

Syndicate 1176

chaucer

☞ A China Re Company

Contents

2024 Annual Accounts

Syndicate Information	3
Underwriter's Report	4
Managing Agent's Report	12
Statement of Managing Agent's Responsibilities	21
Independent Auditors' Report to the Members of Syndicate 1176	22
Statement of Comprehensive Income for the year ended 31 December 2024	27
Statement of Financial Position as at 31 December 2024	28
Statement of Changes in Members' Balances for the year ended 31 December 2024	29
Statement of Cash Flows for the year ended 31 December 2024	30
Notes to the Accounts for the year ended 31 December 2024	31

2022 Underwriting Year Accounts

Managing Agent's Report	59
Statement of Managing Agent's Responsibilities	60
Independent auditors' report to the members of the 2022 closed year of account of Syndicate 1176	61
Statement of Comprehensive Income	65
Statement of Financial Position	66
Notes to the Underwriting Year Accounts	67
Seven Year Summary (unaudited)	77

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

M G Dawson

Syndicate banker

The custodian of the Syndicate's investment funds is:
Citibank N.A.

Syndicate investment manager

Goldman Sachs Asset Management International

Syndicate independent auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Underwriter's Report

Background

Syndicate 1176 (the Syndicate) looks to provide insurance cover to the Nuclear Industry. It does not participate in the wider non-nuclear insurance market.

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

Nuclear power

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

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

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

Energy prices have recently been volatile. This is being led by two macro influencers; security of supply – where countries are nervous of relying on energy supply from often volatile areas, politically; and a low carbon agenda – where most of the world agrees that generation from coal is just too abusive to the environment. Future ideas such as carbon capture and nuclear fusion remain on the horizon, where they have remained for many years. This has led to many countries re-investigating the merits of nuclear power, including the possibility of developing smaller modular reactors. Whilst currently the main new development remains as large-scale nuclear units, it is hoped that, in the future, the new nuclear build will be extended to include smaller modular reactors. One of the areas of debate to be had within society is where these modular reactors, which are cheaper and less prone to design creep, should be built.

Underwriter's Report

At present many of the historic transmission and distributions lines (i.e., the grid, that carries electricity) are old and around 20% of generating production is lost in the transmission process. This would encourage the new smaller modular reactors to be built closer to main cities, which would reduce loss through distribution. However, the general public have not become engaged in the issue of siting of new nuclear builds and it remains to be seen quite what the enthusiasm for "local" new nuclear would be. These are important issues that need to be part of a national debate on manageable cost, safe, secure low carbon energy capacity in the future.

Property damage

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

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

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

An analysis of cyber exposure has been undertaken and whilst there remains some residual risk, the Syndicate believes the exposure is limited. Cyber protection of nuclear plants is considered paramount, but details of such protection remain confidential. The Syndicate has developed a new product in conjunction with Chaucer's wider Cyber expertise which covers to a limited, manageable extent loss to nuclear operators from a malicious Cyber-attack. It remains to be seen whether this product proves attractive to operators. A small amount of premium, £2m, has been forecast for the Syndicate's share of the exposures in 2025.

Windstorms, hurricanes and cyclones

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

Earthquake and tsunami

Policies with exposures in Japan currently exclude cover for damage arising from earthquake or tsunami perils. While historically a product was considered for a small aggregate sub-limit, with significant deductibles and a satisfactory price, this was never pursued. Were it to be requested, following extensive safety upgrades at Japanese plants, this cover could be considered. But the sub-limit, deductible and price would be all important. Outside Japan, studies have been undertaken on the two nuclear sites in California. One is approximately 200km from San Francisco and the other is approximately 100km from Los Angeles (this plant was closed in 2014 as a result of economic assessment; there remains some residual risk, during closure, but this is much reduced from that of an operating plant).

Underwriter's Report

Both were built to withstand earthquake, and even if some damage was incurred, it is considered a low risk that damage to plants would coincide with damage to the main conurbations of San Francisco and Los Angeles. Separate studies have also been made of tsunami risk. One site is located on top of a cliff and so tsunami damage is not considered possible; the other has significant sea walls and the backup generators (which were swamped and failed in the Japanese tsunami) which are located in watertight bunkers. Elsewhere, exposures have been considered and there does not appear to be significant peril exposure.

Liability

The Syndicate provides limited nuclear liability coverage to most non-US nuclear power stations. The coverage issued normally has an aggregate limit for the lifetime of the nuclear site, and also claims typically have to be made within ten years of an occurrence. These policies, which normally include terrorism coverage, are enshrined in national nuclear laws and international conventions, and typically the national government retains exposure in excess of insurer policy limits. The policy includes damage caused by an incident as a result of terrorism (see below) or any other incident leading to nuclear liability such as cyber. Cyber protection of nuclear plants is considered paramount, but details of such protection remain confidential. We consider the chance of a cyber-attack leading to a significant release of radiation, leading to offsite damage, to be remote. Strict liability would also follow, were damage to occur following any incident. This means, for instance, that were a worker to fall sick on duty from any illness and cause a nuclear incident releasing nuclear material that causes damage, the nuclear liability policy would be expected to respond. That said, there are multiple layers of safety, and such a possibility is not considered likely.

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

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

There is a general need for increased liability limits worldwide. Historically, the bulk of the exposure has been with governments, which are increasingly looking for the nuclear insurance market to provide additional capacity. Looking forward, the revision of current international nuclear conventions has resulted in additional capacity and coverage being sought by operators. In the UK for instance, the indemnity for a nuclear accident increased at 1 January 2022 from £140m to €700m and thereafter is increasing by €100m in each of the subsequent five years to take the capacity needed to €1.2bn. This means that the UK liability limit increased to €1,000m at 1 January 2025. Further, international nuclear conventions have been revised to incorporate additional coverage. Anticipating the move to increased liability coverage, several years ago, the Syndicate increased the liability share of maximum exposure to 50%.

Increased income and exposure remain uncertain though, due to the Syndicate's reluctance to take on the new discovery period for losses, which has been extended from 10 years to 30 years in the EU and UK. The Syndicate has resisted the extension to the discovery period and has not written the revised convention liability business with a new 30-year tail. In the UK the Syndicate has argued to the Government that the capital required for the extended reporting period means that this risk is unattractive for insurers, at affordable premium levels. This has resulted in the UK Government

Underwriter's Report

providing an indemnity to UK operators for 20 years in excess of 10 years, for those markets cautious about the extended reporting period. The Syndicate has also suggested to the UK Government that the 30-year discovery period could be underwritten, were a demonstrable trigger to be incorporated, which would ensure that claims payments would only be made if a release of radiation, beyond an agreed trigger threshold, occurred. Other markets have taken a more accommodative approach to the extended reporting period, including the nuclear industry's own self-insurance schemes. The fact that the UK and EU member state Governments have allowed considerable limits of liability (estimated to be up to €300m per site) to be placed with these self-insurance operations presents a challenge to the Syndicate's future premium growth. Further, the wider industry could be impacted in the event of a systemic loss or losses over 30 years as these self-insurance entities may not have the resources available to pay the losses. The risk would then fall back to these Governments, who assumed the losses would be paid by credible insurers. The Syndicate continues to work with the UK and EU member state Governments as well as the nuclear industry to try and ensure the definition of nuclear event is clarified and that exposure to the 30-year discovery period does not lead to a systemic loss. Systemic loss concern is exacerbated due to factors such as "judicial creep", whereby courts in the future could look to assert that historic small releases of radiation have harmed people, leading to widespread claims, reminiscent of the aggregation of historic asbestos/pollution losses. The Syndicate is convinced that with clear policy wordings, or an agreed trigger beyond which liability would attach, that the extended reporting period can be covered. Without clarity the Syndicate is cautious of coverage which could result in reduced business in the future. The Syndicate continues to work with Governments to try and reach a long-term satisfactory coverage position.

The Syndicate's liability book comprised 29% of total gross written premium in 2024.

Terrorism

In many countries, property terrorism is excluded, or excess coverage has been provided through government reinsurance schemes such as Pool Re (Nuclear) Ltd ("PRNL") in the UK (for fire and explosion property insurance) and under TRIPRA (Terrorism Risk Insurance Program Reauthorization Act 2007) in the US. Coverage is given where terrorism risk is considered to be lower. Further liability limits do not exclude strict liability under nuclear conventions for terrorism. While there are significant protections against terrorism, and the construction of power stations makes significant loss from terrorism unlikely, the Syndicate normally limits exposure to 50% of the maximum property net line for terrorism. In the UK the UK Property Terrorism scheme, with unlimited reinsurance provided by the UK Government, ceased accepting new business from 31 December 2023. The Syndicate only utilised this facility for a single risk, which is protected by the scheme during its run-off. Since this date any UK property terrorism business has been retained net by the Syndicate.

Transit

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

Construction

The Syndicate has been open to the modest expansion of business to include Construction risks and has committed a modest line to insuring the new-builds expected over the coming years. The business is different in that the projects themselves are expected to take at least seven years to complete. Whilst the values of the projects only increase gradually over this time, resulting in small incremental exposures in the early years, the values towards the end of the project are high. Accordingly, whilst considerable premium is expected on a risk by risk basis, it is held to earn over

Underwriter's Report

the life of the project. The result is that there is little expected profit over the early years. Over the longer term, the accounts are expected to be profitable, but there can be no certainty in this regard. The Syndicate's line on these projects is expected to be well below that written for operational plants at a probable maximum loss of circa \$15m. This exposure which is less than 2% of the normal contract loss is expected to be retained net. The overall premium income is planned as modest at less than 1% of total premium income, and the development of this line is slow, but we remain open to consider this business, providing we follow respected leaders. Our approach is deliberately cautious, and we will learn and develop as appropriate over the years.

NuPro

The Syndicate has developed a new trigger-based product which seeks to indemnify Nuclear Power Generators should they sustain loss as a result of significant material damage and/or a release of radiation great than 10 millisieverts, measured offsite. The Syndicate is leading a consortium of markets supporting this insurance with a planned commitment of \$62.5m gross and \$31.25m net. It remains to be seen how successful the new facility will be, but it has been developed to respond to the increased revenue generators are experiencing as a result of higher electricity pricing. The Syndicate had a planned income of £9.3m in 2024 gross, £4.6m net of quota-share reinsurance. This was not achieved with no business bound in 2024. The Syndicate has renewed the Consortia lead for 2025 and it remains to be seen whether the product will be attractive to operators in 2025. The Syndicate has a planned income of £7.3m in 2025, £3.1m net of acquisition costs and quota-share reinsurance.

CyNuC

The Syndicate has developed an innovative malicious Cyber product, called CyNuC for nuclear power operators. The product has been developed in conjunction with Chaucer's wider Cyber team. The limit is modest at USD 25m, and it covers loss during the policy period from a malicious cyber-attack to the operating system of nuclear power plants. It does not extend to the wider corporate assets outside the nuclear site. At the time of writing, the Syndicate expects to write a share of up to 50% net of the USD 25m limit. The exposure could theoretically accumulate with the liability policy, or indeed tail end property cover and the Syndicate will work to ensure that aggregate exposures remain within maximum exposure. The total estimated income for year one is planned at £2m and will be underwritten using the CY and CZ risk codes which are new to the Syndicate for 2025. It remains to be seen whether this is an attractive product for operators.

Premium income

Historically the Syndicate generated approximately 80% of premium income from nuclear property risk and 20% from nuclear liability risk. This is planned to be 76% property and 24% liability for the 2025 year of account, including the planned income for both NuPro and CyNuC.

Outward reinsurance arrangements

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

Brexit has resulted in EEA required risks being underwritten through Lloyd's Brussels. Lloyd's Brussels is not a Pool and as such can only undertake reinsurance with the Syndicate. This means that in order to allow for reinsurance with other nuclear pools, the reinsurance needs to be undertaken at Syndicate level. The Syndicate sought approval from Lloyd's to these arrangements in 2019, with a small portion of premium ceded since 2019, with £1m planned in 2025.

Underwriter's Report

The Syndicate's NuPro is protected by quota-share reinsurance with £3.1m planned for 2025. The success of the new product is uncertain and so the planned ceded premium is so too speculative.

Business placements

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

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

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

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

The Underwriter wishes to make it clear that, in the event of a material nuclear loss, an immediate cash call will be made, many multiples in excess of the Syndicate's capacity. Any further loss would be in addition. The Underwriter wishes to draw the members' attention to the possibility of increased loss because of exchange rate fluctuations. The Managing Agent carefully monitors the Syndicate's exposure to currency risk as detailed in Note 11.

Underwriter's Report

Brexit

Following the decision to leave the EU, UK nuclear insurers, including Syndicate 1176, have not been able to directly transact EEA business in the UK. Accordingly, the Syndicate's EEA business has been transacted through Lloyd's Brussels and reinsured back into Syndicate 1176. NRI Ltd (the UK Pool) is also no longer able to act as coverholder for EEA risks, accordingly a subsidiary of NRI Ltd, NRI Europe, was set up and approved by the Central Bank of Ireland to operate from Dublin. All EEA applicable risks have been placed through NRI Europe since 1 January 2021.

Underwriting performance

2022 Year of Account

The 2022 year of account had an original planned income of £31.5m, which included c.£4.0m of income that was expected from the final implementation of the revised liability conventions. However, some markets, particularly the nuclear industry's own self-insurance schemes as well as some foreign pools took the 30-year exposure, which resulted in this business not being placed through the Syndicate. The Syndicate did achieve some new liability business, particularly in the UK where the Government provided an indemnity to those insurers not willing to accept the risk associated with 30-year liability business. Rating levels have had some modest increases and the net effect from these, together with some lost liability business and the weakness in Sterling has resulted in an expected premium for 2022 of £31.1m. There have been a number of smaller losses which have been reserved at the year end, within loss expectations. These were slightly higher than in the most recent years. The closing profit is a return on capacity of 39.3%.

2023 Year of Account

The 2023 year of account had a planned premium income of £30.8m. This has been revised slightly to £31.6m. In general, pricing of original nuclear business was modestly better than plan leading to premium growth of £0.7m. The Syndicate has received a number of material damage notifications that have been reserved at year end. Taking into account these advices the Syndicate's property losses are slightly ahead of what might be expected at this stage of the year's development. Even taking into account these notifications the Syndicate should still achieve a profit for 2023, should there be no material adverse change or new losses notified. At the time of writing the forecast profit has reduced slightly but remains within a profit range of 15-30% return on capacity.

2024 Year of Account:

The 2024 year of account had a planned premium income of £43.0m. This included an amount of £9.3m gross income that we planned as a result of the NuPro product. We indicated that the planned income for the new product was speculative as we were uncertain how attractive it would be to operators. The planned roll out of the product which is piloted in the US, was delayed and no business was bound in 2024. This has led to a forecast premium income for 2024 of £31.5m, in line with recent years. At the time of writing, we have not been notified of any significant property or liability losses for 2024, but there remains considerable exposure to the year and profit confidence is uncertain until later in the year.

Underwriter's Report

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

Underwriting Year	Planned Gross Written Premium £m	Actual Gross Written Premium £m	Planned Net Loss Ratio %	Actual Net Loss Ratio %
2022	31.5	32.3	52.0	17.5
2023	30.8	32.5	48.7	53.6
2024	43.0	36.8	46.7	19.8

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

Outlook

Until the liability conventions reporting period for claims language is clarified the Syndicate is cautious about significant opportunity for premium growth in liability business. That said, we are hoping for additional premium in 2025 as a result of the NuPro and the CyNuC products explained above. The attractiveness of these products to operators is unknown at the time of writing. The low carbon agenda is suggesting some opportunity for longer term growth, but this is well into the future. China and our relationship with China Re is leading to the opportunity for longer-term growth in China. In the UK we are, in a measured way, looking to develop our existing nuclear output with new builds. This is best illustrated by the Hinkley Point C project and the announced Sizewell C project which are being led by EDF - the French utility. Other examples include new units in the United Arab Emirates, which started producing power in 2020 and for which the Syndicate is, through NRI Ltd, the lead reinsurer and further units being commissioned in China. In the longer term we are optimistic that the small modular reactors and low carbon agenda will lead to increased nuclear capacity and increased insurance needs globally. Despite underlying competition and the liability challenges that this report has explained, the Syndicate has remained, and expects to continue, to be a leading insurer of nuclear risk. While we still see opportunities as insurers in the specialist area of nuclear insurance, the volatility and exposure within the portfolio is real. The Syndicate has worked hard to sell stable rating and strong capital to our ultimate clients. We hope that this consistency of supply in underwriting capacity and stability in terms of coverage and pricing will continue to be appreciated by our ultimate customers.

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

Michael Dawson

Active Underwriter

28 February 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 nuclear insurance and reinsurance business in the United Kingdom and overseas, underwriting at Lloyd's of London.

Review of the business and future developments

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

	2024 £000	2023 (restated) ² £000
Gross written premiums	34,153	36,962
Total comprehensive income	16,427	23,374
Combined ratio ¹	59.2%	37.3%
Amount due to members	18,481	27,647

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

² Refer to Note 31 for further details on the restatement.

Total comprehensive income primarily comprises net earned premium of £33.2m (2023: £32.7m) offset by net incurred claims of £11.2m (2023: £2.5m) and net operating expenses of £8.5m (2023: £9.7m). The increase in net incurred claims is mainly driven by an increase in attritional losses in 2024, compared to 2023. Total comprehensive income also includes investment return of £3.1m (2023: £3.1m).

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

Principal risks and uncertainties

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

Underwriting risk

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

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

Managing Agent's Report

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.

Underwriting controls

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

Underwriting planning process

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

Monitoring performance against plan

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

Emerging risks

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

Peer, independent and underwriting risk reviews

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

Managing Agent's Report

Geopolitical Risks

The Risk Management Function continuously monitor Geopolitical Risks and a dashboard containing the most significant Geopolitical Risks is presented to the quarterly Risk and Capital Committee. A more extensive list of risks underpins the dashboard and is updated in detail twice a year. On an ad-hoc basis deep dives may be carried out to gather more information on how a 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 Managing Agent's Claims function has experience covering a wide range of business classes. The Managing Agent has management controls in place to mitigate claims risk; some of these controls are outlined below.

Claims settlement and reserving authority limits

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

Peer review

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

Monthly reporting

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

Management of external experts

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

Reserving risk

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

Managing Agent's Report

Tier 1: Actuarial best estimate reserves

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

Tier 2: Syndicate reserves

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

(A) Underwriting year Syndicate reserves

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

- New classes of business
- Classes where early development is materially better or worse than expected
- Classes or events with abnormally skewed claim distributions
- Claim events or reserving categories with a poorly understood distribution

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

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

(B) Annually accounted Syndicate reserves

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

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

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

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

Managing Agent's Report

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

Financial Risks

Credit risk

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

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

Investment risk

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

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

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

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

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

Refer to Note 11 for more detail on the Syndicate's exposure to investment risks and the processes in place for managing these risks.

Operational risk

Operational risk arises from inadequate or failed internal processes and systems, from people related or external events. Operational risk excludes strategic 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's Compliance function supports and monitors the compliance of the business with regulatory and legal requirements whilst promoting successful business practices and meeting business objectives through advice and guidance. The exposure to regulatory risk is managed by monitoring regulatory compliance with the requirements of the Prudential Regulatory Authority, Financial Conduct Authority and Lloyd's and other domestic and international regulatory requirements.

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

Conduct risk

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

Staff matters

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

Climate related risks

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

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

Managing Agent's Report

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

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

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

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

Climate risk strategy

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

- The Syndicate will support the energy transition from fossil fuels to low carbon energy production by providing underwriting capacity for nuclear risks, which are planned to grow in the UK and globally.
- Exposure management activities undertaken to date have demonstrated the importance of data collection, in particular for modelling exposures and assessing loss scenarios. The Managing Agent will improve exposure data categorisation to improve the assessment of any exposures the Syndicate has to climate change risk. The Managing Agent will prioritise the assessment of exposure to vulnerable regions and will insist that the exposure to these vulnerable regions is adequately priced when accepting risk.
- The Managing Agent plans to enhance its due diligence process to understand the potential current and future impacts of climate risks on material existing counterparty arrangements and all future material counterparty arrangements.

Identification and assessment of climate risks

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

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

- Enhanced risk management capability and framework specifically adapted to improve understanding and management of climate change risks;
- Adaptations to processes in the ERM framework ensure that the identification and assessment of long-term risks is considered with a focus on key risk categories;
- Changes to investment strategy to mitigate the transition risks of climate change;

Managing Agent's Report

- 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 and Transitional risk types, recognising the time horizon around expected emergence of issues.

Whilst existing approaches are an effective foundation, the characteristics of climate risks, including time-horizon and potential to impact all risk categories require that new approaches are also developed to supplement the foundation. These developments are being undertaken with reference to the PRA's Supervisory Statement 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 are:

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

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

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

Directors' interests

The Directors 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.

Managing Agent's Report

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

Approved by order of the Board of Chaucer Syndicates Limited.

J Wright

Chief Financial Officer

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 1176

Opinion

We have audited the Syndicate annual accounts of Syndicate 1176 (“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 2 July 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 1176

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.

Independent Auditors' Report to the Members of Syndicate 1176

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 1176

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

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.

Independent Auditors' Report to the Members of Syndicate 1176

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

This report is made solely to the Syndicate's members, as a body, in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the terms of our engagement letter 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 (restated) £000
Technical account – General Business			
Gross premiums written	3	34,153	36,962
Outward reinsurance premiums		(931)	(1,954)
Premiums written, net of reinsurance		33,222	35,008
Changes in unearned premium			
Change in the gross provision for unearned premiums	18	(34)	(2,433)
Change in the provision for unearned premiums reinsurers' share	18	32	108
Net change in provision for unearned premiums		(2)	(2,325)
Earned premiums, net of reinsurance		33,220	32,683
Allocated investment return transferred from the Non-Technical Account	9	3,065	3,111
Claims paid			
Gross amount	18	(721)	(136)
Net claims paid		(721)	(136)
Change in the provision for claims			
Gross amount	18	(10,312)	(2,884)
Reinsurers' share	18	(188)	516
Net change in provision for claims		(10,500)	(2,368)
Claims incurred, net of reinsurance		(11,221)	(2,504)
Net operating expenses	3, 5	(8,459)	(9,676)
Balance on the Technical Account – General Business		16,605	23,614
Non-Technical Account – General business			
Balance on the technical account – general business		16,605	23,614
Investment income	9	2,740	1,751
Realised gains on investments	9	(261)	(299)
Unrealised gains on investments	9	623	1,694
Investment expenses and charges	9	(37)	(35)
Total investment return		3,065	3,111
Allocated investment return transferred to the general business technical Account		(3,065)	(3,111)
Loss on foreign exchange		(178)	(240)
Total comprehensive income for the year		16,427	23,374

All the amounts above are in respect of continuing operations.

Refer to Note 31 for further details on the restatement.

Statement of Financial Position

as at 31 December 2024

	Note(s)	2024 £000	2023 (restated) £000
Assets			
Investments			
Financial investments	12	36,502	39,918
Deposits with ceded undertakings		4	4
		36,506	39,922
Reinsurers' share of technical provisions			
Provision for unearned premiums	18	331	299
Claims outstanding	18	707	895
		1,038	1,194
Debtors			
Debtors arising out of direct insurance operations - intermediaries	13	9,529	10,021
Debtors arising out of reinsurance operations	14	31,156	31,507
Other debtors	15	343	331
		41,028	41,859
Other assets			
Cash at bank and in hand		10,045	7,257
Other	16	926	547
		10,971	7,804
Prepayments and accrued income			
Accrued interest and rent		333	321
Deferred acquisition costs	17	871	791
		1,204	1,112
Total assets		90,747	91,891
Capital and reserves			
Members' balances		18,481	27,647
Total capital and reserves		18,481	27,647
Liabilities			
Technical provisions			
Provision for unearned premiums	18	16,922	16,845
Claims outstanding	11, 18, 20	51,564	41,426
		68,486	58,271
Creditors			
Creditors arising out of direct insurance operations	21	13	-
Creditors arising out of reinsurance operations	22	973	1,439
Other creditors including taxation and social security	23	18	411
		1,004	1,850
Accruals and deferred income		2,776	4,123
Total liabilities		72,266	64,244
Total liabilities, capital and reserves		90,747	91,891

Refer to Note 31 for further details on the restatement.

The annual accounts on pages 27 to 57 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 (restated)
	£000	£000
Members' balance brought forward at 1 January	27,647	25,885
Total comprehensive income for the year	16,427	23,374
Payments of profit to members' personal reserve funds	(25,472)	(21,504)
Members' agent fees	(85)	(96)
Other	(36)	(12)
Members' balance carried forward at 31 December	18,481	27,647

Refer to Note 31 for further details on the restatement.

Statement of Cash Flows

for the year ended 31 December 2024

	Note(s)	2024 £000	2023 (restated) £000
Cash flows from operating activities			
Total comprehensive income		16,427	23,374
Adjustments:			
Increase in gross technical provisions		10,275	5,505
Increase / (decrease) reinsurers' share of technical provisions		156	(624)
Increase / (decrease) in debtors		691	(10,128)
(Decrease) / Increase in creditors		(2,194)	1,291
Movement in other assets/liabilities		(409)	(34)
Investment return	9	(3,065)	(3,111)
Foreign exchange		192	909
Other		(121)	(107)
Net cash flows from operating activities		21,952	17,075
Cash flows from investing activities			
Purchase of equity and debt instruments		(4,594)	(18,031)
Sale of equity and debt instruments		11,738	7,267
Investment income received		2,845	1,718
Net cash flows from investing activities		9,989	(9,046)
Cash flows from financing activities			
Distribution profit		(14,956)	(15,479)
Open year profit release		(10,516)	(6,025)
Net cash flows from financing activities		(25,472)	(21,504)
Net increase / (decrease) in cash and cash equivalents		6,469	(13,475)
Cash and cash equivalents at the beginning of the year		11,383	25,124
Foreign exchange on cash and cash equivalents		(173)	(266)
Cash and cash equivalents at the end of the year	24	17,679	11,383

Refer to Note 31 for further details on the restatement.

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 GBP 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 24 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. These changes include;

- 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 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 9;
- 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 into the administration and finance category in Note 7;
- 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 11 and 12;

Notes to the Accounts

for the year ended 31 December 2024

1. Basis of preparation (continued)

- The presentation of overseas deposits, which is now shown on an aggregated basis in credit risk disclosure in Note 11;
- 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 the note for deferred acquisition cost is now shown separately from the technical reserves and the movement in deferred acquisition cost now shown on a disaggregated basis in Note 17;
- The presentation of the movements in technical provision are now shown on a disaggregated basis in Note 18; and
- The presentation of other creditors including taxation and social security is now aggregated to show other related party balances and other creditors in Note 23.

C) Correction of error

The Syndicate has restated outward reinsurance balances in the 2023 financial year. The impact of this change is detailed in Note 31.

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 inception 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.

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) 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.

C) 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.

D) Foreign currencies

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

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

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 where the gain is required to be recognised within profit or loss.

E) 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.

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

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).

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'.

Identification and measurement of impairment

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

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

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

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

iv) 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.

F) 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.

G) 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.

H) Taxation

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

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

l) 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.

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

J) Profit commission

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

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) RITC and Portfolio Transfer Policy

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

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

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

M) Reinsurers' commission

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

N) 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.

Notes to the Accounts

for the year ended 31 December 2024

2. Accounting policies (continued)

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.

O) 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.

P) 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 32 to 34)
- Measurement of premium written (pages 32 to 33)

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						
Marine, aviation and transport	45	43	(4)	(16)	-	23
Fire and other damage to property	7,756	8,001	(8,392)	(2,001)	-	(2,392)
Third party liability	3,882	3,766	(995)	(1,002)	-	1,769
Total direct insurance	11,683	11,810	(9,391)	(3,019)	-	(600)
Reinsurance acceptances	22,470	22,309	(1,642)	(5,440)	(1,087)	14,140
Total	34,153	34,119	(11,033)	(8,459)	(1,087)	13,540
2023 (restated)						
Direct insurance						
Fire and other damage to property	7,898	7,132	(62)	(1,852)	-	5,218
Third party liability	2,517	2,508	(599)	(647)	-	1,262
Total direct insurance	10,415	9,640	(661)	(2,499)	-	6,480
Reinsurance acceptances	26,547	24,889	(2,359)	(7,177)	(1,330)	14,023
Total	36,962	34,529	(3,020)	(9,676)	(1,330)	20,503

In 2023, Marine, aviation and transport business was presented as part of Fire and Other Damage to Property.

Refer to Note 31 for further details on the restatement.

Notes to the Accounts

for the year ended 31 December 2024

3. Segmental analysis (continued)

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	11,683	10,415
	11,683	10,415

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

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

During the year, the Syndicate released £7.7m of technical reserves in respect of prior years (2023: £7.0m) arising from the nuclear property and nuclear liability classes (2023: nuclear property and nuclear liability classes).

5. Net operating expenses

	2024 £000	2023 (restated) £000
Acquisition costs - brokerage and commissions	1,016	1,036
Change in deferred acquisition costs	(78)	14
Administrative expenses	1,835	1,948
Members' standard personal expenses	5,686	6,678
	8,459	9,676

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

	2024 £000	2023 £000
Total commission for direct insurance business	388	56

Refer to Note 31 for further details on the restatement.

6. Auditors' remuneration

	2024 £000	2023 £000
Fee payable to the Syndicate's auditor for the audit of these annual accounts	119	115
Fees payable to the Syndicate's auditor and its associates in respect of other services pursuant to legislation	65	56

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

Notes to the Accounts

for the year ended 31 December 2024

7. Staff numbers and costs

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

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

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

	2024 Number	2023 Number
Administration and finance	7	7
Underwriting	3	2
	10	9

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

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

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

	2024 £000	2023 £000
Emoluments	245	245

9. Investment return

	2024 £000	2023 £000
Interest and similar income		
From financial assets designated at fair value through profit and loss		
Interest and similar income	2,454	1,450
Interest on cash and cash equivalents	286	301
Other income from investments		
From financial assets designated at fair value through profit or loss		
Gains on the realisation of investments	204	42
Losses on realisation of investments	(465)	(341)
Unrealised gains on investments	918	1,698
Unrealised losses on investments	(295)	(4)
Investment management expenses, including interest	(37)	(35)
Total investment return	3,065	3,111
Transferred to the technical account from the non-technical account	3,065	3,111

The investment return was wholly allocated to the technical account.

Notes to the Accounts

for the year ended 31 December 2024

10. Distribution

A distribution of £10.4m to members will be proposed in relation to the closing year of account 2022 (2023: £15.0m in relation to the closing year of account 2021).

11. 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.

iii) Currency risk

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

Notes to the Accounts

for the year ended 31 December 2024

11. Financial instruments (continued)

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	Japanese	Other £000	Total £000
				dollar £000	Yen £000		
Investments	28,870	1,807	-	5,829	-	-	36,506
Reinsurers' share of technical provisions	1,038	-	-	-	-	-	1,038
Debtors	30,182	7,310	1,137	2,124	219	56	41,028
Other assets	9,544	506	-	869	-	52	10,971
Prepayments and accrued income	420	780	-	4	-	-	1,204
Total assets	70,054	10,403	1,137	8,826	219	108	90,747
Technical provisions	57,538	7,868	-	3,080	-	-	68,486
Creditors	1,002	2	-	-	-	-	1,004
Accruals and deferred income	2,739	37	-	-	-	-	2,776
Total liabilities	61,279	7,907	-	3,080	-	-	72,266
Total capital and reserves	8,775	2,496	1,137	5,746	219	108	18,481

2023 (restated)	Sterling £000	US dollar £000	Euro £000	Canadian	Japanese	Other £000	Total £000
				dollar £000	Yen £000		
Investments	35,794	1,071	-	3,057	-	-	39,922
Reinsurers' share of technical provisions	1,194	-	-	-	-	-	1,194
Debtors	31,855	6,825	1,273	1,906	-	-	41,859
Other assets	7,241	26	-	479	-	58	7,804
Prepayments and accrued income	411	710	-	(9)	-	-	1,112
Total assets	76,495	8,632	1,273	5,433	-	58	91,891
Technical provisions	47,661	7,573	-	3,037	-	-	58,271
Creditors	1,791	51	8	-	-	-	1,850
Accruals and deferred income	4,115	13	-	(5)	-	-	4,123
Total liabilities	53,567	7,637	8	3,032	-	-	64,244
Total capital and reserves	22,928	995	1,265	2,401	-	58	27,647

Refer to Note 31 for further details on the restatement.

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.

Notes to the Accounts

for the year ended 31 December 2024

11. Financial instruments (continued)

	2024		2023 (restated)	
	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	(700)	(700)	(493)	(493)
- 50 basis points shift in yield curves	406	406	493	493
Currency risk				
10 percent increase in GBP/euro exchange rate	(103)	(103)	(115)	(115)
10 percent decrease in GBP/euro exchange rate	126	126	141	141
10 percent increase in GBP/US dollar exchange rate	(227)	(227)	(90)	(90)
10 percent decrease in GBP/US dollar exchange rate	277	277	111	111

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.

i) Management of liquidity risk

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

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

Notes to the Accounts

for the year ended 31 December 2024

11. Financial instruments (continued)

ii) Maturity analysis of syndicate liabilities

The expected payment profile of undiscounted liabilities is as follows:

	Maturity band (Years)				
	<1	1-3	3-5	>5	Total
	£000	£000	£000	£000	£000
Creditors	1,004	-	-	-	1,004
Claims outstanding	14,497	17,960	9,353	9,754	51,564
At 31 December 2024	15,501	17,960	9,353	9,754	52,568
Creditors	1,850	-	-	-	1,850
Claims outstanding	10,066	14,285	8,290	8,785	41,426
At 31 December 2023 (restated)	11,916	14,285	8,290	8,785	43,276

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 manager mitigates credit risk through diversification and by setting maximum limits for individual counterparties.

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

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

Notes to the Accounts

for the year ended 31 December 2024

11. Financial instruments (continued)

ii) Exposure to credit risk

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

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

	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Shares and other variable yield securities	1,502	6,132	-	-	-	-	7,634
Debt securities and other fixed income securities	9,763	4,372	10,993	3,368	-	-	28,496
Syndicate loans to central fund	-	372	-	-	-	-	372
Deposits with ceded undertakings	-	-	4	-	-	-	4
Reinsurers' share of claims outstanding	-	707	-	-	-	-	707
Debtors arising out of direct insurance operations	-	-	-	-	-	9,529	9,529
Debtors arising out of reinsurance operations	-	-	-	-	-	31,156	31,156
Cash at bank and in hand	10,045	-	-	-	-	-	10,045
Other debtors and accrued interest	556	45	145	128	52	676	1,602
At 31 December 2024	21,866	11,628	11,142	3,496	52	41,361	89,545
Shares and other variable yield securities	828	3,297	-	-	-	-	4,125
Debt securities and other fixed income securities	10,135	9,759	11,002	4,411	-	-	35,307
Syndicate loans to central fund	-	-	486	-	-	-	486
Deposits with ceded undertakings	-	-	4	-	-	-	4
Reinsurers' share of claims outstanding	-	-	895	-	-	-	895
Debtors arising out of direct insurance operations	-	-	-	-	-	10,021	10,021
Debtors arising out of reinsurance operations	-	-	-	-	-	31,507	31,507
Cash at bank and in hand	7,257	-	-	-	-	-	7,257
Other debtors and accrued interest	366	10	64	48	57	654	1,199
At 31 December 2023 (restated)	18,586	13,066	12,451	4,459	57	42,182	90,801

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.

Notes to the Accounts

for the year ended 31 December 2024

11. Financial instruments (continued)

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	7,634	-	-	-	7,634
Debt securities and other fixed income securities	28,496	-	-	-	28,496
Syndicate loans to central fund	372	-	-	-	372
Deposits with ceded undertakings	4	-	-	-	4
Reinsurers' share of claims outstanding	707	-	-	-	707
Debtors arising out of direct insurance operations	9,529	-	-	-	9,529
Debtors arising out of reinsurance operations	31,156	-	-	-	31,156
Cash at bank and in hand	10,045	-	-	-	10,045
Other debtors and accrued interest	1,602	-	-	-	1,602
At 31 December 2024	89,545	-	-	-	89,545
Shares and other variable securities	4,125	-	-	-	4,125
Debt securities and other fixed income securities	35,307	-	-	-	35,307
Syndicate loans to central fund	486	-	-	-	486
Deposits with ceded undertakings	4	-	-	-	4
Reinsurers' share of claims outstanding	895	-	-	-	895
Debtors arising out of direct insurance operations	10,021	-	-	-	10,021
Debtors arising out of reinsurance operations	31,507	-	-	-	31,507
Cash at bank and in hand	7,257	-	-	-	7,257
Other debtors and accrued interest	1,199	-	-	-	1,199
At 31 December 2023 (restated)	90,801	-	-	-	90,801

12. Financial investments

	Cost £000	2024 Market value £000	Cost £000	2023 Market value £000
Shares and other variable yield securities	7,923	7,634	4,341	4,126
Debt securities and other fixed income securities	28,780	28,496	36,213	35,306
Syndicate loans to central funds	398	372	512	486
	37,101	36,502	41,066	39,918

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

Notes to the Accounts

for the year ended 31 December 2024

12. 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	36,502	39,918
	36,502	39,918

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	7,634	-	-	7,634
Debt securities and other fixed income securities	-	28,496	-	28,496
Syndicate loans to central fund	-	-	372	372
At 31 December 2024	7,634	28,496	372	36,502
Shares and other variable yield securities and unit trusts	4,125	-	-	4,125
Debt securities and other fixed income securities	-	35,307	-	35,307
Syndicate loans to central fund	-	-	486	486
At 31 December 2023	4,125	35,307	486	39,918

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

12. 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.

13. Debtors arising out of direct insurance operations

	2024 £000	2023 (restated) £000
Due within one year	9,529	10,021
	9,529	10,021

14. Debtors arising out of reinsurance operations

	2024 £000	2023 £000
Due within one year	28,132	28,489
Due after one year	3,024	3,018
	31,156	31,507

Notes to the Accounts

for the year ended 31 December 2024

15. Other debtors

	2024 £000	2023 £000
Other debtors	343	331
	343	331

Other debtors primarily relate to overseas taxes.

16. 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.

17. Deferred acquisition costs

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

	2024 £000	2023 £000
Balance at 1 January	791	844
Incurred deferred acquisition costs	(1,016)	(1,036)
Amortised deferred acquisition costs	1,094	1,022
Foreign exchange movements	2	(39)
Balance at 31 December	871	791

18. 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.

	2024			2023 (restated)		
	Gross provisions £000	Reinsurance assets £000	Net £000	Gross provisions £000	Reinsurance assets £000	Net £000
Claims outstanding						
Balance at 1 January	41,426	(895)	40,531	38,646	(379)	38,267
Claims paid during the year	(721)	-	(721)	(136)	-	(136)
Expected cost of current year claims	18,885	75	18,961	10,169	(629)	9,540
Change in estimates of prior year provisions	(7,852)	113	(7,739)	(7,149)	113	(7,036)
Effect of movements in exchange rate	(174)	-	(174)	(104)	-	(104)
Balance at 31 December	51,564	(707)	50,858	41,426	(895)	40,531

Notes to the Accounts

for the year ended 31 December 2024

18. Technical provisions (continued)

	2024			2023 (restated)		
	Gross provisions £000	Reinsurance assets £000	Net £000	Gross provisions £000	Reinsurance assets £000	Net £000
Unearned premiums						
Balance at 1 January	16,845	(299)	16,546	14,739	(191)	14,548
Premiums written during the year	34,153	(931)	33,222	36,962	(1,954)	35,008
Premiums earned during the year	(34,119)	899	(33,220)	(34,529)	1,846	(32,683)
Effect of movements in exchange rate	43	-	43	(327)	-	(327)
Balance at 31 December	16,922	(331)	16,591	16,845	(299)	16,546

Refer to Note 31 for further details on the restatement.

19. 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

Please 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:

	+5.0% £000	2024 -5.0% £000	+5.0% £000	2023 -5.0% £000
Claims outstanding – gross of reinsurance	(2,578)	2,578	(2,071)	2,071
Claims outstanding – net of reinsurance	(2,543)	(2,543)	(2,027)	2,027

Notes to the Accounts

for the year ended 31 December 2024

20. 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	7,586	10,529	7,516	6,635	6,650	7,550	6,305	8,326	7,398	7,524	
One year later	9,983	13,620	8,727	9,157	10,309	8,629	7,438	12,258	17,535	-	
Two years later	5,976	10,872	6,092	6,834	6,339	5,342	5,131	8,873	-	-	
Three years later	5,415	6,864	4,250	5,914	5,798	4,344	5,588	-	-	-	
Four years later	4,959	6,324	3,541	3,931	3,780	3,740	-	-	-	-	
Five years later	3,838	5,779	2,977	3,008	3,034	-	-	-	-	-	
Six years later	3,462	5,355	2,560	2,453	-	-	-	-	-	-	
Seven years later	2,955	4,989	1,952	-	-	-	-	-	-	-	
Eight years later	2,720	4,526	-	-	-	-	-	-	-	-	
Nine years later	2,338	-	-	-	-	-	-	-	-	-	
Estimate of gross claims reserve	2,338	4,526	1,952	2,453	3,034	3,740	5,588	8,873	17,535	7,524	57,563
Provision in respect of prior years											549
Less gross claims paid	1,900	3,270	52	493	294	34	76	38	389	2	6,548
Gross reserves	438	1,256	1,900	1,960	2,740	3,706	5,512	8,835	17,146	7,522	51,564
Estimate of net claims incurred											
At end of underwriting year	7,586	10,517	7,516	6,635	6,605	7,361	6,146	8,180	7,053	7,282	
One year later	9,983	13,608	8,727	9,157	10,283	8,456	7,290	11,856	17,319	-	
Two years later	5,976	10,871	6,092	6,834	6,338	5,257	5,055	8,687	-	-	
Three years later	5,415	6,863	4,250	5,914	5,797	4,272	5,526	-	-	-	
Four years later	4,959	6,324	3,541	3,931	3,780	3,739	-	-	-	-	
Five years later	3,838	5,779	2,977	3,008	3,034	-	-	-	-	-	
Six years later	3,462	5,355	2,560	2,453	-	-	-	-	-	-	
Seven years later	2,955	4,989	1,952	-	-	-	-	-	-	-	
Eight years later	2,720	4,526	-	-	-	-	-	-	-	-	
Nine years later	2,338	-	-	-	-	-	-	-	-	-	
Estimate of net claims reserve	2,338	4,526	1,952	2,453	3,034	3,739	5,526	8,687	17,319	7,282	56,856
Provision in respect of prior years											549
Less net claims paid	1,900	3,270	52	493	294	34	76	38	389	2	6,548
Net reserves	438	1,256	1,900	1,960	2,740	3,705	5,450	8,649	16,930	7,280	50,857

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

Notes to the Accounts

for the year ended 31 December 2024

21. Creditors arising out of direct insurance operations

	2024 £000	2023 £000
Due within one year	13	-
	13	-

22. Creditors arising out of reinsurance operations

	2024 £000	2023 (restated) £000
Due within one year	973	1,439
	973	1,439

23. Other creditors including taxation and social security

	2024 £000	2023 £000
Other related party balances	18	395
Other liabilities	-	16
	18	411

24. Cash and cash equivalents

	2024 £000	2023 £000
Cash at bank and in hand	10,045	7,257
Short term debt instruments presented within financial investments	7,634	4,126
	17,679	11,383

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	6,334	3,868
	6,334	3,868

Notes to the Accounts

for the year ended 31 December 2024

25. 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	11,383	6,469	(173)	17,679
	11,383	6,649	(173)	17,679

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

26. Related parties

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

	2024 £000	2023 £000
Managing agency fees	2,483	2,333
Profit commission	2,899	4,125
Expenses recharged	38	146
Year-end balance due to Chaucer Syndicates Limited at 31 December	2,775	4,498
Year-end balance due to Chaucer Underwriting Services Limited at 31 December	18	146

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

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

	2024 £000	2023 £000	Year of account 2022 £000
Chaucer Corporate Capital (No. 3) Limited	26,484	26,484	26,484

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

Notes to the Accounts

for the year ended 31 December 2024

27. 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	1.27	1.25	1.28	1.23	1.27	1.27
Euro	1.17	1.21	1.18	1.13	1.15	1.16
Sterling	1.00	1.00	1.00	1.00	1.00	1.00
Canadian dollar	1.70	1.80	1.75	1.64	1.69	1.70
Australian dollar	1.93	2.02	1.94	1.75	1.87	1.89
Japanese Yen	186.40	196.75	193.53	160.17	179.52	181.99

28. 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 members' FAL to meet liquidity requirements or to settle losses.

29. 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.

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 Syndicate 1176 is not disclosed in these accounts.

Notes to the Accounts

for the year ended 31 December 2024

29. Capital (continued)

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 members' balances reported on the Statement of Financial Position on page 28, represent resources available to meet members' and Lloyd's capital requirements.

30. 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).

31. Restatement of comparatives

Following a review of underlying source data in respect of interpool reinsurance arrangements that were put into place following Brexit through the Lloyd's Brussels platform, the Syndicate has restated outward reinsurance balances in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Members' Balances, Statement of Cashflows and associated disclosure notes. The impact of these changes is shown below:

Notes to the Accounts

for the year ended 31 December 2024

31. Restatement of comparatives (continued)

Statement of Comprehensive Income

	Reported £000	Restatement £000	Restated £000
Outward reinsurance premium	(673)	(1,281)	(1,954)
Premiums written, net of reinsurance	36,289	(1,281)	35,008
Change in the provision for unearned premiums reinsurers' share	39	69	108
Earned premiums, net of reinsurance	33,895	(1,212)	32,683
Change in the provision for claims reinsurers' share	126	390	516
Claims incurred, net of reinsurance	(2,894)	390	(2,504)
Administrative expenses	(9,799)	123	(9,676)
Total comprehensive income for the year	24,073	(699)	23,374

Statement of Financial Position

	Reported £000	Restatement £000	Restated £000
Assets			
Reinsurers' share of technical provisions			
Provision for unearned premiums	230	69	299
Claims outstanding	505	390	895
Debtors			
Debtors arising out of direct insurance operations - intermediaries	10,839	(818)	10,021
Total assets	92,250	(359)	91,891
Capital and reserves			
Members' balances	28,346	699	27,647
Liabilities			
Creditors			
Creditors arising out of reinsurance operations	976	(463)	1,439
Accruals and deferred income	4,246	123	4,123
Total liabilities	63,904	340	64,244
Total liabilities, capital and reserves	92,250	(359)	91,891

Notes to the Accounts

for the year ended 31 December 2024

31. Restatement of comparatives (continued)

Statement of Changes in Members' Balances

	Reported £000	Restatement £000	Restated £000
Total comprehensive income for the year	24,073	(699)	23,374
Members' balance carried forward at 31 December	28,346	(699)	27,647

Statement of Cashflow

	Reported £000	Restatement £000	Restated £000
Total comprehensive income	24,073	(699)	23,374
Adjustments:			
Increase in reinsurers' share of technical provisions	(165)	(459)	(624)
Decrease in debtors	(10,946)	818	(10,128)
Increase in creditors	951	340	1,291
Net cash flows from operating activities	17,075	-	17,075

2022 Year of Account

Syndicate 1176

Underwriting Year Accounts

31 December 2024

Managing Agent's Report

The Managing Agent presents its report at 31 December 2024 for the 2022 closed year of account.

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

A list of Directors of the Managing Agent who held office during the year ended 31 December 2024 is on page 3 of the Syndicate Annual Reports and Accounts.

Review of the business

The gross premiums written for the 2022 year of account were £32.3m compared to the Syndicate's 2021 year of account's gross premiums written of £28.7m.

The plan was for a premium income of £31.5m, the closing result shows premium gross of acquisition costs of £32.3m. The surplus against plan is mainly due to new liability business, particularly from UK government-backed indemnity related to the revised liability convention. There have been a few smaller losses which have been reserved at the year end, within loss expectations. These were slightly higher than in the most recent years. The final profit achieved on the 2022 year of account is £18.5m, representing a return on capacity of 39.8%.

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.

Approved by order of 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 Syndicate Underwriting Year Accounts in accordance with applicable law and Lloyd's Syndicate Accounting Byelaw.

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

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

In preparing the Syndicate underwriting year accounts, the Managing Agent is required to:

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

The 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 underwriting year accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of the 2022 closed year of account of Syndicate 1176

Opinion

We have audited the Syndicate underwriting year accounts for the 2022 year of account of Syndicate 1176 for the three year period ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and related notes, including the accounting policies in Note 2.

In our opinion the Syndicate underwriting year accounts:

- give a true and fair view of the Syndicate's profit for the 2022 closed year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the requirements of the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

Basis for opinion

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

Emphasis of matter – non-going concern basis of preparation

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of 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

Independent auditors' report to the members of the 2022 closed year of account of Syndicate 1176

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.

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

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

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

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

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

Independent auditors' report to the members of the 2022 closed year of account of Syndicate 1176

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

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

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

Report of the directors of the Managing Agent

The directors of the Managing Agent are responsible for the Report of the Directors of the Managing Agent. Our opinion on the Syndicate underwriting year accounts does not cover that report and 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 underwriting year accounts audit work, the information therein is materially misstated or inconsistent with the Syndicate underwriting year accounts or our audit knowledge. Based solely on that work we have not identified material misstatements in the Report of the Directors of the Managing Agent.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Responsibilities of the Directors of the Managing Agent

As explained more fully in their statement set out on page 60, the directors of the Managing Agent are responsible for: the preparation of the Syndicate underwriting year accounts and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error; assessing the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of the 2022 closed year of account of Syndicate 1176

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the members of the 2022 closed year of account of the Syndicate ("the Syndicate's Members"), as a body, in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Lloyd's Syndicate Accounting Byelaw. Our audit work has been undertaken so that we might state to the Syndicate's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate and the Syndicate's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 closed 2022 year of account for the 36 months ended 31 December 2024

	Note(s)	£000
Syndicate allocated capacity		46,500
Technical account – General Business		
Gross premiums written	3	32,270
Outward reinsurance premiums		(1,257)
Earned premiums, net of reinsurance		31,013
Reinsurance to close premium received, net of reinsurance	4	21,626
		52,639
Allocated investment return transferred from the non-technical account		1,744
Gross claims paid		(336)
Reinsurance to close premium payable, net of reinsurance		(26,677)
		(27,013)
Net operating expenses	5	(8,515)
Balance on the technical account - General Business	9	18,855
Non-technical account – General Business		
Balance on the technical account - General Business		18,855
Investment income	8	1,458
Investment expenses and charges	8	(477)
Net unrealised gains on investments	8	763
Total investment return		1,744
Allocated investment return transferred to the Technical Account – General Business		(1,744)
Foreign exchange loss		(352)
Total comprehensive income for the 2022 closed year of account		18,503

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

Statement of Financial Position

as at 31 December 2024

	Note(s)	£000
Assets		
Investments	10	29,279
Cash and cash equivalents		8,036
Debtors arising out of direct insurance operations		5,119
Debtors arising out of reinsurance operations		10,461
Other debtors		225
Overseas deposits		319
Prepayments and accrued income		267
Total Assets		53,706
Liabilities		
Amounts due to members	11	10,341
Reinsurance to close premiums payable to close the account – net amount	4	26,728
Other creditors	12	15,346
Accruals and deferred income		1,291
Total Liabilities		53,706

The notes on pages 67 to 76 form an integral part of these underwriting year accounts.

The underwriting year accounts on pages 65 to 76 were approved by the Board of Chaucer Syndicates Limited on 04 March 2025 and were signed on its behalf by:

J Wright

Chief Financial Officer

Notes to the Underwriting Year Accounts

1. Basis of preparation

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

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

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2022 year of account which has been closed by reinsurance to close as at 31 December 2024. Consequently, the Statement of Financial Position represents the assets and liabilities of the 2022 year of account at the date of closure. The underwriting account reflects the transactions for that year of account during the three-year period until closure. The Statement of Comprehensive Income reflect the transactions for that year of account during the three year period until closure.

These accounts cover the three years from the date of inception of the 2022 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown. As these underwriting year accounts relate to a closed underwriting year of account, matters relating to going concern are not relevant to these underwriting year accounts.

2. Accounting policies

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

A) Insurance contracts

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

i) Premiums written

Premiums written comprise premiums on contracts attaching to the 2022 underwriting year. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Premium written is initially based on the estimated premium income ('EPI') of each contract. Judgement is involved in determining the ultimate estimates in order to establish the appropriate premium value and, ultimately, the cash to be received. EPI estimates are updated to reflect changes in an underwriter's expectation through consultation with brokers, changes in market conditions, historic experience and to reflect actual cash received for a contract.

Notes to the Underwriting Year Accounts

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 premium ceded

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

iv) Claims paid and related recoveries

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

v) Reinsurance to close premium payable

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

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

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

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

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

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

Notes to the Underwriting Year Accounts

2. Accounting policies (continued)

B) Foreign currencies

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

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

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 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 where the gain is required to be recognised within profit or loss.

C) 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.

Notes to the Underwriting Year Accounts

2. Accounting policies (continued)

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).

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'.

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.

iv) 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.

Notes to the Underwriting Year Accounts

2. Accounting policies (continued)

D) 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.

E) Investment return

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

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

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

F) 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.

G) 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.

H) Taxation

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

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

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

Notes to the Underwriting Year Accounts

2. Accounting policies (continued)

I) Pension costs

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

J) Profit commission

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

K) 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.

L) Classification of insurance and reinsurance contracts

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

M) 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 67 to 68)
- Measurement of reinsurance premium to close (page 68)

Notes to the Underwriting Year Accounts

3. Segmental analysis

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

	Gross premiums written ³ £000	Gross premiums earned £000	Gross claims incurred ¹ £000	Net operating expenses £000	Reinsurance balance ² £000	Total £000
Direct insurance						
Marine, Aviation and Transport	1	1	2	1	-	4
Fire and Other damage	6,981	6,981	(661)	(1,632)	(818)	3,870
Third Party Liability	2,395	2,395	(927)	(897)	(11)	560
	9,377	9,377	(1,586)	(2,528)	(829)	4,434
Reinsurance acceptances:						
Reinsurance	22,206	22,206	(7,605)	(5,661)	(515)	8,425
Movements in respect of RITC received	22,461	22,461	(18,072)	(326)	189	4,252
Total	54,044	54,044	(27,263)	(8,515)	(1,155)	17,111

¹ Gross claims incurred comprise gross claims paid and gross reinsurance to close premium payable.

² The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on reinsurance to close (RITC) payable.

³ Movement in 2021 & prior year of account premium of £687k has been included within Movements in respect of RITC received.

All premiums were concluded in the UK.

4. Reinsurance premium to close the 2022 and prior years of account

	Reported £000	IBRN £000	Total £000
Reinsurance to close premium received (restated)			
Gross reinsurance to close premium receivable	2,347	19,427	21,774
Reinsurance to close premium receivable, reinsurers' share	-	(149)	(149)
Reinsurance to close premium received, net of reinsurance	2,347	19,279	21,626
Reinsurance to close premium payable			
Gross reinsurance to close premium payable	3,561	23,417	26,978
Reinsurance to close premium payable, reinsurer's share	-	(250)	(250)
Reinsurance to close premium payable, net of reinsurance	3,561	23,167	26,728

The reinsurance to close is effected with the 2023 year of account of Syndicate 1176.

Following a review of the reinsurance to close premium payable disclosed in the 2021 underwriting year accounts, it was identified that the balance was not presented appropriately. Accordingly, the reinsurance to close premium received in the 2022 underwriting year accounts have been restated.

Notes to the Underwriting Year Accounts

5. Net operating expenses

	£000
Acquisition costs – brokerage and commissions	640
Administrative expenses	2,065
Members' standard personal expenses	5,810
	8,515

6. Auditors' remuneration

	£000
Audit of the Syndicate 2022 underwriting year accounts	20

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

The Directors of Chaucer Syndicates Limited were not remunerated in respect of their services to the Syndicate.

The Active Underwriter received the following consultancy fees, incurred by a related group undertaking and recharged to the Syndicate within Managing Agency fees in relation to the 2022 year of account.

	£000
Active Underwriter	245

8. Investment return

	£000
Interest and similar income	
Interest on cash and cash equivalents	286
Other interest and similar income	1,002
Other income from investments	
From financial assets designated at fair value through profit or loss	
Gains on the realisation of investments	170
Unrealised gains on investments	763
Losses on realisation of investments	(445)
Investment management expenses, including interest	(32)
Total investment return	1,744
Transferred to the technical account from the non-technical account	1,744

Notes to the Underwriting Year Accounts

9. Balance on technical account

	£000
Balance excluding investment return and operating expenses (other than acquisition costs):	
Total comprehensive income attributable to business allocated to the 2022 pure year of account	20,255
Total comprehensive income attributable to business reinsured into the 2022 year of account	4,731
	24,986
Allocated investment return transferred from the non-technical account	1,744
Net operating expenses other than acquisition costs	(7,875)
	18,855

10. Investments

	Cost £000	Market Value £000
Shares and other variable yield securities at fair value through profit and loss	7,125	6,479
Debt securities and other fixed income securities at fair value through profit and loss	23,024	22,796
Deposits with ceding undertakings	4	4
	30,153	29,279

11. Amounts due to members

	£000
Total comprehensive income for the 2022 closed year of account	18,503
Transfers to members' personal reserve funds	(8,162)
	10,341

12. Other creditors

	£000
Inter year loans	15,346
	15,346

13. Related Parties

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

	£000
Managing Agency fees	2,218
Profit commission	1,913

Notes to the Underwriting Year Accounts

13. Related Parties (continued)

A subsidiary of China Reinsurance (Group) Corporation supports the 2022 Year of Account underwriting capacity of the Syndicate as follows:

	£000
Chaucer Corporate Capital (No. 3) Limited	26,484

Syndicate 1176 is the leading participant of the British Nuclear Pool, NRI Limited, and owns a share of the associated management company in proportion to its share (approximately 47%) of the Pool. Any profit or loss from these operations is paid to the Syndicate. The Pool underwrote premium of £25.7m on behalf of the Syndicate. The year-end balance due from the Pool is £1.4m and is included within debtors arising out of direct insurance operations.

14. 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).

Seven Year Summary (unaudited)

at 31 December 2024

	2016	2017	2018	2019	2020	2021	2022
Syndicate allocated capacity (£000)	34,931	37,480	46,500	46,470	46,403	46,476	46,500
Number of underwriting members	233	274	307	311	315	325	325
Aggregate net premiums (£000)	29,857	30,976	28,044	28,494	30,102	28,088	31,013
Results for an illustrative share of £10,000	£	£	£	£	£	£	£
Gross premiums	8,547	8,265	6,026	6,170	6,646	6,174	6,940
Net premiums	8,547	8,267	6,031	6,132	6,487	6,044	6,669
Premium for the reinsurance to close an earlier year of account	7,373	6,483	4,365	4,497	4,911	4,894	4,651
Net claims	(2,360)	(745)	(84)	(71)	49	(28)	(72)
Premium for the reinsurance to close the year of account	(6,898)	(5,447)	(4,495)	(4,904)	(4,994)	(4,541)	(5,737)
Syndicate operating expenses	(694)	(567)	(531)	(577)	(499)	(565)	(609)
Balance on technical account	5,968	7,991	5,286	5,077	5,954	5,804	4,902
Investment return	53	299	284	32	(317)	330	375
Other income/(charges)	151	34	82	(110)	325	(41)	(76)
Total comprehensive income for the closed year	6,172	8,324	5,652	4,999	5,962	6,093	5,201
Illustrative profit commission – Managing Agent’s share	(847)	(1,164)	(779)	(689)	(824)	(840)	(706)
Illustrative personal expenses ^{1,2}	(539)	(583)	(457)	(473)	(488)	(510)	(517)
Total comprehensive income after illustrative profit commission and illustrative personal expenses	4,786	6,577	4,416	3,837	4,650	4,743	3,979
Percentage applicable for an illustrative share of £10,000	%	%	%	%	%	%	%
Gross premiums	85.5	82.7	60.3	61.7	66.5	61.7	69.4
Net premiums	85.5	82.7	60.3	61.3	64.9	60.4	66.7
Balance on technical account to gross premiums	69.8	96.7	87.7	82.3	89.6	94.0	70.6

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

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

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

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.

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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.

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Managed by Chaucer Syndicates Limited

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