing Syndicate Underwriting Year Accounts in accordance with applicable law and Lloyd's Syndicate Accounting Byelaw.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No. 8 of 2005) (the "Lloyd's Regulations") require the Managing Agent to prepare Syndicate Underwriting Year Accounts for each Syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December.

The Directors of the Managing Agent must prepare Syndicate Underwriting Year Accounts which give a true and fair view of the result of the closed year of account.

In preparing the Syndicate underwriting year accounts, the Directors of the Managing Agent are required to:

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the Syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same Syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- make judgements and estimates that are reasonable and prudent;
- take into account all income and charges relating to a closed year of account in the underwriting account prepared in respect of that year of account, without regard to the date of receipt or payment; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the underwriting year accounts.

The Directors of the Managing Agent are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate underwriting year accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the Managing Agent are responsible for the maintenance and integrity of the corporate and financial information included on the business' website. Legislation in the United Kingdom governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdiction.

We confirm that to the best of our knowledge the Syndicate Underwriting Year Accounts comply with the requirements of the Lloyd's Syndicate Accounts Instructions version 3.1 as modified by the Frequently Asked Questions version 1.1 issued by Lloyd's.

J Wright  
Chief Financial Officer  
18 February 2026

# Independent auditor's report to the members of the 2023 closed year of account of Syndicate 1176

## Opinion

We have audited the Syndicate underwriting year accounts for the 2023 year of account of Syndicate 1176 for the three year period ended 31 December 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and related notes, including the accounting policies in Note 2.

In our opinion the Syndicate underwriting year accounts:

- give a true and fair view of the Syndicate's profit for the 2023 closed year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the requirements of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

## Basis for opinion

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

## Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in Note 1 to the Syndicate underwriting year accounts which explains that the Syndicate underwriting year accounts have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

## Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud.

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

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

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

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as incurred but not reported ("IBNR") reserves. On this audit, there is a fraud risk related to revenue recognition because of the significant estimates and subjective judgements involved in the assessment of revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries to seldom used accounts, entries containing unusual descriptions, entries containing unusual debits and credits, entries posted with key words or

## Independent auditor's report to the members of the 2023 closed year of account of Syndicate 1176

with no description, entries posted or approved by unauthorised users and post-closing journal entries meeting the previously defined criteria.

- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the appropriateness and consistency of the methods and assumptions used for reserving.

### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

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

As the Syndicate is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Syndicate underwriting year accounts varies considerably. Firstly, the Syndicate is subject to laws and regulations that directly affect the Syndicate underwriting year accounts including financial reporting legislation (such as the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounts Instructions) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related Syndicate underwriting year accounts' items.

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

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

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

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

### **Other information – Report of the Directors of the Managing Agent**

The directors of the Managing Agent ("the Directors") are responsible for the Report of the Directors of the Managing Agent. Our opinion on the Syndicate underwriting year accounts does not cover that report and, accordingly, in this audit report we do not express an audit opinion or any form of assurance conclusion thereon.

## **Independent auditor's report to the members of the 2023 closed year of account of Syndicate 1176**

Our responsibility is to read the Report of the Directors of the Managing Agent and, in doing so, consider whether, based on our Syndicate underwriting year accounts audit work, the information therein is materially misstated or inconsistent with the Syndicate underwriting year accounts or our audit knowledge. Based solely on that work we have not identified material misstatements in the Report of the Directors of the Managing Agent.

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

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), we are required to report to you if, in our opinion:

- adequate accounting records have not been kept on behalf of the Syndicate; or
- the Syndicate underwriting year accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Responsibilities of the Directors of the Managing Agent**

As explained more fully in their statement set out on page 53, the Directors of the Managing Agent are responsible for: the preparation of the Syndicate underwriting year accounts and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error; assessing the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the members of the 2023 closed year of account of the Syndicate ("the Syndicate's Members"), as a body, in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). 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.

**Rajan Thakrar (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square  
London  
E14 5GL  
19 February 2026

## Statement of Comprehensive Income for the closed 2023 year of account for the 36 months ended 31 December 2025

	Note	£000
<b>Syndicate allocated capacity</b>		46,500
<b>Technical Account – General Business</b>		
Gross premiums written	3	34,334
Outward reinsurance premiums		(1,407)
<b>Earned premiums, net of reinsurance</b>		<u>32,927</u>
Reinsurance to close premium received, net of reinsurance	4	26,728
		59,655
Allocated investment return transferred from the non-technical account		3,607
Other technical income, net of reinsurance	8	7,292
<b>Claims incurred, net of reinsurance</b>		
Gross claims paid		(2,711)
Reinsurance to close premium payable, net of reinsurance		(37,134)
		<u>(39,845)</u>
Net operating expenses	5	(9,611)
<b>Balance on the Technical Account – General Business</b>	10	<u><b>21,098</b></u>
<b>Non-Technical Account – General Business</b>		
Investment income	9	3,104
Net unrealised gains on investments	9	889
Investment expenses and charges	9	(386)
<b>Total investment return</b>		<b>3,607</b>
Allocated investment return transferred to the Technical Account – General Business		(3,607)
Loss on foreign exchange		(648)
<b>Total comprehensive income for the 2023 closed year of account</b>		<u><b>20,450</b></u>

There is no other comprehensive income in the accounting period other than those dealt with in the Statement of Comprehensive Income.

## Statement of Financial Position as at 31 December 2025

	Note	£000
<b>Assets</b>		
Investments	11	53,530
Cash and cash equivalents		3,229
Debtors arising out of direct insurance operations		6,931
Debtors arising out of reinsurance operations		15,848
Other debtors		257
Overseas deposits		244
Prepayments and accrued income		515
<b>Total Assets</b>		<b>80,554</b>
<b>Liabilities</b>		
Amounts due to members	12	14,023
Reinsurance to close premiums payable to close the account – net amount	4	36,857
Other creditors	13	27,434
Accruals and deferred income		2,240
<b>Total Liabilities</b>		<b>80,554</b>

The notes on pages 59 to 68 form an integral part of these underwriting year accounts.

The underwriting year accounts on pages 57 to 68 were approved by the Board of Chaucer Syndicates Limited on 18 February 2026 and were signed on its behalf by:

J Wright  
Chief Financial Officer

# Notes to the Underwriting Year Accounts

## 1. Basis of preparation

The Syndicate comprises a group of members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate's Managing Agent is 52 Lime Street, London EC3M 7AF.

These accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102" and "FRS 103") as modified by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2023 year of account which has been closed by reinsurance to close as at 31 December 2025. Consequently, the Statement of Financial Position represents the assets and liabilities of the 2023 year of account at the date of closure. The underwriting year account reflects the transactions for that year of account during the three-year period until closure. The Statement of Comprehensive Income reflect the transactions for that year of account during the three year period until closure.

These accounts cover the three years from the date of inception of the 2023 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown. As these underwriting year accounts relate to a closed underwriting year of account, matters relating to going concern are not relevant to these underwriting year accounts.

## 2. Accounting policies

The accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

### a. Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

#### i. Premiums written

Premiums written comprise premiums on contracts attaching to the 2023 underwriting year. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Premium written is initially based on the estimated premium income ('EPI') of each contract. Judgement is involved in determining the ultimate estimates in order to establish the appropriate premium value and, ultimately, the cash to be received. EPI estimates are updated to reflect changes in an underwriter's expectation through consultation with brokers, changes in market conditions, historic experience and to reflect actual cash received for a contract.

#### ii. Unearned premiums

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

#### iii. Reinsurance premiums ceded

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

#### iv. Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses and are attributed to the same year of account as the original premium for the underlying policy.

## Notes to the Underwriting Year Accounts

### 2. Accounting policies (Continued)

#### v. Reinsurance to close premium payable

The net reinsurance to close premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs, including claims incurred but not reported, net of estimated collectible reinsurance recoveries relating to the closed year of account and all previous years of account reinsured therein.

The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date. It also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods.

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

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

Finally, the Actuarial Function applies a bespoke approach for allowing for excess IBNR where existing methods would not otherwise adequately allow for future inflation expectations. In particular, where future calendar year inflation is forecast to be different to past experience. This approach considers both frequency and severity and expectations of economic and excess inflation (including social inflation) applied to the specific drivers of loss for classes written by the Syndicate.

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

#### b. Other technical income

Other technical income represents income arising from insurance operations other than premiums and includes distributions received (or receivable) from the liquidation of reinsurance arrangements. Such amounts are recognised in the technical account when the Syndicate has an unconditional right to receive the distribution and the inflow of economic benefits is virtually certain, with measurement based on the amount notified or approved by the liquidator (or best estimate where appropriate).

#### c. Foreign currencies

The functional and presentation currency of the Syndicate is Pound Sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date with the exception of non monetary items, which are held at historic rates.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-technical account where the gain is required to be recognised within profit or loss.

## Notes to the Underwriting Year Accounts

### 2. Accounting policies (Continued)

#### d. Financial assets

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

##### i. Classification

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

The initial classification of a financial instrument shall take into account contractual terms including those relating to future variations. Once the classification of a financial instrument is determined at initial recognition, re-assessment is only required subsequently when there has been a modification of contractual terms that is relevant to an assessment of the classification.

All investments are classified as fair value through profit and loss and are measured at fair value.

The Syndicate does not hold any derivative / non-derivative financial assets or financial liabilities for trading purposes.

##### ii. Recognition

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

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

##### iii. Measurement

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

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest and dividend income.

Loans and receivables are measured at amortised cost using the effective interest method, except Syndicate loans to the Central Fund which are measured at fair value through profit or loss.

Fair value is determined using published bid price quotations of each security. The Directors consider the fair value through profit and loss option to be appropriate as financial assets are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to key management personnel. In addition, investment risk is assessed on a total return basis, which is consistent with the adoption of fair value through profit and loss. Overseas deposits are stated at fair value (per Lloyd's valuation).

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 Statement of Comprehensive Income within 'Unrealised gains on investments' or 'Unrealised losses on investments'.

##### iv. Identification and measurement of impairment

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

## Notes to the Underwriting Year Accounts

### 2. Accounting policies (Continued)

#### d. Financial assets (Continued)

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

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

#### v. Off-setting

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

#### e. Financial liabilities

Creditors are 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 method.

#### f. Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. The returns on the overseas deposits are allocated to the year of account as notified by Lloyd's. The returns on other assets arising in a calendar year are apportioned to years of account open during the calendar year in proportion to the average funds available for investment on each year of account.

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

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

#### g. Cash and cash equivalents

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

#### h. Net operating expenses

Net operating expenses are recognised on an accruals basis. These comprise the Syndicate's operating expenses such as remuneration, office and administrative costs, acquisition costs, Managing Agency costs, the costs of membership of Lloyd's and other expenses attributable to the Syndicate's underwriting.

#### i. Taxation

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

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

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

## Notes to the Underwriting Year Accounts

### 2. Accounting policies (Continued)

#### j. Pension costs

Chaucer Underwriting Services Limited (CUSL) operates a defined contribution scheme. Pension contributions relating to CUSL staff working for the Syndicate are charged to the Syndicate and included within net operating expenses.

#### k. Profit commission

Profit commission is charged by the Managing Agent at a rate of 15% of profit subject to the operation of a deficit clause. Where profit commission is charged, it is included in members' standard personal expenses within administrative expenses.

#### l. Debtors and creditors

Insurance debtors and creditors include amounts due to and from agents, brokers and insurance contract holders. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Insurance debtors are measured at amortised cost less any provision for impairments. Insurance creditors are stated at amortised cost. The Syndicate does not have any debtors directly with policyholders, all transactions occur via an intermediary.

Reinsurance debtors and creditors include amounts due to and from reinsurers. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Reinsurance debtors are measured at amortised cost less any provision for impairments. Reinsurance creditors are stated at amortised cost. Reinsurance debtors principally relate to claims recoveries where the underlying claim has been settled and the recovery is due. Reinsurance creditors are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Other debtors principally consist of amounts due from sundry debtors and are carried at amortised cost less any impairment losses.

Other creditors principally consist of amounts due to related entities and taxation. These are stated at amortised cost determined using the effective interest rate method.

#### m. Classification of insurance and reinsurance contracts

Insurance and reinsurance contracts are classified as insurance contracts where they transfer significant insurance risk. If a contract does not transfer significant insurance risk, it is classified as a financial instrument. All of the Syndicate's written contracts and purchased reinsurance contracts transfer significant insurance risk and therefore are recognised as insurance contract.

#### n. Contingent assets

Contingent assets arise from past events and represent possible assets whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Syndicate.

Such assets are not recognised until the realisation of the related income is virtually certain. Where an inflow of economic benefits is considered probable, details of the contingent asset are disclosed in the notes to the financial statements.

#### o. Key judgements and uncertainty

In preparing these financial statements, the Directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses. In applying the accounting policies described in Note 2, the following estimates that have had the most significant impact on the accounts are:

- Valuation of general insurance contract liabilities (page 59)
- Measurement of reinsurance premium to close (page 60)

## Notes to the Underwriting Year Accounts

### 3. Segmental analysis

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

	Gross premiums written <sup>1</sup> £000	Gross premiums earned £000	Gross claims incurred <sup>2</sup> £000	Net operating expenses £000	Reinsurance balance <sup>3</sup> £000	Total £000
<i>Direct insurance</i>						
Marine, Aviation and Transport	24	24	(4)	(17)	–	3
Fire and other damage to property	7,450	7,450	(9,659)	(1,867)	–	(4,076)
Third party liability	2,749	2,749	(1,376)	(842)	–	531
	10,223	10,223	(11,039)	(2,726)	–	(3,542)
<i>Reinsurance acceptances:</i>						
Reinsurance Acceptances	24,910	24,910	(1,592)	(9,128)	(1,293)	12,897
Movements in respect of RITC received	26,179	26,179	(27,606)	2,243	28	844
<b>Total</b>	<b>61,312</b>	<b>61,312</b>	<b>(40,237)</b>	<b>(9,611)</b>	<b>(1,265)</b>	<b>10,199</b>

1. Movement in 2022 & prior year of account premium of £800k has been included within Movements in respect of reinsurance to close (RITC) received.
2. Gross claims incurred comprise gross claims paid and gross reinsurance to close premium payable.
3. The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on (RITC) payable.

All premiums were concluded in the UK.

### 4. Reinsurance premium to close the 2023 and prior years of account

	Reported £000	IBNR £000	Total £000
<b>Reinsurance to close premium received</b>			
Gross reinsurance to close premium receivable	3,561	23,417	26,978
Reinsurance to close premium receivable, reinsurers' share	–	(250)	(250)
Reinsurance to close premium received, net of reinsurance	<b>3,561</b>	<b>23,167</b>	<b>26,728</b>
<b>Reinsurance to close premium payable</b>			
Gross reinsurance to close premium payable	9,304	27,945	37,249
Reinsurance to close premium payable, reinsurer's share	–	(392)	(392)
Reinsurance to close premium payable, net of reinsurance	<b>9,304</b>	<b>27,553</b>	<b>36,857</b>

The reinsurance to close is effected with the 2024 year of account of Syndicate 1176.

### 5. Net operating expenses

	£000
Acquisition costs - brokerage and commissions	1,266
Administrative expenses	2,078
Members' standard personal expenses	6,267
	<b>9,611</b>

### 6. Auditor's remuneration

	£000
Audit of the Syndicate 2023 underwriting year accounts	21

## Notes to the Underwriting Year Accounts

### 7. Emoluments of the Directors of the Managing Agent and Active Underwriter of the Syndicate

The Directors of Chaucer Syndicates Limited were remunerated in respect of their services to the Syndicate, and charged to the Syndicate via CSL as a flat fee included in administrative expenses.

The Active Underwriter received the following consultancy fees, incurred by a related group undertaking and recharged to the Syndicate within Managing Agency fees in relation to the 2023 year of account.

	<b>£000</b>
Active Underwriter	245

### 8. Other technical income, net of reinsurance

Other technical income of £7,292k (2024: £nil) relates to proceeds received from the liquidation of Pool Reinsurance (Nuclear) Limited and the subsequent distribution to members.

### 9. Investment return

	<b>£000</b>
<b>Interest and similar income</b>	
Interest on cash and cash equivalents	373
Other interest and similar income	2,270
<b>Other income from investments</b>	
From financial assets designated at fair value through profit or loss	
Gains on the realisation of investments	461
Unrealised gains on investments	1,149
Unrealised losses on investments	(260)
Losses on realisation of investments	(347)
Investment management expenses, including interest	(39)
<b>Total investment return</b>	<b>3,607</b>
<b>Transferred to the technical account from the non-technical account</b>	<b>3,607</b>

### 10. Balance on technical account

	<b>£000</b>
Balance excluding investment return and operating expenses (other than acquisition costs):	
Total comprehensive income attributable to business allocated to the 2023 pure year of account	19,135
Total comprehensive income attributable to business reinsured into the 2023 year of account	4,623
	<u>23,758</u>
Allocated investment return transferred from the non-technical account	3,607
Net operating expenses other than acquisition costs	(6,267)
	<u><b>21,098</b></u>

### 11. Investments

	<b>Cost £000</b>	<b>Market Value £000</b>
Shares and other variable yield securities at fair value through profit and loss	3,358	3,320
Debt securities and other fixed income securities at fair value through profit and loss	49,727	50,206
Deposits with ceding undertakings	4	4
	<u><b>53,089</b></u>	<u><b>53,530</b></u>

### 12. Amounts due to members

	<b>£000</b>
Total comprehensive income for the 2023 closed year of account	20,450
Transfers to members' personal reserve funds	(6,427)
	<u><b>14,023</b></u>

## Notes to the Underwriting Year Accounts

### 13. Other creditors

	<b>£000</b>
Inter year loans	27,432
Reinsurance ceded	2
	<b>27,434</b>

### 14. Related Parties

Chaucer Syndicates Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, is the Managing Agent of the Syndicate. Chaucer Syndicates Limited has charged the Syndicate with the following expenses during the year along with the outstanding balances at the year end:

	<b>£000</b>
Managing agency fees	2,333
Profit commission	3,625

A subsidiary of China Reinsurance (Group) Corporation supports the 2023 Year of Account underwriting capacity of the Syndicate as follows:

	<b>£000</b>
Chaucer Corporate Capital (No. 3) Limited	26,484

Pool Reinsurance (Nuclear) Limited (PRNL) entered into a reinsurance arrangement with the Syndicate. PRNL subsequently went into liquidation and, following settlement of all liabilities and liquidation expenses, the remaining cash assets were distributed to its members. The Syndicate recognised its share of this distribution as other technical income in the year.

	<b>£000</b>
Pool Reinsurance (Nuclear) Limited	7,292

Syndicate 1176 is the leading participant of the British Nuclear Pool, NRI Limited, and owns a share of the associated management company in proportion to its share (approximately 47%) of the Pool. Any profit or loss from these operations is paid to the Syndicate. The Pool underwrote premium of £26,484k on behalf of the Syndicate. The year-end balance due from the Pool is £1,344k and is included within debtors arising out of direct insurance operations.

### 15. Contingent assets

During the year, the Syndicate received an initial distribution of £7,292k from the liquidation of Pool Reinsurance (Nuclear) Limited, which has been recognised in the financial statements.

Additional distributions may follow once the liquidator completes the remaining work, including finalising tax matters and other aspects of the liquidation. Based on information currently available, a further distribution of approximately £2,008k is anticipated. However, both the amount and timing remain uncertain and depend on factors outside the Syndicate's control.

As the receipt of the remaining net assets is considered probable but not virtually certain at the reporting date, no asset or technical income has been recognised in respect of the expected further distribution. Instead, the potential receipt has been disclosed as a contingent asset.

## Notes to the Underwriting Year Accounts

### 16. Ultimate parent company

The Managing Agent's immediate parent company is Chaucer Capital Investments Limited.

The largest and smallest group of undertakings for which group financial statements are prepared, and in which the results of the Managing Agent are included, is China Reinsurance (Group) Corporation. The Company considers China Reinsurance (Group) Corporation to be its ultimate parent company. A copy of the most recent consolidated financial statements is available from the website of China Reinsurance (Group) Corporation ([www.chinare.com.cn](http://www.chinare.com.cn)).

## Seven Year Summary (unaudited)

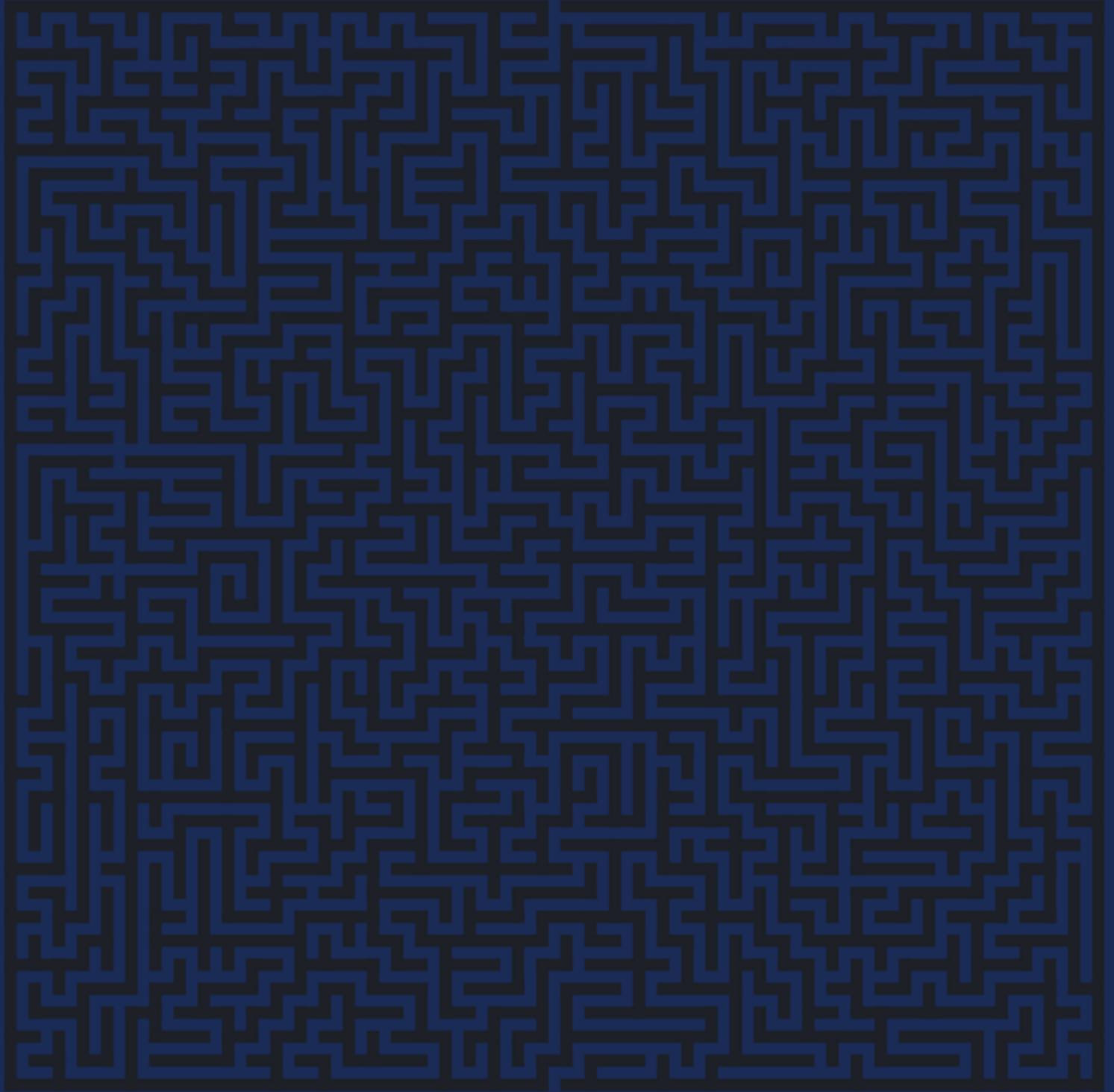
at 31 December 2025

	2017	2018	2019	2020	2021	2022	2023
Syndicate allocated capacity (£000)	37,480	46,500	46,470	46,403	46,476	46,500	<b>46,500</b>
Number of underwriting members	274	307	311	315	325	325	<b>325</b>
Aggregate net premiums (£000)	30,976	28,044	28,494	30,102	28,088	31,013	<b>32,927</b>
<b>Results for an illustrative share of £10,000</b>							
	£	£	£	£	£	£	£
Gross premiums	8,265	6,026	6,170	6,646	6,174	6,940	<b>7,384</b>
Net premiums	8,267	6,031	6,132	6,487	6,044	6,669	<b>7,081</b>
Premium for the reinsurance to close an earlier year of account	6,483	4,365	4,497	4,911	4,894	4,651	<b>5,748</b>
Net claims	(745)	(84)	(71)	49	(28)	(72)	<b>(583)</b>
Premium for the reinsurance to close the year of account	(5,447)	(4,495)	(4,904)	(4,994)	(4,541)	(5,737)	<b>(7,986)</b>
Syndicate operating expenses	(567)	(531)	(577)	(499)	(565)	(609)	<b>(740)</b>
Balance on technical account	7,991	5,286	5,077	5,954	5,804	4,902	<b>3,520</b>
Investment return	299	284	32	(317)	330	375	<b>776</b>
Other income/(charges)	34	82	(110)	325	(41)	(76)	<b>(139)</b>
Total comprehensive income for the closed year	8,324	5,652	4,999	5,962	6,093	5,201	<b>4,157</b>
Illustrative profit commission							
-Managing Agent's share	(1,164)	(779)	(689)	(824)	(840)	(706)	<b>(780)</b>
Illustrative personal expenses <sup>1,2</sup>	(583)	(457)	(473)	(488)	(510)	(517)	<b>(547)</b>
Total comprehensive income after illustrative profit commission and illustrative personal expenses	6,577	4,416	3,837	4,650	4,743	3,978	<b>2,830</b>
<b>Percentage applicable for an illustrative share of £10,000</b>	%	%	%	%	%	%	%
Gross premiums	82.7	60.3	61.7	66.5	61.7	69.4	<b>73.8</b>
Net premiums	82.7	60.3	61.3	64.9	60.4	66.7	<b>70.8</b>
Balance on technical account to gross premiums	96.7	87.7	82.3	89.6	94.0	70.6	<b>47.7</b>

1. Illustrative personal expenses comprise managing agent's fee, Lloyd's subscription, and contribution to Lloyd's Central Guarantee Fund. The managing agent's fee, where applicable, has been calculated so as to disregard the minimum charge to any member underwriting for less than a certain premium limit.

2. Illustrative personal expenses have been shown for individual Names and MAPAs.

Under the standard agency agreements in force an underwriting member who dies prior to 31 December in any year does not participate in that year; if death occurs on 31 December the underwriting member participates fully in that year.



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⌚ A China Re Company