SYNDICATE 2791

Underwriting Year Distribution Accounts
2022 Closed Year of Account
31 December 2024

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CHAIRMAN'S REPORT

2025 is the 25th underwriting year for Managing Agency Partners. I am immensely proud of the Agency and Syndicates' achievements during this time, and in particular of the unwavering commitment of Richard, Aidan, Chris and all the team to the principles on which the business was founded.

Unlike the vast majority of businesses in the market, MAP has enjoyed continuity both of leadership and of capital provision, and remains true to its core values of high quality underwriting and claims management in an owner-managed environment. This year the PRA in its guidance stresses the need for competent and proactive cycle management, something that MAP undertook at its outset to deliver, and has done so with exceptionally strong cross-cycle returns to capital providers.

Chris and Richard in their underwriting reports detail the creditable performance of the 2022 year of account in an active windstorm year, and the excellent forecast for 2023. While we do not attempt to forecast the 2024 year, it is clear that the tragic wildfires in the Los Angeles area will produce a substantial loss to the insurance and reinsurance markets, largely falling on the 2024 account, and that an otherwise potentially very profitable year will be much more marginal.

However as Richard has observed, the losses will dampen the market's enthusiasm for rate cutting and coverage expansion, and perversely may improve the prospects for 2025 and subsequent years.

In recent years the baton has been passed on extremely smoothly, with new leadership taking MAP forward in underwriting, finance and risk management, giving the team a fresh new look. It is now time for me as a founder of the business and as someone of advancing years to hand over to a new Chairman, and I am delighted to say that Kevin Allchorne has agreed to take on the role, subject of course to regulatory approval.

Kevin has over 30 years' market experience, having worked as an underwriter at Amlin from 1992 to 2015, and has been an independent non-executive director of MAP since 2016. He is extremely knowledgeable in many of MAP's key areas of underwriting, and I have absolute confidence that under Kevin's leadership, MAP will continue to embody the values of complete candour and underwriting discipline.

It only remains for me to offer my heartful thanks to the team and to our capital providers for a wonderful 25 years.

D E S Shipley
Chairman
3 March 2025

DIRECTORS AND ADMINISTRATION

MANAGING AGENT

Managing Agent
Managing Agency Partners Limited (MAP)

Directors
K Allchorne (Non-executive)
C E Dandridge (Non-executive)
A S Foote (Non-executive)
T P Froehlich (Non-executive)
A Kong
T R McDermott
J J Parker
D E S Shipley (Non-executive Chairman)
C J Smelt (Active Underwriter)
R K Trubshaw
N D Williams (appointed 1 January 2024)

Company Secretary
J J Parker

Managing Agent's Registered Office
110 Bishopsgate
London
EC2N 4AY

Managing Agent's Registration
Registered in England; number: 03985640

SYNDICATE

Active Underwriter
C J Smelt

Principal Investment Managers
Schroders Investment Management Limited

Statutory Auditor
Deloitte LLP
1 New Street Square
London
EC4A 3HQ

UNDERWRITER'S REPORT

2022 Year of Account

Capacity £400.3 million

The 2022 year of account has closed with a bottom-line profit of £71.3m distributable to members, equivalent to 17.8% of stamp capacity, compared with the forecast range of 10% to 15%. The 2022 pure year result was a profit of 12.4% or £49.7m; members benefitted from a gross back year release of £27.5m (£27.0m net of reinsurance, before agency profit commission).

Development of Closed Years (2021 and prior)

The total gross IBNR ('incurred but not reported') reserve, less future premiums, started the year at £141.3m, (at 31.12.24 rates of exchange £1 = US$1.25). £7.0m or 5.0% of this reserve was utilised in the calendar year, compared to the historical average of 7.3%, with the majority of the utilisation falling to the 2020 and 2021 YOAs. The gross back year release was £27.5m, and the IBNR reserve for 2022 has been set at £56.0m, meaning the ongoing total gross IBNR reserve is now £162.8m. There continues to be no fundamental change in either our reserving strategy or our ultimate completion factors.

The long-tail casualty classes generated a £9.1m gross back-year release with positive development on all years, and now constitute 39.1% of the total remaining IBNR reserve (last year 39.5%). Of note, the ultimate for the 2021 general liability account improved from 94.5% to 82.4% with an unchanged completion factor. The casualty account continued to grow into in 2022 but still remains marginally less than 10% of the 2022 portfolio, compared with circa 25% at its peak in 2003.

The short-tail account generated a £12.1m gross back-year release. As per last year, no short-tail IBNR is held on years 2001 through 2004. All cat events 2011 & prior (as well as the 2019 events) are held to be complete. All older years saw modest improvement as residual IBNR is gradually released. 2018/19 and 2021 all had favourable experience relative to expectations, whilst the more complex 2020, due to the plethora of kitty-cats that affected the year, was stable.

At year end our gross ultimate provision for Covid-19 across all years of account was $16.7m, (last year $19.6m) of which $6.8m was incurred at year end (last year $5.9m). Most court rulings continue to go in insurers' favour, aside from the latest pronouncement from the North Carolina Supreme Court, which is likely to encourage future litigation in that State. As such, we have modestly reduced our reserves.

The balance of our total IBNR reserves (12.3%) relates largely to Auto and other miscellaneous specialty classes. The £6.3m gross back-year release in these classes is largely driven by benign experience on the auto account on the 2021 year of account along with the 2015 and 2016 Kennco years.

Pure Year 2022

Utilisation of capacity

Including the premium ceded to syndicate 6103, syndicate 2791's gross premium exceeded stamp capacity with a final utilisation of 108.4% at closing rates of exchange versus 80.9% last year for the 2021 YOA. The reinsurance spend was £125.4m or 28.9% of written premium net of acquisition costs, £56.8m of which was ceded via a US catastrophe quota share to Syndicate 6103.

Performance review

The continued catastrophic experience of 2021 in the US and continued depressed investment yields during 2022 supported 32% more gross premium for 2022 than for 2021, marginally below the revised plan.

For the third year in a row the US Gulf experienced a major hurricane, Ian, which impacted south-west Florida between Tampa and Naples, before running across the State south of Orlando and subsequently impacting the Carolinas – although the vast majority of the insured loss was in Florida.

For Ian, we are projecting ultimate gross losses of $111.6m, (last year $117.4m) of which $93.6m had been incurred at year end (last year $86.1m). Any deterioration or redundancy for syndicate 2791 is fully hedged by the retrocession programme, with very little variability to net.

UNDERWRITER'S REPORT *continued*

Pure Year 2022 *continued*

Performance review *continued*

The casualty account continued to grow in quantum for 2022, but remained consistent as a proportion of the overall syndicate, representing 9.9% (2021 10.0%) of the gross income. For a second year, the growth came predominantly from general liability where historical under performance continues to drive significant rate increases and tightening of conditions. Our modest exposure is focused on transport business with reduced latency and contractors with a high ratio of premium to limit, written as insurance rather than reinsurance to better manage claims. As with all lines of business, we only participate on risks where we have the expertise to understand and quantify the risk. The account had $6.2m exposure, which has been settled in full, to the Norfolk Southern rail accident in Ohio in 2023 in which 38 rail cars derailed triggering the release of toxic chemicals. Overall, the casualty account has been reserved using the same methodology as last year resulting in an ultimate loss ratio of 101.9%.

Overall closing provisions are £56.0m (gross claims less future premium) of which £12.8m relates to major events and £43.2m is general attrition.

The buoyant investment market experienced in the 2023 calendar year continued, resulting in a healthy investment performance for the 2024 calendar year, with the syndicate achieving 5.9% profit versus a 4.9% profit during 2023. In addition, our long-term strategy of prudent back-year reserving has generated a £27.0m net back year release, resulting in a positive bottom-line £71.3m or 17.8% return to Members.

Analysis of premium written by syndicate classification

	Gross written £'000	Net written £'000
Property reinsurance	319,035	220,569
Direct and facultative property	87,973	62,897
Marine and offshore energy	24,775	24,775
Motor	43,845	42,079
Third party liability	41,636	41,636
Accident and health	6,947	6,947
Specialist lines	4,780	4,780
Terrorism and political risks	2,751	2,751
Total	531,742	406,434

Investment Return

The investment return generated over the last three years has contributed £26.3m to the 2022 closed year result. The calendar year returns net of expenses in each period were: -2.8% in 2022, 4.9% in 2023 and 5.9% in 2024.

In line with established policy, the 2022 year of account receives a proportion of the investment performance of the three calendar years as determined by a formula which measures assets held in each year of account and allocates the result accordingly.

The Effect of Exchange Rates on the 2022 Distribution Account

These accounts are reported over the three consecutive years from 2022, during which the GBP:USD exchange rate has moved from an average of 1.24 to a closing rate of 1.25 at the end of 2024. This has resulted in an exchange gain versus the average rates of £1.0m over the three year period as further set out in note 13.

Reinsurance Debtors

Recoverable amounts from reinsurers amount to £78.9m, virtually all of which is current. There are no provisions for bad debts on the syndicate's reinsurance balances.

An analysis of the security rating for the debtors within our statement of financial position at 31 December 2024 is set out below.

Debt table by security rating

Standard & Poor's rating	On paid claims £'m	On outstanding claims £'m	On IBNR £'m	Total £'m
AA	1.9	9.9	6.3	62.8
A	46.6	4.6	9.6	16.1
	48.5	14.5	15.9	78.9

2023 Year of Account Forecast

The original 2023 syndicate business forecast (SBF) was produced in July 2022, prior to hurricane Ian. In response to the demonstrable increase in loss incidence over the previous six years (2017-2022), for the 2023 YOA we adjusted our frequency loads for US hurricane from 140% to 179% of the indexed historic mean. Following Ian, we took the decision not to re-submit our SBF but by the end of Q1 2023, it became apparent that the market had moved materially, and our income was likely to exceed plan and potentially stamp capacity. Lloyd's and members were supportive of our intention to capitalise on the dislocated market and as such, a revised SBF of £572m was approved.

Ultimate gross premium is forecast up 26.9% over 2022 to £550m at year end rates of exchange. This is less than the revised business plan numbers, largely due to the lack of any inwards reinstatement premiums associated with major events. Casualty classes accounted for £50.3m or 9.1% of the overall income. Net of syndicate 6103 cession, premium is £488.0m, marginally above syndicate 2791's stamp capacity of £475m.

The 2023 Atlantic hurricane season was above average but fortunately few made landfall in the US and there have been no major events impacting the 2023 year. The investment return to date is £20.1m with an embedded yield of 3.55% in the portfolio and the balance of account is trending in line with prior years.

The current forecast is for the 2023 YOA to produce a profit of between 27.5% and 35.0% return on stamp.

An estimate of the 2023 underwriting result as at 36 months is set out below:

	£'000
Stamp capacity	473,610
Gross premiums written	672,268
Net premiums written	525,407
Claims incurred – net of reinsurance	(235,532)
Net operating expenses	(133,732)
Investment return	29,127
Profit commission	(35,616)
Personal expenses	(7,302)
Non-technical account foreign exchange	113
Estimate of profit for the year of account after personal expenses	142,465

Assumptions underlying the 2023 Estimated Result:

(i) There will be no material reinsurance failures.
(ii) Syndicate expenses, incurred in the calendar year 2025 to be charged to the 2023 year of account, will continue the pattern of previous years as refined by current budgets.
(iii) Exchange rates at 31 December 2025 will not be materially different from those at 31 December 2024.
(iv) Investment returns attributable to 2023 during 2025 = 2.9% for USD and 4.8% for all other currencies.
(v) Claims will be paid in line with our expected development patterns.
(vi) No material back year surplus or deficit arises from the RITC.

2024 Overview

Ultimate gross premium is forecast up around 14.5% to £630m at year end rates of exchange, which is below the original business plan of £670m, primarily due to a disappointing lack of attractively rated opportunities in the large direct property market. Casualty classes accounted for £59.1m or 9.4% of the overall income.

There were two major land-falling hurricanes in 2024. Helene struck the Big Bend of Florida, east of Tallahassee, running north into Georgia and then into the Carolinas, we believe causing ultimate market losses of nearly $20bn. Milton then struck central Florida, running from Sarasota through to Volusia and largely impacted the same area which hurricane Ian had struck two years earlier. As such much of the housing stock had already been remediated and was consequently more resilient. Indicative market losses are less than $20bn. However, it is still very early in the claims process and we are more comfortable reserving it as a $25bn – $30bn event.

The recent terrible wildfires in California are likely to generate significant insurance loss, probably at least $30bn, with most of the loss that impacts Syndicate 2791 falling back to the 2024 year. Whilst it is clearly far too early to be definitive, absent any further major catastrophic losses to impact the 2024 YOA, the profitability in the balance of the portfolio in conjunction with the prudence in hurricane estimates should be sufficient to return a positive result for the 2024 year.

2025 Trading Conditions

The market psychology shifted in the run up to 1/1 2025, with considerable softening in terms and conditions. Whilst only around 20% of the catastrophe book renews at this time, year on year we cut back markedly, although we were able to defend our core regional account to a reasonable degree. Our view is that many in the market have drawn false comfort from the fact that Milton in particular was a 'near-miss'. We believe that the demonstrably elevated incidence of hurricane activity in the Gulf over the last decade shows that our frequency loads actually need to be increased further rather than reduced. As such we have moved our technical price from 179% to 200% of the indexed historic mean for hurricane risk: which is the maximum calculated level assuming the last 5 years is now the new norm.

Hence, until the California Wildfires erupted, we were looking to adopt a much more defensive stance, and it was likely that premium volume would fall short of forecast. We now anticipate that, should many of the large Nationwide covers - most of whom we don't write due to inadequate technical pricing and extremely broad coverage – incur meaningful loss for really the first time since hurricane Katrina in 2005, then the market psychology should shift back to a much more risk averse position. That the loss has happened so early in the year should cause many in the market to hesitate before discounting price ahead of the US hurricane season, particularly if they only have one (or even no) limit left of retrocession protection.

I am pleased to report that the small property binder book is developing into a substantial account with the core book having the potential to support the syndicate when the market turns. It has performed well in the 2024 hurricanes and early estimates suggest the wildfire losses will be within expectations. Paul and his team apply a rigorous approach to the underwriting of existing and potential coverholders and carefully manage the balance of fire to catastrophe exposed business. To aid the team, we are looking to develop improved management information systems to increase the efficiency of their process.

We continue to see attractive insurance opportunities in the General Liability market, albeit in limited sub classes. Our strong analytical underwriting, together with a robust process of peer review which provides challenge and supportive guidance, is resulting in a casualty book that is evolving and constantly being refined. Although early, given the tail of the liability book, I am quietly confident that our expansion into the general liability space balances risk and reward.

During 2025, we moved to a modern new, open plan office, which has been welcomed by staff. It feels like we have finally made the mental transition after 25 years from start up to mature business. This transition has been further reinforced with a limited number of targeted hires plus an ongoing emphasis on developing existing staff to ensure we have the expertise and resources for the next generation of MAP.

David's retirement from the board of MAP after 25 years is the end of an era. He has been a great mentor and thoroughly supportive of me personally and, alongside Richard and Aidan, created and grown a successful and resilient business. I am sure that Kevin will provide equally constructive challenge and guidance as he, subject to regulatory approval, steps into David's role as chair of the managing agency.

2025 Trading Conditions *continued*

The substantial incoming portfolio that 2791 inherits for the 2025 YOA is adequately priced and well underwritten. MAP's key principles of pricing discipline, cycle management, underwriter autonomy, exposure management and alignment of interest are unchanged.

In conjunction with the hurricane and wildfire losses to the market, the outlook for 2025 is positive and the syndicate's forecast for the coming year should be realistic and achievable.

Seven Year Summary of Closed Years of Account

	Note	2016	2017	2018	2019	2020	2021	2022
Syndicate allocated capacity (£'m)		399.1	396.8	399.5	399.6	399.9	400.4	400.3
Number of Underwriting Members		1,710	1,701	1,681	1,639	1,597	1,554	1,513
Aggregate net premiums (£'m)		145.3	134.0	143.0	175.9	242.0	280.9	406.4
Results for illustrative share of £10,000		%	%	%	%	%	%	%
Utilisation of capacity at premium income monitoring rates of exchange		31.7	26.5	35.9	44.0	67.8	82.6	99.3
Gross premiums written (% of illustrative share)		46.7	39.9	44.7	56.6	80.6	95.2	132.8
Net premiums (% of illustrative share)		36.4	33.7	35.8	44.0	60.6	70.2	101.5
Profit (% of gross premiums)		17.7	9.6	6.5	13.0	2.5	10.4	13.4
Results for illustrative share of £10,000		£	£	£	£	£	£	£
Gross premiums	1	4,667	3,986	4,469	5,663	8,056	9,516	13,285
Net premiums		3,639	3,367	3,579	4,402	6,059	7,015	10,154
Reinsurance to close from an earlier year of account		5,440	5,415	4,863	4,530	4,667	5,616	5,648
Net claims		(1,750)	(2,306)	(2,475)	(1,839)	(3,581)	(3,752)	(5,213)
Reinsurance to close	2	(5,117)	(5,056)	(4,547)	(4,734)	(4,909)	(5,774)	(6,324)
Underwriting profit		**2,212**	**1,420**	**1,420**	**2,359**	**2,236**	**3,105**	4,265
Acquisition costs	1	(1,030)	(932)	(1,028)	(1,244)	(1,607)	(1,925)	(2,511)
Other syndicate operating expenses, excluding personal expenses		(210)	(160)	(175)	(203)	(169)	(194)	(180)
Reinsurers' commissions and profit participations		17	18	54	85	83	107	142
Exchange movement on foreign currency translation	4	32	(5)	(43)	(6)	(31)	11	(9)
Net investment income		95	224	227	46	(142)	275	658
Illustrative personal expenses:								
Managing agent's fee		(55)	(55)	(55)	(75)	(75)	(75)	(75)
Profit commission	3	(197)	(98)	(78)	(186)	(43)	(249)	(440)
Other personal expenses	5	(37)	(29)	(29)	(40)	(47)	(66)	(69)
Profit after illustrative personal expenses and illustrative profit commission		**827**	**383**	**293**	**736**	**205**	**989**	**1,781**

1. Gross premiums and syndicate operating expenses have been grossed up for brokerage costs.
2. Reinsurance to close is stated at relevant average rates applicable or when reserves were first set for each year of account.
3. Profit commission is reported on a pro forma basis before the application of the deficit clause brought forward.
4. Foreign currency realised gains and losses are included in exchange movement on foreign currency translation rather than within other syndicate operating expenses.
5. Other personal expenses include Lloyd's subscriptions and central fund contributions.

Solvency Capital Requirement

The managing agent is required to provide a Solvency Capital Requirement (SCR) to Lloyd's which sets the capital required to be held by the members of the syndicate for the prospective underwriting year. Lloyd's syndicate SCRs are combined to provide the basis of the Lloyd's internal model which the Prudential Regulation Authority originally approved in December 2016.

This amount is derived from the syndicate's loss distribution, which is calculated internally. It is the loss at the 99.5th confidence level, 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 be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicate on which it is participating but not another member's 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, for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Requirement (ECR). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2022 is 35% of the member SCR 'to ultimate'.

The syndicate's current capital requirement has been established using our internal Solvency II model which has been run within the capital regime as prescribed by Lloyd's. The internal model uses sophisticated mathematical models reflecting key risks within the syndicate. The risks are principally Insurance (catastrophes, pricing and reserving), Market (equity, liquidity, currency, interest rate and spread), Credit (brokers, investment and reinsurance) and Operational.

The following table sets out the syndicate's ECR which is unaudited:

2022 Approved Capital

Lloyd's ECR

	2022 £'m
2791	317.2

ECR capital is provided by the members of the syndicate from syndicate retained profits plus additional contributed assets held and managed by Lloyd's of London, known as Funds at Lloyd's or FAL.

European Union Business

To ensure continued market access for syndicates to European (re)insurance business post 'Brexit', Lloyd's established a Belgian subsidiary – Lloyd's Insurance Company S.A. (LIC) – authorised and regulated as an insurance entity by the National Bank of Belgium and regulated by the Belgian Financial Services and Markets Authority.

This 100% owned European domiciled subsidiary is capitalised in accordance with Solvency II rules and is licensed to write non-life risks across the European Economic Area (EEA).

From its establishment all 'live' business underwritten by Lloyd's Insurance Company S.A. has been 100% reinsured back to the originating Lloyd's syndicate.

The insurance debtors in note 16, insurance creditors in note 18 and the net technical provisions analysis at 31 December 2024 by class of business in note 4 now reflect the transferred business under inwards reinsurance.

Future Developments

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

Disclosure of Information to the Auditors

So far as each person who was a director of the managing agent at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow directors of the agency and the syndicate's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

This managing agent's report was approved by the Board of Managing Agency Partners Limited on 28 February 2025 and signed on its behalf by:

C J Smelt
Active Underwriter
Managing Agency Partners Limited
3 March 2025

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ('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. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

The managing agent must prepare the 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;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in these 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 Lloyd's 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 AUDITOR'S REPORT

to the Members of Syndicate 2791

Independent auditor's report to the members of Syndicate 2791 – 2022 closed year of account

Report on the audit of the syndicate underwriting year accounts for the 2022 closed year of account for the three years ended 31 December 2024.

Opinion

In our opinion the syndicate underwriting year accounts of Syndicate 2791 (the 'syndicate'):

- give a true and fair view of the profit for the 2022 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 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 in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

We have audited the syndicate underwriting year accounts which comprise:

- the income statement: technical account – general business;
- the income statement: non-technical account;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of cash flows; and
- the notes to the accounts on pages 18 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland", the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and 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 under those standards are further described in the auditor's responsibilities for the audit of the syndicate underwriting year accounts section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year accounts in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the annual report, other than the syndicate underwriting year accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate underwriting year accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of managing agent

As explained more fully in the managing agent's responsibilities statement, the managing agent is responsible for the preparation of the syndicate underwriting year accounts under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), and for being satisfied that they give a true and fair view of the result, and for such internal control as the managing agent determines is necessary to enable the preparation of syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate underwriting accounts, the managing agent is responsible for assessing the syndicate's ability to realise its assets and discharge its liabilities in the normal course of business, disclosing, as applicable, any matters that impact its ability to do so.

Auditor's responsibilities for the audit of the syndicate underwriting year accounts

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

A further description of our responsibilities for the audit of the syndicate underwriting year accounts is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the syndicate and its control environment, and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the syndicate operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the underwriting year accounts. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005); and
- do not have a direct effect on the underwriting year accounts but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency II.

We discussed among the audit engagement team including relevant internal specialists such as actuarial and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the underwriting year accounts.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our procedures performed to address them are described below:

- Auditing standards require that we presume there to be a significant risk of fraud relating to the recognition of revenue. We relate this significant risk to the estimation of pipeline premiums on proportional reinsurance and delegated authority business, specifically the estimated premium income factor adjustment that is applied by management at a block of business level. In response, our testing included comparing management's prior year estimated premium adjustments to the current year and challenging the validity of the rationale behind the adjustments for each block of business.
- Valuation of technical provisions includes assumptions requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks, we involved our actuarial specialists to develop independent estimates of the technical provisions. In addition, significant management judgement is exercised in the valuation of Catastrophe IBNR reserves given uncertainties in estimating claims emergence relating to event frequency and severity, data limitations and reinsurance recoveries. We assessed a sample of Catastrophe IBNR reserves classified as significant risk by inspecting case documentation, challenging management judgements, and performing benchmarking where possible.
- We have identified short tail and long tail specific claims reserves as a significant risk and fraud risk due to the wide range of outcomes that may be supportable for each claim. For a sample of these specific claims we: obtained and inspected case documentation for each loss; challenged management on any areas of judgement made when interpreting case information; considered the completeness of information used in determining the carried reserve; considered the overall level of consistency year on year in the valuation of specific reserves; and reviewed claims files to identify evidence of changes in the reserve held during 2024 and assessed whether these changes are appropriate.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing underwriting year accounts disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the underwriting year accounts;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Lloyd's.

Report on other legal and regulatory requirements

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

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

- the information given in the managing agent's report for the financial year for which the syndicate underwriting year accounts are prepared is consistent with the syndicate underwriting year accounts; and
- the managing agent's report has been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

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

Matters on which we are required to report by exception

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

- the managing agent in respect of the syndicate has not kept adequate or proper accounting records; 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; or
- the syndicate underwriting year accounts are not in compliance with the requirements of paragraph 5 of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ben Newton, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

3 March 2025

INCOME STATEMENT TECHNICAL ACCOUNT – GENERAL BUSINESS

2022 Closed Year of Account for the three years ended 31 December 2024

	Note	2022 £'000
Syndicate allocated capacity		400,265
Earned premiums, net of reinsurance		
Gross premiums written	*4*	531,742
Outward reinsurance premiums		(125,308)
Earned premiums, net of reinsurance		406,434
Reinsurance to close premiums received, net of reinsurance	*5*	226,066
Allocated investment return transferred from the non-technical account		26,327
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		(295,903)
Reinsurers' share		87,260
		(208,643)
Reinsurance to close premium payable, net of reinsurance	*6*	(253,130)
Acquisition costs		(100,516)
Reinsurers' commissions and profit participations		5,686
Administrative expenses	*8*	(30,576)
Net operating expenses		(125,406)
Balance on the technical account – general business	*12*	71,648

INCOME STATEMENT NON-TECHNICAL ACCOUNT

2022 Closed Year of Account for the three years ended 31 December 2024

	Note	2022 £'000
Balance on the technical account for general business		71,648
Investment return	*11*	26,327
Allocated investment return transferred to general business – technical account		(26,327)
Non-technical account foreign exchange	*13*	(1,301)
Profit for the 2022 Closed Year of Account excluding other comprehensive income		70,347

STATEMENT OF COMPREHENSIVE INCOME

2022 Closed Year of Account for the three years ended 31 December 2024

	Note	2022 £'000
Profit for the 2022 Closed Year of Account excluding other comprehensive income		70,347
Exchange differences on foreign currency translation	*13*	951
Profit for the 2022 Closed Year of Account including other comprehensive income being profit distributed to members		71,298

STATEMENT OF FINANCIAL POSITION

2022 Closed Year of Account as at 31 December 2024

	Note	2022 £'000
Assets		
Financial Investments	*14,19*	322,921
Deposits with ceding undertakings	*15*	282
Debtors	*16*	73,156
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the account	*7*	30,403
Other assets		
Cash at bank and in hand	*19*	32,925
Prepayments and accrued income		
Accrued interest		1,087
Other prepayments and accrued income		248
Total assets		461,022
Liabilities		
Amounts due to members	*17*	71,298
Reinsurance to close premiums payable to close the account – gross amount	*7*	277,013
Other creditors	*18*	109,582
Accruals and deferred income		3,129
Total liabilities		461,022

The financial statements on pages 15 to 29 were approved by the Board of Managing Agency Partners Limited on 28 February 2025 and were signed on its behalf by:

C J Smelt
Active Underwriter

T R McDermott
Finance Director

3 March 2025

STATEMENT OF CASH FLOWS

2022 Closed Year of Account for the three years ended 31 December 2024

	Note	2022 £'000
Operating profit on ordinary activities		70,347
Movement in gross technical provisions		277,013
Movement in reinsurers' share of gross technical provisions		(30,403)
Movement in debtors		(74,491)
Movement in creditors		112,711
Investment return		(26,327)
Exchange differences on foreign currency translation		(5,920)
Net cash inflow from operating activities		322,930
Cash flows from investing activities		
Purchase of equity and debt instruments		(936,690)
Sale of equity and debt instruments		627,099
Investment income received		30,535
Movement in deposits with ceding undertakings		(282)
Movement in overseas deposits and commingled fund		(10,661)
Net cash outflow from investing activities		(289,999)
Movement in cash and cash equivalents		32,931
Cash and cash equivalents at 1 January		–
Cash and cash equivalents at 31 December	*19*	32,931

NOTES TO THE ACCOUNTS

2022 Closed Year of Account for the three years ended 31 December 2024

1. Basis of Preparation and Statement of Compliance

These financial statements have been prepared under the 2008 Regulations and in accordance with the Syndicate Accounting Byelaw (No.8 of 2005) and applicable accounting standards in the United Kingdom. Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and Financial Reporting Standard 103 'Insurance Contracts' (FRS 103) have been applied.

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

The Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) requires the aggregation of movements in each of the three calendar years for any Underwriting Year of Account. For 2022's Underwriting Year Distribution Account each calendar year result is aggregated using the relevant years' average rates of exchange for each item in the income statements. The reinsurance to close received by 2022 from 2021 is presented as both a premium and as part of the reinsurance to close payable at the same rates, which are the rates at 1 January 2024. Any changes made to the opening reinsurance to close are accounted for at the average rates ruling during calendar year 2024.

The financial statements are prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

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 at 31 December 2024. Consequently, the statement of financial position represents the assets and liabilities of the 2022 year of account with the income statements and the statement of cash flows reflecting the transactions for that year of account during the three-year period until closure.

As each syndicate year of account is a separate annual venture, comparatives are not required to be disclosed.

Reinsurance to close

A Reinsurance to Close (RITC) is a reinsurance which closes a year of account and transfers the responsibility for discharging all the liabilities that attach to that year of account (and any year of account closed into that year) plus the right to any income due to the closing year of account into an open year of account of the same or a different syndicate in return for a premium.

Effective at each year-end 31 December, the RITC process means that all assets and liabilities have been transferred to a reinsuring year of account. To this extent, the risks that the syndicate is exposed to in respect of the reported financial position and financial performance are significantly less than those relating to the open years of account as disclosed in the Syndicate Annual Accounts. Accordingly, these underwriting year accounts do not include the associated risk disclosures required by section 34 of FRS 102 and section 4 of FRS 103. Full disclosures relating to these risks are provided in the main Annual Accounts of the syndicate. In addition, certain other disclosure requirements under FRS 102 and FRS 103, such as the disclosure of a Statement of Changes in Members' Balances, have not been provided as they are not required for a proper understanding of the underwriting year accounts.

The functional currency is US dollars, but the financial statements are prepared in sterling which is the presentational currency of the syndicate and rounded to the nearest £'000.

Syndicate 2791 cedes business under a quota-share treaty to Syndicate 6103 which is operated on a funds withheld basis by Syndicate 2791. Syndicate 6103 holds no cash or investments. All of Syndicate 6103's funds are held by Syndicate 2791 which makes payments of liabilities on Syndicate 6103's behalf. Debtors and creditors between the syndicates are grossed up in the syndicate statement of financial position and upon the closure of each year of account, normally after 36 months, the assets and liabilities of that closing year are netted off as part of the commutation settlement with Syndicate 6103. Syndicate 6103 is also managed by the managing agent, MAP.

2 Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

In the course of preparing the financial statements no judgements have been made in the process of applying the syndicate's accounting policies, other than those involving estimations that have had a significant effect on the amounts recognised in the financial statements.

However, the nature of estimation means that actual outcomes could differ from those estimates.

It should however be noted that upon RITC the uncertainties are transferred to the accepting year of account of the syndicate, being the 2023 year of account at 31 December 2024.

2. Judgements and Key Sources of Estimation Uncertainty *continued*

The following are the syndicate's key sources of estimation uncertainty:

Insurance contract technical provisions (reinsurance to close premium payable) (see note 7)

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some types of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, Bornheutter-Ferguson methods and individual reserving at contract level.

The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. 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 statement of financial position date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims IBNR at the statement of financial position date based on statistical methods.

These methods generally involve projecting from past experience of 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 pricing and other models of the business accepted and assessments of underwriting conditions.

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 that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. In addition, where losses are not settled until several years after the expiration of the policy in question, the estimates are considered to be more volatile and consequently are subjected to additional management judgemental prudence adjustments. The methods used, and the estimates made, are reviewed regularly.

Where the amount of any material salvage and subrogation recoveries is separately identified it is reported as an asset. Changes in assumptions, quantum or complexity of claims can affect the value of these provisions.

Estimates of future premiums (see note 16)

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates are judgemental. The main assumption underlying these estimates is that past premium development can be used to project future premium development.

Estimates include an element of judgement with regard to the level of claims affected future premiums receivable by the syndicate. The methods used for assessing future premiums generally involve projecting from past experience, based on the development of claims and the related inwards premiums receivable against these claims. The directors consider whether the estimates of gross future premium are fairly stated on the basis of the information available currently to them. However, the ultimate receivable will vary as a result of subsequent information or events and this may result in significant adjustments.

The estimated premium income in respect of facility contracts, for example binding authorities and lineslips, includes an estimate of the underlying business attaching to each facility at the statement of financial position date.

Fair value of financial assets and derivatives determined using valuation techniques

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques.

These valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on estimates. It incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3. Accounting Policies

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.

Insurance contracts

An insurance contract (including inwards reinsurance contract) is defined as a contract containing significant insurance risk. Insurance risk is considered significant if, and only if, an insured event could cause the syndicate to pay significant additional benefits in any scenario. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Premiums written

Premiums written comprise premiums on contracts incepted during the financial year of account as well as adjustments made in the year to premiums written in prior accounting periods. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet received at the statement of financial position date.

Premiums written are disclosed before the deduction of acquisition costs and taxes or duties levied on them and are treated as fully earned.

Premiums for contracts where the syndicate delegates underwriting authority to another party (e.g. binding authorities, lineslips or proportional treaties) use an estimate of the proportion of premiums incepted at the reference date as an estimate based on historical inception patterns, if no pattern exists business is assumed to incept evenly over the term of the delegated authority.

Acquisition costs

Acquisition costs comprising commission and other direct or indirect costs related to the acquisition of insurance contracts are deferred to the extent that they are attributable to premiums unearned at the statement of financial position date. The value of commission paid to insurance intermediaries is determined based on the contractual amounts recorded in all contracts. Where, however, policies are issued and the insured agrees to pay a fee directly to the intermediary without reference to the insurer, the written premium comprises the premium payable to the insurer and accounting for broker acquisition costs is inappropriate.

An element of underwriters costs are transferred from administrative expenses to other acquisition costs as they are considered to be appropriate indirect costs arising from the conclusion of insurance contracts and are connected with the processing of proposals and the issuing of policies. The amount transferred is based on underwriters headcount and an estimate of time spent on the administration of insurance policies written and is earned in line with premium.

Reinsurance premium ceded

Outwards reinsurance purchased consists of excess of loss contracts and proportional reinsurance contracts. Initial excess of loss premiums are accounted for in the year of inception. Premiums ceded to reinstate reinsurance cover or additional premiums payable on loss are recognised when they may be assessed with reasonable certainty. Proportional outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured.

Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers. They are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as to which the recovery is credited.

Reinsurance to close premium payable

The RITC premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims IBNR), net of estimated collectable reinsurance recoveries, relating to the closed year of account and all previous years of account reinsured therein.

The estimate of claims outstanding is assessed on an individual case and class basis, as appropriate, and is based on the estimated ultimate cost of all claims notified but not settled by the statement of financial position date, together with the provision for related claims handling costs. It also includes the estimated cost of claims IBNR at the statement of financial position date based on statistical methods.

Future unallocated loss adjustment expenses

An accrual for all future unallocated loss adjustment expenses ('ULAE') is made if applicable. The ULAE is comprised of those costs which are related to the settlement of earned claims but which are not directly attributable to individual claims. ULAE expenses are undiscounted and include the expenses of managing the run-off of the business on the basis the business is a going concern. Costs of administration of the reinsurance programme are included in the gross ULAE. Separate reserves are established for each year of account.

3. Accounting Policies *continued*

Legal provisions

The syndicate may be subject to legal disputes in the normal course of business. Provisions for such events and their related costs are recognised within expenses and accruals where there is an expected present obligation relating to a past event or evidence exists of the requirement for a general provision that can be measured reliably and it is probable that an outflow of economic benefit will be required to settle an obligation.

The directors of the managing agent do not expect the outcome of these claims, either individually or in aggregate, to have a material effect upon the syndicate's operations or financial position. As allowed by FRS 102, further disclosure has not been given as it may seriously prejudice the outcome of any legal proceedings.

Insurance receivables and payables

Insurance receivables and payables are recognised when due and measured on initial recognition at the fair value of the consideration received. They are derecognised when the obligation is settled, cancelled or expired.

Bad debt

Bad debts are provided for only where specific information becomes available to suggest a debtor may be unable or unwilling to settle its debts to the syndicate. Specific information may be directly attributed to the debtor company or may be indirect information from a rating agency or other source. The provision is calculated on a case by case basis.

Foreign currency translation

Financial Reporting Standard 102 requires each entity to identify its functional currency and a presentational currency. The functional currency is identified as the currency of the primary economic environment in which the entity operates. The functional currency of this syndicate is US dollars as the majority of the underwriting business, cash flows and expenses are in US dollars. We have chosen to maintain our presentational currency as sterling as the syndicate is based in the UK, complies with UK reporting standards and this enables simpler comparisons to other Lloyd's insurance syndicates.

The syndicate records transactions in four settlement currencies being sterling, US dollars, Canadian dollars and Euros and when reported these currencies are translated in the income statement at the average rates of exchange for each calendar year of the 36 month period respectively. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

As permitted by FRS 103, the syndicate has continued with its existing accounting policy to treat non-monetary assets and liabilities arising from insurance contracts (which include items such as unearned premiums and deferred acquisition costs) the same as monetary assets and liabilities. Consequently, all assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date, or if appropriate, at the forward contract rate.

Exchange differences from the functional currency (US dollars) arising from the retranslation of opening balances and between average and year-end rates to the presentational currency are included in the statement of comprehensive income.

All other exchange differences are included in the general business non-technical account.

Where Canadian dollars or Euros are sold or bought relating to the profit or loss of the closed underwriting account after 36 months, any exchange profit or loss arising is reflected in the underwriting account into which the liabilities of that year have been reinsured. Where US dollars relating to the profit or loss of a closed underwriting account are bought or sold by the syndicate on behalf of the members on that year, any exchange profit or loss accrues to those members.

The following rates of exchange to sterling have been used in the preparation of these accounts:

	Year-end rate	Average rates during		
	2024	**2024**	2023	2022
USD	**1.25**	**1.28**	1.24	1.24
CAD	**1.80**	**1.75**	1.68	1.61
EUR	**1.21**	**1.18**	1.15	1.17

Syndicate 6103 funds withheld basis

Syndicate 2791 has purchased a proportional reinsurance contract from Syndicate 6103 also managed by Managing Agency Partners Limited. This proportional reinsurance contract operates on a funds withheld basis; reinsurance premium less recoveries payable to Syndicate 6103 are withheld by Syndicate 2791. The withheld funds are invested alongside Syndicate 2791's other investments until Syndicate 6103 closes the relevant year of account, normally at 36 months.

At the closure, by Reinsurance to Close of Syndicate 6103 the net funds are released to the members of Syndicate 6103. Syndicate 2791 has the right to request funds from the members of Syndicate 6103 if its net balance becomes a liability.

The contract between the syndicates provides that an investment return is payable by Syndicate 2791 on the average net balance owed to Syndicate 6103. The return mirrors that achieved by Syndicate 2791 on its own funds, principally, the credit for reinsurance trust fund in respect of US dollar balances.

3. Accounting Policies *continued*

Investment values

Financial investments are valued at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Listed investments

Listed and other quoted investments are stated at current bid value at the statement of financial position date. For this purpose listed and quoted investments are stated at market value and deposits with credit institutions are stated at cost.

The cost of syndicate investments is the amount paid on the purchase date for those investments still held at the statement of financial position date.

Deposits

All deposits with credit institutions are stated at cost.

Unlisted investments

Some investments are not listed or in a market not regarded as active because:

- quoted prices are not readily and regularly available; or
- prices do not represent actual and regularly occurring market transactions on an arm's length basis.

In such circumstances the syndicate then seeks to establish fair value by using third party administrators with experience in valuing such assets using valuation techniques as described below:

- using recent arm's length transactions between knowledgeable, willing parties (if available);
- reference to the current fair value of other instruments that are substantially the same; and
- discounted cash flow analyses and option pricing models.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on estimates. It incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial investment.

The syndicate participates in hedge/credit funds and related financial instruments for which there are no available quoted market prices. The valuation of these hedge funds is based on fair value techniques (as described above). The fair value of the hedge/credit fund portfolio is calculated by reference to the underlying net asset values (NAVs) of each of the individual funds.

Consideration is also given to adjusting such NAV valuations for any restriction applied to distributions, the existence of any illiquid share classes, and the timing of the latest available valuations. The cost of syndicate investments is deemed to be the aggregate of market value at the accepted RITC date of those investments still held at the current statement of financial position date, and purchases during the period.

Deposits with ceding undertakings

Deposits with ceding undertakings are measured at cost less allowance for impairment.

Investment return

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

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price.

Movements in unrealised gains and losses on investments represent the difference between their valuation at the statement of financial position date and their purchase price or, if they have been previously valued, their valuation at the last statement of financial position date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

As detailed above with regard to funds withheld on behalf of Syndicate 6103, investment income earned in the period is reduced by the amount payable to Syndicate 6103.

Purchases and sales of investments are recognised on the trade date, which is the date the syndicate commits to purchase or sell the assets. Funds receivable or payable after the trade date are recorded in debtors and creditors respectively until settled.

Allocation of investment return

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments are generated by insurance related assets.

Investment management expenses

Comprise contractual fees and profit commissions payable to external third party investment managers for managing the syndicate's investment funds. They are accrued in the period to which they relate.

3. Accounting Policies *continued*

Overseas deposits

Overseas deposits lodged as a condition of conducting underwriting business in certain countries in compliance with Lloyd's licences are stated at the market value, based on a bid price, ruling at the statement of financial position date.

Operating expenses

Where expenses are incurred by, or on behalf of, the managing agent on the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicates are apportioned between the agency company and the managed syndicates on bases depending on the amount of work performed, resources used and the volume of business transacted. Syndicate operating expenses are allocated to the year of account for which they are incurred.

An element of underwriters costs are transferred from administrative expenses to other acquisition costs as detailed in the acquisition costs accounting policy note.

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 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 'Debtors'.

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

Pension costs

MAP operates a defined contribution scheme. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

Profit commission

Profit commission is charged by the managing agent at a rate of 20% of profit subject to a hurdle rate (whereby the profit commission rate reduces to 17.5%) and the operation of a deficit clause. This is charged to the syndicate on an earned basis but does not become payable until after the year of account closes, normally at 36 months. When the syndicate makes a loss that loss will be debited by year of account until fully utilised reducing the following two years of account's results for the purpose of calculating profit commission.

4. Segmental Analysis

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

	Gross written premiums (1) £'000	Gross claims incurred (2) £'000	Net operating expenses (4) £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
2022 year of account Direct insurance						
Accident and health	5,764	(2,442)	(2,453)	(4)	865	(5,644)
Fire and other damage to property	82,923	(24,537)	(29,587)	(1,634)	27,165	(5,997)
Marine, aviation and transport	17,447	(6,332)	(6,235)	(63)	4,817	(8,484)
Motor (other classes)	32,038	(15,635)	(10,671)	(2,695)	3,037	(8,059)
Third party liability	31,997	(23,121)	(7,410)	(76)	1,390	(45,985)
Miscellaneous	708	1,216	(591)	(4)	1,329	(2,114)
	170,877	(70,851)	(56,947)	(4,476)	38,603	(76,283)
Reinsurance	360,865	(263,203)	(68,459)	(22,485)	6,718	(170,327)
Total	531,742	(334,054)	(125,406)	(26,961)	45,321	(246,610)

1. Gross premiums earned are identical to gross premiums written.
2. Gross claims incurred comprise gross claims paid and movement in gross technical provisions.
3. All premiums are concluded in the UK.
4. Net operating expenses include reinsurers' commissions and profit participations.
5. All 2021 and prior years of account movements during 2024 are reflected in the above figures.
6. The business class split reported is a statutory reporting requirement but the business is managed by its own business classes and hence an element of allocation is used.

4. Segmental Analysis *continued*

The geographical analysis of gross premiums by location of risk is as follows:

	Direct £'000	Reinsurance £'000	Total £'000
UK	23,626	7,199	30,825
EU countries	67	12,709	12,776
US	117,120	307,760	424,880
Other	30,064	33,197	63,261
Total	170,877	360,865	531,742

Total commissions on direct gross premiums written amount to £40.1m.

5. Reinsurance to Close Premium Receivable

	Syndicate 2791 £'000	Syndicate 6103 £'000	Total £'000
Gross reinsurance to close premium receivable	240,935	5,360	246,295
Reinsurance recoveries anticipated	(20,229)	–	(20,229)
Reinsurance to close premium receivable, net of reinsurance	220,706	5,360	226,066

At 1 January 2024, Syndicate 2791 accepted a Reinsurance to Close Premium from Syndicate 6103 in respect of Syndicate 6103's 2021 year of account.

6. Movement in Underwriting Reserves

The following table reconciles the reinsurance to close in the income statement to the statement of financial position:

	Reserves at average rate £'000	Exchange to closing rate £'000	Closing RITC £'000
2021 and prior opening balance	(220,706)	(2,247)	(222,953)
Movement in paid, outstanding and IBNR in year	43,486	6,254	49,740
Change in three year period (2022 pure)	(76,449)	2,513	(73,936)
Movement in unallocated loss and loss adjustment expenses	539	–	539
	(253,130)	6,520	(246,610)

The exchange difference arising from the retranslation of the opening reinsurance to close liabilities is exactly matched by the assets transferred in at 1 January 2024 in currency and therefore the effect to the income statement is nil.

7. Reinsurance to Close Premium Payable

	2021 and prior £'000	2022 pure £'000	2022 £'000
Gross outstanding claims	57,594	33,896	91,490
Reinsurance recoveries anticipated	(6,445)	(8,027)	(14,472)
Net outstanding claims	51,149	25,869	77,018
Provision for gross claims incurred but not reported	116,382	60,760	177,142
Reinsurance recoveries anticipated	(3,239)	(12,692)	(15,931)
Provision for net claims incurred but not reported	113,143	48,068	161,211
Unallocated loss and loss adjustment expenses	5,786	2,595	8,381
Net premium for reinsurance to close	170,078	76,532	246,610

A positive run-off of £27.0m on the 2021 and prior years' reserves (2020 and prior: £21.0m) was experienced in the year. This change to the previous closed year reserves was 12.1% of the relevant provisions brought forward.

The reinsurance to close is effected to the 2023 year of account of Syndicate 2791.

8. Administrative Expenses

	£'000
Personal expenses	5,758
Managing agent's profit commission	17,615
Other administrative expenses	7,203
Administrative expenses	30,576

Personal expenses comprise managing agent's fees, Lloyd's subscriptions and central fund contributions.

Administrative expenses include:	2791 £'000	6103 £'000	Total £'000
Fees for the audit of the syndicate	277	18	295
Audit related assurance	107	19	126
	384	37	421

Audit related assurance includes reporting required by law and regulation, reviews of interim financial information and reporting on regulatory returns.

9. Staff Numbers and Costs

All staff are employed by the managing agent. The following amounts were recharged to the syndicate in respect of salary costs:

	£'000
Wages and salaries	5,175
Social security costs	646
Other pension costs	348
	6,169

Included above are the employment costs of underwriters attributable to acquisition of business and those of claims staff treated within the technical account as Acquisition Costs and Loss Adjustment Expenses respectively.

The average number of employees employed by the managing agent but working for the syndicate during the three years was as follows:

Administration and finance	20
Underwriting	29
Claims	8
	57

10. Emoluments of the Directors of Managing Agency Partners Limited

The directors of Managing Agency Partners Limited received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	£'000
Emoluments	1,265

The 2022 year of account has been charged with active underwriter's remuneration as follows:

	£'000
Emoluments – Active Underwriter	335

Profit related remuneration in respect of all directors and staff is wholly paid and borne by the managing agent.

11. Investment Return

	£'000
Investment income	
Income from investments	11,909
Gains on the realisation of investments	7,617
Losses on realisation of investments	(1,077)
	18,449
Net unrealised gains and losses	10,983
Investment expenses and charges	
Investment management expenses, including interest payable	(2,020)
Investment return charged to Syndicate 6103	(1,085)
	(3,105)
Total Investment Return	26,327

All investment return arises from investments designated as fair value through profit and loss.

12. Balance on the Technical Account – General Business

	2021 and prior years of account £'000	2022 pure year of account £'000	Total 2022 £'000
Balance excluding investment return and operating expenses	29,437	141,290	170,727
Brokerage and commission on gross premium	(150)	(100,366)	(100,516)
Allocated investment return	–	26,327	26,327
Net operating expenses other than acquisition costs	318	(25,208)	(24,890)
	29,605	42,043	71,648

13. Exchange Gains and Losses

Exchange gains and losses arise as follows:

	£'000
On 2022 balances brought forward at 1 January 2024: from opening to closing rates	(833)
On transactions during the calendar year: from average to year end rates	483
	(350)
Represented by:	
Non-technical account foreign exchange	(1,301)
Exchange differences on foreign currency translation	951
	(350)

14. Financial Investments

	Market value £'000	Cost £'000
Investments:		
Shares and other variable yield securities and units in unit trusts	84,571	76,943
Debt securities and other fixed income securities	222,620	223,127
Participation in investment pools	1,340	1,147
Deposits with credit institutions	312	312
Overseas deposits as investments	10,666	10,629
Syndicate loan to central fund	3,412	3,538
	322,921	315,696

Within "Shares and other variable yield securities and units in unit trusts" £25.5m are listed on a recognised exchange. These comprise 7.9% of the total market value of investments.

15. Deposits with Ceding Undertakings

This balance represents a claims float held by Lloyd's Insurance Company, Brussels (LIC) to settle Part VII claims.

16. Debtors

	£'000
Arising out of direct insurance operations	1,026
Arising out of reinsurance operations	67,627
Inter-syndicate loan	–
Members' agents' fees advances	1,500
Non-standard personal expenses due from members (overseas taxation)	85
Outstanding settlements on investments	46
Sundry debtors	23
Reinsurers' profit commission and overriding commission	2,849
	73,156

Debtors arising out of reinsurance operations of £67.6m include funds due in respect of Syndicate 6103 of £49.5m.

17. Amounts Due to Members

	£'000
Profit for the 2022 closed year of account due to members at 31 December 2024	71,298

18. Other Creditors

	£'000
Arising out of direct insurance operations	
Policyholders	–
Intermediaries	2,246
Arising out of reinsurance operations	64,754
Managing agent's profit commission	17,825
Inter-syndicate loan	376
Outstanding settlements on investments	24,381
	109,582

Creditors in respect of reinsurance operations of £64.8m include funds due to Syndicate 6103 of £56.8m.

19. Cash and Cash Equivalents

	£'000
Cash at bank and in hand	32,925
Short term deposits with financial institutions	6
	32,931

20. Related Parties

The managing agency (MAP), the Syndicates 2791 and 6103 and the directors of MAP are all related parties.

- MAP's relationship to the syndicates is governed by a managing agent's agreement.
- The syndicates' relationship to each other is governed by a reinsurance contract for each year of account.
- Some of the directors of the managing agency own shares in the ultimate parent of the managing agent and receive remuneration from the managing agent based on MAP's profitability.
- The directors also participate alongside other capital providers in the syndicate via the following unrelated entities: MAP Capital Limited, Nomina No 208 LLP and Nomina No 570 LLP.
- An investment fund in which the syndicate formerly held investments participated in the syndicate's capital and is deemed a related party by virtue of its participation in Syndicate 2791.

MAP's relationship to the syndicates

Managing agency fees amounting to £3.0m were paid to MAP for the 2022 year and profit commission of £17.8m (at closing rates) is also due to the managing agent in respect of the results for this year of account. Expenses totalling £10.3m were recharged to this year of account through acquisition and other administrative expenses. The key management compensation charged to the syndicate is disclosed in note 10. No profit related remuneration is payable by the syndicate to employees of MAP. The managing agency agreement contract setting out fees and profit commission payable to the managing agent is under standard terms set out by Lloyd's.

The syndicates' relationship to each other

The underwriting business of Syndicate 6103 is derived solely under a reinsurance contract with Syndicate 2791. Under the terms of this contract:

- Syndicate 6103 is obliged to accept 30% for 2022 year of account of all business written by Syndicate 2791 under certain categories of its property catastrophe book depending on the year of account. Syndicate 2791 retains the balance of this book net for its own account.
- Syndicate 2791 receives a ceding commission of 5% and an overriding commission of 1% of gross written premiums ceded to Syndicate 6103 to cover personal expenses of Syndicate 6103 names borne by Syndicate 2791.
- A profit commission of 15% of profits, as defined in the contract, is payable to MAP.
- All funds are retained and invested by Syndicate 2791 on behalf of Syndicate 6103 and interest is payable (or charged on negative balances) to Syndicate 6103 at rates agreed.

20. Related Parties *continued*

The syndicates' relationship to each other *continued*

Under the terms of the reinsurance contract the balance owed to Syndicate 2791 by Syndicate 6103 at the end of the period is £0.4m and will be settled through the Lloyd's distribution process. There are no other conditions or guarantees offered by Syndicate 2791 to Syndicate 6103 under the reinsurance contract.

The following transactions between the syndicates occurred for the 2022 year of account:

	£'000
Premiums ceded	(57,247)
Paid claims recovered	46,814
Ceding commission	2,722
Overriding commission	572
Investment income payable	(1,085)
Reinsurance to close premium	8,737
Managing agent's profit commission	–

The directors' ownership of MAP

The managing agent, MAP, is a wholly owned subsidiary of Managing Agency Partners Holdings Limited, the equity of which is 90.1% owned by MAP Equity Limited, a company that is entirely owned by the staff of the managing agent and syndicate.

The directors' interests in the ordinary share capital of MAP Equity Limited the ultimate holding company, which has an issued share capital of 250,000 £1 shares, at the statement of financial position date were as follows:

	A Shares (voting)	B Shares (non-voting)
A Kong	22,000	–
T R McDermott	–	3,750
J J Parker	–	2,500
C J Smelt	5,000	5,000
R K Trubshaw	33,000	–
N D Williams (appointed 1 January 2024)	–	6,250

The directors' participations in the syndicate

Messrs. Foote, Kong, Parker, Shipley, Smelt, Trubshaw and Williams, or their related parties, participate on Syndicate 2791 via a dedicated, but unaligned to the managing agent, corporate member MAP Capital Limited and/or corporate member Nomina No 208 LLP and/or corporate member Nomina No 570 LLP.

For the 2022 year of account MAP Capital Limited provided £60.1m of capacity on Syndicate 2791 representing 15.0% of capacity.

For the 2022 year of account Nomina No 208 LLP has provided £11.8m of capacity representing 3.0% of capacity.

For the 2022 year of account Nomina No 570 LLP has provided £4.2m of capacity representing 1.1% of capacity.

MAP has no direct or indirect interest in MAP Capital Limited, Nomina No 208 LLP or Nomina No 570 LLP. All capital is provided on an arm's length basis.

There are no other transactions or arrangements requiring disclosure.

21. Contingent Liabilities

Letters of credit

The syndicate has provided letters of credit to certain insureds and reinsureds to cover losses that might arise on their contracts written in the ordinary course of business. These amount to US$0.4m; the letters of credit are fully collateralised with cash deposits held by Citibank, on the syndicate's account, of US$0.4m. The terms of these evergreen letters of credit are that the syndicate must put up 105% of assets as collateral and are held as long as the insureds and reinsureds have outstanding liabilities.

MAP

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