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ATRIUM

ANNUAL REPORT AND ACCOUNTS 2024

SYNDICATE 609

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Christopher Stooke Non-Executive Chair
Nicole Coll Non-Executive Director
James Cox Executive Director
John Fowle Chief Executive Officer
Stephen Hearn Non-Executive Director
Peter Laidlaw Active Underwriter
Samit Shah Executive Director
Kirsty Steward Executive Director

ADVISORS

Auditor
KPMG LLP

Investment Manager
Wellington Management International Limited

Company Secretary
SGH Company Secretaries Limited

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors of the managing agent present their report 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) and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), Financial Reporting Standard 103: Insurance Contracts (FRS103) and the Lloyd's Syndicate Accounts Instructions Version 2.0 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd's.

Separate underwriting year accounts for the 2021 year of account, which has been left open as at 31 December 2024, and the 2022 year of account, which closed on 31 December 2024, can be found on pages 43 to 78.

RESULTS

The Board of Directors (the Board) are pleased to announce total comprehensive income of £62.0m for syndicate 609 (the syndicate) for calendar year 2024 (2023 – total comprehensive income of £78.7m).

PRINCIPAL ACTIVITY AND REVIEW BUSINESS

The syndicate's principal activity during the year continued to be the transaction of general insurance and reinsurance business at Lloyd's.

BUSINESS AND PERFORMANCE EVALUATION

The syndicate writes a diversified portfolio of classes of business that include Accident & Health, Aviation, Liability, Marine, Non Marine Direct & Facultative, Property & Casualty Binding Authorities, Reinsurance, Upstream Energy and Terrorism. The syndicate is managed in three distinct business groups – Property, Casualty and Specialty.

In underwriting a diversified portfolio of classes, using their skill, knowledge and historic claims data to evaluate the potential claims costs and to determine the appropriate premium, and also by taking a limited amount of market and credit risk in investing the cash flows generated by this activity, the syndicate aims to reward its capital providers with results that are considered attractive relative to the risks assumed.

The key performance measure for the syndicate is return on adjusted Economic Capital Assessment (ECA). This is determined by comparing the total comprehensive income to the syndicate's ECA set by the Corporation of Lloyd's on agreement of the syndicate's Solvency Capital Requirement (SCR) derived from its Internal Model, including Solvency II balance sheet adjustments. Return on Capital and the following Key Performance Indicators (KPI's) are monitored regularly by the Directors.

	2024 £m	2023 £m
Gross premiums written	**1,026.5**	971.6
Net earned premiums	**846.3**	804.8
Total comprehensive income	**62.0**	78.7
Loss ratio	**57.5%**	55.6%
Combined ratio	**99.5%**	96.8%
Investment return	**59.4**	56.5
Adjusted ECA	**353.4**	386.5
Return on adjusted ECA	**17.5%**	20.4%

During 2024 the syndicate continued to grow the underwriting portfolio in line with the planned strategy taking advantage of strong market conditions and rate rises. The classes experiencing the most growth were Aviation War, Property Direct USA, Non Marine Direct & Facultative and Property Reinsurance due to new business opportunities, and by taking advantage of the current rating environment by writing increased levels of business at higher pricing levels. These increases were partially offset by the International Liability classes due to the non renewal of certain accounts.

The syndicate has exposure to the fate of the western leased aircraft in Russia. The situation remains complex and continues to develop with multiple ongoing litigation in a number of different jurisdictions. Key factors including underlying peril, date of loss, and whether any form of negotiated settlement is feasible, all result in considerably different ultimate outcomes to the syndicate.

In arriving at the reserving position for this loss, the financial implications of various scenarios have been modelled, taking account of the uncertainties listed above. In arriving at the reserving position, the likelihood of the scenarios occurring was established using expert judgement. A similar probabilistic approach was employed at 31 December 2023, however, for this update we have reduced and re-focused the number of scenarios under consideration, in line with our evolving knowledge and expectations of the situation.

The updates have resulted in ultimate gross reserves of £393.4m, £113.8m net of reinsurance (31 December 2023 – £264.5m gross, £84.5m net of reinsurance) as at 31 December 2024. The classes impacted are Aviation Reinsurance, Aviation War and Marine XL. The net loss reserve is split 3% to the 2020 YOA, 88% to the 2021 YOA and 9% to the 2022 YOA.

The Directors, in conjunction with the relevant subject matter experts, continue to monitor the situation closely, taking legal advice and meeting with market participants on a regular basis to ensure that the most up to date information is reflected within the syndicate reserves.

Due to the nature of the circumstances mentioned above, the potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss could be in a particularly wide range with greater than usual variability. As a result, the 2021 year of account will continue to remain open until the level of reserve sensitivity to downside risk normalises.

The specialty business group has been affected by the Dali loss whereby a cargo ship collided with the Francis Scott Key Bridge in Baltimore causing it to collapse on 26 March 2024. The syndicate has exposure of £64.1m gross and £7.3m net of reinsurance contributing 7.6% and 1.1% to the gross and net loss ratios respectively. This loss is across the Marine and Energy Liability, Non Gulf of Mexico Wind, Marine Hull and Cargo Fine Art & Specie classes.

In the latter half of the year the property business group was affected by Hurricanes Milton and Helene with gross and net losses of £29.0m and £10.0m respectively contributing 3.4% and 1.2% to the gross and net loss ratios. These losses are across the Property Reinsurance, Non Marine Direct & Facultative, Property Direct USA and Cargo Fine Art & Specie classes.

The casualty business group experienced deterioration to the prior year reserves as a result of construction defect claims in Florida. The syndicate has seen an increase in the frequency of lawsuits relating to issues on its Florida based contractors book arising from construction defects. Due to the continued adverse development seen during the year additional gross reserves of £52.7m and £52.3m net of reinsurance were recorded bringing the overall gross reserves for this class to £132.0m (2023 – £79.4m) and net reserves to £131.3m (2023 – £79.0m).

On 13 January 2025, the syndicate entered into a Loss Portfolio Transfer (LPT) agreement with syndicate 2008, managed by Enstar Managing Agency Ltd, the reinsurer.

The transaction covers the discontinued portfolios in Marine Treaty Reinsurance, Property Treaty Reinsurance and US Contractors General Liability. The cover relates to business underwritten in 2023 and earlier (the majority relates to the 2021 year of account and earlier). The LPT is a reinsurance contract by nature. The syndicate ceded net loss reserves of $196.1m with a loss limit of $304.2m. All claims handling responsibilities relating to the ceded policies have been transferred to the reinsurer.

The premium payable associated with the transfer was $188.9m. There were further acquisition costs and interest charges associated with the transaction. After allowing for these costs the net impact to the statement of comprehensive income was a profit of $2.3m. This will be recorded in the 2025 results of the syndicate and has no impact on the results as recorded for 31 December 2024.

The syndicate reserves comprise the best estimate plus a reserve margin which is applied over and above the actuarial best estimate. The level of reserve margin held above the best estimate is reviewed annually and remains within the risk appetite that has been set by the Board of Directors.

The higher combined ratio in 2024 is primarily driven by the reserve movements discussed above.

As a result of the adverse prior year loss development arising from the Russia/Ukraine losses and the Artisans sub class, the 2021 year of account is in a cumulative loss as at 31 December 2024. The outcome of the most recent modelling, as described earlier in this report, has been factored in to the latest forecast range for the 2021 year of account which is a result of between 0.0% and +10.0% of capacity upon closure.

The overall performance of the syndicate in 2024 was adversely affected by the high level of catastrophe losses in addition to the deterioration on the prior years. This was offset by good underwriting results on the open years of account as well as the expected positive investment return contribution. The syndicate remains well positioned to deliver on its underwriting strategy.

INVESTMENT PERFORMANCE

With effect from 1 January 2024 the syndicate changed its core investment manager from New England Asset Management Limited to Wellington Management International Limited. There have not been any material changes to the overall asset allocation or investment philosophy as a result of this change.

The investment portfolio returned a profit of £59.4m (2023 – £56.5m) or 4.8% (2023 – 5.8%) on assets held. The fixed income market in 2024 saw a continuation of strong performance, particularly in higher yielding assets. Interest rates experienced some volatility but ultimately moved higher in intermediate and long maturities. The US 10 year Treasury yield rose to 4.58%. Shorter duration bonds outperformed, as the Federal Reserve ultimately cut rates cumulatively by 100 basis points, leading to shorter maturity securities posting strong returns. Central banks' efforts to engineer a soft landing appeared more likely, contributing to positive sentiment in the fixed income market.

The main sectors invested in are Investment Grade Corporates, US Government bonds, Taxable Municipal bonds and Agency Mortgage Backed Securities.

The table below compares the actual investment performance with the 2023 calendar year based on profits returned by holdings in each currency based on the average funds held in underlying investments, excluding overseas deposits.

	2024 %	2023 %
US Dollars	**4.8%**	6.0%
Canadian Dollars	**4.9%**	4.4%
Euro	**4.0%**	4.9%
Sterling	**5.7%**	5.6%

RISK STRATEGY

Understanding its Risk Universe, the range of risks to which it is exposed, quantification and management of those risks enable the syndicate to determine the capital required to provide suitable security to its policyholders and to ensure that syndicate capital providers are delivered returns appropriate for the risk they assume. Management of risk and return is the core discipline of the business, against which all significant strategic and operational decisions are evaluated.

The Directors are responsible for setting the risk strategy for the syndicate and for oversight of its implementation. The syndicate's risk strategy is to actively take on underwriting risks across a balanced range of (re)insurance classes where the expected margins more than compensate for the risk to the syndicate and/or the costs of risk mitigation e.g. reinsurance. In addition, the syndicate seeks investment risk where it is adequately rewarded and the level of risk does not constrain the syndicate's underwriting.

As part of the annual business planning process, the Board determines a Risk Policy Statement, which sets out the levels of planned risk taking, sometimes referred to as Risk Appetite, the basis on which these risk levels will be monitored, and the actions to be taken in the event of deviations from the planned levels. The Managing Agency has a comprehensive governance framework within which the syndicate's exposures to these risks are managed. The governance framework is discussed further below.

PRINCIPAL RISKS AND UNCERTAINTIES

Governance

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. The Board has developed its Own Risk and Solvency Assessment (ORSA), comprising the entirety of the processes that it uses to identify, assess, monitor and report the risks faced by the syndicate and to evaluate the amount of funds necessary to cover these risks taking into consideration the business profile and risk appetite of the syndicate. Critical to the efficacy of the ORSA is the effective operation of the Risk Management Framework (RMF), the Governance Structure and the syndicate Internal Model. The RMF incorporates the so-called "Three Lines of Defence" approach to risk management and reporting.

The RMF is the mechanism through which the syndicate ensures it is implementing effective and enterprise wide risk management practices across its business. Key to the business is the management of risk, return and capital, against which all significant strategic and operational business decisions are evaluated. The syndicate has established systems of governance and risk management that enable it to manage its business prudently.

The RMF is the articulation of these systems of risk management and governance and how the various elements interact.

The RMF encompasses the broad range of activities undertaken across the organisational hierarchy to ensure that risks are managed appropriately, spanning from the high level strategy set by the Board to the day-to-day underwriting decisions being made by syndicate staff and the controls in place to govern these. The RMF can be illustrated as follows:

Strategy: This describes the strategy setting process and explains how this filters down through the organisation; incorporating the syndicate's Business Strategy, Business Plan, Risk Policy Statement and Risk Policies.

Business Activities: All business units are responsible for implementing the strategy and business plans in accordance with the framework set out in the risk policies.

The people, controls, management information, processes and senior management oversight in place across the business units serve as the "First Line of Defence" in the RMF.

Risk Governance Structure: The Board has established a Risk Governance Structure in order to ensure that risk is appropriately identified, monitored, managed and reported across the organisation; to review the activities of the business units; and to ensure that the RMF is effectively designed, implemented and governed.

The Risk Governance Structure is comprised of the Risk Committee (RC), which fulfils the role of the syndicate's Risk Management Function, the Executive Risk Committee (ERC) and its three Risk Sub-Committees, discussed further, below.

Independent Assurance: The syndicate has in place a Compliance Function and an Actuarial Function in addition to the Risk Management Function (fulfilled by the RC, the ERC and the Risk Management Team). These functions have specific responsibilities documented in their terms of reference and are staffed by fit and proper individuals with suitable qualifications, expertise and experience. The activities of these functions seek to provide the Board with assurance as to the appropriateness and effectiveness of the various elements of the RMF, the internal control environment, and the calculation of capital.

There are a number of risk management tools which support independent assessment and reporting of risk. Taken together this Independent Assurance comprises the "Second Line of Defence".

Independent Oversight: The RMF provides for independent oversight and challenge via the operation of the Internal Audit Function as well as the Audit Committee, which is a Committee of the Board with membership comprised of Non-Executive Directors. Together, these two groups provide the "Third Line of Defence". The Audit Committee, along with its broader responsibilities for the financial statements and financial reporting process, has oversight of internal controls and the Internal Audit Function.

Risk Committee (RC)

The RC fulfils the Risk Management Function, in conjunction with the ERC and the Risk Management Team, and coordinates the risk management activities conducted for the syndicate. The RC has its membership comprised of Non-Executive Directors though is attended by various Executives to ensure that the RC is provided with the information it requires to perform its role. It is responsible for ensuring that the RMF and Internal Model operate effectively, and for maintaining an aggregated and holistic view of risks to the syndicate and reporting on them to the Board, committees and management as appropriate. It also ensures that there is robust and effective management, governance and oversight of the syndicate Internal Model which is used to set capital and is also widely used within the business.

Due to overarching considerations of climate change and Environmental, Corporate and Social Governance (ESG) in strategy setting and risk profile changes, this committee is also responsible for oversight of the climate change and sustainability frameworks.

To support delivery of the RC's responsibilities, there is the ERC and its three Risk Sub-Committees, each being responsible for oversight, review and challenge of the activities of the syndicate and in particular, ensuring activities are within risk policies, that risks are suitably identified, monitored and reported, and that appropriate contingency plans are in place.

The principal risks to which the syndicate is exposed are discussed below, together with the mitigation techniques adopted. For clarity, the risks are analysed by reference to the Risk Sub-Committees that have responsibility for the relevant risk area.

The ERC exists to support the RC and ensure that it can focus on key issues and also to ensure that there is the scope for executive discussion on risk issues and aggregation across the Risk Sub-Committees prior to the RC. During 2025 this support to the RC will be enhanced by bifurcating the ERC's role into 2 separate committees – Internal Model Governance Committee (IMGC) to focus on ensuring the operational effectiveness of the Internal Model, and Risk Governance and Oversight Committee (RGOC).

Insurance Risk Sub-Committee (IRSC)

The IRSC is responsible for oversight of insurance risk which includes underwriting, claims, reserving, and reinsurance.

Underwriting risk is the risk that future losses are greater than allowed for within premiums. This could be due to natural fluctuations in claims frequencies and severities, changes in economic and judicial environments, anti-selection, inappropriate premium estimation or catastrophic loss activity.

Underwriting risk is mitigated through numerous controls including underwriter peer review, authority limits, independent review of risks written, and purchase of an appropriate reinsurance programme. The Syndicate Business Forecast is completed annually and stipulates those classes of business and concentration by class that will be written during the forthcoming year. It is reviewed by the IRSC and approved by the Board prior to being submitted to Lloyd's for approval. Actual performance during the year is monitored by reference to the Syndicate Business Forecast.

The risk of catastrophic claims is mitigated by the syndicate having a defined risk appetite which determines the net loss that it intends to retain for major catastrophe events and where deemed appropriate, reinsurance is purchased to limit the impact of losses. Although the likelihood of occurrence is considered to be remote, there may be circumstances where the loss from a particular catastrophe event exceeds the net risk appetite perhaps due to the occurrence of a loss that has not been considered or where the reinsurance purchased proves to be insufficient. In addition climate change can affect the occurrence and severity of weather related events. Whilst the impact of these is researched, there is significant uncertainty to the impact climate change has on events in the tail of distributions which increases uncertainty in this area.

Reserving risk is the risk that there is insufficient provision for losses that have already occurred.

Reserving risk is mitigated by the robust reserve adequacy exercise that is performed on a quarterly basis by the Actuarial Function and approved by the Board. The quarterly exercise involves a review of the paid and outstanding claims and an assessment of the appropriate provision for incurred but not reported (IBNR) claims. The reserves are considered by the IRSC and approved by the Board. The reserving is carried out based on historical development data, the claims environment and information provided by lawyers and third party claims adjusters.

Although a thorough review process is carried out, the reserves carried may be more or less than adequate to meet the final cost of claims.

The IRSC also reviews the proposed reinsurance programme that is used to protect capital from the frequency and severity of losses that may be sustained through underwriting the varied lines of business written. The review includes analysis of the reinsurance cover being purchased and assessment of the proposed counterparties.

Financial Risk Sub-Committee (FRSC)

The FRSC is responsible for oversight of financial risks and the steps taken to mitigate them as they arise from investments, asset/liability management, credit, liquidity and concentration risks. These risks are discussed further below.

Investment risk is the risk that the syndicate's earnings are affected by changes in the value of the investment portfolio, such changes in value may be driven by changes in the economic and political environment and by movements in interest and foreign exchange rates. The syndicate's investments are managed in accordance with investment guidelines established by the Board and are reviewed on a regular basis. The FRSC monitors the performance of the external investment managers and the custodians responsible for the safekeeping of the investments, and reports regularly to the Board.

Asset/liability mismatch is the risk that the syndicate could incur a loss through inadequate matching of its investments with its insurance liabilities. Due to the short tail nature of the majority of these liabilities, the syndicate does not seek to achieve a precise matching with the investment portfolio, instead developing an investment duration guideline that is broadly in line with the average payment profile of the liabilities. However, the syndicate substantially mitigates exposures to currency mismatch by investing premiums in the currency in which subsequent claims are most likely to be incurred and periodic rebalancing to ensure that these remain appropriate for the liabilities. The majority of the syndicate's business is denominated in US Dollars and accordingly the substantial part of the investment portfolio is in US Dollar denominated investments.

The key aspect of credit risk is the risk of default by one or more of the syndicate's reinsurers, their investment counterparties, or insurance intermediaries. Reinsurance is placed with security that adheres to the reinsurance policy. The exposure to credit risk in the investment portfolio is mitigated through adherence to the investment guidelines which require the syndicate's core investment portfolios to be held in government and corporate debt with a high credit quality rating and with a relatively short duration, thus substantially mitigating the risk of sustaining losses from default.

Exposure to intermediaries is mitigated by rigorous review of new intermediaries, contractual terms of business, regulated or segregated client accounts, monitoring of balances and credit control procedures.

Liquidity risk is the risk that the syndicate will not be able to meet its short term liabilities as they fall due, owing to a shortfall in cash. This risk is mitigated through holding invested funds in high credit quality and short duration investments. Cash flow projections are also reviewed on a regular basis. The need for overdraft facilities in case of an unprojected cash flow deficit is also reviewed regularly.

Concentration risk is the exposure to loss that could arise if the bulk of the amounts recoverable by the syndicate were dependent on a limited number of reinsurers, or if investments were restricted to limited numbers of counterparties or sectors. The risk is mitigated by restricting the permitted cessions to individual reinsurers for any one underwriting year and through the investment guidelines which limit exposure to individual investment counterparties and sectors.

In 2024 the Board approved a revised Responsible Investment Policy. The syndicate has not made any new investments in thermal coal-fired power plants, thermal coal mines, oil sands or new Arctic energy exploration activities since 1 January 2022. The syndicate aims to reduce its exposure to carbon intensive industries where issuers do not have defined transition strategies.

Operational Risk Sub Committee (ORSC)

The ORSC is responsible for oversight of the syndicate's exposures to operational and regulatory risks.

Operational risk is the risk of loss due to inadequate or failed processes and procedures, people and systems, or external events. The syndicate seeks to manage these risks by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agency has a Compliance Officer and team who monitor regulatory developments and assess the impact on agency policy and maintain an ongoing open dialogue with both regulators and Lloyd's. They also carry out a compliance monitoring programme.

Regular reviews are performed by the Internal Audit department to ensure that deviations from the agency's policies, and control weaknesses, are identified and reported to the appropriate level of management and the Audit Committee when considered necessary.

Customer Oversight Group

The Customer Oversight Group is responsible for oversight of the syndicate's exposure to conduct risk and ensuring that the syndicate is providing good outcomes to customers as set out in the Financial Conduct Authority's (FCA) Consumer Duty. The Consumer Oversight Group report directly to the Board.

Conduct risk is the risk that, as part of writing and servicing insurance policies, the syndicate fails to pay due regard to the interests of its customers. This is mitigated through the application of a conduct risk policy and procedures and through staff's adherence to a Code of Business Principles and Ethics. The syndicate is committed to conducting its activities and stakeholder relationships in a fair and honest manner and the highest standard of conduct, professionalism and integrity is expected from all of its employees, with due regard paid at all levels of the organisation to ensuring good outcomes for customers. Key controls include training of staff, embedding of the consideration of conduct risk as part of the business planning process and through the product life-cycle and Board and governance oversight and reporting. The Customer Oversight Group fulfils the role of a "product oversight group" providing customer challenge and perspective to the syndicate's products. Stephen Hearn (Independent Non-Executive Director) was appointed by the Board as Consumer Duty Champion from July 2024 following the retirement of Stephen Riley who had previously held this appointment.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT CONTINUED

Executive Committee (XCo)

The XCo deals with the day-to-day activities of the Managing Agent and is responsible for delivering the annually agreed priorities, developing and implementing business plans, policies, procedures and budgets that have been recommended and approved by the Board, monitoring the operating and financial performance of the syndicate, prioritising and allocating investment and resources, and managing the risk profile of the syndicate. The XCo is responsible for the people strategy and establishment of the culture, values and behaviours of the organisation. The XCo implements policy and strategy adopted by the Board and deals with all operational matters affecting the syndicate.

XCo is an executive committee of the Board and is the overall decision-making body for performance and delivery, under delegated authority from the Board. Members of XCo include the Executive Directors of the Managing Agent, the Chief Strategy Officer and the Head of Culture and Strategy Integration with the Chair being the Chief Executive Officer of the Managing Agent or, in their absence, any other member of the committee.

Culture Committee

The Culture Committee is a sub-committee of the XCo which reviews and provides formal governance over all areas relating to culture, namely the creation of a work environment that reflects the XCo approved values and enables its people to achieve their full potential and do their best work. It has a diverse membership from across the business, of different levels of seniority, which is refreshed annually.

Lloyd's Europe Operating Model

As part of Lloyd's Brexit arrangements, Atrium Underwriters Limited (the Company) has entered into an outsourcing agreement and a secondment agreement with Lloyd's Insurance Company S.A. (LIC) and reinsurance contracts between the syndicate and LIC. This structure covers business underwritten by the Company on behalf of LIC since 1 January 2019 as well as legacy EEA business transferred to LIC under the Lloyd's Part VII Transfer, which had a scheme effective date of 30 December 2020. The outsourcing agreement covers the activities performed by the Company on behalf of LIC in writing and servicing the relevant business. The secondment agreement (effective 1 January 2022) covers the provision of seconded Atrium underwriters to LIC under the Lloyd's European Operating Model. The reinsurance contracts cede 100% of the business written by, or transferred to, LIC back to the syndicate.

CLIMATE CHANGE AND SUSTAINABILITY

Governance

Having introduced the role of Head of Sustainability in 2023, 2024 saw the increased importance placed on assessing climate change and associated sustainability risks and opportunities, as well as ensuring the syndicate meets applicable regulatory requirements. This role reports directly into the Chief Risk Officer who is the Executive Director with responsibility for sustainability and managing the financial risks from climate change risk. The Head of Sustainability also communicates regularly with the XCo to ensure sustainability and climate change are incorporated into strategic decisions.

In terms of formal governance, the RC is responsible for reviewing updates to the sustainability strategy and framework prior to Board approval, as well as assessing other sustainability-related risks. This is due to the overarching ramifications of climate change and other sustainability factors in strategy setting and risk profile changes. Sustainability is a standing agenda item for this Committee.

Strategy

Climate risk can be broadly divided into three categories: physical, transition and liability. Physical risk relates to the change in climate and weather events which have the potential to directly affect the economy. Transition risk can occur when moving towards a lower carbon economy and how the speed of the transition may affect certain sectors and affect financial stability. Liability risk refers to potential increased litigation against policyholders from individuals or businesses who have experienced losses because of physical or transition risk.

The syndicate has a dedicated sustainability strategy to manage physical, transition and liability aspects. Strategic objectives have been mapped to, and integrated with, the overall group strategy to ensure risks and opportunities from climate change and other sustainability aspects are fully embedded within the business.

The syndicate has always been fully focused on managing the physical risks of the business it writes and it has a formalised framework specifically for managing physical climate risk. This addresses potential, current and future climate impacts on the natural catastrophe exposed portfolio by regional peril combinations and identifies potential risk mitigation strategies.

An assessment of transition risk is made as part of the syndicate's ORSA process and further analysis is performed during the business planning process. This allows the syndicate to identify areas of the portfolio with more material exposures as well as providing some metrics to our categorisations. The percentage of overall estimated premium income deemed at risk from a transition to a lower carbon economy decreased over the year due to a change in the portfolio mix. The transition risk from our investment portfolio is limited due to the short duration of the portfolio and the lack of investment in equities.

In terms of liability risk, the syndicate assesses its exposures on high-risk classes via risk assessments looking at potential litigation risks. This is included in its Internal Model but is currently not deemed material in the short term. In addition, the risk team review current trends in climate risk litigation and their applicability to the underwriting portfolios. The syndicate is focused on taking advantage of the new opportunities that a shift to a low carbon economy might bring, whilst being mindful of the commerciality of these and managing the associated risks encountered with new technology, scarcity of data, uncertainty of forward-looking scenarios and the potential of systemic risk.

Sustainability considerations are incorporated into the annual business planning submissions, with each class of business factoring in both the risks and opportunities posed to them. The IRSC use this information, with input from the Head of Sustainability, as part of its role in recommending the plan for approval to the Board. This is an iterative process which will be enhanced year-on-year to help shape the strategy.

Risk Management

The aim of risk management is to ensure durability and value for stakeholders by managing the risks and opportunities presented by climate change in a holistic and balanced manner, embracing the values of an integrated governance structure. The syndicate's collaborative culture and relative agility in the Lloyd's market means it is well placed to achieve this ideal. The Head of Sustainability works with almost all areas of the business including the Board and XCo, Underwriting, Claims, Actuarial, Finance, Internal Audit, Exposure Management and Operations to ensure a joined-up approach in driving strategic and everyday decisions. In addition, working groups are formed across the business as required to tackle various topical subjects, such as underwriting portfolio measurement, litigation risk, responsible investing and underwriting opportunities.

The syndicate has formal sustainable underwriting rules and guidelines which state its appetite for certain risks. These rules and guidelines incorporate the syndicate's stance on areas which it deems not to be conducive with its wider sustainability strategy, as well as formalising compliance with Lloyd's guidance regarding no new cover for thermal coal-fired power plants, thermal coal mines, oil sands and Arctic energy exploration activities. This is an evolving document which sits alongside the business principles and ethics policy. In addition, the syndicate has a comprehensive responsible investment policy which covers its governance framework, risk appetite, metrics and ESG integration. The syndicate has processes in place to help ensure underwriters and investment managers comply with these.

The syndicate continues to build on existing data and metrics related to climate risk, conduct tests of existing models, systems and processes to ensure they are adequate and relevant, build on scenario analysis and stress testing, review new opportunities (underwriting and technological) and increase knowledge and education. Third party data is used on a measured basis, ensuring that both the advantages and disadvantages are understood. The syndicate endeavours to incorporate climate risk and sustainability concerns across all decision-making processes and act as a responsible business.

Metrics and Targets

The syndicate has estimated its carbon emissions which are shown in the table below. Our 2024 emissions are not available yet and the syndicate has not estimated the Scope 3 disclosures with respect to underwriting and investment portfolios.

Energy and greenhouse gas disclosures	2023	2022
Scope 1 (natural gas, other fuels, refrigerants) tCO_2e:	**147.4**	49.5
Scope 2 (purchased electricity – location-based) tCO_2e:	**68.7**	73.8
Scope 3:		
Business travel tCO_2e:	**941.7**	522.2
Commuting/WFH, paper services, tech/hardware, data centres, waste, water tCO_2e:	**732.0**	164.5
Total tCO_2e:	**1,889.8**	810.0
Number of full-time employees	**182**	174
Carbon intensity – Total tCO_2e/FTE	**10.4**	4.7

The increase in emissions from 2022 to 2023 was mainly due to a resumption to more normal working patterns post-COVID. The syndicate offsets all calculated emissions on an annual basis. The syndicate's carbon price for 2023 was $41.6 per tonne, slightly down from $45.2 per tonne in 2022 but the proportion of credits which remove carbon from the atmosphere (e.g. through reforestation) increased from 55% to 65% for 2023. The remaining credits are avoidance credits which prevent additional carbon from entering the atmosphere e.g. by providing more efficient cookstoves.

From mid-2024, the syndicate has been able to access its waste data. It is currently monitoring this and making improvements to operations where it can, with a view to improving the recycling rates.

From an investment perspective, the investment managers monitor and report ESG ratings, weighted average carbon intensity (WACI), science-based targets (SBTs) summary and implied temperature rise (ITR) summary for the portfolio where available. Typically this is only for corporate bonds which are the largest asset class. In 2025 the syndicate has set targets around all of these metrics for the first time. The investment managers also report how they are engaging with companies on ESG matters and this is reviewed quarterly.

DIRECTORS AND OFFICERS

The Directors & Officers of the managing agent who served during the year ended 31 December 2024 and to the date of signing these financial statements were as follows:

Martha Bruce, Shakespeare Martineau LLP (Company Secretary; Resigned 31 March 2024)
Nicole Coll
James Cox
John Fowle
Stephen Hearn (Appointed 31 July 2024)
Peter Laidlaw (Active Underwriter 609)
James Lee (Resigned 31 December 2024)
Stephen Riley (Resigned 31 July 2024)
SGH Company Secretaries Limited (Company Secretary; Appointed 31 March 2024)
Samit Shah
Kirsty Steward
Christopher Stooke

DIRECTORS' INTERESTS

Details of Directors' interests may be found in note 17 to the accounts.

GOING CONCERN

The Directors have performed an assessment of the syndicate's ability to continue as a going concern, including indirect impacts of the war in Ukraine.

The syndicate has exposure to the fate of the western leased aircraft in Russia. The situation remains complex and continues to develop with multiple ongoing litigation in a number of different jurisdictions. Key factors including underlying peril, date of loss, and whether any form of negotiated settlement is feasible, all result in considerably different ultimate outcomes to the syndicate.

In arriving at the reserving position for this loss, the financial implications of various scenarios have been modelled, taking account of the uncertainties listed above. In arriving at the reserving position, the likelihood of the scenarios occurring was established using expert judgement. A similar probabilistic approach was employed at 31 December 2023. However, for this update we have reduced and re-focused the number of scenarios under consideration, in line with our evolving knowledge and expectations of the situation.

The updates have resulted in ultimate gross reserves of £393.4m, £113.8m net of reinsurance (31 December 2023 – £264.5m gross, £84.5m net of reinsurance) as at 31 December 2024. The classes impacted are Aviation Reinsurance, Aviation War and Marine XL. The net loss reserve is split 3% to the 2020 YOA, 88% to the 2021 YOA and 9% to the 2022 YOA.

The Directors, in conjunction with the relevant subject matter experts, continue to monitor the situation closely, taking legal advice and meeting with market participants on a regular basis to ensure that the most up to date information is reflected within the syndicate reserves.

Due to the nature of the circumstances mentioned above, the potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss could be in a particularly wide range with greater than usual variability. As a result, the 2021 year of account will continue to remain open until the level of reserve sensitivity to downside risk normalises.

The syndicate has a documented Stress & Scenario Testing Framework which sets out the stress, scenario and reverse stress tests conducted during the year and the governance, reporting and escalation procedures around these. As per its role to oversee and coordinate the stress testing process, the ERC has reviewed this framework and the RC has also reviewed and challenged the Framework tests.

The purpose of scenario testing is to assess the financial impact caused by a series of major detrimental events within one scenario. The total financial impact is then used as a check of the Internal Model's robustness and the syndicate's overall capital adequacy. The scenarios used by management are informed by the syndicate business plan, making them bespoke to the business. As part of the stress testing work, reverse stress tests were also completed. Reverse stress tests assess scenarios and circumstances that would render the syndicate's business model unviable, thereby identifying potential business vulnerabilities.

The Board's long term strategy is to support the syndicate in managing the market cycle and providing long term sustainable returns to capital providers and shareholders, which may include increasing stamp capacity in order to take advantage of rising rates and new business opportunities. The syndicate continues to take advantage of the current rating environment by writing increased levels of business at higher pricing levels in 2024. The syndicate was able to open the 2025 year of account with increased stamp capacity of £983.0m and at the current time there is an expectation that the syndicate will open a 2026 year of account.

As at 31 December 2024, the Board considers that the syndicate has more than adequate liquidity to pay its obligations as they fall due. The syndicate held cash and cash equivalents of £21.1m and fixed maturity investments with maturity dates of less than one year of £495.8m.

Based on the going concern assessment performed as at 31 December 2024, the Directors have formed a judgment that there is a reasonable expectation that the syndicate has adequate resources to continue in operational existence in the foreseeable future, a period of at least 12 months from the date of signing these financial statements. The 2025 year of account has opened and based on the Directors assessment that the syndicate has sufficient resources to do so, they have a reasonable expectation to be in a position to open a 2026 year of account. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

RE-APPOINTMENT OF AUDITORS

The Board of Directors have re -appointed KPMG LLP as the syndicate auditor for the year ending 31 December 2025. KPMG LLP have indicated their willingness to continue in office as the syndicate auditor.

SYNDICATE ANNUAL GENERAL MEETING

As permitted under the Syndicate Meetings (Amendment No.1) Byelaw (No.18 of 2000) AUL does not propose to hold a Syndicate Annual General Meeting of the members of the syndicate. Members may object to this proposal or the intention to reappoint auditors within 21 days of the issue of these financial statements. Any such objection should be addressed to James Smith, Compliance Officer, at the registered office.

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.

By order of the Board

John Fowle
Chief Executive Officer
4 March 2025

STATEMENT OF THE MANAGING AGENT'S RESPONSIBILITIES

The Directors of the managing agent are responsible for preparing the syndicate annual accounts in accordance with applicable law and regulations.

Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires the directors of the managing agent to prepare their syndicate's annual accounts for each financial year. Under that law they have elected to prepare the annual accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are also prepared in accordance with Lloyd's Syndicate Accounts Instructions Version 2.0 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd's.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the annual accounts;
- Assess the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

The Directors of the managing agent are responsible for keeping adequate accounting records that are sufficient to show and explain the syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the syndicate and enable them to ensure that the annual accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of syndicate annual accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the syndicate and to prevent and detect fraud and other irregularities.

The Directors of the managing agent are responsible for the maintenance and integrity of the syndicate and financial information included on the syndicate's website. Legislation in the UK governing the preparation and dissemination of syndicate annual accounts may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SYNDICATE 609

OPINION

We have audited the syndicate annual accounts of syndicate 609 ("the syndicate") for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income: Technical account – General business, Statement of Comprehensive Income: Non-technical account, Balance Sheet – Assets, Balance Sheet – Liabilities, Statement of Changes in Members' Balances, Statement of Cash Flows, and related notes, including the accounting policies in note 3.

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 14 November 2022, 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.

EMPHASIS OF MATTER – LEVEL OF UNCERTAINTY IN RUSSIAN AVIATION EXPOSURES

We draw attention to Note 2 of the syndicate annual accounts, concerning the significant level of uncertainty in relation to the possible claims arising out of the syndicate's Russian aviation exposures. This matter results in more potential variability than would ordinarily be the case in the potential outcomes regarding technical provisions.

Our opinion is not modified in respect of this matter.

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.

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 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 and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SYNDICATE 609 CONTINUED

- 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 taking into account possible pressures to meet profit targets 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 related to the valuation of claims reserves.

Valuation of these liabilities, especially in respect of the incurred but not reported (IBNR) component, is highly judgmental as it requires a number of assumptions to be made such as initial expected loss ratios and claim development patterns all of which carry high estimation uncertainty and are difficult to corroborate creating opportunity for management to commit fraud.

On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited estimation involved in accruing premium income. We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls.

We performed procedures including:

- Identifying potential journal entries to test based on risk criteria and comparing these entries to supporting documentation. These included entries consisting of unusual double entries to cash accounts or journals posted by individuals who typically do not make journal entries.
- We assessed the appropriateness and consistency of the methods and assumptions used for reserving. For a selection of classes of business we considered to be higher risk, we performed alternative projections to the actuarial best estimate using our own gross loss ratios and compared these to the syndicate's results, assessing the results for evidence of bias.

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 financial information from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the Managing Agent's regulatory and legal correspondence and 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 financial information varies considerably.

Firstly, the syndicate is subject to laws and regulations that directly affect the financial information 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 financial information 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 financial information, 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: corruption and bribery, compliance with regulations relating to sanctions due to the nature of the business written by the syndicate, financial products and services regulation and the Solvency II regime including capital requirements, recognising the financial and regulated nature of the syndicate's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial information, 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 financial information, the less likely the inherently limited procedures required by auditing standards would identify it.

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

OTHER INFORMATION – REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors are responsible for the Report of the Directors of the Managing Agent. Our opinion on the syndicate annual accounts does not cover that report and 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 10, 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.

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 financial statements 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.

Elizabeth Cox

Elizabeth Cox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

4 March 2025

STATEMENT OF COMPREHENSIVE INCOME TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	£'000	2024 £'000	£'000	2023 £'000
Earned premiums, net of reinsurance					
Gross premiums written	5		**1,026,490**		971,622
Outward reinsurance premiums			**(162,915)**		(134,627)
Net premiums written			**863,575**		836,995
Change in the provision for unearned premiums:					
Gross amount		**(24,604)**		(29,910)	
Reinsurer's share		**7,361**		(2,253)	
Change in the net provision for unearned premiums			**(17,243)**		(32,163)
Earned premiums, net of reinsurance			**846,332**		804,832
Allocated investment return transferred from the non-technical account			**59,393**		56,532
Claims incurred, net of reinsurance					
Claims paid:					
Gross amount		**(363,232)**		(370,512)	
Reinsurer's share		**50,191**		49,285	
Net claims paid			**(313,041)**		(321,227)
Change in the provision for claims:					
Gross amount		**(292,665)**		(165,398)	
Reinsurer's share		**119,219**		39,151	
Change in the net provision for claims			**(173,446)**		(126,247)
Claims incurred, net of reinsurance			**(486,487)**		(447,474)
Net operating expenses	7		**(355,440)**		(331,286)
Balance on the technical account for general business			**63,798**		82,604

All operations relate to continuing activities.

NON-TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £'000	2023 £'000
Balance on the general business technical account		**63,798**	82,604
Investment income	10	**35,024**	29,394
Net realised gains/(losses) on investments	10	**16,569**	(2,425)
Net unrealised gains on investments	10	**8,554**	30,203
Investment expenses and charges	10	**(754)**	(640)
Total investment return		**59,393**	56,532
Allocated investment return transferred to general business technical account		**(59,393)**	(56,532)
Foreign exchange losses		**(4,995)**	(545)
Profit for the financial year		**58,803**	82,059
Other comprehensive income			
Currency translation differences		**3,167**	(3,377)
Total comprehensive income for the year		**61,970**	78,682

All operations relate to continuing activities.

BALANCE SHEET: ASSETS

AT 31 DECEMBER 2024

	Notes	£'000	2024 £'000	£'000	2023 £'000
Investments					
Financial investments	11	**1,337,744**		1,107,611	
Deposits with ceding undertakings		**2,795**		3,290	
			1,340,539		1,110,901
Reinsurers' share of technical provisions					
Provision for unearned premiums		**37,950**		30,969	
Claims outstanding		**406,847**		281,387	
			444,797		312,356
Debtors					
Debtors arising out of direct insurance operations	12	**390,409**		336,422	
Debtors arising out of reinsurance operations		**43,456**		45,154	
Other debtors		**1,966**		906	
			435,831		382,482
Other assets					
Cash at bank and in hand		**21,073**		20,368	
			21,073		20,368
Prepayments and accrued income					
Prepayments and accrued interest		**3,680**		2,746	
Deferred acquisition costs	13	**120,989**		114,058	
			124,669		116,804
Total assets			**2,366,909**		1,942,911

BALANCE SHEET: LIABILITIES

AT 31 DECEMBER 2024

	Notes	£'000	2024 £'000	£'000	2023 £'000
Capital and reserves					
Members' balances		**154,380**		98,356	
			154,380		98,356
Technical provisions					
Provision for unearned premiums		**445,243**		419,761	
Claims outstanding		**1,590,827**		1,285,324	
			2,036,070		1,705,085
Creditors					
Creditors arising out of direct insurance operations	16	**32,323**		34,490	
Creditors arising out of reinsurance operations		**74,579**		59,218	
Other creditors		**31,402**		10,699	
			138,304		104,407
Accruals and deferred income			**38,155**		35,063
Total liabilities			**2,212,529**		1,844,555
Total liabilities, capital and reserves			**2,366,909**		1,942,911

The Annual Report and Accounts were approved at a meeting of the Board of Directors of Atrium Underwriters Limited, on 4 March 2025 and were signed on its behalf by:

Kirsty Steward
Agency Finance Director
4 March 2025

John Fowle
Chief Executive Officer
4 March 2025

STATEMENT OF CHANGES IN MEMBERS' BALANCES

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £'000	2023 £'000
Members' balances brought forward at 1 January	**98,356**	64,885
Profit for the financial year	**61,970**	78,682
Payments of profit to members' personal reserve funds	**(2,399)**	(41,858)
Members' agent fees	**(3,547)**	(3,353)
Members' balances carried forward at 31 December	**154,380**	98,356

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £'000	2023 £'000
Cash flows from operating activities		
Profit for the financial year	**58,803**	82,059
Increase in gross technical provisions	**323,033**	191,364
Increase in reinsurers' share of gross technical provisions	**(128,321)**	(35,503)
Increase in debtors	**(59,265)**	(61,728)
Increase in creditors	**35,448**	38,904
Investment return	**(59,393)**	(56,532)
Other	**4,836**	501
Net cash flows from operating activities	**175,141**	159,065
Cash flows from investing activities		
Purchase of debt instruments	**(797,165)**	(451,224)
Sale of debt instruments	**578,136**	290,513
Investment income received	**50,839**	26,329
Other	**–**	4,498
Net cash flows from investing activities	**(168,190)**	(129,884)
Cash flows from financing activities		
Transfer to members in respect of underwriting participations	**–**	(39,441)
Other	**(5,914)**	(6,269)
Net cash flows from financing activities	**(5,914)**	(45,710)
Net increase/(decrease) in cash and cash equivalents	**1,037**	(16,529)
Cash and cash equivalents at beginning of financial year	**20,368**	38,168
Effect of foreign exchange rates on cash and cash equivalents	**(332)**	(1,271)
Cash and cash equivalents at end of financial year	**21,073**	20,368

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2024

1. BASIS OF PREPARATION

The syndicate is managed by Atrium Underwriters Limited (AUL) which is incorporated in the United Kingdom. The address of its registered office is Level 20, 8 Bishopsgate, London, EC2N 4BQ and the company registration number of the managing agent is 1958863.

The syndicate's principal activity during the year continued to be the transaction of general insurance and reinsurance business at Lloyd's.

These financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable Accounting Standards in the United Kingdom and the Republic of Ireland, including Financial Reporting Standard 102 (FRS 102). FRS 102 requires the application of Financial Reporting Standard 103 (FRS 103) in relation to insurance contracts. The financial statements are also prepared in accordance with Lloyd's Syndicate Accounts Instructions Version 2.0 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd's.

The financial statements have been prepared on the historical cost basis with the exception of financial assets which are measured at fair value through profit or loss.

The Directors of the Managing Agent have prepared these financial statements on the basis that the syndicate will continue to write future business. The ability of the syndicate to meet its obligations as they fall due is underpinned by the support provided by the Lloyd's solvency process and its chain of security for any members who are not able to meet their underwriting liabilities.

Reclassification 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 reclassified to ensure consistency with current year presentation and compliance with the Lloyd's Syndicate Accounts Instructions. The changes comprise:

a) Reclassification changes

Overseas deposits have been reclassified while the underlying amounts remain unchanged. These were previously shown as a separate balance sheet item to form part of other assets. The comparative balances in the affected notes 4 and 11 have also been represented to align with the current period presentation.

b) Aggregation changes

To align with Lloyd's reporting requirements whilst maintaining FRS 102 compliance, certain items have been aggregated or disaggregated within the financial statements and related notes. This includes the presentation of realised and unrealised gains and losses on investments, which are now shown on a disaggregated basis in the statement of comprehensive income and non-technical account.

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

Going Concern

The Directors have performed an assessment of the syndicate's ability to continue as a going concern, including the indirect impacts of the war in Ukraine, as detailed in note 2.

The syndicate has a documented Stress & Scenario Testing Framework which sets out the stress, scenario and reverse stress tests conducted during the year and the governance, reporting and escalation procedures around these. As per its role to oversee and coordinate the stress testing process, the ERC has reviewed this framework and the RC has also reviewed and challenged the Framework and tests.

The purpose of scenario testing is to assess the financial impact caused by a series of major detrimental events within one scenario. The total financial impact is then used as a check of the Internal Model's robustness and the syndicate's overall capital adequacy. The scenarios used by management are informed by the syndicate business plan, making them bespoke to the business. As part of the stress testing work, reverse stress tests were also completed. Reverse stress tests assess scenarios and circumstances that would render the syndicate's business model unviable, thereby identifying potential business vulnerabilities.

The Board's long term strategy is to support the syndicate in managing the market cycle and providing long term sustainable returns to capital providers and shareholders, which may include increasing stamp capacity in order to take advantage of rising rates and new business opportunities. The syndicate continues to take advantage of the current rating environment by writing increased level of business at higher pricing levels in 2024. The syndicate was able to open the 2025 year of account with increased stamp capacity of £983.0m and at the current time there is an expectation that the syndicate will open a 2026 year of account.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2024

1. BASIS OF PREPARATION CONTINUED

As at 31 December 2024, the Board considers that the syndicate has more than adequate liquidity to pay its obligations as they fall due. The syndicate held cash and cash equivalents of £21.1m and fixed maturity investments with maturity dates of less than one year of £495.8m.

Based on the going concern assessment performed as at 31 December 2024, the Directors have formed a judgment that there is a reasonable expectation that the syndicate has adequate resources to continue in operational existence in the foreseeable future, a period of at least 12 months from the date of signing these financial statements. The 2025 year of account has opened and based on the Directors assessment that the syndicate has sufficient resources to do so, they have a reasonable expectation to be in a position to open a 2026 year of account. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

2. USE OF JUDGEMENTS AND ESTIMATES

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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The measurement of the provision for claims outstanding involves judgments and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgment is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported to the syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the in-house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time in view of the likely ultimate claims to be experienced and for more recent underwriting, having regard to variations in business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs.

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 business accepted and assessments of underwriting conditions.

The best estimate reserves include the expected impact of inflationary pressures on the claims. The impact of inflation is assessed on a class by class basis with reference to available forward looking inflation forecasts and relevant indices as applicable to each class. The capital setting process for 2024 took account of the expectation of the inflationary environment that currently exists as well as the volatility around when inflation will peak and what the new normal run rate of inflation may be in the future.

The syndicate has exposure to the fate of the western leased aircraft in Russia. The situation remains complex and continues to develop with multiple ongoing litigation in a number of different jurisdictions. Key factors including underlying peril, date of loss, and whether any form of negotiated settlement is feasible, all result in considerably different ultimate outcomes to the syndicate.

In arriving at the reserving position for this loss, the financial implications of various scenarios have been modelled, taking account of the uncertainties listed above. In arriving at the reserving position, the likelihood of the scenarios occurring was established using expert judgement. A similar probabilistic approach was employed at 31 December 2023. However, for this update we have reduced and re-focused the number of scenarios under consideration, in line with our evolving knowledge and expectations of the situation.

The updates have resulted in ultimate gross reserves of £393.4m, £113.8m net of reinsurance (31 December 2023 – £264.5m gross, £84.5m net of reinsurance) included in the financial results as at 31 December 2024. The classes impacted are Aviation Reinsurance, Aviation War and Marine XL. The net loss reserve is split 3% to the 2020 YOA, 88% to the 2021 YOA and 9% to the 2022 YOA.

The Directors, in conjunction with the relevant subject matter experts, continue to monitor the situation closely, taking legal advice and meeting with market participants on a regular basis to ensure that the most up to date information is reflected within the syndicate reserves.

Due to the nature of the circumstances mentioned above, the potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss could be in a particularly wide range with greater than usual variability. As a result, the 2021 year of account will remain open until the level of reserve sensitivity to downside risk normalises.

2. USE OF JUDGEMENTS AND ESTIMATES CONTINUED

In arriving at the level of claims provisions, a margin is applied over and above the actuarial best estimate so no adverse run-off deviation is envisaged. Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement, is included in note 4.

The calculation of estimated premium income is inherently subjective and attained through underwriters' best estimates at a policy level.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the syndicate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The areas involving a higher degree or judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Insurance Classification

The syndicate's contracts are classified at inception, for accounting purposes, as insurance contracts. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to pay significant additional benefits above premiums received and interest earned thereon, excluding scenarios that lack commercial substance. Such contracts may also transfer financial risk.

Gross Premiums Written

Gross written premiums comprise the total premiums receivable for the whole period of cover under contracts incepting during the financial year, together with adjustments arising in the financial year to premiums receivable in respect of business written in previous financial years.

All gross premiums are shown gross of commission payable to intermediaries and are exclusive of taxes and duties levied thereon.

Unearned Premiums

Written premiums are recognised as earned income over the period of the policy on a time apportionment basis, having regard, where appropriate, to the incidence of the risk. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date.

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.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The Directors consider that 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. The methods used, and the estimates made, are reviewed regularly.

Deferred Acquisition Costs

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

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 the classes of business which are managed together, after taking into account relevant investment returns.

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 are calculated as the difference between sale proceeds and purchase price.

Unrealised gains and losses on investments represents the difference between the valuation at the balance sheet date and the 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 support the underwriting business.

Foreign Currencies

The syndicate's functional currency is US Dollars, being the primary economic environment in which it operates. The syndicate's presentational currency is Sterling.

Transactions in foreign currencies are translated at the average rates of exchange for the period. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Differences arising on translation of foreign currency amounts relating to the insurance operations of the syndicate are included in the non-technical account.

In translating its results and financial position into the presentational currency, the syndicate translates all assets and liabilities at the closing rates of exchange and translates all income and expense items at average rates, with all resulting exchange gains and losses being recognised in other comprehensive income.

Financial Instruments

The syndicate has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including deposits with credit institutions, debtors arising out of direct insurance and reinsurance operations, cash and cash equivalents and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at fair value.

Investments are stated at current value at the balance sheet date. For this purpose, listed investments are stated at fair value and deposits with credit institutions are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date. Any surplus or deficit on any revaluation is recognised in the non-technical account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Basic financial liabilities, including creditors arising from insurance operations that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is then measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are off set and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability, simultaneously.

Fair Value Measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicate estimates the fair value by using a valuation technique. See note 11 for further information on the syndicate's valuation techniques.

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.

An impairment loss recognised 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.

Deposits with Ceding Undertakings

Deposits with ceding undertakings relate to the payment of advance funds by the syndicate under the reinsurance agreement with LIC into segregated Part VII settlement bank accounts managed by the managing agent on behalf of LIC to settle Part VII claims. Amounts are denominated in multiple currencies, primarily Sterling (GBP), US Dollar (USD) and Euros (Euro). Deposits with ceding undertakings are measured at cost less allowance for impairment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to only an insignificant risk of change in value.

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. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States federal income tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year are included in the balance sheet under the heading 'other debtors'.

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

Pension Costs

The Atrium Group operates a defined contribution pension 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 the operation of a deficit clause. Where profit commission is charged it is included within members' standard personal expenses within administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2024

4. RISK AND CAPITAL MANAGEMENT

This note presents information about the nature and extent of insurance and financial risks to which the syndicate is exposed.

Risk Management Framework

The Board of Directors of the managing agent has overall responsibility for the establishment and oversight of the syndicate's risk management framework. The Board has established a Risk Governance Structure in order to ensure that risk is appropriately identified, monitored, managed and reported across the organisation; to review the activities of the business units; and to ensure that the Risk Management Framework is effectively designed, implemented and governed. The Risk Governance Structure is comprised of the RC and ERC, which fulfils the role of Atrium's Risk Management Function, in conjunction with the Risk Management Team, and its three Risk Sub-Committees. These are the IRSC, the FRSC and the ORSC. The RC reports regularly to the Board on its activities.

Insurance Risk Management

The syndicate accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The syndicate is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The actual number and value of claims will vary from year to year and from the level estimated, possibly significantly.

The syndicate manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the syndicate from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis. Where an individual exposure is deemed surplus to the syndicate's risk appetite additional facultative reinsurance is also purchased.

The IRSC oversees the management of reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the review of claims development are all instrumental in mitigating reserving risk.

The syndicate's in-house actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, claims and reinsurance technicians. The aim of this exercise is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The output of the reserving analysis is reviewed by external consulting actuaries.

The IRSC performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review the IRSC makes recommendations to the Board of the claims provisions to be established. In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate.

Concentration of insurance risk:

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of insurance by the geographical location of the underlying risk is summarised below by reference to liabilities.

	Gross claims outstanding		Reinsurers' share of claims outstanding		Net claims outstanding	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
UK	**77,738**	74,783	**19,884**	16,372	**57,854**	58,411
EU Countries	**315,912**	150,746	**80,803**	33,002	**235,109**	117,744
US	**935,558**	803,486	**239,244**	175,900	**696,314**	627,586
Asia	**10,150**	9,974	**2,596**	2,184	**7,554**	7,790
Canada	**93,950**	102,479	**24,030**	22,435	**69,920**	80,044
Australia	**59,257**	51,821	**15,157**	11,345	**44,100**	40,476
Other	**98,262**	92,035	**25,133**	20,149	**73,129**	71,886
	1,590,827	1,285,324	**406,847**	281,387	**1,183,980**	1,003,937

4. RISK AND CAPITAL MANAGEMENT

The concentration of insurance by type of contract is summarised below by reference to liabilities.

	Gross claims outstanding		Reinsurers' share of claims outstanding		Net claims outstanding	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Accident and health	**34,066**	34,097	**2,718**	4,999	**31,348**	29,098
Motor (third party liability)	**5,004**	2,072	**–**	–	**5,004**	2,072
Motor (other classes)	**4,774**	6,246	**–**	10	**4,774**	6,236
Marine, aviation and transport	**453,102**	324,700	**252,649**	172,826	**200,453**	151,874
Fire and other damage to property	**287,018**	249,703	**10,592**	12,928	**276,426**	236,775
Third party liability	**625,906**	495,852	**100,804**	44,644	**525,102**	451,208
Credit and suretyship	**11,271**	25,448	**799**	885	**10,472**	24,563
Legal expenses	**7,244**	5,413	**3**	8	**7,241**	5,405
	1,428,385	1,143,531	**367,565**	236,300	**1,060,820**	907,231
Reinsurance	**162,442**	141,793	**39,282**	45,087	**123,160**	96,706
	1,590,827	1,285,324	**406,847**	281,387	**1,183,980**	1,003,937

Assumptions and Sensitivities:

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The syndicate uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios.

The syndicate considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

A 5% increase or decrease in the loss ratios would have the following impact on total comprehensive income. For each sensitivity the impact of a change in a single factor is shown, with other assumptions unchanged.

	Total Comprehensive Income Impact	
	2024 £'000	2023 £'000
5% increase in net loss ratios	**(24,324)**	(22,374)
5% decrease in net loss ratios	**24,324**	22,374

Financial Risk Management

The syndicate is exposed to financial risk through its financial assets, reinsurance assets and policyholder liabilities. In particular the key financial risk is that proceeds from, or the valuation of, financial assets are not sufficient to fund the obligations arising from policies as they fall due. The syndicate monitors and manages the financial risks relating to the operations of the syndicate through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk: Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The objective of the syndicate in managing its market risk is to ensure that risk is managed in line with the syndicate's risk appetite.

The syndicate has established policies and procedures in order to manage market risk and methods to measure it.

There were no material changes in the syndicate's market risk exposure in the financial year nor to the objectives, policies or processes for managing market risk.

Foreign currency risk management

The syndicate undertakes certain transactions denominated in foreign currencies hence, exposures to exchange rate fluctuations arise.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2024

4. RISK AND CAPITAL MANAGEMENT CONTINUED

The syndicate has minimal exposure to currency risk as the syndicate's financial assets are primarily matched to the same currencies as its insurance contract liabilities. As a result, foreign exchange risk arises from other recognised assets and liabilities denominated in other currencies.

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

As at 31 December 2024	Sterling £'000	Euro £'000	US Dollar £'000	Can Dollar £'000	Other £'000	Total £'000
Investments	**117,403**	**62,845**	**1,036,376**	**121,120**	**–**	**1,337,744**
Deposits with ceding undertakings	**247**	**660**	**1,860**	**28**	**–**	**2,795**
Reinsurer's share of technical provisions	**17,498**	**11,243**	**412,480**	**3,576**	**–**	**444,797**
Debtors	**51,666**	**15,545**	**351,728**	**16,892**	**–**	**435,831**
Other assets	**5,166**	**8,708**	**4,900**	**1,965**	**334**	**21,073**
Prepayments and accrued income	**28,507**	**6,569**	**77,454**	**12,139**	**–**	**124,669**
Total assets	**220,487**	**105,570**	**1,884,798**	**155,720**	**334**	**2,366,909**
Technical provisions	**218,014**	**101,820**	**1,585,343**	**130,893**	**–**	**2,036,070**
Creditors	**15,655**	**4,226**	**117,863**	**558**	**2**	**138,304**
Accruals and deferred income	**1,066**	**331**	**36,347**	**411**	**-**	**38,155**
Total liabilities	**234,735**	**106,377**	**1,739,553**	**131,862**	**2**	**2,212,529**
Net (liabilities)/assets	**(14,248)**	**(807)**	**145,245**	**23,858**	**332**	**154,380**

As at 31 December 2023	Sterling £'000	Euro £'000	US Dollar £'000	Can Dollar £'000	Other £'000	Total £'000
Investments	92,462	61,984	820,664	132,501	–	1,107,611
Deposits with ceding undertakings	499	815	1,946	30	–	3,290
Reinsurers' share of technical provisions	15,968	7,762	283,785	4,841	–	312,356
Debtors	48,621	32,996	281,140	19,725	–	382,482
Other assets	6,614	5,542	5,423	2,448	341	20,368
Prepayments and accrued income	28,051	6,864	69,013	12,876	–	116,804
Total assets	192,215	115,963	1,461,971	172,421	341	1,942,911
Technical provisions	214,933	87,761	1,259,816	142,575	–	1,705,085
Creditors	17,171	5,701	80,378	1,155	2	104,407
Accruals and deferred income	59	366	34,065	573	–	35,063
Total liabilities	232,163	93,828	1,374,259	144,303	2	1,844,555
Net (liabilities)/assets	(39,948)	22,135	87,712	28,118	339	98,356

The following table details the syndicate's sensitivity to a 10% increase and decrease in GBP against USD, Euro and CAD. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

	Total Comprehensive Income Impact 2024 £'000	2023 £'000
10% increase in GBP/USD exchange rate	**(14,283)**	(8,771)
10% decrease in GBP/USD exchange rate	**14,283**	8,771
10% increase in GBP/Euro exchange rate	**85**	(2,214)
10% decrease in GBP/Euro exchange rate	**(85)**	2,214
10% increase in GBP/CAD exchange rate	**(2,552)**	(2,812)
10% decrease in GBP/CAD exchange rate	**2,552**	2,812

The syndicate's method for measuring sensitivity to currency rate fluctuations has not changed significantly over the financial year.

4. RISK AND CAPITAL MANAGEMENT CONTINUED

Interest rate risk management

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

Interest rate risk arises primarily from the syndicate's financial investments, including overseas deposits, and cash and cash equivalents. The risk of changes in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The FRSC monitors the duration of these assets on a regular basis. The syndicate has no significant concentration of interest rate risk. The syndicate manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements.

The following table details the syndicate's sensitivity to a 50 basis point increase and decrease in the yield curves. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

	Total Comprehensive Income Impact 2024 £'000	2023 £'000
50 basis point increase	**(14,476)**	(11,243)
50 basis point decrease	**14,478**	11,446

The syndicate's method for measuring sensitivity to interest rate fluctuations has not changed significantly over the financial year.

Credit risk: Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the syndicate. The key areas of exposure to credit risk for the syndicate are in relation to its investment portfolio, reinsurance programme and amounts due from policyholders and intermediaries.

The objective of the syndicate in managing its credit risk is to ensure risk is managed in line with the syndicate's risk appetite. The syndicate has established policies and procedures in order to manage credit risk and methods to measure it.

There were no material changes in the syndicate's credit risk exposure in the financial year nor to the objectives, policies and processes for managing credit risk.

The syndicate has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The syndicate seeks to transact with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the syndicate uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The syndicate's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the FRSC annually. Furthermore, in certain instances, the syndicate receives deposits from its reinsurers which it holds under the terms of the reinsurance agreements.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The syndicate does not have any significant credit risk exposure to any single counterparty or any group of counterparties. Concentration of credit did not exceed 10% of gross monetary assets at any time during the financial year. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets and reinsurance assets recorded in the financial statements represents the syndicate's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The syndicate monitors the credit risk in relation to its investment portfolio and reinsurance programme by monitoring external credit ratings for the investments and reinsurance assets held by the syndicate on a quarterly basis.

AT 31 DECEMBER 2024

The following table shows aggregated credit risk exposure for assets with external credit ratings. Reinsurance assets are reinsurers' share of outstanding claims and IBNR and reinsurance receivables. They are allocated in the table below on the basis of ratings for claims paying ability.

As at 31 December 2024	AAA £'000	AA £'000	A £'000	BBB £'000	<BBB £'000	Not rated £'000	Total £'000
Investments	**553,627**	**202,672**	**442,051**	**125,436**	**2,552**	**11,406**	**1,337,744**
Deposits with ceding undertakings	**–**	**–**	**2,795**	**–**	**–**	**–**	**2,795**
Reinsurers' share of technical provisions	**–**	**318,349**	**85,307**	**–**	**–**	**41,141**	**444,797**
Debtors	**–**	**15,580**	**420,251**	**–**	**–**	**–**	**435,831**
Other assets	**–**	**–**	**21,073**	**–**	**–**	**–**	**21,073**
Prepayments and accrued income	**–**	**–**	**3,680**	**–**	**–**	**–**	**3,680**
Total	**553,627**	**536,601**	**975,157**	**125,436**	**2,552**	**52,547**	**2,245,920**

As at 31 December 2023	AAA £'000	AA £'000	A £'000	BBB £'000	<BBB £'000	Not rated £'000	Total £'000
Investments	433,151	201,088	334,656	54,381	83,979	356	1,107,611
Deposits with ceding undertakings	–	–	3,290	–	–	–	3,290
Reinsurers' share of technical provisions	–	215,687	58,772	139	–	37,758	312,356
Debtors	–	7,169	374,937	–	–	376	382,482
Other assets	–	–	20,368	–	–	–	20,368
Prepayments and accrued income	–	–	2,746	–	–	–	2,746
Total	433,151	423,944	794,769	54,520	83,979	38,490	1,828,853

Not rated investments represent cash awaiting investment within our Lloyd's overseas deposits.

The following table shows the carrying value of debtors that are neither past due nor impaired, the aging of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining that the value of the assets have been impaired were: analysis of impairment, ageing of balances, past loss experience, current economic conditions and other relevant circumstances.

As at 31 December 2024	Neither past due nor impaired £'000	Up to three months £'000	Three to six months £'000	Six months to one year £'000	Greater than one year £'000	Past due and impaired £'000	Carrying amount £'000
Debtors arising out of direct insurance operations	**390,409**	**–**	**–**	**–**	**–**	**–**	**390,409**
Debtors arising out of direct reinsurance operations	**24,105**	**7,973**	**609**	**7,644**	**3,125**	**–**	**43,456**
Total	**414,514**	**7,973**	**609**	**7,644**	**3,125**	**–**	**433,865**

As at 31 December 2023	Neither past due nor impaired £'000	Up to three months £'000	Three to six months £'000	Six months to one year £'000	Greater than one year £'000	Past due and impaired £'000	Carrying amount £'000
Debtors arising out of direct insurance operations	336,422	–	–	–	–	–	336,422
Debtors arising out of direct reinsurance operations	35,811	3,657	2,996	1,994	696	–	45,154
Total	372,233	3,657	2,996	1,994	696	–	381,576

Liquidity Risk Management

Liquidity risk is the risk that the syndicate cannot meet its obligations associated with financial liabilities as they fall due. The syndicate has adopted an appropriate liquidity risk management framework for the management of the syndicate's liquidity requirements. The syndicate manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities.

The syndicate is exposed to liquidity risk arising from clients on its insurance and investment contracts. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers. Liquidity management ensures that the syndicate has sufficient access to funds necessary to cover insurance claims, surrenders, withdrawals and maturing liabilities. In practice, most of the syndicate's assets are marketable securities which could be converted into cash when required.

4. RISK AND CAPITAL MANAGEMENT CONTINUED

There were no material changes in the syndicate's liquidity risk exposure in the financial year nor to the objectives, policies and processes for managing liquidity risk.

In relation to the financial assets, the tables below are presented based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the syndicate anticipates that the cash flow will occur in a different period.

The table also shows the expected maturity profile of the syndicate's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance and participating investment contract liabilities. The table includes both interest and principal cash flows.

As at 31 December 2024	Less than 1 year £'000	1 – 3 years £'000	3 – 5 years £'000	More than 5 years £'000	Total £'000
Investments	**495,751**	**310,913**	**271,214**	**259,866**	**1,337,744**
Deposits with ceding undertakings	**–**	**2,795**	**–**	**–**	**2,795**
Reinsurers' share of technical provisions	**159,198**	**154,649**	**74,242**	**56,708**	**444,797**
Debtors	**435,441**	**390**	**–**	**–**	**435,831**
Other assets	**21,073**	**–**	**–**	**–**	**21,073**
Prepayments and accrued income	**3,680**	**–**	**–**	**–**	**3,680**
Total	**1,115,143**	**468,747**	**345,456**	**316,574**	**2,245,920**
Technical provisions	**919,337**	**604,700**	**290,296**	**221,737**	**2,036,070**
Creditors	**138,052**	**252**	**–**	**–**	**138,304**
Accruals and deferred income	**2,030**	**36,125**	**–**	**–**	**38,155**
Total	**1,059,419**	**641,077**	**290,296**	**221,737**	**2,212,529**

As at 31 December 2023	Less than 1 year £'000	1 – 3 years £'000	3 – 5 years £'000	More than 5 years £'000	Total £'000
Investments	362,796	325,063	214,193	205,559	1,107,611
Deposits with ceding undertakings	–	3,290	–	–	3,290
Reinsurers' share of technical provisions	120,841	90,771	47,449	53,295	312,356
Debtors	382,171	311	–	–	382,482
Other assets	20,368	–	–	–	20,368
Prepayments and accrued income	2,746	–	–	–	2,746
Total	888,922	419,435	261,642	258,854	1,828,853
Technical provisions	830,284	414,624	216,736	243,441	1,705,085
Creditors	104,281	126	–	–	104,407
Accruals and deferred income	1,092	33,971	–	–	35,063
Total	935,657	448,721	216,736	243,441	1,844,555

Climate Change Risk

Climate risk can be broadly divided into 3 categories: physical, transition and liability. Physical risk relates to the change in climate and weather events which have the potential to directly affect the economy. Transition risk can occur when moving towards a lower carbon economy and how the speed of the transition may affect certain sectors and affect financial stability. Liability risk refers to potential increased litigation against policyholders from individuals or businesses who have experienced losses because of physical or transition risk.

The syndicate has a formal framework for managing physical climate change risk. This addresses potential, current and future climate impacts on the natural catastrophe exposed portfolio by region peril combinations and identifies potential risk mitigation strategies.

4. RISK AND CAPITAL MANAGEMENT CONTINUED

An assessment of transition risk is made as part of the syndicate's ORSA process. The transition risk from the investment portfolio is limited due to the short duration of the portfolio and the lack of investment in equities. However, there is more notable exposure from several sections of the underwriting portfolio such as Aviation and Marine.

In terms of liability risk, the syndicate periodically assesses its exposures on high-risk classes via risk assessments looking at potential litigation risks. In addition, the risk team review current trends in climate risk litigation and their applicability to the underwriting portfolios.

ESG Strategy

The ESG strategy encompasses climate change risk but also considers a wider range of effects that may cause uncertainty to the financial performance of the syndicate. There are separate Diversity and Inclusion and Corporate Social Responsibility working groups. The RC maintains oversight for climate change and ESG risk as both can have significant effects on other insurance risks.

The syndicate produced their first ESG Framework in 2022 in accordance with Lloyd's requirements. The Framework was created in a bespoke manner but using the Task Force on Climate-related Financial Disclosures (TCFD) principles and those set out in the PRA's SS3/19. The framework is reviewed regularly and updated annually, with recognition that the risks posed may be long term and across different areas of the business.

In 2024, the syndicate continued to identify and mitigate against climate change risk, as well as progress on other ESG-related aspects. During the year it integrated ESG into its business planning process to help identify key areas of ESG risk in its portfolio and also improve awareness of areas of potential reputational risk within the portfolios. The syndicate is improving its data and metrics related to climate risk, conducting tests of existing models, systems and processes to ensure they are adequate and relevant, building on scenario analysis and stress testing, reviewing new opportunities (underwriting and technological) and increasing knowledge and education. The syndicate endeavours to incorporate climate risk and ESG concerns across all decision-making processes and act as a responsible business.

Capital Management

Capital framework at Lloyd's

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

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

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of the syndicate is not disclosed in these financial statements.

Lloyd's capital setting process

In order to meet Lloyd's requirements, each syndicate is required to calculate its 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 be comprised of one or more underwriting members of Lloyd's. Each member's SCR is determined by the sum of the member's share of the syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to arrive at the member's capital requirement, known as the ECA. The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to ensure capital is sufficient to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2024 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (funds at Lloyd's), assets held and managed within a syndicate (funds in syndicate), or as the member's share of the members' balances on each syndicate on which it participates.

Accordingly all of the assets less liabilities of the syndicate, as represented in the members' balances reported on the balance sheet, represent resources available to meet members' and Lloyd's capital requirements.

5. ANALYSIS OF UNDERWRITING RESULT

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

2024	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
Direct insurance:							
Accident & Health	33,777	34,852	15,121	17,903	(1,838)	**(10)**	41,575
Motor (third party liability)	4,096	4,037	1,981	1,655	(302)	**99**	7,962
Motor (other classes)	18,431	17,399	8,139	12,926	311	**(3,355)**	14,147
Marine, Aviation and Transport	246,826	244,585	197,874	91,073	35,377	**(8,985)**	283,669
Fire and other damage to property	419,651	409,969	156,812	140,731	(30,031)	**82,395**	456,782
Third party liability	211,741	215,388	225,125	86,067	26,068	**(69,736)**	589,106
Credit and suretyship	12,899	12,304	(4,625)	5,148	4,007	**15,788**	14,458
Legal expenses	3,832	3,697	2,189	3,056	(2)	**(1,550)**	10,406
	951,253	942,231	602,616	358,559	33,590	**14,646**	1,418,105
Reinsurance	75,237	59,655	53,281	20,777	4,162	**(10,241)**	173,168
Total	**1,026,490**	**1,001,886**	**655,897**	**379,336**	**37,752**	**4,405**	**1,591,273**

2023	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
Direct insurance:							
Accident & Health	32,313	32,178	10,762	15,451	(494)	5,471	40,508
Motor (third party liability)	6,057	5,562	2,189	1,877	–	1,496	4,985
Motor (other classes)	15,774	14,818	7,794	5,563	8	1,469	14,340
Marine, Aviation and Transport	233,395	229,811	230,689	78,302	57,409	(21,771)	251,975
Fire and other damage to property	396,119	379,406	139,112	143,072	(44,087)	53,135	397,222
Third party liability	228,503	223,380	141,496	89,404	(9,272)	(16,792)	510,203
Credit and suretyship	10,169	9,542	6,416	4,307	(1,635)	(2,816)	37,910
Legal expenses	6,291	5,790	2,934	2,524	(57)	275	8,417
	928,621	900,487	541,392	340,500	1,872	20,467	1,265,560
Reinsurance	43,001	41,225	(5,482)	10,448	(30,654)	5,605	127,169
Total	971,622	941,712	535,910	350,948	(28,782)	26,072	1,392,729

Commission on direct insurance gross premiums earned during 2024 was £252,436,000 (2023 – £244,788,000).

All premiums are concluded in the UK.

The geographical analysis of premiums by destination is as follows:

	2024 %	2023 %
UK	**5.8**	6.1
Other EU Countries	**12.5**	12.5
US	**55.8**	54.3
Asia	**2.5**	2.6
Canada	**9.0**	10.4
Australia	**4.0**	4.1
Other	**10.4**	10.0
Total	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2024

6. CLAIMS OUTSTANDING

Reassessment of claims outstanding on underwriting years 2021 & prior (2023 – 2020 & prior) resulted in a strengthening of £81.0m (2023 - strengthening of £31.7m).

7. NET OPERATING EXPENSES

	2024 £'000	2023 £'000
Acquisition costs:		
Brokerage & commission	**270,203**	250,151
Other acquisition costs	**28,762**	26,995
Change in deferred acquisition costs	**(8,568)**	(8,598)
Administrative expenses	**88,939**	82,400
	379,336	350,948
Reinsurance commissions receivable	**(23,896)**	(19,662)
	355,440	331,286

Members' standard personal expenses (Lloyd's subscriptions, central fund contributions, managing agent's fees and profit commission) are included within administrative expenses and amount to £32,781,000 (2023 – £33,389,000).

Variable compensation, included within administrative expenses, amounts to £20,762,000 (2023 – £21,167,000).

Auditor's remuneration

Auditor's remuneration is included as part of the administrative expenses within the financial statements as disclosed above.

	2024 £'000	2023 £'000
Auditor's remuneration:		
Audit of the syndicate annual accounts	**25**	23
Other services pursuant to Regulations and Lloyd's Byelaws	**356**	322
Other non-audit services	**111**	79
Total	**492**	424

8. STAFF NUMBERS AND COSTS

All staff are employed by Atrium Group Services Limited (AGSL). The following amounts were recharged to the syndicate in respect of staff costs:

	2024 £'000	2023 £'000
Wages and salaries	**24,306**	21,286
Variable compensation	**20,762**	21,167
Social security costs	**5,869**	5,655
Other pension costs	**3,567**	3,236
	54,504	51,344

The average number of employees employed by AGSL, but working for the syndicate during the year, analysed by category, was as follows:

	2024 Number	2023 Number
Management	**4**	4
Underwriting	**90**	86
Claims	**15**	15
Administration	**99**	85
	208	190

9. REMUNERATION OF THE DIRECTORS OF ATRIUM UNDERWRITERS LIMITED

The ten (2023 – twelve) directors of AUL who served during 2024 received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	2024 £'000	2023 £'000
Directors' emoluments	**1,352**	1,228
Pensions	**63**	46
	1,415	1,274

No other compensation was payable to key management personnel and charged to the syndicate.

The Active Underwriter who served during the year received the following remuneration charged as a syndicate expense and included within directors' emoluments above:

	2024 £'000	2023 £'000
Emoluments	**272**	246

10. INVESTMENT RETURN

	2024 £'000	2023 £'000
Investment income:		
Income from investments	**35,024**	29,394
Net realised gains/(losses) on investments:		
Realised gains on investments	**18,751**	957
Realised losses on investments	**(2,182)**	(3,382)
	16,569	(2,425)
Net unrealised gains on investments:		
Unrealised gains on investments	**23,076**	36,376
Unrealised losses on investments	**(14,522)**	(6,173)
	8,554	30,203
Investment expenses and charges:		
Investment managers expenses, including interest	**(754)**	(640)
Allocated investment return transferred to general business technical account	**59,393**	56,532

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2024

10. INVESTMENT RETURN CONTINUED

Calendar Year Investment Return

The table below presents the average amount of funds in the year per currency and analyses by currency the average investment yields in the year.

	2024 £'000	2023 £'000
Average syndicate funds available for investment during year		
Sterling	**62,934**	51,047
US Dollars	**902,734**	719,492
Canadian Dollars	**105,039**	104,596
Euro	**62,414**	54,771
Combined	**1,133,121**	929,906
Aggregate gross investment return for the year	**55,145**	54,284
Gross calendar year investment return:	%	%
Sterling	**5.7**	5.6
US Dollars	**4.9**	6.1
Canadian Dollars	**4.9**	4.4
Euro	**4.1**	5.0
Combined	**4.9**	5.8

11. INVESTMENTS

	Fair value 2024 £'000	Fair value 2023 £'000	Cost 2024 £'000	Cost 2023 £'000
Shares and other variable yield securities and units in unit trusts	**144,883**	95,820	**144,883**	95,820
Debt securities and other fixed income securities	**1,192,845**	1,011,775	**1,115,935**	1,018,971
Loans and deposits with credit institutions	**16**	16	**16**	16
	1,337,744	1,107,611	**1,260,834**	1,114,807

Shares and other variable yield securities and units in unit trusts represents the syndicate's holdings in collective investment schemes.

Included within debt securities and other fixed income securities in the current and prior year are Lloyd's overseas deposits which were reclassified to be consistent with the new filing requirements under Lloyd's guidelines.

Using Standard & Poor's and Moody's as rating sources, the credit ratings of the debt and other fixed income securities are set out below:

	2024 £'000	2024 %	2023 £'000	2023 %
Government/Government Agency	**392,643**	**33.0**	279,011	27.6
AAA/Aaa	**220,043**	**18.4**	178,762	17.7
AA/Aa	**147,851**	**12.4**	140,751	13.9
A	**294,757**	**24.7**	274,533	27.1
BBB	**125,436**	**10.5**	54,381	5.4
<BBB	**12,115**	**1.0**	84,337	8.3
	1,192,845	**100.0**	1,011,775	100.0

The syndicate's core investment manager throughout 2024 was Wellington Management International Limited headquartered in Boston, Massachusetts, United States. Conning Asset Management Ltd managed a fund of bank loans in US Dollars until 31 December 2024 when the syndicate fully divested from the fund.

11. INVESTMENTS CONTINUED

Fair value methodology

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the syndicate applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

To provide an indication about the reliability of the inputs used in determining fair value, the syndicate has classified its financial instruments into the three levels. Investments carried at fair value have been categorised using a fair value hierarchy. An explanation of each level and the value hierarchy is provided below.

Fair value hierarchy

Level 1 – Inputs to level 1 fair value are quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity- specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – Inputs to level 3 fair values are based on unobservable inputs for the assets at the last measurement date. If all significant inputs required to fair value an instrument are observable then the instrument is included in level 2, if not it is included in level 3.

The table below shows financial instruments carried at fair value through profit or loss grouped into the level in the fair value hierarchy into which each fair value measurement is categorised.

As at 31 December 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	**–**	**137,859**	**7,024**	**144,883**
Debt securities and other fixed income securities	**7,125**	**1,185,720**	**–**	**1,192,845**
Loans and deposits with credit institutions	**16**	**–**	**–**	**16**
	7,141	**1,323,579**	**7,024**	**1,337,744**

As at 31 December 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Shares and other variable yield securities and units in unit trusts	–	87,093	8,727	95,820
Debt securities and other fixed income securities	126,566	885,209	–	1,011,775
Loans and deposits with credit institutions	16	–	–	16
	126,582	972,302	8,727	1,107,611

Lloyd's introduced syndicate loans to the Central Fund in relation to the 2019 year of account and 2020 year of account, with two tranches collected from the syndicate on the 2020 year of account. The proceeds from these loans are used to strengthen Lloyd's central resources and to inject capital into LIC. These loans will not be repaid before 5 years have elapsed. Interest thereon will be determined by reference to the risk-free yield plus a credit spread, and will normally be paid annually on an anniversary of the loan. Interest on these loans has been received. The first tranche relating to the 2019 year of account was fully repaid by Lloyd's during 2024. These investments for which the fair value cannot be determined using direct or indirect observable inputs, with this, syndicate loans to the central fund have been categorised as level 3.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2024

12. DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2024 £'000	2023 £'000
Due from intermediaries:		
Due within one year	**390,407**	336,422
Due after one year	**2**	-
	390,409	336,422

13. DEFERRED ACQUISITION COSTS

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

	2024 £'000	2023 £'000
Balance at 1 January	**114,058**	108,759
Incurred costs deferred	**242,607**	152,283
Amortisation	**(235,734)**	(143,079)
Effect of movements in exchange rates	**58**	(3,905)
Balance at 31 December	**120,989**	114,058

14. CLAIMS DEVELOPMENT

The following tables show the development of claims over a period of time on both a gross and a net of reinsurance basis. FRS 103 requires that claims development shall go back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payment, but need not go back more than ten years. The top half of the table shows how the estimates of total claims for each underwriting year develop over time. The lower half of the table reconciles the cumulative claims to the amount appearing in the balance sheet.

The cumulative claims estimates and payments for each underwriting year are translated into pounds sterling at the exchange rates prevailing at 31 December 2024 in all cases.

Analysis of claims development – gross	**2015 £'000**	**2016 £'000**	**2017 £'000**	**2018 £'000**	**2019 £'000**	**2020 £'000**	**2021 £'000**	**2022 £'000**	**2023 £'000**	**2024 £'000**	**Total £'000**
Estimate of ultimate gross claims:											
at end of underwriting year	281,931	288,937	378,650	321,377	341,726	357,017	416,114	484,774	474,089	584,427	
one year later	268,601	266,269	360,219	314,909	342,052	307,421	503,886	415,075	401,129		
two years later	241,449	241,826	347,562	306,532	329,875	293,128	593,675	420,357			
three years later	228,159	229,976	343,751	302,539	326,656	289,095	681,739				
four years later	218,339	227,748	333,246	314,465	337,272	313,926					
five years later	215,535	224,946	344,511	326,675	361,380						
six years later	216,736	229,131	351,186	346,487							
seven years later	219,836	240,169	372,733								
eight years later	225,659	245,474									
nine years later	231,333										
Less gross claims paid	207,847	215,528	313,973	273,467	263,832	227,197	254,958	213,405	112,352	14,483	
Gross ultimate claims reserve	23,486	29,946	58,760	73,020	97,548	86,729	426,781	206,952	288,777	569,944	**1,861,943**
Gross ultimate claims reserve for 2014 & prior											**52,734**
Gross unearned portion of ultimate claims											**(323,850)**
Gross claims reserve											**1,590,827**

Analysis of claims development – net	**2015 £'000**	**2016 £'000**	**2017 £'000**	**2018 £'000**	**2019 £'000**	**2020 £'000**	**2021 £'000**	**2022 £'000**	**2023 £'000**	**2024 £'000**	**Total £'000**
Estimate of ultimate net claims:											
at end of reporting year	250,048	249,586	312,102	285,298	302,873	310,173	366,779	407,012	437,848	479,036	
one year later	246,321	238,320	308,287	289,145	310,198	284,864	375,059	386,764	378,631		
two years later	223,471	221,279	302,344	279,714	301,364	273,404	398,801	374,631			
three years later	212,654	212,458	297,959	277,156	295,380	271,750	420,196				
four years later	204,275	209,180	286,801	276,526	302,731	285,499					
five years later	200,066	206,372	293,317	288,169	321,884						
six years later	200,427	209,854	298,878	302,386							
seven years later	203,404	219,985	319,788								
eight years later	207,726	226,053									
nine years later	214,286										
Less net claims paid	191,138	197,911	264,355	242,387	233,173	212,723	226,890	193,075	108,925	13,762	
Net ultimate claims reserve	23,148	28,142	55,433	59,999	88,711	72,776	193,306	181,556	269,706	465,274	**1,438,051**
Net ultimate claims reserve for 2014 & prior											**36,600**
Net unearned portion of ultimate claims											**(290,671)**
Net claims reserve											**1,183,980**

Amounts recognised in foreign currencies have been restated at the closing rates of exchange at the end of the reporting year.

AT 31 DECEMBER 2024

15. 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.

Claims outstanding	2024 Gross provisions £'000	2024 Reinsurance assets £'000	2024 Net £'000	2023 Gross provisions £'000	2023 Reinsurance assets £'000	2023 Net £'000
Balance at 1 January	**1,285,324**	**281,387**	**1,003,937**	1,171,381	254,964	916,417
Claims and claims adjustment expenses for the year	**655,897**	**169,409**	**486,488**	535,910	88,436	447,474
Cash paid for claims settled in the year	**(363,232)**	**(50,191)**	**(313,041)**	(370,512)	(49,285)	(321,227)
Effect of movements in exchange rates	**12,838**	**6,242**	**6,596**	(51,455)	(12,728)	(38,727)
Balance at 31 December	**1,590,827**	**406,847**	**1,183,980**	1,285,324	281,387	1,003,937
Claims reported and claim adjustment expenses	**381,109**	**33,167**	**347,942**	379,237	42,562	336,675
Claims incurred but not reported	**1,209,718**	**373,680**	**836,038**	906,087	238,825	667,262
Balance at 31 December	**1,590,827**	**406,847**	**1,183,980**	1,285,324	281,387	1,003,937

Unearned premiums	2024 Gross provisions £'000	2024 Reinsurance assets £'000	2024 Net £'000	2023 Gross provisions £'000	2023 Reinsurance assets £'000	2023 Net £'000
Balance at 1 January	**419,761**	**30,969**	**388,792**	406,431	34,972	371,459
Premiums written during the year	**1,026,490**	**162,915**	**863,575**	971,622	134,627	836,995
Premiums earned during the year	**(1,001,886)**	**(155,554)**	**(846,332)**	(941,712)	(136,880)	(804,832)
Effect of movements in exchange rates	**878**	**(380)**	**1,258**	(16,580)	(1,750)	(14,830)
Balance at 31 December	**445,243**	**37,950**	**407,293**	419,761	30,969	388,792

16. CREDITORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2024 £'000	2023 £'000
Due from Intermediaries:		
Due within one year	**32,321**	34,490
Due after one year	**2**	–
	32,323	34,490

17. DISCLOSURES OF INTEREST

Atrium Underwriting Group Limited (AUGL) is a wholly owned subsidiary of Alopuc Limited (a UK holding company) and Alopuc Limited is in turn a wholly owned subsidiary of Northshore Holdings Limited (Northshore), a Bermudan company. The ultimate beneficial owners of Northshore are affiliates of Stone Point Capital LLC (Stone Point) who hold approximately 88% economic interest. The balance of the shareholding in Northshore is held by Atrium management and staff (9.9%), Dowling Capital Partners (1.8%) and Capital City Partners LLC (0.3%).

AUGL is the holding company of the following wholly owned subsidiaries; AUL, Atrium Insurance Agency Limited (AIAL), AGSL, Atrium Risk Management Services (Washington) Ltd (ARMS), Atrium Corporate Capital Limited (ACCL) and Atrium 5 Limited. AGSL is the holding company of Atrium Nominees Limited. AUL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is the managing agent of the syndicate.

The Atrium corporate underwriting capacity is provided by ACCL, with its capacity noted in the table below:

	2022 Capacity £m	2023 Capacity £m	2024 Capacity £m	2025 Capacity £m
Syndicate 609	165.0	221.6	234.9	**250.1**

ACCL's participations on the managed syndicate as a % of syndicate capacity:

		Year of account		
	2022 %	2023 %	2024 %	2025 %
Syndicate 609	25.4	25.4	25.4	**25.4**

AIAL is a registered Lloyd's UK coverholder and is authorised and regulated by the Financial Conduct Authority. The syndicate leads a binding authority granted to AIAL to underwrite space business. Under the terms of the binding authority, fees and profit commission are payable by the syndicate to AIAL. Fee income of US$388,000 (2023 – US$699,000) is payable by the syndicate to AIAL in relation to premium earned in calendar year 2024. Profit commission of US$2,000 has been incurred by the syndicate (2023 – US$209,000) during the calendar year 2024.

For the 2023 YOA onwards the small volume of EEA business written by AIAL will be written by the syndicate on its Lloyd's Europe stamp, reinsured back to the syndicate from Lloyd's Europe (as is consistent with the Lloyd's Europe underwriting model) and then reinsured back to AIAL from the syndicate to allow each participant to benefit from their existing share of the business. This is to ensure regulatory compliance of the model for EEA business post Lloyd's implementing its updated operating model in 2022. Given the de minimis income associated with AIAL's EEA business the treatment of fees and PC associated with this business will continue to be accounted for under AIAL's binding authority (to the benefit of AIAL).

AGSL is a group service company. All UK employee contracts and, where possible, all material service provider contracts are held by AGSL. A service agreement is in place whereby AGSL provides management services to all Atrium group companies. Under the service agreement AGSL will charge the costs to each Atrium group company, including AUL, for the respective services provided.

ARMS is incorporated in Washington State, United States, and was established to support the syndicate strategy to maintain and grow its North American direct portfolio and distribution network. ARMS charges fees to the syndicate equal to its operating costs plus a small margin for tax reasons. Fees of US$3,547,000 were incurred by the syndicate in the calendar year 2024 (2023 – US$2,567,000).

With effect from 1 January 2025 ARMS fee charging structure will transition to a new model whereby fees for claims handling services and digital management services will be charged on a similar basis as a third party provider of similar services. This change will have no detrimental impact on the financial results of the syndicate in 2025.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2024

The Directors' participations on the syndicate via Nomina No. 207 LLP (the staff LLP) are as follows (this includes any director of AUL that served during 2024 and was a partner in the LLP):

	2021 £	2022 £	2023 £	2024 £	2025 £
James Cox	313,317	472,886	473,168	580,834	**508,412**
John Fowle	-	-	-	207,246	**181,285**
Peter Laidlaw	232,067	429,178	432,146	424,653	**372,298**
James Lee	194,879	259,220	258,156	257,682	**–**
Samit Shah	432,970	680,306	688,180	842,376	**736,932**
Kirsty Steward	77,680	105,362	103,262	127,973	**112,250**

AUL has made no loans to directors of the company during 2024 (2023 – nil). There were no loans outstanding at the balance sheet date.

Managing agency fees of £6,399,000 (2023 – £6,058,000) were paid by the syndicate to AUL. Profit commission of £19,879,000 (2023 – £22,530,000) is payable by the syndicate to AUL in relation to the 2024 calendar year result. The managing agents agreement was amended in 2007 to enable managing agents to make payments on account of profit commission, prior to the closure of a year of account. Payments on account can be made when the syndicate transfers open year surpluses from the syndicate level premium trust funds to the members' personal reserve fund. No such payment was made in 2024 (2023 – £nil). The 2021 year of account is in a cumulative loss position, as a result there is no profit commission. Profit commission of £24,772,000 on the 2022 year of account is included within creditors as this year of account closed on 31 December 2024.

The Stone Point managed Trident V Funds (acting in concert) became majority owners of Northshore from 1 January 2021. Stone Point has investments in a wide range of companies and sectors, including the global insurance industry and as such as part of ordinary business and operations AUL and the syndicate might enter into transactions with other Stone Point affiliates from time to time. This could include transactions relating to inwards and outwards reinsurance, insurance intermediation, provision of insurance services, or other non-insurance related services. Any such related party transactions are entered into by the syndicate on a commercial basis and managed in accordance with the protocols set out in Atrium's Conflicts of Interest Policy.

Currently no Stone Point representatives sit on the AUL Board.

As part of Lloyd's Brexit arrangements, AUL has entered into an outsourcing agreement and a secondment agreement with LIC and reinsurance contracts between the syndicate and LIC. This structure covers business underwritten by AUL on behalf of LIC since 1 January 2019 as well as legacy EEA business transferred to LIC under the Lloyd's Part VII Transfer, which had a Scheme Effective Date of 30 December 2020. The outsourcing agreement covers the activities performed by AUL on behalf of LIC in writing and servicing the relevant business. The secondment agreement (effective 1 January 2022) covers provision of seconded AUL underwriters to LIC under the Lloyd's European Operating Model. The reinsurance contracts cede 100% of the business written by, or transferred to, LIC back to the syndicate. Since 1 January 2022, Atrium has had a number of underwriters who are seconded to LIC's UK branch (LIC UK) via tripartite secondment agreements to perform Insurance Distribution Directive (IDD) activities as secondees of LIC UK.

18. FOREIGN EXCHANGE RATES

The effects of exchange rate movements are recorded in two elements. Transactions during the year, translated at each quarter's average rate, and the translation of closing balances into the functional currency of USD gave rise to foreign exchange losses which are identified within the non-technical account. Revaluation of all functional currency balances to the presentational currency of GBP, at the closing rate of exchange on 31 December 2024, resulted in a foreign exchange loss and is included within Other Comprehensive Income.

The rates of exchange used in preparing the financial statements are as follows:

	2024			2023		
	Opening	Average	Closing	Opening	Average	Closing
£ Sterling : £ Sterling	**1.00**	**1.00**	**1.00**	1.00	1.00	1.00
US Dollar: £ Sterling	**1.27**	**1.28**	**1.25**	1.17	1.24	1.27
Euro: £ Sterling	**1.15**	**1.18**	**1.21**	1.15	1.15	1.15
Canadian Dollar: £ Sterling	**1.69**	**1.74**	**1.80**	1.59	1.69	1.69

19. POST BALANCE SHEET EVENTS

On 13 January 2025, the syndicate entered into a Loss Portfolio Transfer (LPT) agreement with syndicate 2008, managed by Enstar Managing Agency Ltd, the reinsurer.

The transaction covers the discontinued portfolios in Marine Treaty Reinsurance, Property Treaty Reinsurance and US Contractors General Liability. The cover relates to business underwritten in year of account 2023 and earlier (the majority relates to the 2021 year of account and earlier). The LPT is a reinsurance contract by nature. The syndicate ceded net loss reserves of $196.1 million with a loss limit of $304.2 million. All claims handling responsibilities relating to the ceded policies have been transferred to the reinsurer.

The premium payable associated with the transfer was $188.9 million. There were further acquisition costs and interest charges associated with the transaction. After allowing for these costs the net impact to the statement of comprehensive income was a profit of $2.3m. This will be recorded in the 2025 results of the syndicate and has no impact on the results as recorded for 31 December 2024.

Additionally, in January 2025, a series of destructive wildfires affected the Los Angeles metropolitan area and San Diego County in California. The wildfires have caused extensive damage to insured homes and structures. At the time of writing the overall loss quantum to the syndicate is still to be determined however industry loss estimates are currently in the range of between $30bn to $50bn. This loss is a 2025 event and does not impact the 2024 financial statements.

ATRIUM

UNDERWRITING YEAR ACCOUNTS THE 2021 AND 2022 YEARS OF ACCOUNT

SYNDICATE 609

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors of the managing agent present their report at 31 December 2024 for the 2021 and 2022 years of account of Syndicate 609 (the syndicate).

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No 8 of 2006). 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) and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), Financial Reporting Standard 103: Insurance Contracts (FRS103).

REVIEW OF THE 2021 YEAR OF ACCOUNT

The Directors have determined that the 2021 year of account will remain open as at 31 December 2024 due to the level of reserve sensitivity over the reserves that have been established in relation to the western leased aircraft in Russia. The cumulative loss to date is £22.3m. Further details on the underwriting results are included within the Underwriter's Report.

REVIEW OF THE 2022 CLOSED YEAR OF ACCOUNT

The 2022 year of account closed with a profit of £121.4m after standard personal expenses (18.6% of capacity). There was no business reinsured into the 2022 year of account as the 2021 year of account remains open. Further details on the underwriting results are included within the Underwriter's Report.

PRINCIPAL RISKS AND UNCERTAINTIES

Governance

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. The Board has developed its Own Risk and Solvency Assessment (ORSA), comprising the entirety of the processes that it uses to identify, assess, monitor and report the risks faced by the syndicate and to evaluate the amount of funds necessary to cover these risks taking into consideration the business profile and risk appetite of the syndicate. Critical to the efficacy of the ORSA is the effective operation of the Risk Management Framework (RMF), the Governance Structure and the syndicate Internal Model. The RMF incorporates the so-called "Three Lines of Defence" approach to risk management and reporting.

The RMF is the mechanism through which Atrium ensures it is implementing effective and enterprise-wide risk management practices across its business. Key to the business is the management of risk, return and capital, against which all significant strategic and operational business decisions are evaluated. The syndicate has established systems of governance and risk management that enable it to manage its business prudently.

The RMF is the articulation of these systems of risk management and governance and how the various elements interact.

The RMF encompasses the broad range of activities undertaken across the organisational hierarchy to ensure that risks are managed appropriately, spanning from the high-level strategy set by the Board to the day-to-day underwriting decisions being made by syndicate staff and the controls in place to govern these. The RMF can be illustrated as follows:

Strategy: This describes the strategy setting process and explains how this filters down through the organisation; incorporating the syndicate's Business Strategy, Business Plan, Risk Policy Statement and Risk Policies.

Business Activities: All business units are responsible for implementing the strategy and business plans in accordance with the framework set out in the risk policies.

The people, controls, management information, processes and senior management oversight in place across the business units serve as the "First Line of Defence" in the RMF.

Risk Governance Structure: The Board has established a Risk Governance Structure in order to ensure that risk is appropriately identified, monitored, managed and reported across the organisation; to review the activities of the business units; and to ensure that the RMF is effectively designed, implemented and governed.

The Risk Governance Structure is comprised of the Risk Committee (RC), which fulfils the role of the syndicate's Risk Management Function, the Executive Risk Committee (ERC) and its three Risk Sub-Committees, discussed further below.

Independent Assurance: The syndicate has in place a Compliance Function and an Actuarial Function in addition to the Risk Management Function (fulfilled by the RC, the ERC and the Risk Management Team). These functions have specific responsibilities documented in their terms of reference and are staffed by fit and proper individuals with suitable qualifications, expertise and experience. The activities of these functions seek to provide the Board with assurance as to the appropriateness and effectiveness of the various elements of the RMF, the internal control environment, and the calculation of capital.

There are a number of risk management tools which support independent assessment and reporting of risk. Taken together this Independent Assurance comprises the "Second Line of Defence".

Independent Oversight: The RMF provides for independent oversight and challenge via the operation of the Internal Audit Function as well as the Audit Committee, which is a Committee of the Board with membership comprised of Non-Executive Directors. Together, these two groups provide the "Third Line of Defence". The Audit Committee, along with its broader responsibilities for the financial statements and financial reporting process, has oversight of internal controls and the Internal Audit Function.

Risk Committee (RC)

The RC fulfils the Risk Management Function, in conjunction with the ERC and the Risk Management Team, and coordinates the risk management activities conducted for the syndicate. The RC has its membership comprised of Non-Executive Directors though is attended by various Executives to ensure that the RC is provided with the information it requires to perform its role. It is responsible for ensuring that the RMF and Internal Model operate effectively, and for maintaining an aggregated and holistic view of risks to the syndicate and reporting on them to the Board, committees and management as appropriate. It also ensures that there is robust and effective management, governance and oversight of the syndicate Internal Model which is used to set capital and is also widely used within the business.

Due to overarching considerations of climate change and Environmental, Corporate and Social Governance (ESG) in strategy setting and risk profile changes, this committee is also responsible for oversight of the climate change and sustainability frameworks.

To support delivery of the RC's responsibilities, there is the ERC and its three Risk Sub-Committees, each being responsible for oversight, review and challenge of the activities of the syndicate and in particular, ensuring activities are within risk policies, that risks are suitably identified monitored and reported, and that appropriate contingency plans are in place.

The principal risks to which the syndicate is exposed are discussed below together with the mitigation techniques adopted. For clarity, the risks are analysed by reference to the Risk Sub-Committees that have responsibility for the relevant risk area.

The ERC exists to support the RC and ensure that it can focus on key issues and also to ensure that there is the scope for executive management discussion on risk issues and aggregation across the Risk Sub-Committees prior to the RC. During 2025 this support to the RC will be enhanced by bifurcating the ERC's role into 2 separate committees – Internal Model Governance Committee (IMGC) to focus on ensuring the operational effectiveness of the Internal Model, and Risk Governance and Oversight Committee (RGOC).

Insurance Risk Sub-Committee (IRSC)

The IRSC is responsible for oversight of insurance risk which includes underwriting, claims, reserving, and reinsurance.

Underwriting risk is the risk that future losses are greater than allowed for within premiums. This could be due to natural fluctuations in claims frequencies and severities, changes in economic and judicial environments, anti-selection, inappropriate premium estimation or catastrophic loss activity.

Underwriting risk is mitigated through numerous controls including underwriter peer review, authority limits, independent review of risks written, and purchase of an appropriate reinsurance programme. The Syndicate Business Forecast is completed annually and stipulates those classes of business and concentration by class that will be written during the forthcoming year. It is reviewed by the IRSC and approved by the Board prior to being submitted to Lloyd's for approval. Actual performance during the year is monitored by reference to the Syndicate Business Forecast.

The risk of catastrophic claims is mitigated by the syndicate having a defined risk appetite which determines the net loss that it intends to retain for major catastrophe events and where deemed appropriate reinsurance is purchased to limit the impact of losses. Although the likelihood of occurrence is considered to be remote, there may be circumstances where the loss from a particular catastrophe event exceeds the net risk appetite, perhaps due to the occurrence of a loss that has not been considered, or where the reinsurance purchased proves to be insufficient. In addition climate change can affect the occurrence and severity of weather related events. Whilst the impact of these is researched, there is significant uncertainty to the impact climate change has on events in the tail of distributions which increases uncertainty in this area.

Reserving risk is the risk that there is insufficient provision for losses that have already occurred.

Reserving risk is mitigated by the robust reserve adequacy exercise that is performed on a quarterly basis by the Actuarial Function and approved by the Board. The quarterly exercise involves a review of the paid and outstanding claims and an assessment of the appropriate provision for incurred but not reported (IBNR) claims. The reserves are considered by the IRSC and approved by the Board. The reserving is carried out based on historical development data, the claims environment and information provided by lawyers and third party claims adjusters.

Although a thorough review is carried out the reserves carried may be more or less than adequate to meet the final cost of claims.

The IRSC also reviews the proposed reinsurance programme that is used to protect capital from the frequency and severity of losses that may be sustained through underwriting the varied lines of business written. The review includes analysis of the reinsurance cover being purchased and assessment of the proposed counterparties.

Financial Risk Sub-Committee (FRSC)

The FRSC is responsible for oversight of financial risks and the steps taken to mitigate them as they arise from investments, asset/liability management, credit, liquidity and concentration risks. These risks are discussed further below.

Investment risk is the risk that the syndicate's earnings are affected by changes in the value of the investment portfolio, such changes in value may be driven by changes in the economic and political environment and by movements in interest and foreign exchange rates. The syndicate's investments are managed in accordance with investment guidelines established by the Board and are reviewed on a regular basis. The FRSC monitors the performance of the external investment managers and the custodians responsible for the safekeeping of the investments, and reports regularly to the Board.

Asset/liability mismatch is the risk that the syndicate could incur a loss through inadequate matching of its investments with its insurance liabilities. Due to the short tail nature of the majority of these liabilities, the syndicate does not seek to achieve a precise matching with the investment portfolio, instead developing an investment duration guideline that is broadly in line with the average payment profile of the liabilities. However, the syndicate substantially mitigates exposures to currency mismatch by investing premiums in the currency in which subsequent claims are most likely to be incurred and periodic rebalancing to ensure that these remain appropriate for the liabilities. The majority of the syndicate's business is denominated in US dollar and accordingly the substantial part of the investment portfolio is in US dollar denominated investments.

The key aspect of credit risk is the risk of default by one or more of the syndicate's reinsurers, their investment counterparties, or insurance intermediaries. Reinsurance is placed with security that adheres to the reinsurance policy. The exposure to credit risk in the investment portfolio is mitigated through adherence to the investment guidelines which require the syndicate's core investment portfolios to be held in government and corporate debt with a high credit quality rating and with a relatively short duration, thus substantially mitigating the risk of sustaining losses from default.

Exposure to intermediaries is mitigated by rigorous review of new intermediaries, contractual terms of business, regulated or segregated client accounts, monitoring of balances and credit control procedures.

Liquidity risk is the risk that the syndicate will not be able to meet its short term liabilities as they fall due owing to a shortfall in cash. This risk is mitigated through holding invested funds in high credit quality and short duration investments. Cash flow projections are also reviewed on a regular basis. The need for overdraft facilities, in case of an unprojected cash flow deficit, is also reviewed regularly.

Concentration risk is the exposure to loss that could arise if the bulk of the amounts recoverable by the syndicate were dependent on a limited number of reinsurers, or if investments were restricted to limited numbers of counterparties or sectors. The risk is mitigated by restricting the permitted cessions to individual reinsurers for any one underwriting year and through the investment guidelines which limit exposure to individual investment counterparties and sectors.

Operational Risk Sub-Committee (ORSC)

The ORSC is responsible for oversight of the syndicate's exposures to operational and regulatory risks.

Operational risk is the risk of loss due to inadequate or failed processes and procedures, people and systems, or external events. The syndicate seeks to manage these risks by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agency has a Compliance Officer and team who monitor regulatory developments and assess the impact on agency policy and maintain an ongoing open dialogue with both regulators and Lloyd's. They also carry out a compliance monitoring programme. Regular reviews are performed by the Internal Audit department to ensure that deviations from the agent's policies, and control weaknesses, are identified and reported to the appropriate level of management and the Audit Committee when considered necessary.

Customer Oversight Group

The Customer Oversight Group is responsible for oversight of the syndicate's exposure to conduct risk and ensuring that the syndicate is providing good outcomes to customers as set out in the Financial Conduct Authority's (FCA) Consumer Duty. The Consumer Oversight Group reports directly to the Board.

Conduct risk is the risk that as part of writing and servicing insurance policies the syndicate fails to pay due regard to the interests of its customers. This is mitigated through the application of a conduct risk policy and procedures and through staff's adherence to a Code of Business Principles and Ethics. The syndicate is committed to conducting its activities and stakeholder relationships in a fair and honest manner and the highest standard of conduct, professionalism and integrity is expected from all of its employees, with due regard paid at all levels of the organisation to ensuring fair outcomes for customers. Key controls include training of staff, embedding of the consideration of conduct risk as part of the business planning process and through the product life-cycle and Board and governance oversight and reporting. The Customer Oversight Group fulfils the role of a "product oversight group" providing customer challenge and perspective to the syndicate's products. Stephen Hearn (Independent Non-Executive Director) was appointed by the Board as Consumer Duty Champion from July 2024 following the retirement of Stephen Riley who had previously held this appointment.

Executive Committee (XCo)

The XCo deals with the day-to-day activities of the Managing Agent and is responsible for delivering the annually agreed priorities, developing and implementing business plans, policies, procedures and budgets that have been recommended and approved by the Board, monitoring the operating and financial performance of the syndicate, prioritising and allocating investment and resources, and managing the risk profile of the syndicate. The XCo is responsible for the people strategy and establishment of the culture, values and behaviours of the organisation. The XCo implements policy and strategy adopted by the Board and deals with all operational matters affecting the syndicate.

XCo is an executive committee of the Board and is the overall decision making body for performance and delivery, under delegated authority from the Board. Members of the XCo include the Executive Directors of the Managing Agent, the Chief Strategy Officer and the Head of Culture and Strategy Integration, with the Chair being the Chief Executive Officer of the Managing Agent or, in their absence, any other member of the committee.

Culture Committee

The Culture Committee is a sub-committee of the XCo which reviews and provides formal governance over all areas relating to culture, namely the creation of a work environment that reflects the managing agent's values and enables its people to achieve their full potential and do their best work. It has a diverse membership from across the business, of different levels of seniority, which is refreshed annually.

Lloyd's Europe Operating Model

As part of Lloyd's Brexit arrangements, Atrium Underwriters Limited (the Company) has entered into an outsourcing agreement and a secondment agreement with Lloyd's Insurance Company (LIC) and reinsurance contracts between the syndicate and LIC. This structure covers business underwritten by the Company on behalf of LIC since 1 January 2019 as well as legacy EEA business transferred to LIC under the Lloyd's Part VII Transfer, which had a scheme effective date of 30 December 2020. The outsourcing agreement covers the activities performed by the Company on behalf of LIC in writing and servicing the relevant business. The secondment agreement (effective 1 January 2022) covers the provision of seconded Atrium underwriters to LIC under the Lloyd's European Operating Model. The reinsurance contracts cede 100% of the business written by, or transferred to, LIC back to the syndicate.

CLIMATE CHANGE AND SUSTAINABILITY

Governance

Having introduced the role of Head of Sustainability in 2023, 2024 saw the importance placed on assessing climate change and associated sustainability risks and opportunities, as well as ensuring the syndicate meets applicable regulatory requirements.

This role reports directly into the Chief Risk Officer who is the Executive Director with responsibility for sustainability and managing the financial risks from climate change risk. The Head of Sustainability also communicates regularly with the XCo to ensure sustainability and climate change are incorporated into strategic decisions.

In terms of formal governance, the RC is responsible for reviewing updates to the sustainability strategy and framework prior to Board approval, as well as assessing other sustainability-related risks. This is due to the overarching ramifications of climate change and other sustainability factors in strategy setting and risk profile changes. Sustainability is a standing agenda item for this Board Committee.

Strategy

Climate risk can be broadly divided into 3 categories: physical, transition and liability. Physical risk relates to the change in climate and weather events which have the potential to directly affect the economy. Transition risk can occur when moving towards a lower carbon economy and how the speed of the transition may affect certain sectors and affect financial stability. Liability risk refers to potential increased litigation against policyholders from individuals or businesses who have experienced losses because of physical or transition risk.

The syndicate has a dedicated sustainability strategy to manage physical, transition and liability aspects. Strategic objectives have been mapped to, and integrated with, the overall group strategy to ensure risks and opportunities from climate change and other sustainability aspects are fully embedded within the business.

The syndicate has always been fully focused on managing the physical risks of the business it writes and it has a formalised framework specifically for managing physical climate risk. This addresses potential, current and future climate impacts on the natural catastrophe exposed portfolio by region peril combinations and identifies potential risk mitigation strategies.

An assessment of transition risk is made as part of the syndicate's ORSA process and further analysis is performed during the business planning process. This allows us to identify areas of the portfolio with more material exposures as well as providing some metrics to the categorisations used. The percentage of overall estimated premium income deemed at risk from a transition to a lower carbon economy decreased over the year due to a change in the portfolio mix. The transition risk from our investment portfolio is limited due to the short duration of the portfolio and the lack of investment in equities.

In terms of liability risk, the syndicate assesses its exposures on high-risk classes via risk assessments looking at potential litigation risks. This is included in its Internal Model but is currently not deemed material in the short term. In addition, the risk team review current trends in climate risk litigation and their applicability to our underwriting portfolios.

The syndicate is focused on taking advantage of the new opportunities that a shift to a low carbon economy might bring, whilst being mindful of the commerciality of these and managing the associated risks encountered with new technology, scarcity of data, uncertainty of forward-looking scenarios and the potential of systemic risk.

Sustainability considerations are incorporated into the annual business planning submissions, with each class of business factoring in both the risks and opportunities posed to them. The IRSC use this information, with input from the Head of Sustainability, as part of its role in recommending the plan for approval to Board. This is an iterative process which will be improved year-on-year to help shape the strategy.

Risk Management

The aim of risk management is to ensure durability and value for stakeholders by managing the risks and opportunities presented by climate change in a holistic and balanced manner, embracing the values of an integrated governance structure. The syndicate's collaborative culture and relative agility in the Lloyd's market means it is well placed to achieve this ideal. The Head of Sustainability works with almost all areas of the business including the Board and XCo, Underwriting, Claims, Actuarial, Finance, Internal Audit, Exposure Management and Operations to ensure a joined-up approach in driving strategic and everyday decisions. In addition, working groups have been formed across the business to tackle various topical subjects, such as underwriting portfolio measurement, litigation risk, responsible investing and underwriting opportunities.

The syndicate has formal sustainable underwriting rules and guidelines which state the syndicate's appetite for certain risks. These rules and guidelines incorporate the stance on areas which are deemed not to be conducive with the syndicate's wider sustainability strategy, as well as formalising compliance with Lloyd's guidance regarding no new cover for thermal coal-fired power plants, thermal coal mines, oil sands and Arctic energy exploration activities. This is an evolving document which sits alongside the business principles and ethics policy. In addition, the syndicate has a comprehensive responsible investment policy which covers its governance framework, risk appetite, metrics and ESG integration. The syndicate has processes in place to help ensure underwriters and investment managers comply with these.

The syndicate continues to build on existing data and metrics related to climate risk, conduct tests of existing models, systems and processes to ensure they are adequate and relevant, build on scenario analysis and stress testing, review new opportunities (underwriting and technological) and increase knowledge and education. It uses third party data on a measured basis, ensuring that both the advantages and disadvantages are understood. The syndicate endeavours to incorporate climate risk and sustainability concerns across all decision-making processes and act as a responsible business.

DIRECTORS AND OFFICERS

The Directors & Officers of the managing agent who served during the year ended 31 December 2024 and to the date of signing these financial statements were as follows:

Martha Bruce, Shakespeare Martineau LLP (Company Secretary; Resigned 31 March 2024)
Nicole Coll
James Cox
John Fowle
Stephen Hearn (Appointed 31 July 2024)
Peter Laidlaw (Active Underwriter 609)
James Lee (Resigned 31 December 2024)
Stephen Riley (Resigned 31 July 2024)
SGH Company Secretaries Limited (Company Secretary; Appointed 31 March 2024)
Samit Shah
Kirsty Steward
Christopher Stooke

DIRECTORS' INTERESTS

Details of Directors' interests may be found in note 17 to the accounts.

RE-APPOINTMENT OF AUDITORS

The Board of Directors have re-appointed KPMG LLP as the syndicate auditor for the year ending 31 December 2025. KPMG LLP have indicated their willingness to continue in office as the syndicate auditor.

By order of the Board

John Fowle
Chief Executive Officer
4 March 2025

STATEMENT OF THE MANAGING AGENT'S RESPONSIBILITIES

The Directors of the managing agent are responsible for preparing the syndicate underwriting year accounts in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw. They have elected to prepare the accounts in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 the directors of the managing agent must not approve the underwriting year accounts unless they are satisfied that they give a true and fair view of the result of the underwriting year at closure. In preparing these accounts, the directors of the managing agent are required to:

- Select suitable accounting policies and then apply them consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable between the members of the syndicate;
- 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 accounts;
- Assess the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so. As explained in note 1 the Directors of the managing agent have not prepared the underwriting year accounts on a going concern basis.

The Directors of the managing agent are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the syndicate and enable them to ensure that the underwriting year accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the syndicate's website. Legislation in the UK governing the preparation and dissemination of underwriting year accounts may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 609 2021 YEAR OF ACCOUNT

OPINION

We have audited the syndicate underwriting year accounts for the 2021 open year of account of syndicate 609 for the four year period ended 31 December 2024, which comprise the Statement of Comprehensive Income: Technical Account – General Business for the 2021 Year of Account; Statement of Comprehensive Income – Non Technical Account for the 2021 Year of Account; Balance Sheet for the 2021 Year of Account; Statement of Cash Flows for the 2021 Year of Account and related notes which relate to the 2021 open year of account, including the accounting policies in Note 3.

In our opinion the syndicate underwriting year accounts for the 2021 open year of account:

- give a true and fair view of the syndicate's state of the syndicate's affairs as at 31 December 2024 and of the syndicate's loss for the 2021 open 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 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 for the 2021 open year of account which explains that the syndicate underwriting year accounts for the 2021 open year of account 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.

EMPHASIS OF MATTER – SYNDICATE RESERVES

We draw attention to the disclosure made in Note 6 to the syndicate underwriting year accounts for the 2021 open year of account concerning the significant level of uncertainty in relation to the possible claims arising out of the syndicate's Russian aviation exposures. This matter results in more potential variability than would ordinarily be the case in the potential outcomes regarding technical provisions. This uncertainty has resulted in the Board deciding not to close the 2021 year of account.

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 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 and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- 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 taking into account possible pressures to meet profit targets 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 related to the valuation of claims reserves.

Valuation of these liabilities, especially in respect of the incurred but not reported ('IBNR') component, is highly judgmental as it requires a number of assumptions to be made such as initial expected loss ratios and claim development patterns all of which carry high estimation uncertainty and are difficult to corroborate, creating opportunity for management to commit fraud.

On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited estimation involved in accruing premium income. We did not identify any additional fraud risks.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 609 2021 YEAR OF ACCOUNT CONTINUED

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls.

We performed procedures including:

- Identifying potential journal entries to test based on risk criteria and comparing these entries to supporting documentation. These included entries consisting of unusual double entries to cash accounts or journals posted by individuals who typically do not make journal entries.
- We assessed the appropriateness and consistency of the methods and assumptions used for reserving. For a selection of classes of business we considered to be higher risk, we performed alternative projections to the actuarial best estimate using our own gross loss ratios and compared these to the syndicate's results, assessing the results for evidence of bias.

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 for the 2021 open year of account from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the Managing Agent's regulatory and legal correspondence and 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 for the 2021 open year of account varies considerably.

Firstly, the syndicate is subject to laws and regulations that directly affect the syndicate underwriting year accounts for the 2021 open year of account, including financial reporting legislation (including related Lloyd's legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related syndicate underwriting year accounts for the 2021 open year of account 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 the 2021 open year of account, 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: corruption and bribery, compliance with regulations relating to sanctions due to the nature of the business written by the syndicate, financial products and services regulation and the Solvency II regime including capital requirements, recognising the financial and regulated nature of the syndicate's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the syndicate underwriting year accounts for the 2021 open year of account, 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 for the 2021 open year of account, the less likely the inherently limited procedures required by auditing standards would identify it.

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

OTHER INFORMATION

The directors of the Managing Agent are responsible for the other information, which comprises the information included in the Underwriting Year Accounts, other than the syndicate underwriting year accounts for the 2021 open year of account and our auditor's report thereon. Our opinion on the syndicate underwriting year accounts for the 2021 open year of account does not cover the other information 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 other information and, in doing so, consider whether, based on our syndicate underwriting year accounts for the 2021 open year of account audit work, the information therein is materially misstated or inconsistent with the syndicate underwriting year accounts for the 2021 open year of account or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

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 for the 2021 open year of account 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 48, the directors of the Managing Agent are responsible for: the preparation of the syndicate underwriting year accounts for the 2021 open year of account 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 for the 2021 open year of account that are free from material misstatement, whether due to fraud or error; assessing the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the syndicate underwriting year accounts for the 2021 open year of account 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 for the 2021 open year of account.

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 2021 open year of account of the syndicate ("the syndicate's 2021 YOA 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 2021 YOA 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 2021 YOA Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Cox

Elizabeth Cox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

4 March 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 609 2022 YEAR OF ACCOUNT

OPINION

We have audited the syndicate underwriting year accounts for the 2022 closed year of account of syndicate 609 for the three year period ended 31 December 2024 which comprise the Statement of Comprehensive Income: Technical Account – General Business for the 2022 Year of Account; Statement of Comprehensive Income: Non-Technical Account for the 2022 Year of Account; Balance Sheet for the 2022 Year of Account; Statement of Cash Flows for the 2022 Year of Account and related notes which relate to the 2022 closed year of account, including the accounting policies in Note 3.

In our opinion the syndicate underwriting year accounts for the 2022 closed year of account:

- 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 for the 2022 closed year of account which explains that the syndicate underwriting year accounts for the 2022 closed year of account is now not 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 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 and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- 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 taking into account possible pressures to meet profit targets 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 related to the valuation of claims reserves.

Valuation of these liabilities, especially in respect of the incurred but not reported ('IBNR') component, is highly judgmental as it requires a number of assumptions to be made such as initial expected loss ratios and claim development patterns all of which carry high estimation uncertainty and are difficult to corroborate creating opportunity for management to commit fraud.

On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited estimation involved in accruing premium income. We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls.

We performed procedures including:

- Identifying potential journal entries to test based on risk criteria and comparing these entries to supporting documentation. These included entries consisting of unusual double entries to cash accounts or journals posted by individuals who typically do not make journal entries.
- We assessed the appropriateness and consistency of the methods and assumptions used for reserving. For a selection of classes of business we considered to be higher risk, we performed alternative projections to the actuarial best estimate using our own gross loss ratios and compared these to the syndicate's results, assessing the results for evidence of bias.

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 for the 2022 closed year of account from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), from inspection of the Managing Agent's regulatory and legal correspondence and 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 for the 2022 closed year of account varies considerably.

Firstly, the syndicate is subject to laws and regulations that directly affect the syndicate underwriting year accounts for the 2022 closed year of account including financial reporting legislation (including related Lloyd's legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related syndicate underwriting year accounts for the 2022 closed year of account 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 the 2022 closed year of account, 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: corruption and bribery, compliance with regulations relating to sanctions due to the nature of the business written by the syndicate, financial products and services regulation and the Solvency II regime including capital requirements, recognising the financial and regulated nature of the syndicate's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the syndicate underwriting year accounts for the 2022 closed year of account, 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 for the 2022 closed year of account, the less likely the inherently limited procedures required by auditing standards would identify it.

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

OTHER INFORMATION

The directors of the Managing Agent are responsible for the other information, which comprises the information included in the Underwriting Year Accounts, other than the syndicate underwriting year accounts for the 2022 closed year of account and our auditor's report thereon. Our opinion on the syndicate underwriting year accounts for the 2022 closed year of account does not cover the other information 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 other information and, in doing so, consider whether, based on our syndicate underwriting year accounts for the 2022 closed year of account audit work, the information therein is materially misstated or inconsistent with the syndicate underwriting year accounts for the 2022 closed year of account or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 609 2022 YEAR OF ACCOUNT CONTINUED

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 for the 2022 closed year of account 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 48, the directors of the Managing Agent are responsible for: the preparation of the syndicate underwriting year accounts for the 2022 closed year of account 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 for the 2022 closed year of account that are free from material misstatement, whether due to fraud or error; assessing the syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to cease operations, or have no realistic alternative but to do so.

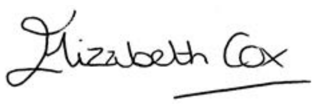
AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the syndicate underwriting year accounts for the 2022 closed year of account 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 for the 2022 closed year of account.

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 2022 YOA 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 2022 YOA 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 2022 YOA Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Elizabeth Cox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

4 March 2025

UNDERWRITER'S REPORT SYNDICATE 609

With this year being at the top of the market cycle and with rates hitting their peak in most areas, you would expect this report to be full of positivity and optimism. It is, BUT…. having to write an Underwriter's Report which shares further news of significant deteriorations from the same two major loss events detailed in both of my last two reports is very frustrating.

Outside of the 2021 and prior year challenges, the year itself had plenty of loss activity to contend with, including natural catastrophes arising all around the globe, one of the most significant shipping disasters in modern history and the impact of ongoing political friction arising around the world. All that said, the team continue to navigate through these, and I am pleased to share that the performance of the more recent years is looking very good.

On 13 January 2025, we put in place a Loss Portfolio Transfer covering three discontinued lines of business (Contractors US General Liability and both the Property and Marine Treaty accounts). This reinsurance arrangement transfers the cost of and responsibility for all future claims for the 2023 and prior years of account to Enstar's Lloyd's Syndicate 2008. This arrangement has allowed us to ring-fence any on these classes, to loss limits of $304.2m, and enables us to focus on what lies ahead without having to utilise a disproportionate amount of our time managing these underperforming elements of past years underwriting.

2021 YEAR OF ACCOUNT

Last year we made the decision to leave the 2021 year of account open, given the level of uncertainty and the volatility that is present with regards to the western-leased aircraft which have not been returned from Russia. Whilst there has been development with regards to the lessor claims over the last year and whilst litigation continues, we have managed to make compromised settlements with some insureds where it made economic sense to do so. Given the complexity involved with these claims and the fact that, at the time of writing this report, we are still in litigation with many, there is still much uncertainty as to how this will conclude. As a result of the settlements made and the uncertainty of outcomes, we have increased our loss reserves by a further £128.9m gross and £29.3m net of reinsurance recoveries. The reserves for all claims related to the western-leased aircraft in Russia now stand at £393.4m gross and £113.8m net of reinsurance recoveries.

For the last two years I have reported how the issues relating to the Florida based contractors was impacting the US General Liability book. As a consequence of the continued deterioration of this legacy issue, we engaged a third party claims adjuster to review the adequacy of the net reserves taking the ultimate reserved position from £79.4m as at the end of 2023, to a revised gross number of £132.0m as at the end of 2024, £131.3m net of reinsurance.

The natural catastrophe losses which affected the year being Storm Uri, Hurricane Ida and the various tornadoes are very similar to last year at £42.0m gross and £36.0m net of reinsurance recoveries.

The investment market remained healthy and has provided a much-needed positive impact on the 2021 year of account forecast.

As the 2021 year of account remained open, the income for the year is still developing and is now at £546.6m as at 48 months. This equates to 87.5% of stamp capacity. The outcome of the most recent modelling, as described earlier in this report, has been factored in to the latest forecast range for the 2021 year of account which is a result of between 0.0% and +10.0% of capacity upon closure.

2022 YEAR OF ACCOUNT

I am extremely pleased to report the 2022 year of account has closed with a profit of £121.4m after all personal expenses but before members agents' fees. This equates to 18.7% of stamp capacity. This is a very healthy return given that there was no contribution from prior year reserve releases and the 2022 year has not benefited from the investment income gains of the 2021 and earlier years. The income finalised at £690.4m which is 106.0% of stamp capacity.

The 2022 year was the year with the most material improvement in rates. We took advantage of the good market conditions and increased the income for the syndicate by around 25% over and above the 2021 year.

The growth in income wasn't uniform across all classes but focused on those classes with the greatest improvement in rates and conditions, with our core specialty classes seeing the best opportunity for growth. The property classes also grew steadily during the period, whilst the casualty classes were much more staid in their income management, as the long tail market was less buoyant despite the prior years' development impacting a lot of the casualty insurance and reinsurance reserves.

As I reported last year, whilst we sustained the normal run of catastrophes and large losses, the only major loss of note during the 2022 year was Hurricane Ian, which as a market loss now exceeds £39.9bn. I am pleased to see our loss reserve for this loss has reduced slightly over the year and now stands at £24.2m gross and £24.1m net of reinsurance recoveries.

2023 YEAR OF ACCOUNT

It was pleasing to see the market continue to harden further in 2023 although the rate rises were at a slower trajectory as market confidence and fresh capacity started to arrive.

2023 was a year of frequency for catastrophe and large losses with Cyclone Gabrielle and the flooding in New Zealand followed by a major earthquake in Turkey/Syria, Hurricane Otis hitting Mexico,

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wildfires severely impacting the people of Hawaii and multiple severe convective storms impacting the USA. However, it was a year that avoided any major severity, and the market was grateful for a benign North American hurricane season.

Whilst we managed to achieve further growth, it became increasingly difficult to increase our share of existing good business and 'good' new business was becoming progressively harder to find. Whilst we did see good growth during the year, we are forecasting that income will be 2.0% short of our planned income in what was a market of more aggressive capacity, especially from the new entrants.

The forecast income is £747.4m, which equates to an 85.9% utilisation against our stamp capacity, and I'm pleased to report the current forecast result stands at a range of +7.5% to +17.5% after all personal expenses but before members agents' fees.

2024 YEAR OF ACCOUNT

We went into the 2024 year in the knowledge that we were in a great period within the market cycle and we looked to capitalise on the growth we had achieved already. We increased stamp capacity to £925.0m as we continued to grow where we could whilst the rating environment allows.

Our various classes within the property, casualty and specialty business groups saw the peak of their market arrive at different points during the year, but there is no doubt that the turn in the market has commenced. It is important for both underwriters and capital providers to keep in mind that the market is still at the peak of the cycle and we are still experiencing excellent trading conditions.

The 2024 year finished in a position of overall positive rate improvement and we managed to achieve much of the growth we planned for. Whilst there is still further development in the 2024 income, we expect to achieve a degree of growth over 2023, achieving a full year final income of close to £750.9m.

The specialty classes were impacted by a negative rating environment in most classes with Aviation Hull & Liability seeing rate reductions which made some business impossible to continue with. This, coupled with the end of the hardening market on Aviation War, meant the specialty income was below plan. We did anticipate this reduction but, given the good margins within the specialty business in recent years, it was still a little disappointing.

The casualty classes were expecting a small amount of growth in income but ended up flat against the prior year as we looked to rebalance some areas of the book such as the US General Liability and the International Professional Liability accounts.

The real areas of growth in 2024 were in the property classes. All the property classes saw further growth, primarily due to rate increases as opposed to exposure growth. We made the difficult decision to cease underwriting Property Treaty Reinsurance, choosing instead to support two external parties via quota-share arrangements. These new partnerships enabled us to support two markets with a much more significant presence and considerably greater resources enabling us to benefit from their expertise and infrastructure. This meant we grew the property reinsurance income considerably during the year when the market rates were at their peak.

The year was an active one for severity losses with the 2024 year seeing what is predicted to be the largest ever shipping event in economic loss terms. In March 2024, container ship Dali struck the Francis Scott Key Bridge in the Port of Baltimore, causing it to collapse. Whilst this loss will take years to conclude, our reserve position for this event is £64.1m gross and £7.3m net of reinsurance recoveries.

The year also saw a series of other catastrophes including a Taiwanese earthquake, flooding in Europe and Dubai, and an active hurricane season in North America.

Hurricane Milton was a particularly devastating storm which made landfall on the west coast of Florida. Our current loss reserve for this event is £30.2m gross and net of reinsurance. An earlier storm also impacted Florida, Hurricane Helene, has been reserved to the syndicate at a cost of £10.0m both gross and net of reinsurance.

A significant loss impacting the 2024 year of account is expected to be the California wildfires in Los Angeles. At the time of writing the overall loss quantum to the syndicate is still to be determined however industry loss estimates are currently in the range of between $30bn to $50bn.

These major catastrophe losses will obviously have an impact on the 2024 year result, however given the great market conditions, we are confident we should still be able to produce a profitable result for the year.

2025 AND BEYOND

Whilst 2025 will be a year where rate reductions become the norm, the overall rating levels are similar to that of 2023, so there are good margins to be made in many areas of what we do. The 609 Underwriting Team are definitely up for the challenge and we are looking to extract further growth whilst conditions allow and where opportunities exist.

In the next few years it will be tougher to grow the book, but we continue to work hard to make sure we achieve profitable growth whilst the conditions warrant the extra effort. The downcycle of the insurance market is long and slow to recover, so we need to make sure we enter the softening market in the best position we can.

Having watched the team enjoy the excellent market conditions, working long hours to ensure we make the most of them, it has demonstrated what a passionate and hard-working team we have here at Atrium, on both the underwriting and agency functions. I would like to express my heartfelt thanks to them for their contribution over the year. It makes me immensely proud to see the team thriving in the current market conditions and I enjoy seeing the enthusiasm of new talent arriving as we grow.

Finally, we feel excited about the year ahead and although a slight downwards shift in the market makes for additional challenge, with the quality team we have, I am confident that 2025 should be another profitable year.

Peter Laidlaw
Active Underwriter, Syndicate 609
4 March 2025

STATEMENT OF COMPREHENSIVE INCOME TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024

	Notes	Calendar Year £'000	Cumulative £'000
Syndicate allocated capacity			624,854
Earned premiums, net of reinsurance			
Gross premiums written	4	4,493	750,088
Outward reinsurance premiums		(1,809)	(91,305)
Earned premiums, net of reinsurance		2,684	658,783
Reinsurance to close premium received, net of reinsurance			
At transaction rates of exchange		–	481,333
Revaluation to closing rates of exchange		1,530	(18,099)
Reinsurance to close premium received, net of reinsurance at closing rates of exchange	5	1,530	463,234
		4,214	1,122,017
Allocated investment return transferred from the non-technical account		32,468	69,134
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(172,771)	(502,458)
Reinsurers' share		37,511	77,261
		(135,260)	(425,197)
Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	6	50,699	(558,591)
		(84,561)	(983,788)
Net operating expenses	8	(11,307)	(250,164)
Balance on the technical account for general business	12	(36,572)	(42,801)

NON-TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024

	Notes	Calendar Year £'000	Cumulative £'000
Balance on the technical account for general business		(36,572)	(42,801)
Investment income	11	19,171	45,136
Net realised gains on investments	11	8,905	6,824
Net unrealised gains on investments	11	4,822	18,215
Investment expenses and charges	11	(430)	(1,041)
Allocated investment return transferred to general business technical account		(32,468)	(69,134)
Foreign exchange losses		(5,818)	(2,003)
Loss for the 2021 year of account at 48 months		(42,390)	(44,804)
Other comprehensive (expense)/income		(5,071)	22,474
Total comprehensive expense for the 2021 year of account at 48 months	15	(47,461)	(22,330)

BALANCE SHEET

FOR THE 2021 YEAR OF ACCOUNT AT 31 DECEMBER 2024

	Notes	£'000
Assets		
Investments	13	669,206
Deposits with ceding undertakings		2,795
Debtors	14	63,350
Reinsurance recoveries anticipated on gross amount retained to meet all known and unknown outstanding liabilities	6	290,493
Other assets		
Cash at bank and in hand		8,546
Prepayments and accrued income		170
Total assets		**1,034,560**
Liabilities		
Amounts due from members	15	(24,905)
Amount retained to meet all known and unknown outstanding liabilities – gross amount	6	849,084
Creditors	16	209,818
Accruals and deferred income		563
Total liabilities		**1,034,560**

The 2021 year underwriting accounts were approved at a meeting of the Board of Directors of Atrium Underwriters Limited, and by the Active Underwriter, on 4 March 2025 and were signed on its behalf by:

John Fowle
Chief Executive Officer
4 March 2025

Peter Laidlaw
Active Underwriter
4 March 2025

STATEMENT OF CASH FLOWS

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024

	£'000
Cash flows from operating activities	
Loss for the year of account	(22,330)
Non-cash consideration for net RITC receivable	(456,568)
Net amount retained to meet all known and unknown outstanding liabilities	558,591
Increase in debtors	(34,399)
Decrease in creditors	(53,199)
Investment return	(69,134)
Net cash flows from operating activities	(77,039)
Cash flows from investing activities	
Purchase of debt securities and other fixed income securities	(303,808)
Sale of debt securities and other fixed income securities	321,270
Investment income received	50,919
Foreign exchange	19,779
Net cash flows from investing activities	88,160
Cash flows from financing activities	
Members' agents' fees paid on behalf of members	(2,687)
Transfer to members in respect of underwriting participations	112
Net cash flows from financing activities	(2,575)
Net increase in cash and cash equivalents	8,546
Cash and cash equivalents at 1 January 2021	–
Effect of foreign exchange rate changes	–
Cash and cash equivalents at end of financial year	8,546

STATEMENT OF COMPREHENSIVE INCOME TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE 2022 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

	Notes	£'000
Syndicate allocated capacity		650,861
Earned premiums, net of reinsurance		
Gross premiums written	4	932,984
Outward reinsurance premiums		(120,131)
Earned premiums, net of reinsurance		812,853
Allocated investment return transferred from the non-technical account		27,556
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		(218,752)
Reinsurers' share		20,443
		(198,309)
Reinsurance to close payable, net of reinsurance	7	(181,299)
		(379,608)
Net operating expenses	8	(325,556)
Balance on the technical account for general business	12	135,245

NON-TECHNICAL ACCOUNT – GENERAL BUSINESS

FOR THE 2022 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

	Notes	£'000
Balance on the technical account for general business		135,245
Investment income	11	15,388
Net realised gains on investments	11	2,828
Net unrealised gains on investments	11	9,643
Investment expenses and charges	11	(303)
Allocated investment return transferred to general business technical account		(27,556)
Foreign exchange losses		(1,428)
Profit for the 2022 closed year of account at 36 months		133,817
Other comprehensive expense		(12,399)
Total comprehensive income for the 2022 closed year of account	15	121,418

BALANCE SHEET

FOR THE 2022 YEAR OF ACCOUNT AT 31 DECEMBER 2024

	Notes	£'000
Assets		
Investments	13	335,061
Debtors	14	12,774
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	7	25,768
Other assets		
Cash at bank and in hand		8,994
Prepayments and accrued income		108
Total assets		**382,705**
Liabilities		
Amounts due to members	15	118,692
Reinsurance to close premium payable to close the account – gross amount	7	207,067
Other creditors	16	56,535
Accruals and deferred income		411
Total liabilities		**382,705**

The 2022 year underwriting accounts were approved at a meeting of the Board of Directors of Atrium Underwriters Limited, and by the Active Underwriter, on 4 March 2025 and were signed on its behalf by:

John Fowle
Chief Executive Officer
4 March 2025

Peter Laidlaw
Active Underwriter
4 March 2025

STATEMENT OF CASH FLOWS

FOR THE 2022 YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

	£'000
Cash flows from operating activities	
Profit for the year of account	121,418
Non-cash consideration for net RITC receivable	–
Net reinsurance to close premium payable	181,299
Increase in debtors	(12,882)
Increase in creditors	56,946
Investment return	(27,556)
Net cash flows from operating activities	319,225
Cash flows from investing activities	
Purchase of debt securities and other fixed income securities	(563,107)
Sale of debt securities and other fixed income securities	240,855
Investment income received	17,913
Foreign exchange	(3,166)
Net cash flows from investing activities	(307,505)
Cash flows from financing activities	
Members' agents' fees paid on behalf of members	(2,767)
Transfer to members in respect of underwriting participations	41
Net cash flows from financing activities	(2,726)
Net increase in cash and cash equivalents	8,994
Cash and cash equivalents at 1 January 2022	–
Effect of foreign exchange rate changes	–
Cash and cash equivalents at end of financial year	8,994

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024 AND THE 2022 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION

The syndicate is managed by Atrium Underwriters Limited which is incorporated in the United Kingdom. The address of its registered office is Level 20, 8 Bishopsgate, London, EC2N 4BQ and the company registration number of the managing agent is 1958863.

The syndicate's principal activity during the year continued to be the transaction of general insurance and reinsurance business at Lloyd's.

These financial statements 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 2006), and applicable Accounting Standards in the United Kingdom and the Republic of Ireland, including Financial Reporting Standard 102 (FRS 102). FRS 102 requires the application of Financial Reporting Standard 103 (FRS 103) in relation to insurance contracts.

The syndicate underwriting year accounts have been prepared on a basis other than going concern.

These accounts cover two separate years of account on the basis that the 2021 year of account has been kept open due to the levels of uncertainty that the managing agent considers remain in the reserves held in respect of the exposure to leased aircraft in Russia. The 2022 year of account has been reinsured to close, in line with more standard practice, into the 2023 year of account of the syndicate. While the primary statements have been presented separately (on pages 58 to 60 for the 2021 open year and pages 61 to 63 for the 2022 closing year), the notes to the accounts that follow have been presented in a two column format. These do not represent comparative balances, rather the relevant supplementary information for the 2021 year as at, and for the four years ended 31 December 2024 and the 2022 year as at, and for the three years ended 31 December 2024.

Going Concern

The syndicate underwriting year accounts for the 2021 year of account have been prepared on a basis other than going concern.

Whilst the Directors of the managing agent have a reasonable expectation that the syndicate has adequate resources to continue in operational existence for the foreseeable future, these financial statements represent the participation of members in the 2021 and 2022 years of account, cumulative to 31 December 2024.

The 2021 year of account remains open due to the fact that the potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss in respect of the Russia aviation claims could be in a particularly wide range with greater than usual variability. As a result, the 2021 year of account will continue to remain open until the level of reserve sensitivity to downside risk normalises.

The 2022 year of account closed on 31 December 2024. The accumulated profits of the 2022 year of account will be distributed following publication of these accounts, and the cash in respect of members' profits will be collected by Lloyd's Central Accounting on 10 April 2025 in line with Lloyd's distribution timetable. Therefore the 2022 year of account is not continuing to trade and, accordingly Directors have not adopted the going concern basis in the preparation of these accounts. This has no effect on the amounts reported in the accounts as the 2022 year of account will be closed by payment of a reinsurance to close premium, as outlined in note 7 below, which is consistent with the normal course of business for a Lloyd's syndicate and with the approach we have applied to earlier underwriting years.

2. USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements, the Directors 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The measurement of the provision for claims outstanding involves judgments and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgment is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported to the syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the in-house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time in view of the likely ultimate claims to be experienced and for more recent underwriting, having regard to variations in business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. 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 business accepted and assessments of underwriting conditions.

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the syndicate financial statements are set out below.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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 certainty to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

With respect to the 2021 year of account, the Directors do not consider there to be sufficient certainty over the valuation of the outstanding liabilities at 48 months due to the syndicate's exposure to the Russian invasion of Ukraine, as such the 2021 year of account will remain open. Further detail is provided in note 6.

Insurance classification

The syndicate's contracts are classified at inception, for accounting purposes, as insurance contracts. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to pay significant additional benefits above premiums received and interest earned thereon, excluding scenarios that lack commercial substance. Such contracts may also transfer financial risk.

Gross Premiums Written

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Gross premiums in respect of insurance contracts underwritten under a binding authority, line slip or consortium arrangement are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Gross premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Gross premiums written are treated as fully earned.

Reinsurance Premium Ceded

Initial reinsurance premiums paid to purchase policies which give excess of loss protection are charged to the year of account in which the protection commences. Premiums for other reinsurances are charged to the same year of account as the risks being protected.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024 AND THE 2022 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Claims Paid and Related Recoveries

Gross claims paid include internal and external claims settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, 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 that to which the recovery is credited.

Amounts retained to meet all known and unknown outstanding liabilities

Where substantial uncertainties affect the assessment of outstanding liabilities a year of account might not be closed, as has been the case for the 2021 year of account presented in these financial statements. In such cases an amount to meet all known and unknown liabilities is retained at each year end until the year of account is finally closed.

The net amount to meet all known and unknown liabilities 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 run-off year of account and 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, together with the provision for related claims handling costs. The provision also includes the estimated cost of IBNR at the balance sheet 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 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 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 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 that 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. The methods used, and the estimates made, are reviewed regularly.

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 IBNR), net of estimated collectible reinsurance recoveries, relating to the closed year of account. The estimate of 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 IBNR at the balance sheet 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 rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified.

The reinsurers' share 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The Directors consider that the estimates of gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the reinsurance to close premium so determined.

Foreign Currencies

The syndicate's functional currency is US Dollars (USD), being the primary economic environment in which it operates. The syndicate's presentational currency is Sterling (GBP).

Transactions, other than reinsurance to close, in USD, Canadian Dollars and Euros are translated at the average rates of exchange for the period. Amounts retained to meet all known and unknown outstanding liabilities, and underwriting transactions denominated in other foreign currencies, are included at the rate of exchange ruling at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Exchange differences are included in the non-technical account.

In translating its results and financial position into the presentational currency, the syndicate translates all assets and liabilities at the closing rates of exchange and translates all income and expense items at average rates, with all resulting exchange gains and losses recognised in other comprehensive income.

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 Joint Asset Trust Funds and Illinois Deposit 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 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 support the underwriting business.

Operating Expenses

Where expenses are incurred by or on behalf of the managing agent on the administration of the managed syndicate, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicate are apportioned between the agency company and the syndicate 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.

Financial Instruments

The syndicate has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including deposits with credit institutions, debtors arising out of direct insurance and reinsurance operations, cash and cash equivalents and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at fair value.

Investments are stated at current value at the balance sheet date. For this purpose, listed investments are stated at fair value and deposits with credit institutions are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date. Any surplus or deficit on any revaluation is recognised in the non-technical account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024 AND THE 2022 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Basic financial liabilities, including creditors arising from insurance operations that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability, simultaneously.

Fair Value Measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the syndicate estimates the fair value by using a valuation technique.

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.

An impairment loss recognised 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.

Deposits with Ceding Undertakings

Deposits with ceding undertakings relate to the payment of advance funds by the syndicate under the reinsurance agreement into segregated Part VII settlement bank accounts managed by the managing agent on behalf of LIC to settle Part VII claims. Amounts are denominated in multiple currencies, primarily GBP, USD and Euros. Deposits with ceding undertakings are measured at cost less allowance for impairment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year are included in the balance sheet under the heading 'other debtors'.

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

Pension Costs

The Atrium Group 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 the operation of a deficit clause. Where profit commission is charged, it is included within members' standard personal expenses within administrative expenses.

4. ANALYSIS OF UNDERWRITING RESULT

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

2021 year of account	Gross premiums written (note 1) £'000	Gross claims incurred (note 2) £'000	Gross operating expenses £'000	Reinsurance balance (note 3) £'000	Total £'000
Direct insurance:					
Accident and Health	35,116	16,138	16,833	(268)	1,877
Motor (Third Party Liability)	3,567	1,630	1,335	(294)	308
Motor (Other Classes)	14,524	8,041	8,491	351	(1,657)
Marine Aviation and Transport	138,764	378,673	50,007	216,456	(73,460)
Fire and other damage to property	300,305	125,310	102,115	(16,199)	56,681
Third Party Liability	200,307	199,459	72,352	(5,703)	(77,207)
Credit and Suretyship	7,360	(5,808)	3,063	4,441	14,546
Legal Expenses	2,286	601	3,132	(44)	(1,491)
	702,229	724,044	257,328	198,740	(80,403)
Reinsurance	47,859	68,138	4,527	6,686	(18,120)
	750,088	792,182	261,855	205,426	(98,523)
RITC received	463,234	559,360	–	82,714	(13,412)
Total	1,213,322	1,351,542	261,855	288,140	(111,935)

2022 year of account	Gross premiums written (note 1) £'000	Gross claims incurred (note 2) £'000	Gross operating expenses £'000	Reinsurance balance (note 3) £'000	Total £'000
Direct insurance:					
Accident and Health	35,600	10,913	17,889	(2,389)	4,409
Motor (Third Party Liability)	4,195	1,134	1,499	7	1,569
Motor (Other Classes)	16,786	9,056	6,677	27	1,080
Marine Aviation and Transport	224,695	78,815	88,611	(18,162)	39,107
Fire and other damage to property	370,050	176,225	127,796	(23,279)	42,750
Third Party Liability	213,987	96,704	84,693	(13,182)	19,408
Credit and Suretyship	10,509	2,750	4,460	(525)	2,774
Legal Expenses	6,098	3,005	2,389	10	714
	881,920	378,602	334,014	(57,493)	111,811
Reinsurance	51,064	47,215	11,177	3,206	(4,122)
	932,984	425,817	345,191	(54,287)	107,689
RITC received	–	–	–	–	–
Total	932,984	425,817	345,191	(54,287)	107,689

1 Gross premiums written are treated as fully earned.

2 Gross claims incurred comprises gross claims paid and gross amount retained to meet all known and unknown outstanding liabilities.

3 The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries retained to meet all known and unknown outstanding liabilities.

4 All premiums are concluded in the UK.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024 AND THE 2022 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

5. REINSURANCE TO CLOSE PREMIUM RECEIVABLE

	2021 year of account £'000
Gross notified outstanding claims	256,413
Reinsurance recoveries anticipated	(33,561)
Net notified outstanding claims	222,852
Provision for gross claims incurred but not reported	306,614
Reinsurance recoveries anticipated	(48,133)
Provision for net claims incurred but not reported	258,481
Reinsurance to close premium receivable, net of reinsurance at transaction rates of exchange	481,333
Revaluation to closing rates of exchange	(18,099)
Reinsurance to close premium receivable, net of reinsurance at closing rates of exchange	**463,234**

The note above is solely in respect of the 2021 year of account. Due to the fact that the 2021 year of account has remained open, the 2022 year of account has not received a reinsurance to close premium.

6. AMOUNT RETAINED TO MEET ALL KNOWN AND UNKNOWN OUTSTANDING LIABILITIES

	2021 year of account £'000
Gross notified outstanding claims	208,930
Reinsurance recoveries anticipated	(28,618)
Net notified outstanding claims	180,312
Provision for gross claims incurred but not reported	640,154
Reinsurance recoveries anticipated	(261,875)
Provision for net claims incurred but not reported	378,279
Amount retained to meet all known and unknown outstanding liabilities, net of reinsurance	**558,591**

The largest loss event to which the 2021 year of account is exposed relates to the Russian invasion of Ukraine in February 2022, with a significant loss relating to the fate of the western leased aircraft in Russia.

The syndicate has exposure to the fate of the western leased aircraft in Russia. The situation remains complex and continues to develop with multiple ongoing litigation in a number of different jurisdictions. Key factors including underlying peril, date of loss, and whether any form of negotiated settlement is feasible, all result in considerably different ultimate outcomes to the syndicate.

In arriving at the reserving position for this loss, the financial implications of various scenarios have been modelled, taking account of the uncertainties listed above. In arriving at our reserving position, the likelihood of the scenarios occurring was established using expert judgement. A similar probabilistic approach was employed at 31 December 2023. However, for this update we have reduced and re-focused the number of scenarios under consideration, in line with our evolving knowledge and expectations of the situation.

The updates have resulted in ultimate gross reserves of £393.4m, £113.8m net of reinsurance (31 December 2023 – £264.5m gross, £84.5m net of reinsurance) included in the financial results as at 31 December 2024. The classes impacted are Aviation Reinsurance, Aviation War and Marine XL. The loss reserves for the 2021 and prior years of account are £360.9m gross and £103.1m net of reinsurance (31 December 2023 – £252.5m gross and £76.5m net of reinsurance).

The Directors, in conjunction with the relevant subject matter experts, continue to monitor the situation closely, taking legal advice and meeting with market participants on a regular basis to ensure that the most up to date information is reflected within the syndicate reserves.

Due to the nature of the circumstances mentioned above, the potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss could be in a particularly wide range with greater than usual variability. As a result, the 2021 year of account will continue to remain open until the level of reserve sensitivity to downside risk normalises.

7. REINSURANCE TO CLOSE PREMIUM PAYABLE

	2022 year of account £'000
Gross notified outstanding claims	72,108
Reinsurance recoveries anticipated	(1,938)
Net notified outstanding claims	70,170
Provision for gross claims incurred but not reported	134,959
Reinsurance recoveries anticipated	(23,830)
Provision for net claims incurred but not reported	111,129
Reinsurance to close premium payable, net of reinsurance	**181,299**

The reinsurance to close is effected to the 2023 year of account of Syndicate 609 and is not applicable to the 2021 year of account.

8. NET OPERATING EXPENSES

	2021 year of account £'000	2022 year of account £'000
Acquisition costs:		
Brokerage & Commission	203,496	242,581
Other acquisition costs	23,825	21,119
	227,321	263,700
Administrative expenses	34,534	81,491
	261,855	345,191
Reinsurance commissions receivable	(11,691)	(19,635)
	250,164	325,556

Administrative expenses include:

	2021 year of account £'000	2022 year of account £'000
Auditor's remuneration		
Audit services	542	298
Other services	76	114
Managing agent's profit commission	–	24,984

Members' standard personal expenses (Lloyd's Subscriptions, Central Fund Contributions, Managing Agent's Fees and Profit Contributions) are included within administrative expenses and amount to £10,294,000 for the 2021 year of account and £35,070,000 for the 2022 year of account.

The cumulative loss reported on the 2021 year of account as at 31 December 2024 has resulted in the profit commission deficit clause operating in line with the stated accounting policy. This has resulted in the profit commission charge to the 2022 year of account names being reduced by £5.0m.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024 AND THE 2022 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

9. STAFF NUMBERS AND COSTS

All staff are employed by Atrium Group Services Limited (AGSL). The following amounts were recharged to the syndicate in respect of staff costs:

	2021 year of account £'000	2022 year of account £'000
Wages and salaries	21,450	19,283
Social security costs	2,753	2,573
Other pension costs	3,092	2,761
	27,295	24,617

The average number of employees employed by AGSL, but working for the syndicate during the four years for 2021 year of account and the three years for the 2022 year of account, was as follows:

	2021 year of account Number	2022 year of account Number
Management	5	4
Underwriting	82	86
Claims	12	13
Administration	87	88
	186	191

10. REMUNERATION OF THE DIRECTORS OF ATRIUM UNDERWRITERS LIMITED

The ten Directors of Atrium Underwriters Limited, who served during the four years ending 31 December 2024 for the 2021 year of account and the three years ending 31 December 2024 for the 2022 year of account, received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	2021 year of account £'000	2022 year of account £'000
Remuneration	1,330	1,192

No other compensation was payable to key management personnel and charged to the syndicate.

The Active Underwriter received the following remuneration charged as a syndicate expense and included within net operating expenses:

	2021 year of account £'000	2022 year of account £'000
Remuneration	293	268

11. INVESTMENT RETURN

	2021 year of account £'000	2022 year of account £'000
Investment income:		
Income from investments	45,136	15,388
Net realised gains on investments:		
Gains on the realisation of investments	10,719	4,130
Losses on the realisation of investments	(3,895)	(1,302)
	6,824	2,828
Net unrealised gains on investments:		
Unrealised gains on investments	40,364	14,440
Unrealised losses on investments	(22,149)	(4,797)
	18,215	9,643
Investment expenses and charges:		
Investment managers expenses, including interest	(1,041)	(303)
Allocated investment return transferred to the technical account	69,134	27,556

12. BALANCE ON TECHNICAL ACCOUNT

	2021 year of account £'000
Balance excluding investment return and operating expenses	
Profit attributable to business allocated to the 2021 pure year of account	166,643
Loss attributable to business reinsured into the 2021 year of account	(28,414)
	138,229
Allocated investment return transferred from the non-technical account	69,134
Net operating expenses	(250,164)
	(42,801)

	2022 year of account £'000
Balance excluding investment return and operating expenses	
Profit attributable to business allocated to the 2022 pure year of account	433,245
Allocated investment return transferred from the non-technical account	27,556
Net operating expenses	(325,556)
	135,245

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024 AND THE 2022 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

13. INVESTMENTS

	2021 year of account Fair value £'000	Cost £'000	2022 year of account Fair value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	80,844	80,844	21,456	21,456
Debt securities and other fixed income securities	588,353	548,637	313,602	299,836
Deposits with credit institutions	9	9	3	3
	669,206	629,490	335,061	321,295

Shares and other variable yield securities and units in unit trusts represents the syndicate's holdings in collective investment schemes.

Included within debt securities and other fixed income securities are Lloyd's overseas deposits which were reclassified to be consistent with the new filing requirements under Lloyd's guidelines.

Using Standard & Poor's and Moody's as rating sources, the credit ratings of the debt and other fixed income securities are set out below:

	2021 year of account Fair value £'000	%	2022 year of account Fair value £'000	%
Government/Government Agency	216,694	36.8	115,501	36.8
AAA/Aaa	90,237	15.3	48,098	15.3
AA/Aa	69,478	11.8	37,033	11.8
A	145,358	24.7	77,478	24.7
BBB	61,869	10.5	32,977	10.5
<BBB	4,717	0.8	2,514	0.8
	588,353	100.0	313,601	100.0

14. DEBTORS

	2021 year of account £'000	2022 year of account £'000
Arising out of direct insurance operations:		
Due from intermediaries	50,211	5,974
Arising out of reinsurance operations:	12,814	6,675
Other	325	125
	63,350	12,774

15. AMOUNTS DUE TO/(FROM) MEMBERS

	2021 year of account £'000
Loss for the 2021 year of account	(22,330)
Members' agents' fee advances	(2,687)
Distributions to members to date	112
Amounts due from members at 31 December 2024	(24,905)

	2022 year of account £'000
Profit for the 2022 closed year of account	121,418
Members' agents' fee advances	(2,767)
Distributions to members to date	41
Amounts due to members at 31 December 2024	118,692

16. CREDITORS

	2021 year of account £'000	2022 year of account £'000
Arising out of direct insurance operations:		
Due to intermediaries	2,224	13,751
Arising out of reinsurance operations	16,906	2,165
Managing agent's profit commission	–	24,772
Other	190,688	15,847
	209,818	56,535

Other creditors include inter year loans of £192,171,000 and £12,821,000 for the 2021 and 2022 years of account respectively.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2021 YEAR OF ACCOUNT FOR THE FOUR YEARS ENDED 31 DECEMBER 2024 AND THE 2022 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2024

17. DISCLOSURES OF INTEREST

Atrium Underwriting Group Limited (AUGL) is a wholly owned subsidiary of Alopuc Limited (a UK holding company) and Alopuc Limited is in turn a wholly owned subsidiary of Northshore Holdings Limited (Northshore), a Bermudan company. The ultimate beneficial owners of Northshore are affiliates of Stone Point Capital LLC (Stone Point) who hold approximately 88% economic interest. The balance of the shareholding in Northshore are held by Atrium management and staff (9.9%), Dowling Capital Partners (1.8%) and Capital City Partners LLC (0.3%).

AUGL is the holding company of the following wholly owned subsidiaries; AUL, Atrium Insurance Agency Limited (AIAL), AGSL, Atrium Risk Management Services (Washington) Ltd (ARMS), Atrium Corporate Capital Limited (ACCL) and Atrium 5 Limited. AGSL is the holding company of Atrium Nominees Limited. AUL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is the managing agent of the syndicate.

The Atrium corporate underwriting capacity is provided by ACCL, with its capacity noted in the table below:

	2021 Capacity £m	2022 Capacity £m	2023 Capacity £m	2024 Capacity £m	2025 Capacity £m
Syndicate 609	158.7	165.0	221.6	234.9	**250.1**

ACCL's participations on the managed syndicate as % of syndicate capacity:

			Year of account		
	2021 %	2022 %	2023 %	2024 %	2025 %
Syndicate 609	25.4	25.4	25.4	25.4	**25.4**

AIAL is a registered Lloyd's UK coverholder and is authorised and regulated by the Financial Conduct Authority. The syndicate leads a binding authority granted to AIAL to underwrite Space business. Under the terms of the binding authority, fees and profit commission are payable by the syndicate to AIAL. Fee income of US$302,000 and US$519,000 was paid by the syndicate to AIAL in relation to premium earned on the 2021 and 2022 years of account respectively. No profit commission is due in relation to the 2021 and 2022 years of account.

AGSL is a group service company. All UK employee contracts and, where possible, all material service provider contracts are held by AGSL. A service agreement is in place whereby AGSL provides management services to all Atrium Group companies. Under the service agreement AGSL will charge the costs to each Atrium group company, including AUL, for the respective services provided.

ARMS was incorporated in Washington State, United States, and was established to support the syndicate strategy to maintain and grow its North American direct portfolio and distribution network. ARMS charges fees to the syndicate equal to its operating costs plus a small margin for transfer pricing reasons. Fees of US$2,258,000 and US$2,427,000 were paid by the syndicate to ARMS in respect of the 2021 and 2022 years of account respectively.

With effect from January 2025 ARMS fee charging structure will transition to a new model whereby fees for claims handling services and digital management services will be charged on a similar basis as a third party provider of similar services. This change will have no detrimental impact on the financial results of the syndicate in 2025.

The Directors' participations on the syndicate via Nomina No. 207 LLP (the staff LLP) are as follows (this includes any director of AUL that served during 2024 and was a partner in the staff LLP):

			Year of account		
	2021 £	2022 £	2023 £	2024 £	2025 £
James Cox	313,317	472,886	473,168	580,834	**508,412**
John Fowle	–	–	–	207,246	**181,285**
Peter Laidlaw	232,067	429,178	432,146	424,653	**372,298**
James Lee	194,879	259,220	258,156	257,682	**–**
Samit Shah	432,970	680,306	688,180	842,376	**736,932**
Kirsty Steward	77,680	105,362	103,262	127,973	**112,250**

17. DISCLOSURES OF INTEREST CONTINUED

AUL has made no loans to directors of the company during 2024 (2023 - nil). There were no loans outstanding at the balance sheet date.

Managing agency fees of £4,338,000 and £4,507,000 were paid by the syndicate to AUL in relation to the 2021 and 2022 years of account respectively. No profit commission is payable by the syndicate to AUL in relation to the 2021 year of account result and £24,772,000 is payable by the syndicate to AUL in relation to the 2022 year of account result. The managing agents agreement was amended in 2007 to enable managing agents to make payments on account of profit commission, prior to the closure of a year of account. Payments on account can be made when the syndicate transfers open year surpluses from the syndicate level premium trust funds to the members' personal reserve fund. No such payment was made in 2024. Included within creditors is £24,772,000 in respect of profit commission payable to AUL in relation to the 2022 year of account.

The Stone Point managed Trident V Funds, acting in concert, became majority owners of Northshore from 1 January 2021. Stone Point has investments in a wide range of companies and sectors, including the global insurance industry and as such as part of ordinary business and operations AUL and the syndicate might enter into transactions with other Stone Point affiliates from time to time. This could include transactions relating to inwards and outwards reinsurance, insurance intermediation, provision of insurance services, or other non-insurance related services. Any such related party transactions are entered into by the syndicate on a commercial basis and managed in accordance with the protocols set out in Atrium's Conflicts of Interest Policy.

Currently no Stone Point representatives sit on the AUL Board.

As part of Lloyd's Brexit arrangements, AUL has entered into an outsourcing agreement and a secondment agreement with LIC and reinsurance contracts between the syndicate and LIC. This structure covers business underwritten by AUL on behalf of LIC since 1 January 2019 as well as legacy EEA business transferred to LIC under the Lloyd's Part VII Transfer, which had a Scheme Effective Date of 30 December 2020. The outsourcing agreement covers the activities performed by AUL on behalf of LIC in writing and servicing the relevant business. The secondment agreement (effective 1 January 2022) covers provision of seconded AUL underwriters to LIC under the Lloyd's European Operating Model. The reinsurance contracts cede 100% of the business written by, or transferred to, LIC back to the syndicate.

18. POST BALANCE SHEET EVENTS

On 13 January 2025, the syndicate entered into a Loss Portfolio Transfer "LPT" agreement with syndicate 2008, managed by Enstar Managing Agency Ltd, the reinsurer.

The transaction covers the discontinued portfolios in Marine Treaty Reinsurance, Property Treaty Reinsurance and US Contractors General Liability. The cover relates to business underwritten in year of account 2023 and earlier (the majority relates to the 2021 year of account and earlier). The LPT is a reinsurance contract by nature. The syndicate ceded net loss reserves of $196.1m with a loss limit of $304.2m. All claims handling responsibilities relating to the ceded policies have been transferred to the reinsurer.

The premium payable associated with the transfer was $188.9m. There were further acquisition costs and interest charges associated with the transaction. After allowing for these costs the net impact to the statement of comprehensive income was a profit of $2.3m. This will be recorded in the 2025 results of the syndicate and has no impact on the results as recorded for 31 December 2024.

SEVEN YEAR SUMMARY OF RESULTS

SYNDICATE 609 AT 31 DECEMBER 2024

	Notes	2022 £m	2021 £m	Year of Account 2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Syndicate allocated capacity		**651**	625	524	450	449	419	419
Aggregate net premiums		**813**	659	591	533	460	442	401
Number of underwriting members		**2,734**	2,768	2,819	2,882	2,970	3,040	3,056
Results for an illustrative share of £10,000		**£**	**£**	**£**	**£**	**£**	**£**	**£**
Gross premiums		**14,335**	12,004	12,707	13,188	11,408	11,868	10,713
Gross premiums %	1	**143.4%**	120.0%	127.1%	131.9%	114.1%	118.7%	107.1%
Net premiums		**12,489**	10,543	11,277	11,844	10,246	10,544	9,568
Net premiums %	2	**124.9%**	105.4%	112.8%	118.4%	102.5%	105.4%	95.7%
Premium for the reinsurance to close an earlier year of account	3	**–**	7,413	8,301	7,714	7,109	7,506	7,452
Net Claims	4	**3,047**	6,805	4,493	4,959	5,084	5,929	3,784
Premium for the reinsurance to close the year of account		**2,786**	–	9,189	8,837	7,687	7,757	7,779
Amounts retained to meet all known and unknown liabilities		**–**	8,940	–	–	–	–	–
Underwriting Profit		**6,656**	2,211	5,896	5,762	4,584	4,364	5,457
Syndicate operating expenses		**4,463**	3,839	4,252	4,621	4,114	4,134	3,945
Balance on technical account		**2,193**	(1,628)	1,644	1,141	470	230	1,512
Balance on technical account %	5	**15.3%**	(13.6%)	14.3%	9.8%	5.9%	2.6%	17.0%
Investment return		**423**	1,106	(508)	97	492	450	152
Foreign exchange (losses)/gains	5	**(212)**	330	(4)	(307)	162	(140)	77
Profit/(loss) for closed year of account		**2,404**	(192)	1,132	931	1,124	540	1,741
Illustrative managing agent's profit commission		**384**	–	179	155	204	80	309
Illustrative personal expenses	6	**155**	164	153	161	154	154	156
Profit after illustrative profit commission and illustrative personal expenses	6	**1,865**	(356)	800	615	766	306	1,276

Notes
1. Gross premiums as a percentage of illustrative share.
2. Net premiums as a percentage of illustrative share.
3. The reinsurance to close premium that has been received by the 2021 year of account has been retranslated to the rates of exchange that were applicable as at 31 December 2024. Reinsurance to close premiums receivable in respect of the 2020 and prior years of account have not been restated.
4. Net claims include internal claims settlement expenses.
5. Balance on technical account as a percentage of gross premiums.
6. Illustrative personal expenses, including illustrative profit commission, are based on a calculation of amounts incurred by a member writing an illustrative share. For this purpose minimum fee charges are ignored.
7. 2021 year of account remains open at 31 December 2024.

Results for an illustrative share of £10,000	Notes	2022 £m	2021 £m	Year of Account 2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Aggregation of annual fee, profit commission and syndicate expenses	6	**1,164**	457	873	832	826	600	908