
Annual Report and Accounts 2024

Syndicate 1084

chaucer

 A China Re Company

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Syndicate Information

Directors of the Managing Agent

D C Bendle (resigned 30 October 2024)
R J Callan (resigned 31 March 2024)
J Faure
P A Jardine
R T Milner (appointed 20 May 2024)
A C Pearce
H D Spink (appointed 29 November 2024)
N J Stacey
Z Wang (resigned 17 December 2024)
L S Watkins
J Wright (appointed 1 April 2024)
Dr H Zuo

Chief Operating Officer
Chief Financial Officer & Chief Executive Officer
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

Managing Agent's company secretary

R N Barnett

Managing Agent's registered office

52 Lime Street
London
EC3M 7AF

Managing Agent's registered number

00184915

Managing Agent's independent auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Syndicate active underwriter

K Hunt

Syndicate bankers

The custodians of the Syndicate's investment funds are:
Citibank N.A.
Royal Bank of Canada

Syndicate investment managers

Goldman Sachs Asset Management International
China Re Asset Management (Hong Kong) Company Limited

Syndicate independent auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Underwriter's Report

Results and performance

The profit for the year is \$336.1m (2023: \$355.5m), and the combined ratio is 85.6% (2023: 83.3%).

Syndicate 1084's (the Syndicate) key performance indicators during the year were as follows:

	2024 \$000	2023 \$000
Gross written premium	2,384,759	2,110,337
Net written premium	1,829,484	1,625,429
Net earned premium	1,722,572	1,515,976
Underwriting result	248,882	252,454
Investment return	102,456	116,551
Technical profit for the financial year	351,338	369,005
Non-technical account for the financial year	(15,250)	(13,484)
Profit for the financial year	336,088	355,521
Combined ratio	85.6%	83.3%
Amount due to member	(153,212)	(163,711)

Premiums

For 2024, gross written premium totalled \$2,384.8m (2023: \$2,110.3m), an increase of \$274.5m (13%) compared to the prior year.

2024 saw another year of notable growth as favourable trading conditions persisted.

US Casualty Reinsurance classes benefitted from material risk adjusted rate increases in response to market-wide adverse reserve development, and Property Reinsurance classes continued to achieve loss-driven risk adjusted rate rises, although more subdued than in recent years. Conditions became selectively more challenging in the Insurance classes, given the cumulative positive rate increases in the last few years, however price adequacy remained in most lines with terms and conditions generally meeting appetite. This increase was marginally offset by the prior year containing an element of income in respect of Casualty and Aviation classes which the Syndicate chose to strategically exit and a reduction in current year Cyber Reinsurance income due to non-renewals following imposition of war clause restrictions.

Analysis of the gross written premiums by class of business is presented in Note 3: Segmental Analysis in the notes to the annual accounts.

Net written premiums increased to \$1,829.5m in 2024 (2023: \$1,625.4m) and net earned premiums to \$1,722.5m (2023: \$1,515.9m), with the year-on-year increases consistent with the respective increases in gross volumes as Syndicate reinsurance protections were substantially unchanged.

Underwriting result

Comparable to 2023, the underwriting result for 2024 is a profit of \$248.9m (2023: \$252.5m), resulting in a combined ratio of 85.6% (2023: 83.3%).

Underwriter's Report

The increase in the combined ratio is driven by catastrophe loss experience being marginally more adverse to the prior year due to an increased frequency of smaller cat losses, and less favourable prior year development, principally due to strengthening reserves held for potential losses arising from the Russian invasion of Ukraine.

The most notable catastrophe losses in 2024 were from the flooding in Dubai, Hurricanes Milton and Helene, Typhoon Yagi and hailstorms in Calgary, Canada. A reserve was also booked in 2024 for potential losses related to the collapse of the Francis Scott Key Bridge in Baltimore, US. Notable Catastrophe events resulting in losses in 2023 were Cyclone Gabrielle, NZ Floods, the Israel/Gaza conflict and Hawaii Wildfires.

Overall result

The profit for the year was \$336.1m (2023: \$355.5m), achieved through the excellent underwriting result allied with strong investment performance.

Financial assets held grew in 2024 to \$2,695.4m (2023: \$2,436.3m) delivering a total return of \$102.5m (2023: \$116.5m).

The majority of Syndicate assets are held in fixed income securities which can be impacted by volatility in yield curves and credit spreads. 2024 saw inflation tapering down and economies showing modest signs of strain which allowed central banks to begin cutting interest rates. Over Q4 2024, following the threat of potentially inflationary tariffs, yields increased. By the end of 2024 the US sovereign yield curve had reduced at tenors below 2 years and increased on tenors above. The short duration of the portfolio meant mark-to-market gains were \$11.4m (2023: \$57.9m).

The Syndicate's investment strategy is to focus on investment income with total return being secondary. Interest earned on the portfolio increased by \$18.1m in the year to \$77.1m (2023: \$59.0m). The Syndicate's fixed income portfolio is of high credit quality and has a duration in line with liabilities which allows the Syndicate to take a longer-term view on total return.

Strategy and outlook

The Syndicate remains integral to Chaucer's business proposition, continuing to manage a diversified (re)insurance portfolio, underpinned by distinctive and disciplined underwriting expertise, and headlined by market leadership in selected segments. In keeping with Chaucer's wider enterprise, the Syndicate operation encompasses centralised strategic leadership, international and regional distribution channels, and trusted claims expertise.

During 2024 the Syndicate underwriting strategy continued to build on four central themes:

- Chaucer's core class proposition for direct and facultative, market leading and scalable lines of business that require diverse technical expertise and an international presence;
- Treaty reinsurance lines supplying capacity across multiple segments for global cedants;
- Chaucer's partnership model to provide deliberate and meaningful support of delegated underwriting portfolios that boast niche expertise or unique distribution; a segment of the syndicate's business that in 2024 achieved the greatest proportional growth;
- An influential market for the design and support of product innovation aligned to developing Chaucer's core classes, including in 2024, building expertise for innovative risk transfer solutions using weather parametrics in support of the renewable energy sector.

Underwriter's Report

The 2025 Business Plan was approved with gross written premium increasing to £2,210.5m (\$2,785.2m), a 13.6% increase compared to the approved 2024 plan at consistent rates of exchange. The plan allows the Managing Agent to continue to grow a diversified portfolio across Chaucer's key business lines, capitalising on forecasts of largely favourable trading conditions whilst building cycle resilience. The plan for 2025 also incorporates underwriting within the new 'Transition' class of business to support Chaucer's appetite to facilitate new and emerging sustainable energy technologies.

The components remain in place for continued long-term successful performance. Chaucer has a broad, highly valued specialty product range and a renowned underwriting team with the right focus on delivering technically smart, commercial and innovative solutions for brokers and clients.

K Hunt, Active Underwriter

Chaucer Syndicate 1084

04 March 2025

Managing Agent's Report

The Directors of the Managing Agent present their report and the audited annual accounts for the year ended 31 December 2024.

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 general insurance and reinsurance business in the United Kingdom, underwriting at Lloyd's of London.

Principal risks and uncertainties

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

Underwriting risk

Each underwriting division of the Managing Agent undertakes an extensive annual underwriting planning process in order to determine its targets for premium income and return on capital for the Syndicate.

The detailed stochastic modelling of underwriting risk, both gross and net of reinsurance, using dynamic financial analysis techniques, assists with the setting and management of risk appetite.

Catastrophe risk is the main component of underwriting risk and the Managing Agent uses Exceedance Probability (EP) curves as one of the tools for managing this risk. For a defined underwriting portfolio, an EP curve plots expected probability against loss size. This represents a sliding scale of risk appetite against associated exceedance probabilities.

Managing risk aggregation

The Managing Agent monitors the aggregation of underwriting exposure using specialist modelling software tools where appropriate. The Managing Agent monitors the Syndicate's loss exposure to a suite of natural catastrophe events (including the prescribed Lloyd's Realistic Disaster Scenarios) and man-made events on a quarterly basis. Modelled loss caps are set at an underwriting business unit level for each event; this provides the underwriters with a practical tool for managing exposures.

Concentrations of risk

The Syndicate has exposure to losses arising through the aggregation of risks in geographical areas. This mainly affects the property, marine and energy portfolios. Events giving rise to such aggregations are typically natural disasters such as earthquakes or weather-related disasters such as hurricanes, windstorms and typhoons. Other examples include major terrorism events.

As part of the risk management process, the Managing Agent assesses the Syndicate's exposures to Realistic Disaster Scenarios twice a year to enable the Managing Agent to monitor potential accumulations of underwriting exposure against a pre-determined suite of catastrophic events and to confirm no breach of underwriting risk appetite.

Managing Agent's Report

Maximum lines

Underwriters manage individual risks through adherence to set maximum line sizes.

Underwriting controls

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

Monitoring performance against plan

The Managing Agent manages Syndicate performance against plan through quarterly divisional reporting; utilising centrally prepared underwriting management information packs. 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 several layers of review for underwriting risks, with particular focus on pricing, loss ratio forecasts, risk aggregation, catastrophe modelling and reinsurance protection.

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 Managing Agent is exposed to Geopolitical Risk through elements of its Underwriting portfolio e.g. Political Risk. Therefore, the Risk Management Function continuously monitor Geopolitical Risks and have a dashboard containing the most significant Geopolitical Risks which 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 Managing Agent.

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.

Claims risk

While claims events are inherently uncertain and volatile, the claims department is an experienced team covering a wide range of business classes. The Managing Agent has various management controls in place to mitigate claims risk; some of these controls are outlined below.

Managing Agent's Report

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 commissions an external random peer review on a quarterly basis. This review incorporates both qualitative and quantitative measures and findings are collated and reported to relevant committees.

Monthly reporting

Reports are produced for different aspects of the claims handling process, including significant movements, catastrophes, and static claims. These reports are communicated both within the business and with key external stakeholders, including Lloyd's Claims Management.

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 the Syndicate receives a high quality service. Direct contact with external experts is 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 underwriting, claims and reinsurance staff.

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.

Managing Agent's Report

(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
- 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 is projected to ultimate. Where certain contracts or claim events obscure development trends, these are split out for separate review. The application of standard actuarial techniques to the historical attritional, large and catastrophe claims data supports the estimation of ultimate loss ratios. The analysis also draws on external 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 and provides for the possibility of reinsurer failure.

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.

Managing Agent's Report

Financial Risks

Credit risk

The Managing Agent reviews all reinsurer counterparties with whom the Syndicate wishes to conduct business and sets credit thresholds for the total potential recoveries due from each reinsurer. The review includes an analysis of the financial strength of the reinsurer, its payment performance record and standing in the market. Thereafter, management of reinsurer credit risk follows active and regular review of the credit ratings and financial exposure to all approved reinsurers.

The Syndicate predominantly purchases reinsurance from reinsurers rated strong or better by Standard & Poor's (or equivalent). Maximum exposures per reinsurer are set in response to a reinsurer's rating and net assets.

Broker credit risk limits are also determined depending on the grading of the relevant broker and exposures monitored against limits on a monthly basis.

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.

Investment risk constraints, which quantify the maximum amount of investment risk permitted over a one-year time horizon, are approved by the Managing Agent's 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 professional portfolio managers. Each manager operates within a defined set of investment guidelines and against an appropriate benchmark.

Refer to Note 12 for more details on the Syndicate's exposure to investment risk and 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 and reputation 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.

Managing Agent's Report

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 is required to comply with the requirements of the Prudential Regulatory Authority, Financial Conduct Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. The Managing Agent has a Compliance Officer, who monitors regulatory developments and assesses the impact on agency policy. The Managing Agent also undertakes a compliance-monitoring programme.

Legal risk is the risk that exposes the Managing Agent to actual or potential legal proceedings. The Managing Agent has internal legal risk resource, which monitors legal developments and assesses impact on the business. The Managing Agent also has access to external legal resource to support on specialised matters.

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 governance 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.

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 Chief Risk Officer is nominated as the Senior Manager responsible for managing the financial risks of climate change.

The Managing Agent recognises that the Syndicate is likely to be affected by risks arising from climate change and that those risks may arise over different time horizons. In delivering its strategy for the Syndicate, 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, reporting and disclosure of climate risks. Recent key developments include:

- Development and implementation of underwriting and investment climate risk appetites.
- Annual review of the science of climate change and its relevance to both the syndicate's material exposures and that of the global insurance industry.
- Strengthening of the climate risk governance at all levels of the risk governance structure.

Managing Agent's Report

- An updated validation of the North Atlantic hurricane model and a complete review of the Syndicate's view of risk for this peril considers climate change that has already occurred up to and including 2023.
- A review of scientific research for Japan Typhoon risk and how it is changing with climate change, along with stress testing has led to updating Our Own View of Risk to consider current climate change that has already occurred.
- The Managing Agent published a whitepaper on changing wildfire risk for North America to support the Syndicate's View of Risk. This informs how climate change is changing the peril across all time horizons.
- Carried out a detailed literature review of scientific research on large hail risk in Europe. This will be used to support the Syndicate's understanding of this peril and how our Own View of Risk might change with climate change.

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 its client base through the transition from fossil fuel exploration and production to renewable energy production. The Syndicate already underwrites a book of renewable energy business and this book is targeted to grow.
- 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 will improve exposure data categorisation to improve the assessment of the Syndicate's exposures to climate change risk. The Managing Agent will prioritise the assessment of its exposure to vulnerable regions and will insist that the exposure to these vulnerable regions is adequately priced when accepting risk.
- The Managing Agent has carried out extensive scenario testing as part of the Prudential Regulation Authority's Climate Biennial Exploratory Scenario (CBES) for US hurricane, NA wildfire, US severe thunderstorm, NA winter storm and flooding, UK flooding, EU windstorm, and Japan typhoon. The methodologies and processes derived from CBES have enabled the subsequent introduction of climate risk stress tests and risk appetites.
- 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 commit to increases of risk appetite where the business is profitably priced and mix of catastrophe versus non-catastrophe exposure and reserving risk is appropriate. However, risk appetites will not increase where it may lead to increased exposure to climate change risks where it is not profitable to do so.

Scenario Testing

In 2024 the Risk Management Function developed a Materiality Assessment for Climate Change Risk which will be reviewed annually. The baseline scenario used for the Materiality Assessment was an adapted Network for Greening the Financial System (NGFS) climate pathway. These adapted NGFS pathways were adopted by Chaucer Group in 2021 for the CBES return to the BoE and have been the basis for all subsequent climate change risk developments and analysis.

Managing Agent's Report

The Managing Agent undertook detailed quantitative scenario tests for several risk categories including Underwriting, Investment and Liability Risks Tests were completed according to three pre-defined scenarios known as Early, Late, and No Action. The first two reflected different pathways to net-zero UK greenhouse gas emissions by 2050. The third scenario reflected a situation where governments globally are unwilling or unable to bring about effective policy change.

The methodologies and processes derived from CBES have enabled the subsequent introduction of climate risk stress tests and risk appetites for insurance and investment risk.

The insurance stress test now enables the Managing Agent to understand the Syndicate's Climate Risk Vulnerability for key meteorological perils in North America, Europe, and Japan and for a risk appetite to be set. Similarly, investment risk stress have been introduced and enabled the setting of a Climate Value at Risk (CVaR) appetite.

These investment stress tests were reviewed and approved by the Risk and Capital Committee in 2023 and are now monitored on an ongoing basis as part of Own View of Risk development. The investment stress tests are regularly reviewed by the Risk and Capital Committee.

Specifically, the scenario testing process included:

- Physical scenario tests on key climate change impacted perils for Property exposures on a range of time horizons, according to Early, Late and No Additional Action scenario.
- Determining the financial impacts from climate change scenario tests for asset sectors and counterparty projections for a range of time horizons according to Early, Late and No Additional Action scenario.
- Assessment of potential exposure to climate-related litigation for seven predefined legal cases for the Syndicate's largest three insured climate related sectors in-scope for the exercise.
- Calculating the impact of the first two on the Syndicate's balance sheet at time horizons from year 0 to year 30 projections.

Risk appetites

Risk appetites serve a strategic purpose by enabling the Managing Agent to assess the vulnerability of insured portfolios to climate risk. They are a key tool for management in setting and monitoring strategies on climate risk and other risk management activities lead from them.

The Managing Agent already has an established set of mature and well embedded definitive risk appetites and limits across the risk categories which are set annually, monitored regularly, and reported with oversight from the Risk and Capital Committee. This ensures that the Managing Agent takes certain and considered decisions about the degree of risk being taken in line with price adequacy and that adjustments can be made to adjust the exposure where necessary. For these to be effective it is important that metrics capture all material sources of risk. To that end, modelling of catastrophe risk needs to factor in the enhanced risk caused by climate change today. The Managing Agent's Exposure Management team dedicate considerable resource to ensure climate change is properly considered in the Managing Agent's Own View of Risk.

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.

Managing Agent's Report

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 focus on catastrophe perils where climate change is identified as a driver of increased risk, including improved modelling capability and reporting;
- Underwriting of renewable energy;
- 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;
- Changes to investment strategy to mitigate the transition risks of climate change;
- Rigorous validation of catastrophe risk models within the business and analysis of trends in event frequency and severity forming part of the review of model assumptions. Where trends are observed in recent years, this is reflected in the Solvency Capital Requirement (SCR) modelling. Climate change is also considered as part of the risk driver framework used for setting correlations between classes. Classes which are deemed to be at higher risk of the effects of climate change, such as Property and Property Treaty, will likely score more highly against this risk driver when setting assumptions.
- Formation of a Sustainability Group and the ongoing development of a Sustainability Report and 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, Transitional and Litigation 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 3/19.

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 include 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.

Physical Risks

The Syndicate is materially exposed through its underwriting portfolio to weather events which are being affected by climate change. In order to assess these effects, the risk of changing climate is viewed over three-time horizons: current climate change (<5 years), near term (expected in next 5-10 years), and long term (10+ years). Scenarios using recognised emissions pathways or temperature increases are used to evaluate long term risk, while stress testing is carried out over near-term time horizons based on projection studies and evolving research trends. The current risk of climate change is assessed on trends with good evidence and confidence. If material impacts from changes in climate that have already occurred, then the Syndicate's Own View of Risk will be updated. Risk management actions taken to date are:

- Quantitative scenario testing of the Syndicate's major climate-related perils across multiple time horizons and temperature-rise outcomes to further understand the potential impact to these liabilities.
- Rigorous validation of the North Atlantic hurricane model and a complete review of the view of risk for this peril in 2024. This update ensure that the risk includes climate change which has occurred to date.
- Thorough literature review of current research into large hail risk and climate change. This will support the Syndicate in understanding how the latest research can be factored into our various Own View of Risk for hail.
- Research review and climate change stress testing of the Japan Typhoon model which resulted in a full review of the view of risk for this peril. After reviewing trends in historical data, published climate model projections, and scientific consensus, our Own View of Risk was updated to represent a shift norward in the maximum intensity of typhoons in the model.
- Climate-related liability risk modelling to assess these risks in the underwriting portfolio; and
- Strategic workshops assessing the impact of physical climate change risk and opportunities on key industries that may be materially affected by physical climate change trends to identify potential gaps (or unsolved customer problems) where insurance solutions could play a role.

Liability Risks

The Syndicate is exposed to liability risks from climate change through its portfolio of liability products. Risk management actions taken to date are:

- Scenario testing of the Syndicate's potential exposure to liability risks arising from climate change, considering potential litigation risks arising from climate change across the Syndicate's underwriting divisions. The only in-scope products, featuring General Liability, have been analysed and assessed for potential exposure.
- The Managing Agent's Exposure Management team have developed a risk framework for managing potential catastrophic liability risk. The core stages of this development have been to improve the data linked to liability policies, generate potential scenarios, and consider impacted industries, and finally to quantify the loss.

Managing Agent's Report

A model has now been developed which can simulate multi-year liability events against the Syndicate's portfolio, defining the total amount of culpability within the event, how this is distributed around sectors of the economy and into which type of liability policies these could be recovered. These scenarios include climate change financial risks such as 'Greenwashing' and 'Sea Level Rise'.

Directors' interests

The Directors who held office during the year and up to the date of signing the annual accounts are detailed on page 3. Director resignations during the year are as a result of retirements, and the Board of Directors are pleased to welcome the new Board members. Dr H Zuo, Group Non-Executive Director, will be retiring in 2025.

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

Disclosure of information to the auditors

The Directors each confirm that:

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

Independent auditors

On 10 June 2024, the Board of Directors have appointed KPMG LLP as auditors of the Syndicate, following a competitive tender process. The auditors have indicated their willingness to continue in office and are deemed re-appointed as auditors of the Syndicate for another term in accordance with Section 487 of the Companies Act 2006.

Approved by the Board of Chaucer Syndicates Limited.

J Wright

Chief Financial Officer
04 March 2025

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Syndicate annual report and annual 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 Managing Agent is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
- 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.

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

The Managing Agent is responsible for the preparation and review of the iXBRL tagging that has been applied to the annual 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 Managing Agent is 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.

Independent Auditors' Report to the Members of Syndicate 1084

Opinion

We have audited the Syndicate annual accounts of Syndicate 1084 (“the Syndicate”) for the year ended 31 December 2024 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 2024 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 2.0 issued by Lloyd’s, as modified by the Syndicate Accounts Frequently Asked Questions Version 1.1 dated 18 February 2025 issued by 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 10 June 2024, 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 reviewing correspondence with 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.

Independent Auditors' Report to the Members of Syndicate 1084

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the audit committee, internal audit, legal, risk and compliance, 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 posted with key words or with no description, entries with no User ID, entries posted to accounts that contain significant estimates, entries posted or approved by unauthorised users, entries posted by and approved by the same individual, entries to seldom used accounts, post-closing entries and entries containing unusual debits and credits.
- 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. For a majority of classes of business we considered to be high risk, we performed alternative reprojections to the actuarial best estimate using our own gross loss ratios and compared these to the Syndicate’s results, assessing the results for evidence of bias.

Independent Auditors' Report to the Members of Syndicate 1084

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 others 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 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.

Independent Auditors' Report to the Members of Syndicate 1084

Other information – Report of the Directors of the Managing Agent

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

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

- we have not identified material misstatements in the Report of the Directors of the Managing Agent;
- in our opinion the information given in the Report of the Directors of the Managing Agent is consistent with the Syndicate annual accounts; and
- in our opinion the 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 18, the Directors of the Managing Agent are responsible for: the preparation of the Syndicate annual accounts, including 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.

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.

Independent Auditors' Report to the Members of Syndicate 1084

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 by 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.

Timothy Butchart (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
04 March 2025

Statement of Comprehensive Income

for the year ended 31 December 2024

	Note(s)	2024 \$000	2023 \$000
Technical account – General Business			
Gross premiums written	3	2,384,759	2,110,337
Outward reinsurance premiums		(555,275)	(484,908)
Premiums written, net of reinsurance		1,829,484	1,625,429
Changes in unearned premium			
Change in the gross provision for unearned premiums	19	(142,016)	(116,956)
Change in the provision for unearned premiums reinsurers' share	19	35,059	7,503
Net change in provision for unearned premiums		(106,957)	(109,453)
Earned premiums, net of reinsurance		1,722,527	1,515,976
Allocated investment return transferred from the Non-Technical Account		102,456	116,551
Claims paid			
Gross amount	19	(802,873)	(811,449)
Reinsurers' share	19	178,706	200,654
Net claims paid		(624,167)	(610,795)
Change in the provision for claims			
Gross amount	19	(368,843)	(7,184)
Reinsurers' share	19	107,878	(105,146)
Net change in provision for claims		(260,965)	(112,330)
Claims incurred, net of reinsurance		(885,132)	(723,125)
Net operating expenses	3, 5	(588,513)	(540,089)
Other technical charges, net of reinsurance	9	-	(308)
Balance on the Technical Account – General Business		351,338	369,005
Non-Technical Account – General Business			
Investment income	10	77,079	58,967
Realised gains on investments	10	16,451	1,226
Unrealised gains on investments	10	11,364	57,921
Investment expenses and charges	10	(2,438)	(1,563)
Total investment return		102,456	116,551
Allocated investment return transferred to the general business technical Account		(102,456)	(116,551)
Loss on foreign exchange		(15,250)	(13,484)
Total comprehensive income for the year		336,088	355,521

All the amounts above are in respect of continuing operations.

Statement of Financial Position

as at 31 December 2024

	Note(s)	2024 \$000	2023 \$000
Assets			
Investments			
Financial investments	12, 13	2,484,831	2,212,791
Deposits with ceded undertakings		3,034	1,519
		2,487,865	2,214,310
Reinsurers' share of technical provisions			
Provision for unearned premiums	19	267,191	234,373
Claims outstanding	19, 21	1,108,183	1,009,266
		1,375,374	1,243,639
Debtors			
Debtors arising out of direct insurance operations - intermediaries	14	334,956	283,642
Debtors arising out of reinsurance operations	15	893,197	888,889
Other debtors	16	1,159	1,819
		1,229,312	1,174,350
Other assets			
Cash at bank and in hand		59,452	57,294
Other	17	148,099	164,701
		207,551	221,995
Prepayments and accrued income			
Accrued interest and rent		20,744	15,638
Deferred acquisition costs	18	262,958	227,471
Other prepayments and accrued income		145	63
		283,847	243,172
Total assets		5,583,949	5,097,466
Capital and reserves			
Member's balances		153,212	163,711
Total capital and reserves		153,212	163,711
Liabilities			
Technical provisions			
Provision for unearned premiums	19	1,212,593	1,074,863
Claims outstanding	12, 19, 21	3,746,304	3,416,947
		4,958,897	4,491,810
Creditors			
Creditors arising out of direct insurance operations	22	5,410	6,972
Creditors arising out of reinsurance operations	23	417,352	394,440
Other creditors including taxation and social security	24	12,732	14,450
		435,494	415,862
Accruals and deferred income			
		36,346	26,083
Total liabilities		5,430,737	4,933,755
Total liabilities, capital and reserves		5,583,949	5,097,466

The annual accounts on pages 24 to 58 were approved by the Board of Chaucer Syndicates Limited on 04 March 2025 and signed on its behalf by:

J Wright

Chief Financial Officer

Statement of Changes in Members' Balances

for the year ended 31 December 2024

	2024	2023
	\$000	\$000
Members' balance brought forward at 1 January	163,711	(144,509)
Total recognised gains for the year	336,088	355,521
Payments of profit to members' personal reserve funds	(353,462)	(44,349)
Other	6,875	(2,952)
Members' balance carried forward at 31 December	153,212	163,711

Statement of Cash Flows

for the year ended 31 December 2024

	Note	2024 \$000	2023 \$000
Cash flows from operating activities			
Total comprehensive income		336,088	355,521
Adjustments:			
Increase in gross technical provisions		505,497	128,033
(Decrease) / increase in reinsurers' share of technical provisions		(142,112)	98,746
Increase in debtors		(115,212)	(165,063)
Increase / (decrease) in creditors		33,733	(66,104)
Movement in other assets/liabilities		6,232	29,857
Investment return	10	(102,456)	(116,551)
Foreign exchange		33,576	15,825
Other		6,876	(2,952)
Net cash flows from operating activities		562,222	277,312
Cash flows from investing activities			
Purchase of equity and debt instruments		(1,976,547)	(1,503,608)
Sale of equity and debt instruments		1,659,796	1,101,535
Investment income received		84,336	58,093
Other		(1,515)	3,695
Net cash flows from investing activities		(233,930)	(340,285)
Cash flows from financing activities			
Distribution profit		(133,462)	(44,349)
Open year profit release		(220,000)	-
Net cash flows from financing activities		(353,462)	(44,349)
Net decrease in cash and cash equivalents		(25,170)	(107,322)
Cash and cash equivalents at the beginning of the year		163,216	264,517
Foreign exchange on cash and cash equivalents		(5,052)	6,021
Cash and cash equivalents at the end of the year		132,994	163,216

Notes to the Accounts

for the year ended 31 December 2024

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 2.0 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, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

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

Restatement of comparative information

During 2024, Lloyd's introduced changes to the Syndicate accounts process to rationalise and standardise financial reporting across the market. As a result, certain comparative information has been restated to ensure consistency with current year presentation and compliance with the Lloyd's Syndicate Accounts Instructions. The changes comprise:

A) Reclassification changes

Certain financial statement line items have been reclassified whilst the underlying amounts remain unchanged. The principal change is the reclassification of holdings in collective investment schemes, previously shown in cash flows from investing activities, to form part of cash and cash equivalents in the Statement of Cash Flows. The comparative balances in Note 25 have also been reclassified to align with the current period presentation.

B) Aggregation changes

To align with Lloyd's reporting requirements whilst maintaining FRS 102 compliance, certain items have been aggregated or disaggregated within the financial statements and related notes. This includes:

- The presentation of realised and unrealised gains and losses on investments, which are now shown on a disaggregated basis in the Non-Technical Account of the Statement of Comprehensive Income;
- The presentation of deposits with ceding undertakings, which is now shown on a disaggregated basis in investments on the Statement of Financial Position;
- The presentation of Energy and Miscellaneous classes of business, which are now shown on an aggregated and disaggregated basis respectively in Note 3;
- The presentation of gross premiums written by location of risk, which is now shown for direct gross premiums written only in Note 3;
- The presentation of staff numbers, which is now shown to aggregate other staff into the administration and finance category and disaggregate Investment staff from this same category in Note 7;

Notes to the Accounts

for the year ended 31 December 2024

1. Basis of preparation (continued)

B) Aggregation changes (continued)

- The presentation of interest and similar income, which is now shown on an aggregated basis to include income from financial assets at fair value through profit and loss in Note 10;
- The presentation of overseas deposits, which is now shown on an aggregated basis in credit risk disclosure in Note 12;
- The presentation of syndicate loans to central fund, which is now shown on a disaggregated basis in the financial instruments and financial investments in Notes 12 and 13;
- The presentation of deferred acquisition costs is now shown separately from the technical provisions and the movements in the balance is now shown on a disaggregated basis in Note 18; and
- The presentation of the movements in technical provisions, which are now shown on a disaggregated basis in Note 19;

The reclassification and aggregation changes have been applied retrospectively and had no impact on previously reported total comprehensive income, total assets, total liabilities, or total capital and reserves.

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 2025 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 2026 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.



Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

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. Refer to reserving risk section in Managing Agent's Report for more detail.

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.

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

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) Investment contracts

Amounts paid in respect of certain reinsurance contracts, which principally involve the transfer of financial risk and not significant insurance risk, are accounted for using deposit accounting, under which amounts paid are debited directly to the Statement of Financial Position. Investment contract assets are initially recognised at fair value and subsequently carried in the Statement of Financial Position at amortised cost and shown as 'Other assets'. Investment contract liabilities are carried in the Statement of Financial Position at amortised cost and shown within 'Other creditors including taxation and social security'. Contractual gains and losses are recognised in other technical income in the Statement of Comprehensive Income using the effective interest rate method.

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.

E) Foreign currencies

The functional and presentation currency of the Syndicate is US Dollars.

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

At each period end foreign currency monetary items are translated using the closing rate. For this purpose all assets and liabilities arising from insurance contracts (including unearned premiums, deferred acquisition costs and unexpired risks provisions) are monetary items. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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.

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

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.

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. Deposits with credit institutions are stated at cost and overseas deposits are stated at market value (per Lloyd's valuation).

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

F) Financial assets (continued)

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.

l) 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.

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

I) Taxation (continued)

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) 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.

L) Reinsurers' commission

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

M) 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.

N) 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.

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

○) 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 (pages 29 to 31)
- Measurement of premium written (page 29)

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
2024						
Direct insurance						
Accident and health	2,114	3,999	(1,293)	(405)	(286)	2,015
Motor (third party liability)	6,017	5,375	(3,887)	(1,905)	416	(1)
Motor (other classes)	7,705	6,811	(2,352)	(2,019)	(1,451)	989
Marine, aviation and transport	205,219	200,440	(162,795)	(70,762)	4,672	(28,445)
Fire and other damage to property	302,128	279,660	(103,833)	(82,817)	(41,615)	51,395
Third party liability	259,806	240,344	(152,993)	(87,578)	(349)	(576)
Credit and suretyship	130,422	97,455	(28,461)	(50,319)	572	19,247
Legal expenses	202	221	(108)	(68)	(20)	25
Total direct insurance	913,613	834,305	(455,722)	(295,873)	(38,061)	44,649
Reinsurance acceptances	1,471,146	1,408,438	(715,994)	(330,478)	(157,733)	204,233
Total	2,384,759	2,242,743	(1,171,716)	(626,351)	(195,794)	248,882
2023						
Direct insurance						
Accident and health	5,290	10,816	(9,150)	(2,484)	150	(668)
Motor (third party liability)	3,698	3,771	(2,505)	(1,483)	(9)	(226)
Motor (other classes)	6,286	5,622	(2,516)	(1,941)	(1,541)	(376)
Marine, aviation and transport	200,216	182,153	(75,886)	(74,864)	(12,405)	18,998
Fire and other damage to property	267,761	247,291	(89,444)	(78,434)	(53,705)	25,708
Third party liability	233,506	226,376	(107,639)	(84,299)	(11,843)	22,595
Credit and suretyship	76,530	70,054	(10,917)	(30,194)	(22,470)	6,473
Legal expenses	234	228	515	(1,456)	1,261	548
Total direct insurance	793,521	746,311	(297,542)	(275,155)	(100,562)	73,052
Reinsurance acceptances	1,316,816	1,247,070	(521,091)	(286,136)	(260,441)	179,402
Total	2,110,337	1,993,381	(818,633)	(561,291)	(361,003)	252,454

* Gross operating expenses are not the same as net operating expenses shown in the Statement of Comprehensive Income because of commissions in respect of outward reinsurance received.



Notes to the Accounts

for the year ended 31 December 2024

3. Segmental analysis (continued)

The below is an additional disclosure for Lloyd's reporting purposes and is included to facilitate the classification of the above segments into the Lloyd's aggregate classes of business:

	Gross premiums written \$000	Gross premiums earned \$000	Gross claims incurred \$000	Gross operating expenses \$000	Reinsurance balance \$000	Total \$000
2024						
Additional analysis						
Fire and damage to property of which is:						
Specialities	56,260	52,622	(23,395)	(15,702)	(3,418)	10,107
Energy	16,222	13,984	(2,092)	(3,211)	(2,703)	5,978
Third party liability of which is:						
Energy	6,131	5,974	(4,109)	(1,741)	(630)	(506)

2023

Additional analysis

Fire and damage to property of which is:

Specialities	60,689	57,375	(15,103)	(18,929)	(11,317)	12,026
Energy	11,581	13,050	(4,039)	(2,356)	(479)	6,176

Third party liability of which is:

Energy	5,669	5,439	(2,529)	(1,678)	(766)	466
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The gross premiums written for direct insurance by location of where contracts were concluded is presented in the table below:

	2024 \$000	2023 \$000
UK	913,613	793,521
	913,613	793,521

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 2024 the Syndicate released \$47.7m of technical reserves in respect of prior years (2023: \$89.2m), arising predominantly from the Treaty, Property and Casualty divisions (2023: Casualty, Marine and Treaty divisions). These releases were due to favourable claims development on prior year losses during 2024, partially offset by reserve strengthening on Political Risk and Violence. Refer to Note 19 for further details.



Notes to the Accounts

for the year ended 31 December 2024

5. Net operating expenses

	2024 \$000	2023 \$000
Acquisition costs - brokerage and commissions	478,378	420,999
Change in deferred acquisition costs	(26,144)	(22,416)
Administrative expenses	148,778	127,102
Members' standard personal expenses	31,705	29,918
Reinsurance commissions and profit participations	(44,204)	(15,514)
	588,513	540,089

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

	2024 \$000	2023 \$000
Total commission for direct insurance business	178,193	158,293

6. Auditors' remuneration

	2024 \$000	2023 \$000
Fee payable to the Syndicate's auditor for the audit of these annual accounts	594	561
Fees payable to the Syndicate's auditor and its associates in respect of other services pursuant to legislation	323	296

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.

CUSL recharged the following amounts to the Syndicate in respect of staff costs:

	2024 \$000	2023 \$000
Wages and salaries	46,769	42,002
Social security costs	5,887	4,916
Other pension costs	5,387	4,811
	58,043	51,729

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

	2024 Number	2023 Number
Administration and finance	301	270
Underwriting	132	126
Claims	29	29
Investments	1	1
	463	426

Notes to the Accounts

for the year ended 31 December 2024

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

The Directors of the Managing Agent and the Active Underwriter received the following aggregate remuneration for services rendered to the Syndicate:

	2024	2023
	\$000	\$000
Directors of Chaucer Syndicates Limited	2,138	1,922
Active Underwriter	410	403

9. Other technical charges, net of reinsurance

Other technical charges of \$nil (2023: \$0.3m) relate to a reduction in expected recoveries on a reinstatement premium protection contract held.

10. Investment return

	2024	2023
	\$000	\$000
Interest and similar income		
From financial assets designated at fair value through profit and loss		
Interest and similar income	66,037	52,495
Interest on cash and cash equivalents	11,042	6,472
Other income from investments		
From financial assets designated at fair value through profit or loss		
Gains on the realisation of investments	20,922	7,830
Losses on realisation of investments	(4,471)	(6,604)
Unrealised gains on investments	42,286	59,981
Unrealised losses on investments	(30,922)	(2,060)
Investment management expenses, including interest	(2,438)	(1,563)
Total investment return	102,456	116,551
Transferred to the technical account from the non-technical account	102,456	116,551

The investment return was wholly allocated to the technical account.

11. Distribution

A distribution of \$19.4m to members will be proposed in relation to the closing year of account 2022 (2023: \$132.8m in relation to the closing year of account 2021).

Notes to the Accounts

for the year ended 31 December 2024

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 exposures 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 duration targets of minimum 2.5 years and maximum 3.5 years for each portfolio.

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.

Notes to the Accounts

for the year ended 31 December 2024

12. Financial instruments (continued)

iii) Currency risk

The Syndicate writes a proportion of insurance business in currencies other than US dollar and is therefore exposed to currency risk arising from changes in these exchange rates. Assets are held in each of these currencies to generally match the corresponding liabilities.

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

2024	Sterling \$000	US dollar \$000	Euro \$000	Canadian dollar \$000	Australian dollar \$000	Japanese Yen \$000	Other \$000	Total \$000
Investments	388,302	1,758,867	169,776	170,920	-	-	-	2,487,865
Reinsurers' share of technical provisions	209,773	1,091,521	-	74,080	-	-	-	1,375,374
Debtors	65,188	851,514	55,254	36,960	43,736	33,230	143,430	1,229,312
Other assets	16,993	45,208	1,203	38,043	68,520	12	37,572	207,551
Prepayments and accrued income	76,582	192,572	1,133	12,713	595	-	252	283,847
Total assets	756,838	3,939,682	227,366	332,716	112,851	33,242	181,254	5,583,949
Technical provisions	1,055,303	3,653,996	10,543	235,426	1,661	1,967	-	4,958,897
Creditors	100,387	342,773	185	(9,178)	-	-	1,328	435,494
Accruals and deferred income	18,217	17,335	27	767	-	-	-	36,346
Total liabilities	1,173,907	4,014,104	10,755	227,015	1,661	1,967	1,328	5,430,737
Total capital and reserves	(417,069)	(74,422)	216,611	105,701	111,190	31,275	179,926	153,212

2023	Sterling \$000	US dollar \$000	Euro \$000	Canadian dollar \$000	Australian dollar \$000	Japanese Yen \$000	Other \$000	Total \$000
Investments	299,264	1,554,432	168,425	192,189	-	-	-	2,214,310
Reinsurers' share of technical provisions	221,405	939,147	-	83,087	-	-	-	1,243,639
Debtors	61,078	806,233	57,270	33,036	38,771	38,513	139,449	1,174,350
Other assets	16,582	36,787	9,038	38,709	72,991	47	47,841	221,995
Prepayments and accrued income	67,646	160,521	988	13,776	241	-	-	243,172
Total assets	665,975	3,497,120	235,721	360,797	112,003	38,560	187,290	5,097,466
Technical provisions	997,321	3,223,834	10,627	256,550	1,626	1,852	-	4,491,810
Creditors	119,586	279,604	(989)	17,868	(123)	(84)	-	415,862
Accruals and deferred income	12,576	12,471	76	956	4	-	-	26,083
Total liabilities	1,129,483	3,515,909	9,714	275,374	1,507	1,768	-	4,933,755
Total capital and reserves	(463,508)	(18,789)	226,007	85,423	110,496	36,792	187,290	163,711

Notes to the Accounts

for the year ended 31 December 2024

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.

	2024		2023	
	Impact on results before tax \$000	Impact on Member's balances \$000	Impact on results before tax \$000	Impact on Member's balances \$000
Interest rate risk				
+50 basis points shift in yield curves	(35,059)	(35,059)	(28,717)	(28,717)
-50 basis points shift in yield curves	35,053	35,053	28,716	28,716
Currency risk				
10 percent increase in US dollar/GBP exchange rate	37,915	37,915	42,137	42,137
10 percent decrease in US dollar/GBP exchange rate	(46,341)	(46,341)	(51,501)	(51,501)
10 percent increase in US dollar/Euro exchange rate	(19,692)	(19,692)	(20,546)	(20,546)
10 percent decrease in US dollar/Euro exchange rate	24,068	24,068	25,112	25,112

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

Notes to the Accounts

for the year ended 31 December 2024

12. Financial instruments (continued)

B) Liquidity risk (continued)

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.

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	278,292	69,943	35,097	52,162	435,494
Claims outstanding	1,197,893	1,243,307	591,419	713,685	3,746,304
At 31 December 2024	1,476,185	1,313,250	626,516	765,847	4,181,798
Creditors	245,219	111,796	36,098	22,749	415,862
Claims outstanding	1,146,224	1,116,457	531,283	622,983	3,416,947
At 31 December 2023	1,391,443	1,228,253	567,381	645,732	3,832,809

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.

Notes to the Accounts

for the year ended 31 December 2024

12. Financial instruments (continued)

C) Credit risk (continued)

i) Management of credit risk (continued)

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.

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	40,579	-	32,963	-	-	-	73,542
Debt securities and other fixed income securities	1,098,964	462,007	632,961	199,637	2,604	-	2,396,173
Syndicate loans to central fund	-	15,116	-	-	-	-	15,116
Deposits with ceded undertakings	-	-	3,034	-	-	-	3,034
Reinsurers' share of claims outstanding	-	447,560	658,842	-	32	1,749	1,108,183
Debtors arising out of direct insurance operations	-	-	-	-	-	334,956	334,956
Debtors arising out of reinsurance operations	1,213	185,812	502,799	3,368	22,098	177,907	893,197
Cash at bank and in hand	59,452	-	-	-	-	-	59,452
Other debtors and accrued interest	72,839	15,845	14,943	10,374	15,871	40,275	170,147
At 31 December 2024	1,273,047	1,126,340	1,845,542	213,379	40,605	554,887	5,053,800
Shares and other variable yield securities	52,463	-	53,459	-	-	-	105,922
Debt securities and other fixed income securities	970,769	392,899	499,584	208,893	14,737	-	2,086,882
Syndicate loans to central fund	-	-	19,987	-	-	-	19,987
Deposits with ceded undertakings	-	-	1,519	-	-	-	1,519
Reinsurers' share of claims outstanding	-	260,105	747,050	-	16	2,095	1,009,266
Debtors arising out of direct insurance operations	-	-	-	-	-	283,642	283,642
Debtors arising out of reinsurance operations	3,551	142,008	527,412	3,356	23,166	189,396	888,889
Cash at bank and in hand	57,294	-	-	-	-	-	57,294
Other debtors and accrued interest	85,797	12,670	11,399	10,116	20,385	41,854	182,221
At 31 December 2023	1,169,874	807,682	1,860,410	222,365	58,304	516,987	4,635,622

Notes to the Accounts

for the year ended 31 December 2024

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	73,542	-	-	-	73,542
Debt securities	2,396,173	-	-	-	2,396,173
Syndicate loans to central fund	15,116	-	-	-	15,116
Deposits with ceded undertakings	3,034	-	-	-	3,034
Reinsurers' share of claims outstanding	1,108,183	-	-	-	1,108,183
Debtors arising out of direct insurance operations	334,956	-	-	-	334,956
Debtors arising out of reinsurance operations	863,301	29,896	-	-	893,197
Cash at bank and in hand	59,452	-	-	-	59,452
Other debtors and accrued interest	170,147	-	-	-	170,147
At 31 December 2024	5,023,904	29,896	-	-	5,053,800
Shares and other variable securities	105,922	-	-	-	105,922
Debt securities	2,086,882	-	-	-	2,086,882
Syndicate loans to central fund	19,987	-	-	-	19,987
Deposits with ceded undertakings	1,519	-	-	-	1,519
Reinsurers' share of claims outstanding	1,009,266	-	-	-	1,009,266
Debtors arising out of direct insurance operations	283,642	-	-	-	283,642
Debtors arising out of reinsurance operations	852,788	36,101	-	-	888,889
Cash at bank and in hand	57,294	-	-	-	57,294
Other debtors and accrued interest	182,221	-	-	-	182,221
At 31 December 2023	4,599,521	36,101	-	-	4,635,622

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for the year ended 31 December 2024

12. Financial instruments (continued)

The table below sets out the age analysis of financial assets that are past due but not impaired at the balance sheet date:

	Past due but not impaired				Total \$000
	0-3 months past due \$000	3-6 months past due \$000	6-12 months past due \$000	Greater than 1 year past due \$000	
Shares and other variable securities	-	-	-	-	-
Debt securities	-	-	-	-	-
Syndicate loans to central fund	-	-	-	-	-
Deposits with ceded undertakings	-	-	-	-	-
Reinsurers' share of claims outstanding	-	-	-	-	-
Debtors arising out of direct insurance operations	-	-	-	-	-
Debtors arising out of reinsurance operations	-	13,746	4,855	11,295	29,896
Cash at bank and in hand	-	-	-	-	-
Other debtors and accrued interest	-	-	-	-	-
At 31 December 2024	-	13,746	4,855	11,295	29,896
Shares and other variable securities	-	-	-	-	-
Debt securities	-	-	-	-	-
Syndicate loans to central fund	-	-	-	-	-
Deposits with ceded undertakings	-	-	-	-	-
Reinsurers' share of claims outstanding	-	-	-	-	-
Debtors arising out of direct insurance operations	-	-	-	-	-
Debtors arising out of reinsurance operations	-	11,957	12,618	11,526	36,101
Cash at bank and in hand	-	-	-	-	-
Other debtors and accrued interest	-	-	-	-	-
At 31 December 2023	-	11,957	12,618	11,526	36,101

13. Financial investments

	Cost \$000	2024 Market value \$000	Cost \$000	2023 Market value \$000
Shares and other variable yield securities	74,468	73,542	104,695	105,922
Debt securities and other fixed income securities	2,470,652	2,396,173	2,140,315	2,086,882
Syndicate loans to central fund	16,182	15,116	20,283	19,987
	2,561,302	2,484,831	2,265,293	2,212,791

The amount ascribable to listed investments is \$nil (2023: \$nil).

Notes to the Accounts

for the year ended 31 December 2024

13. Financial investments (continued)

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

	2024 \$000	2023 \$000
Financial assets measured at fair value through profit or loss	2,484,831	2,212,791
	2,484,831	2,212,791

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.

The following table presents the Syndicate's assets measured at fair value at 31 December 2024 and at 31 December 2023.

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Shares and other variable yield securities and unit trusts	73,542	-	-	73,542
Debt securities and other fixed income securities	264,354	2,131,819	-	2,396,173
Syndicate loans to central fund	-	-	15,116	15,116
At 31 December 2024	337,896	2,131,819	15,116	2,484,831
Shares and other variable yield securities and unit trusts	105,922	-	-	105,922
Debt securities and other fixed income securities	288,142	1,798,740	-	2,086,882
Syndicate loans to central fund	-	-	19,987	19,987
At 31 December 2023	394,064	1,798,740	19,987	2,212,791

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.

Notes to the Accounts

for the year ended 31 December 2024

13. Financial investments (continued)

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. 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). Loans will not be repaid before 5 years have elapsed. Interest thereon is determined by reference to the risk-free yield plus a credit spread, and will normally be paid annually on an anniversary of the loan. These investments have been classified as an equity share for which the fair value cannot be determined using direct or indirect observable inputs, therefore these have been classified as Level 3.

At the reporting date Level 1 and Level 2 financial assets and liabilities were valued using valuation techniques based on observable market data. All of the investments categorised as Level 3 are fair valued based on the inputs to the valuation technique used.

14. Debtors arising out of direct insurance operations

	2024 \$000	2023 \$000
Due within one year	296,575	236,681
Due after one year	38,381	46,961
	334,956	283,642

15. Debtors arising out of reinsurance operations

	2024 \$000	2023 \$000
Due within one year	680,374	737,897
Due after one year	212,823	150,992
	893,197	888,889

Notes to the Accounts

for the year ended 31 December 2024

16. Other debtors

	2024 \$000	2023 \$000
Other related party balances	764	1,201
Investment sales debtors	-	177
Other debtors	395	441
	1,159	1,819

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 net deferred acquisition costs from the beginning of the period to the end of the period.

	Gross \$000	2024 Reinsurance* \$000	Net \$000	Gross \$000	2023 Reinsurance* \$000	Net \$000
Balance at 1 January	227,471	(22,246)	205,225	201,694	(27,197)	174,497
Incurred deferred acquisition costs	(478,378)	44,204	(434,174)	(420,999)	15,514	(405,485)
Amortised deferred acquisition costs	510,887	(50,570)	460,317	438,034	(10,134)	427,900
Foreign exchange movements	2,978	241	3,219	8,742	(429)	8,313
Balance at 31 December	262,958	(28,371)	234,587	227,471	(22,246)	205,225

* Reinsurers' share of deferred acquisition cost is included in accruals and deferred income.

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.

	Gross provisions \$000	2024 Reinsurance assets \$000	Net \$000	Gross provisions \$000	2023 Reinsurance assets \$000	Net \$000
Claims Outstanding						
Balance at 1 January	3,416,947	(1,009,266)	2,407,681	3,372,908	(1,105,218)	2,267,690
Claims paid during the year	(802,873)	178,706	(624,167)	(811,449)	200,654	(610,795)
Expected cost of current year claims	1,197,498	(264,670)	932,828	974,521	(162,225)	812,296
Change in estimates of prior year provisions	(25,782)	(21,914)	(47,696)	(155,888)	66,717	(89,171)
Effect of movements in exchange rate	(39,486)	8,961	(30,525)	36,855	(9,194)	27,661
Balance at 31 December	3,746,304	(1,108,183)	2,638,121	3,416,947	(1,009,266)	2,407,681

Notes to the Accounts

for the year ended 31 December 2024

19. Technical provisions (continued)

	2024			2023		
	Gross provisions	Reinsurance assets	Net	Gross provisions	Reinsurance assets	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Unearned premiums						
Balance at 1 January	1,074,863	(234,373)	840,490	936,488	(222,815)	713,673
Premiums written during the year	2,384,759	(555,275)	1,829,484	2,110,337	(484,908)	1,625,429
Premiums earned during the year	(2,242,743)	520,216	(1,722,527)	(1,993,381)	477,405	(1,515,976)
Effect of movements in exchange rate	(4,286)	2,241	(2,045)	21,419	(4,055)	17,364
Balance at 31 December	1,212,593	(267,191)	945,402	1,074,863	(234,373)	840,490

2023 and prior events

The Syndicate has material exposure to claims arising from the Russia and Ukraine crisis that arose when Russia invaded Ukraine towards the end of February 2022. The claims could come from issues more directly linked to Russia's invasion, for example factories hit by Russian troops or due to aircraft being stranded in Russia or from the sanctions imposed on Russia by other countries impacting the Political Risks and Credit division. The current estimated ultimate claims are \$380.3m gross (2023: \$285.3m) and \$193.3m net of reinsurance (2023: \$117.4m). After allowing for inwards and outwards reinstatement premiums this increases to \$209.1m (2023: \$136.2m).

The Syndicate also has exposure to losses emanating from the Covid-19 pandemic and the ensuing Global Economic Crisis. The current estimated ultimate claims are \$151.6m gross (2023: \$160.1m) and \$103.4m net of reinsurance (2023: \$110.0m). After allowing for inwards and outwards reinstatement premiums this reduces to \$99.5m (2023: \$106.9m).

2024 events

The Syndicate has exposure to a number of natural catastrophe events that occurred in 2024. The largest of these is flooding in Dubai. The current estimated ultimate claims for this event is \$44.3m gross and \$34.0m net of reinsurance. After inwards and outwards reinstatement premiums this reduces to \$30.8m. The syndicate also has exposure to hurricanes Helene and Milton. Across the two events the current estimated ultimate claims are \$53.2m gross and \$43.8m net of reinsurance. After allowing for inwards and outwards reinstatement premiums this reduces to \$39.2m.

The Syndicate also has exposure to non-elemental catastrophe events that occurred in 2024. The largest of these is the Baltimore Bridge collapse. The current estimated ultimate claims are \$53.0m gross and \$22.3m net of reinsurance. After allowing for inwards and outwards reinstatement premiums this reduces to \$21.2m.

Notes to the Accounts

for the year ended 31 December 2024

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:

	2024		2023	
	+5.0% \$000	-5.0% \$000	+5.0% \$000	-5.0% \$000
Claims outstanding – gross of reinsurance	(187,315)	187,315	(170,847)	170,847
Claims outstanding – net of reinsurance	(131,906)	131,906	(120,384)	120,384



Notes to the Accounts

for the year ended 31 December 2024

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	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000	2023 \$000	2024 \$000	Total \$000
Estimate of gross claims incurred											
At end of underwriting year	362,113	299,762	661,365	532,137	498,631	504,554	519,240	570,878	484,205	622,600	
One year later	682,143	637,309	1,011,890	888,652	830,973	839,528	1,005,103	968,270	910,320	-	
Two years later	727,066	707,018	1,055,609	900,902	787,400	895,279	1,025,041	997,556	-	-	
Three years later	709,576	710,164	1,060,937	859,266	832,224	868,672	1,125,154	-	-	-	
Four years later	674,917	716,398	1,014,392	925,756	822,995	863,361	-	-	-	-	
Five years later	673,074	701,004	1,008,473	950,067	853,425	-	-	-	-	-	
Six years later	664,849	703,818	984,512	924,353	-	-	-	-	-	-	
Seven years later	656,410	695,199	982,956	-	-	-	-	-	-	-	
Eight years later	652,851	697,087	-	-	-	-	-	-	-	-	
Nine years later	649,389	-	-	-	-	-	-	-	-	-	
Estimate of gross claims reserve	649,389	697,087	982,956	924,353	853,425	863,361	1,125,154	997,556	910,320	622,600	8,626,201
Provision in respect of prior years											199,251
Less gross claims paid	589,430	603,398	845,053	690,690	631,443	519,989	540,877	428,949	179,628	49,691	5,079,148
Gross reserves	59,959	93,689	137,903	233,663	221,982	343,372	584,277	568,607	730,692	572,909	3,746,304

Pure underwriting year	2015 \$000	2016 \$000	2017 \$000	2018 \$000	2019 \$000	2020 \$000	2021 \$000	2022 \$000	2023 \$000	2024 \$000	Total \$000
Estimate of net claims incurred											
At end of underwriting year	236,775	217,120	300,256	273,931	272,251	392,677	385,448	414,701	386,131	474,292	
One year later	456,691	474,739	515,218	486,994	539,733	645,703	742,586	786,909	750,707	-	
Two years later	485,638	528,125	541,228	497,313	516,614	670,111	741,440	784,911	-	-	
Three years later	500,403	540,000	554,873	483,272	545,332	669,303	831,841	-	-	-	
Four years later	485,614	487,315	545,660	532,482	551,485	660,297	-	-	-	-	
Five years later	423,836	478,962	541,102	560,087	555,417	-	-	-	-	-	
Six years later	420,498	478,156	519,688	525,787	-	-	-	-	-	-	
Seven years later	414,423	471,035	523,417	-	-	-	-	-	-	-	
Eight years later	415,075	474,918	-	-	-	-	-	-	-	-	
Nine years later	411,202	-	-	-	-	-	-	-	-	-	
Estimate of net claims reserve	411,202	474,918	523,417	525,787	555,417	660,297	831,841	784,911	750,707	474,292	5,992,789
Provision in respect of prior years											138,014
Less net claims paid	377,419	424,002	452,742	386,895	420,004	427,133	435,196	362,210	160,415	46,666	3,492,682
Net reserves	33,783	50,916	70,675	138,892	135,413	233,164	396,645	422,701	590,292	427,626	2,638,121

Gross and net claims incurred that are denominated in non-functional currency are converted to US Dollar as of 31 December 2024, the most recent balance sheet date, for all years presented.



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for the year ended 31 December 2024

22. Creditors arising out of direct insurance operations

	2024 \$000	2023 \$000
Due within one year	5,410	6,958
Due after one year	-	14
	5,410	6,972

23. Creditors arising out of reinsurance operations

	2024 \$000	2023 \$000
Due within one year	260,150	223,797
Due after one year	157,202	170,643
	417,352	394,440

24. Other creditors including taxation and social security

	2024 \$000	2023 \$000
Other related party balances	8,494	11,754
Deposit accounting creditor	2,280	2,447
Investment purchase creditors	967	-
Other liabilities	991	249
	12,732	14,450

Deposit accounting creditor relates to liabilities established in connection with contracts which do not transfer significant insurance risk.

25. Cash and cash equivalents

	2024 \$000	2023 \$000
Cash at bank and in hand	59,452	57,294
Short term debt instruments presented within financial investments	73,542	105,922
	132,994	163,216

Only deposits with credit institutions with maturities of three months or less that are used by the Syndicate in the management of its short term commitments are included in cash and cash equivalents.

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.

	2024 \$000	2023 \$000
Short term debt instruments presented within financial investments	27,286	47,347
	27,286	47,347

Notes to the Accounts

for the year ended 31 December 2024

26. Analysis of net debt

	At 1 January 2024 \$000	Cash flows \$000	Fair value and exchange movements \$000	At 31 December 2024 \$000
Cash and cash equivalents	163,216	(25,170)	(5,052)	132,994
	163,216	(25,170)	(5,052)	132,994

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

27. Related parties

A) The following are related party transactions with the Managing Agent, service company and the capital provider:

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.

	2024 \$000	2023 \$000
Managing agency fees	13,628	14,147
Expenses recharged	144,521	125,952
Year-end balance due from/(to) Chaucer Syndicates Limited at 31 December	296	(14)
Year-end balance due to Chaucer Underwriting Services Limited at 31 December	(6,588)	(9,448)

The managing agency fees comprise a fixed fee of \$2.8m (2023: \$1.5m) and a 7.5% mark up on expenses recharged to the Syndicate via CUSL of \$10.8m (2023: \$12.6m).

Chaucer Corporate Capital (No. 3) Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, supports the underwriting capacity of the Syndicate as follows:

	2024 000	2023 000	Year of account 2022 000
Chaucer Corporate Capital (No. 3) Limited - GBP	1,800	1,500	1,250
Chaucer Corporate Capital (No. 3) Limited - USD (converted at 31 December 2024 exchange rates)	2,252	1,877	1,564

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

Notes to the Accounts

for the year ended 31 December 2024

27. Related parties (continued)

B) The following are related party transactions with Chaucer branches and other Chaucer group companies:

Chaucer Singapore PTE, a wholly owned subsidiary of China Reinsurance (Group) Corporation, provides underwriting services to the Syndicate.

	2024	2023
	\$000	\$000
Fees paid to Chaucer Singapore PTE	3,687	2,933
Balance due to Chaucer Singapore PTE at 31 December	(1,274)	(826)

Chaucer Oslo AS, a wholly owned subsidiary of China Reinsurance (Group) Corporation, provides underwriting services to the Syndicate. Chaucer Oslo AS was placed into liquidation during 2023.

	2024	2023
	\$000	\$000
Fees paid to Chaucer Oslo AS	-	34
Balance due from Chaucer Oslo AS at 31 December	-	-

Chaucer Labuan Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, provides underwriting services to the Syndicate.

	2024	2023
	\$000	\$000
Fees paid to Chaucer Labuan Limited	-	55
Balance due to Chaucer Labuan Limited at 31 December	-	(15)

Lonham Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, provides underwriting services to the Syndicate.

	2024	2023
	\$000	\$000
Fees received (from)/paid to Lonham Limited	(3)	5
Balance due from Lonham Limited at 31 December	-	85

Sports, Leisure and Entertainment Limited (SLE), a wholly owned subsidiary of China Reinsurance (Group) Corporation, provides underwriting services to the Syndicate.

	2024	2023
	\$000	\$000
Commissions paid to SLE	2,627	2,737
Balance due to SLE at 31 December	(275)	(255)

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for the year ended 31 December 2024

27. Related parties (continued)

Chaucer MENA Underwriting Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, provides underwriting services to the Syndicate.

	2024	2023
	\$000	\$000
Commissions paid to Chaucer MENA Underwriting Limited	1,849	1,696
Balance due to Chaucer MENA Underwriting Limited at 31 December	(547)	(585)

Chaucer Bermuda Services Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, provides underwriting services to the Syndicate.

	2024	2023
	\$000	\$000
Commissions paid to Chaucer Bermuda Services Limited	261	186
Balance due to Chaucer Bermuda Services Limited at 31 December	(86)	(28)

C) The following are related party transactions with the ultimate parent and its subsidiaries outside the Chaucer group of companies:

China Property & Casualty Reinsurance Company Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, has entered into certain reinsurance policies with the Syndicate.

	2024	2023
	\$000	\$000
Outwards reinsurance premium	25,971	37,340
Reinsurance claims recovery	14,050	4,817
Balance due to China Property & Casualty Reinsurance Company Limited at 31 December	(2,874)	(11,957)

China Continent Insurance Company Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, has entered into certain reinsurance policies with the Syndicate.

	2024	2023
	\$000	\$000
Gross premium written	960	1,947
Balance due from China Continent Insurance Company Limited at 31 December	1,970	1,704

China Property & Casualty Reinsurance Company Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, has entered into a transaction with the Syndicate that does not meet the definition of a reinsurance contract. It is considered an insurance contract held and is therefore accounted for within other technical income and other technical charges.

	2024	2023
	\$000	\$000
Other technical charges	-	308

Notes to the Accounts

for the year ended 31 December 2024

27. Related parties (continued)

China Re Asset Management (Hong Kong) Company Limited, a wholly owned subsidiary of China Reinsurance (Group) Corporation, provides investment management services to the Syndicate.

	2024 \$000	2023 \$000
Investment management charges	656	1,171

Amounts held by related parties are unsecured and are expected to be settled in cash and cash equivalents within one year.

28. Foreign exchange rates

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

	Start of Period Rate	2024 End of Period Rate	Average Rate	Start of Period Rate	2023 End of Period Rate	Average Rate
US dollar	1.00	1.00	1.00	1.00	1.00	1.00
Euro	0.93	0.97	0.92	0.92	0.91	0.92
Sterling	0.79	0.80	0.78	0.81	0.79	0.80
Canadian dollar	1.34	1.44	1.37	1.33	1.32	1.35
Australian dollar	1.52	1.62	1.52	1.42	1.47	1.51
Japanese Yen	147.03	157.24	151.48	130.12	141.01	140.49

29. 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.

30. 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 II legislation.

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II, and beyond that to meet its own financial strength, licence and ratings objectives.

Notes to the Accounts

for the year ended 31 December 2024

30. Capital (continued)

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of the Syndicate is not disclosed in these annual 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 II requirements. The SCRs of each syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

A syndicate may 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 II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2024 was 35% (2023: 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 25, represent resources available to meet member's and Lloyd's capital requirements.

31. 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).



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32. Post balance sheet events

In January 2025, California experienced a series of wildfires. The Syndicate has experienced underwriting losses arising from the wildfires and the related recessionary impact, as part of the normal course of its activities. Uncertainties exist both in respect of the assessment of the initial losses that the Syndicate might be obliged to pay and of how these will interact with the Syndicate's reinsurance programme. This increases the uncertainty of the Syndicate's total reserves but does not increase that uncertainty significantly beyond the normal range of uncertainty for the liabilities of an insurance carrier at this stage of development.

Lloyd's is the world's leading insurance and reinsurance marketplace.

Through the collective intelligence and risk-sharing expertise of the market's underwriters and brokers, Lloyd's helps to create a braver world.

The Lloyd's market provides the leadership and insight to anticipate and understand risk, and the knowledge to develop relevant, new and innovative forms of insurance for customers globally.

It offers the efficiencies of shared resources and services in a marketplace that covers and shares risks from more than 200 territories, in any industry, at any scale.

And it promises a trusted, enduring partnership built on the confidence that Lloyd's protects what matters most: helping people, businesses and communities to recover in times of need.

Lloyd's began with a few courageous entrepreneurs in a coffeeshop. Three centuries later, the Lloyd's market continues that proud tradition, sharing risk in order to protect, build resilience and inspire courage everywhere.

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Managed by Chaucer Syndicates Limited

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