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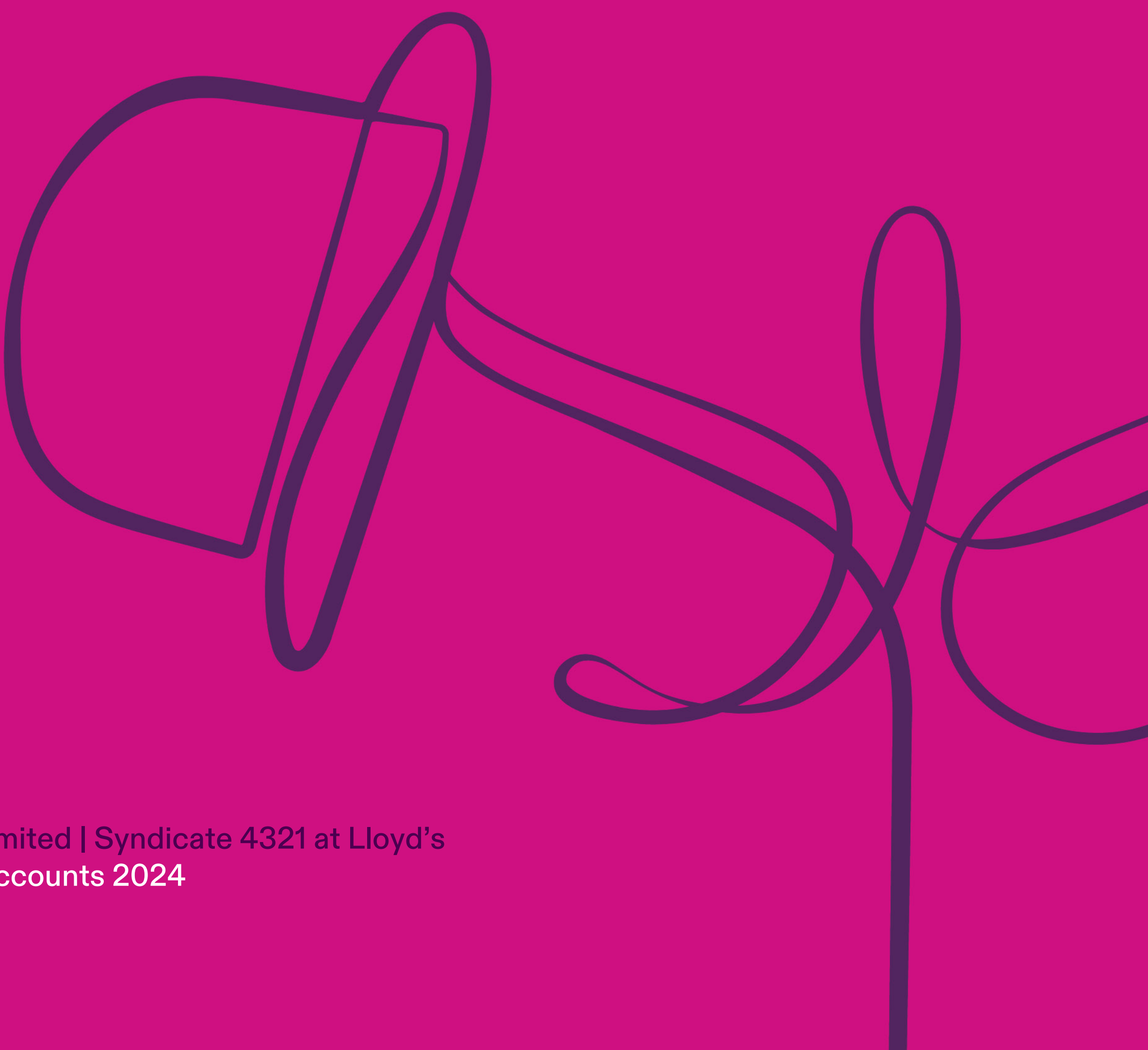
beazley

It all started with a hatstand



Beazley Furlonge Limited | Syndicate 4321 at Lloyd's
Annual report and accounts 2024

Welcome to our Annual report 2024

Syndicate 4321 launched in 2022 to focus on offering additional capacity to clients that perform well against pre-defined ESG metrics, the first in the Lloyd's market to do so. From 1 January 2024, the syndicate no longer writes new business and its ESG capacity was moved to Syndicate 5623.

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Highlights

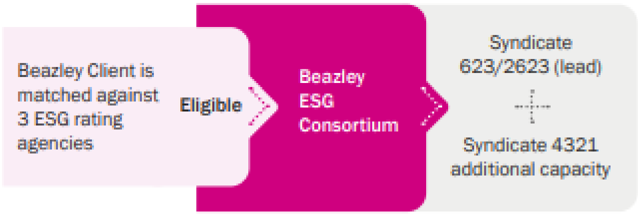
Syndicate capacity **£—m** (2023: £33.1m)	Profit for the financial year **$3.7m** (2023: $(0.3m))	Combined ratio **73%** (2023: 104%)
Gross premiums written **$4.3m** (2023: $20.4m)	Rate increase on renewals **—%** (2023: 3.8%)	Cash and investments **$22.1m** (2023: $22.2m)
Claims ratio **51%** (2023: 66%)	Earned premium **$11.0m** (2023: $18.7m)	Expense ratio **22%** (2023: 38%)

Strategic report of the managing agent

Overview

Syndicate-in-a-box 4321 (the 'syndicate') was established in 2022 to provide a choice of additional capacity for large corporate clients who meet the eligibility standards of the environmental, social and governance ('ESG') scoring criteria that have been developed with support from specialist, independent rating agencies. The syndicate follows the lead underwriting of syndicates 2623 and 623, also managed by Beazley Furlonge Limited ('BFL') to write business on a multi-line basis. From 1 January 2024, the syndicate no longer writes new business and its ESG capacity was moved to Syndicate 5623. When the 2023 year of account becomes a closed year at 31 December 2025, to ensure continuity and effective management, the managing agent anticipates that syndicate 4321 will enter a reinsurance to close arrangement with Syndicate 5623.

Structure of Beazley ESG Consortium



The capacities of the syndicates managed by BFL are as follows:

	2024 £m	2023 £m
623	887.2	818.6
2623	2,299.6	3,794.5
3622	37.0	33.8
3623	1,325.6	—
4321	**—**	**33.1**
5623	396.6	339.8
6107	57.8	43.3
Total	**5,003.8**	**5,063.1**

The result for the syndicate for the year ended 31 December 2024 is a profit of $3,680k (2023: loss of $296k) driven by favourable claims development on the 2022 and 2023 years of account.

Year of account results

The 2022 year of account ('YOA') has closed with a loss on capacity of (6.0)%. The 2023 YOA is currently forecasting a positive return on capacity. The syndicate did not write any business for the 2024 YOA.

Rating environment

The syndicate started writing business in 2022. As the syndicate ceased writing new risks at the end of 2023, the premium rate increases were nil (2023: 3.8%).

Combined ratio

The combined ratio is a measure of operating performance and represents the ratio of the syndicate's total costs (excluding foreign exchange movements) to total net earned premium. The syndicate's combined ratio for 2024 was 73% (2023: 104%), demonstrating an improvement in profitability year on year. The expense and claims ratio both improved substantially as the syndicate ceased writing new business but it continued to earn premium already written. Positive claims experience and decreased administration costs from writing new business both contributed to the improved combined ratio.

Claims

The claims ratio is a measure of the syndicate's claims experience and represents the ratio of net insurance claims to net earned premium. The 2024 claims ratio for syndicate 4321 was 51% (2023: 66%). This improvement can be attributed to positive claims development on the syndicates existing book of risks.

Net operating expenses

Net operating expenses, including business acquisition costs and administrative expenses for 2024 were $2,423k (2023: $7,063k). The breakdown of these costs is shown below:

	2024 $'000	2023 $'000
Brokerage costs	1,644	2,988
Other acquisition costs	103	152
Total acquisition costs	**1,747**	**3,140**
Administrative and other expenses	676	3,923
Net operating expenses[1]	**2,423**	**7,063**

[1] A further breakdown of net operating expenses can be seen in note 4.

Brokerage costs as a percentage of net earned premium were approximately 15% (2023: 16%). Brokerage costs are deferred and expensed over the life of the associated premiums in accordance with accounting guidelines. Other acquisition costs comprise costs that have been identified as being directly related to underwriting activity (e.g. underwriters' salaries and Lloyd's box rental). These costs are also deferred in line with premium earning patterns. Administrative expenses comprise primarily IT costs, facilities costs, Lloyd's central costs and other support costs. These other acquisition and administration expenses are not incurred directly by the syndicate, but are recharged to it through the managing agent.

The expense ratio is a measure of the net operating expenses to net earned premium. The expense ratio for 2024 is 22% (2023: 38%). Administrative and other expenses decreased over the year because the syndicate ceased writing new business.

Reinsurance

Syndicate 4321 did not purchase any outwards reinsurance during 2024 (2023: Nil).

Outlook

Looking ahead, the syndicate will focus on managing its obligations efficiently. The syndicate is currently in run off and will cease operating after the settlement of the 2023 YOA. The managing agent intends to transfer the syndicate's assets and liabilities via reinsurance to close to syndicate 5623 when the 2023 YOA closes at the end of calendar year 2025.

C C J Wong
Chief Financial Officer

05 March 2025

Managing agent's report

The managing agent presents its 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 and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and Financial Reporting Standard 103: Insurance Contracts.

Principal activity

The principal activity of Syndicate 4321 was the underwriting of insurance risks that meet specific ESG scoring metrics at Lloyd's. The syndicate is currently in run-off and will cease operating when the 2023 YOA is settled in early 2026.

Business review

A review of the syndicate's activities and future outlook is included in the strategic report.

Risk governance and reporting

BFL's Board of Directors (the 'Board') has the responsibility for defining and monitoring the risk appetite within which BFL and the syndicates (collectively, 'Beazley') operate, with key individuals and committees accountable for day-to-day management of risks and controls. Regular reporting by the risk management team in Board meetings and senior management committees ensures that risks are monitored and managed as they arise. Beazley is actively "future proofing" its structure across its three platforms. One of these platforms is its London Wholesale platform which the managing agent governs. This platform focus will allow strengthening of the managing agent's leadership and further enhance platform-specific and entity governance, while continuing to bolster its risk management structure. The managing agent continues to evolve its structure to deliver on this governance framework.

Climate change/Responsible business

Led by Beazley plc's Board and supported by the Boards of BFL, Beazley Insurance dac, and Beazley Insurance Company Inc, sustainability issues and climate related risks were regular agenda items throughout 2024. In March 2021 we launched our first Responsible Business Strategy. This document, and the subsequent updates which are published alongside the Beazley plc annual report and accounts, sets out the goals and targets across a wider range of sustainability issues, including climate change.

In addition to the summary Responsible Business report, Beazley plc discloses its compliance with the Task Force on Climate-Related Disclosures ('TCFD') Recommendations and Recommended Disclosures at the consolidated group level in the Beazley plc annual report and accounts produced annually. The 2024 Beazley plc ARA was published on the Group's website in March 2025.

Although not specifically listed in the risk categorises detailed further in this report, the Board of BFL deems climate risk to be inherently embedded within all risks managed across the syndicate.

Risk management

Beazley prides itself on understanding the drivers of risk across the syndicate. The risk management function supports and challenges management in effectively managing those risks. During the year, Beazley continued to enhance, roll out and embed elements of the risk management framework. Beazley has continued working with our colleagues across the first and second lines of defence to support the syndicate strategy, including challenging the oversight of climate-related risks (covering physical, transition and litigation) and journey in digitisation. The details of the performance of the risk management framework are considered further in this report.

Risk management oversight and framework

The Board delegates direct oversight of the risk management function and framework to its Risk Committee. The Board delegates executive oversight of the risk management function and framework to the Beazley plc executive Committee, which fulfils this responsibility primarily through its risk and regulatory Committee.

The risk management framework establishes the approach to identifying, measuring, mitigating, monitoring, and reporting on principal risks. The risk management framework supports Beazley's strategy and objectives.

Beazley has adopted a 'three lines of defence' model, in which the risk management function is part of the second line of defence. Ongoing communication and collaboration across the three lines of defence ensures that Beazley identifies and manages risks effectively.

The Board approves the company's risk appetite statements at least annually and receives updates on monitoring against risk appetites throughout the year. This includes an assessment of principal risks.

A suite of reports from the risk management function support senior management and the Board in discharging their oversight and decision-making responsibilities throughout the year. The risk management function's reports include updates on risk appetite, risk profiles, stress and scenario testing (including reverse stress testing) and analysis, emerging and heightened risks, and the Own Risk and Solvency Assessment (ORSA) report for BFL.

The business operates a control environment which supports mitigating risks to stay within risk appetite. The risk management function reviews and challenges the control environment through various risk management activities (e.g. risk opinions, risk reviews etc). In addition, the risk management function works with the capital modelling and exposure management teams, particularly in relation to validation of the internal model, preparing parts of the ORSA, monitoring risk appetite and the business planning process.

The risk management plan considers, among other inputs, the inherent and residual risk scores for the risks in the risk registers. The risk management function also incorporates results from internal audits and other assurance activities into its risk assessment process. The internal audit function considers the risk management framework in its audit universe to derive a risk-based audit plan.

The approach to identifying, managing and mitigating emerging risks includes inputs from across the business, analysis of lessons learned following incidents and industry thought leadership. The approach considers the potential materiality and likelihood of impacts, which helps prioritise emerging risks which the company monitors or undertakes focused work on. Key emerging risks in 2024 included geopolitical and conflict escalation, artificial intelligence, systemic cyber attack, political and social unrest, supply chain risk and climate change. The Board carries out a robust assessment of the emerging risks at least annually.

Principal risks

Principal risks are under continuous review with ongoing risk assessments. Whilst our risk profile has remained broadly stable in 2024, we continue to focus on operational and regulatory risks, to ensure that our control environment keeps pace with business change and growth initiatives. The table below summarises the principal risks the company faces, and the control environment, governance and oversight that mitigate these risks. Our approach to managing the risks arising from climate change are set out within the TCFD section of Beazley plc's annual Report.

Legend for principal risks table below

Risk outlook

△ Increasing ◇ Stable ▽ Decreasing

Managing agent's report continued

Principal risks and summary descriptions	Mitigation and monitoring
Insurance • Risk of loss arising from uncertainties and deviations of the occurrence, frequency, amount and timing of insurance premium and claim liabilities relative to the assumptions at the time of underwriting. This includes risk from underwriting such as catastrophe and reserves. • Catastrophe: one or more large events caused by nature (e.g. hurricane, windstorm, earthquake and/or wildfire) or mankind (e.g. coordinated cyber-attack, global pandemic, losses linked to an economic crisis, an act of terrorism or an act of war and/or a political event) impacting a number of policies, and therefore giving rise to multiple losses; and • Reserving: reserves may not be sufficiently established to reflect the ultimate paid losses.	Insurance risk is principally managed through analysis of macro trends and claim frequency/severity. Our prudent and comprehensive approach to reserving ensures adequate provisions are made for the payment of all valid claims. High calibre claims and underwriting professionals deliver expert service and claims handling to insureds, ensuring good customer outcomes. Beazley makes extensive use of modelling, including catastrophe modelling, the use of our Solvency II model and stress and scenario testing to ensure insurance risk is within our risk appetite. Insurance risk outlook continues to be stable as BFL manages the syndicate run-off.
Credit The risk of loss resulting from default in obligations due or changes in the credit standing of either counterparties or any debtors which the company is exposed to. Exposure to credit risk largely emanates from the use of reinsurers and brokers, of which broker debtors is the largest exposure for the Syndicate.	The credit risk outlook remains stable, as Beazley manages down the small amounts of reinsurance and broker credit exposures as the syndicate is run-off.
Liquidity Assets are not available or adequate in order to settle financial obligations when they fall due.	By actively managing its liquidity needs, Beazley maximizes flexibility in handling its financial assets. This proactive approach ensures that clients and creditors are financially protected. Beazley regularly evaluates the liquidity position of the syndicate. Our liquidity risk outlook remains stable as we consistently maintain adequate levels of liquidity as the syndicate is run-off.
Group The contagion risk that an action or inaction of one part of the Beazley Group adversely affect an area of the Syndicate. This also includes a deterioration in culture which leads to inappropriate behaviour, actions and/or decisions including dilution of culture or negative impact on the brand.	Risk culture is grounded in principles of transparency, accountability, and awareness. An effective risk culture reflects a mature risk management function, encourages prudent risk-taking, and fosters awareness of existing and emerging risks. The Executive Committee and the Board oversee Group risk, with regular monitoring conducted by the Risk Management function and overseen by the Risk Committee. Our Group risk outlook remains stable, with the Executive Committee continuously managing and improving our risk culture through ongoing monitoring and enhancements.

Principal risks and summary descriptions	Mitigation and monitoring
Regulatory and legal Non-compliance with regulatory and legal requirements, failing to operate in line with the relevant regulatory framework in the territories where the Syndicate operates. This may lead to financial loss (fines, penalties), sanctions, reputational damage, loss of confidence from regulators, regulatory intervention, inability to underwrite or pay claims.	Beazley maintains active ongoing dialogue with its principal regulators. A suite of compliance controls are in place to support the nature, scale and complexity of the business which are overseen by the Risk and Regulatory Committee. The company wants to have a trusting and transparent relationship with regulators, ensuring coordinated communication and the following of robust processes, policies and procedures in the business. In addition, key staff, particularly those who hold defined roles with regulatory requirements, are experienced and maintain regular dialogue with regulators. Beazley is implementing a horizon scanning service to support in-house activity to identify relevant regulatory and legal matters and emerging policy so the business can consider their potential impacts on the business. Considering the needs of our clients in everything our business does is of utmost importance to Beazley. We deliver good customer outcomes to our clients throughout the product lifecycle. The Conduct Review Group oversees this risk. The Company has a very low appetite for regulatory and legal risk, therefore maintaining strong and open relationships with our regulators is of paramount importance. The outlook for this is increasing as throughout 2024 and into 2025, we have seen increased engagement with our regulators as the regulatory environment becomes more complex and Beazley grows.
Operational Failures of people, processes and systems or the impact of an external event on operations (e.g., a cyber-attack having a detrimental impact on operations) including transformation and change related risks.	Beazley attracts and nurtures talented colleagues who champion diversity of thought, fostering a culture of empowerment, collaboration, and innovation. This commitment creates an environment of employee wellbeing, where high-calibre, motivated, loyal, and productive individuals are empowered to perform their duties competently. Beazley continues investing in technology and re-engineering processes to support our operations, overseen by the Operations Committee. Our business continuity, disaster recovery, and incident response plans ensure the stability of our processes and systems, enabling our team to consistently deliver optimal outcomes for our clients. We expect technology and cyber resilience to continue being key focus areas. We are dedicated to collaborating with external agencies, and maintaining robust controls over information security, data, and operational resilience. We regularly review incident response plans and continue to invest in cybersecurity training for our employees. While maintaining a low appetite for operational risk, we observed an increased frequency of reported risk incidents during 2024, coinciding with an increasingly complex operating environment. The risk management function continues to work with first line teams to ensure that controls and processes in place remain appropriate as the operating landscape evolves. Our risks and controls are formally monitored and reported through a risk and control self-assessment process and the use of quantifiable Key Risk Indicators. The outlook for this risk is under increased focus as we continue to strengthen operationally and realise the benefits of ongoing initiatives to modernise our systems and processes.

Managing agent's report continued

Principal risks and summary descriptions	Mitigation and monitoring
Strategic The risk of loss resulting from ineffective strategic direction and implementation that leads to inadequate profitability, insufficient capital, financial loss and/or reputational damage for BFL. Pervasive risks impacting multiple areas of Beazley (e.g., reputation, and sustainability) occurring through real or perceived action, or inaction, by a regulatory body, market and/or third-party provider. A negative change to Beazley's reputation would have a detrimental impact to the syndicates performance and public perception.	Beazley consistently addresses key strategic opportunities and challenges, striving to be the highest performing and most sustainable specialist insurer. We ensure that we recognize, understand, discuss, and develop action plans for significant strategic priorities in a timely manner, while maintaining operational effectiveness and brand reputation. The company creates an environment that attracts, retains and develops high performing talent with diverse perspectives, encouraging exploration, creation, and innovation. By investing in understanding the complexities of the risks our clients face and deploying our expertise where it adds value, we thrive. The Executive Committee and the Board oversee these risks. Our commitment is to create a sustainable business for our people, partners, and planet through responsible business goals. We embed sustainability principles and ambitions, focusing on reducing our carbon footprint (refer to the Group's TCFD report for more details on climate-related risks and mitigations), contributing to our social environment, and practising good governance. While we consider market developments, we evaluate each on its individual merits, weighing both potential opportunities and risks. As we consolidate and embed our achievements from 2024, our strategic risk outlook remains stable.

Directors

A list of Directors of the managing agent who held office during the year can be found on page 53 of this syndicate annual report.

Syndicate annual general meeting

In accordance with the Syndicate Meetings (Amendment No. 1) Byelaw (No. 18 of 2000) the managing agent does not propose to hold a syndicate annual meeting this year. Members may object to this proposal within 21 days of this notice. Any objections must be made in writing to the managing agent.

Disclosure of information to the auditor

The Directors of the managing agent who held office at the date of approval of this managing agent's report confirm that, so far as they are each aware, there is no relevant audit information of which the syndicate's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

Auditor

Pursuant to Section 14(2) of Schedule 1 of the Insurance Accounts Directive (Lloyd's syndicate and Aggregate Accounts) Regulations 2008, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the Board

C C J Wong
Chief Financial Officer

5 March 2025

Statement of managing agent’s responsibilities

The Insurance Accounts Directive (Lloyd’s syndicate and Aggregate Accounts) Regulations 2008 requires the Directors of the managing agent to prepare their syndicate 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.

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 financial statements, 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.
- For the reasons stated in the Managing agent's report/Strategic Report of the managing agent and Note 1, the financial statements have not been prepared on a going concern basis'.

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 financial statements 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 financial statements 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 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 financial statements may differ from legislation in other jurisdictions.

The Directors of the managing agent are required to comply with the requirements of Section 1 of the Lloyd’s Syndicate Accounts Instructions version 2.1 as modified by the Frequently Asked Questions version 1.1 issued by Lloyd’s (the Syndicate Accounts Instructions).

The Directors of the managing agent are responsible for the preparation and review of the iXBRL tagging that has been applied to the syndicate accounts in accordance with the instructions issued by Lloyd's, including designing, implementing and maintaining systems, processes and internal controls to result in tagging that is free from material non-compliance with the instructions issued by Lloyd's, whether due to fraud or error.

On behalf of the Board

C C J Wong
Chief Financial Officer

5 March 2025

Independent auditor’s report to the members of Syndicate 4321

Opinion

We have audited the syndicate annual accounts of syndicate 4321 (‘the syndicate’) for the year ended 31 December 2024 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Members’ Balances, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law including The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008, United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and FRS 103 “Insurance Contracts” (United Kingdom Generally Accepted Accounting Practice), and Section 1 of the Lloyd’s Syndicate Accounts Instructions V2.0 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd’s (the Syndicate Accounts Instructions).

In our opinion, the syndicate annual accounts:

- give a true and fair view 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounts Instructions.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008, the Syndicate Accounts Instructions, and other applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the syndicate annual accounts section of our report. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual accounts in the UK, including the FRC’s Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – anticipated closure of the 2023 year of account

We draw attention to the basis of preparation note which explains that the 2023 year of account of Syndicate 4321 is anticipated to close from 1 January 2026, transferring all assets and liabilities to Syndicate 5623 through a reinsurance to close arrangement. Syndicate 4321 has no successor year of account. As a result, the Annual Report and Accounts of Syndicate 4321 has been prepared under a basis other than going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report and accounts, other than the syndicate annual accounts and our auditor’s report thereon. The Directors of the managing agent are responsible for the other information contained within the annual report and accounts.

Our opinion on the syndicate annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the managing agent's report for the financial year in which the syndicate annual accounts are prepared is consistent with the syndicate annual accounts; and
- the managing agent's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you, if in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual accounts are not in agreement with the accounting records; or
- certain disclosures of the managing agents' emoluments specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the managing agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 9, the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual accounts, the managing agent is responsible for assessing the syndicate's ability to continue in operation, disclosing, as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the managing agent either intends to cease to operate the syndicate, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the syndicate annual accounts

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the managing agent and management.

Independent auditor's report to the members of Syndicate 4321 continued

Our approach was as follows:
- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the syndicate and determined that the most significant are direct laws and regulations related to elements of Lloyd's Byelaws and Regulations, and the financial reporting framework (UK GAAP), and requirements referred to by Lloyd's in the Syndicate Accounts instructions. Our considerations of other laws and regulations that may have a material effect on the syndicate annual accounts included permissions and supervisory requirements of Lloyd's of London, the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We obtained a general understanding of how the syndicate is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the syndicate. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the syndicate, Lloyd's of London and other UK regulatory bodies; reviewed minutes of the Board and Risk Committee of the managing agent; and gained an understanding of the managing agent's approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related syndicate annual accounts' items.
- For both direct and other laws and regulations, our procedures involved: making enquiries of the Directors of the managing agent and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the managing agent's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with Lloyd's, the FCA and the PRA.
- The syndicate operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the syndicate's annual accounts to material misstatement, including how fraud might occur by considering the controls that the managing agent has established to address risks identified by the managing agent, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk including:
  - Reviewing accounting estimates for evidence of management bias. Supported by our Actuaries, we assessed if there were any indicators of management bias in the valuation of insurance liabilities and the recognition of estimated premium income.
  - Evaluating the business rationale for significant and/or unusual transactions.

- These procedures included testing manual journals and were designed to provide reasonable assurance that the syndicate annual accounts were free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter
Our opinion on the syndicate annual accounts does not cover the iXBRL tagging included within these syndicate annual accounts, and we do not express any form of assurance conclusion thereon.

Use of our report
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. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate and the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Niamh Byrne (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

5 March 2025

Statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 $'000	2023 $'000
Gross premiums written	3	4,285	20,420
Premiums written, net of reinsurance		**4,285**	**20,420**
Changes in unearned premium			
Change in the gross provision for unearned premiums	16	**6,739**	**(1,686)**
Net change in the provision for unearned premiums		**6,739**	**(1,686)**
Earned premiums, net of reinsurance		**11,024**	**18,734**
Allocated investment return transferred from the non-technical account	7	**886**	**535**
Claims paid			
Gross amount	16	(3,851)	(3,355)
Net claims paid		**(3,851)**	**(3,355)**
Change in the provision for claims			
Gross amount	16	**(1,798)**	**(9,014)**
Net change in provision for claims		**(1,798)**	**(9,014)**
Claims incurred, net of reinsurance		**(5,649)**	**(12,369)**
Net operating expenses	4	**(2,423)**	**(7,063)**
Balance on technical account - general business		**3,838**	**(164)**
Investment income	7	886	535
Total investment income		**886**	**535**
Allocated investment return transferred to general business technical account		(886)	(535)
Loss on foreign exchange		(158)	(132)
Total comprehensive income/(loss) for the financial year		**3,680**	**(296)**

There were no other comprehensive gains or losses in the year.

The notes on pages 17 to 36 form part of these financial statements.

Balance sheet
as at 31 December 2024

	Notes	2024 $'000	2023 *restated $'000
Assets			
Investments			
Financial investments	9	**2,467**	**2,625**
		2,467	**2,625**
Debtors			
Debtors arising out of direct insurance operations	10	1,701	1,051
Debtors arising out of reinsurance operations	11	45	255
Other debtors	12	1,404	236
		3,150	**1,542**
Other assets			
Cash at bank and in hand	13	**19,668**	**19,577**
Prepayments and accrued income			
Deferred acquisition costs	14	71	827
Other prepayments and accrued income		34	—
		105	**827**
Total assets		**25,390**	**24,571**
Capital and reserves			
Members' balances		**206**	(3,474)
Liabilities			
Technical provisions			
Provision for unearned premiums	16	670	7,375
Claims outstanding	16	15,397	13,613
		16,067	**20,988**
Creditors			
Creditors arising out of direct insurance operations	17	30	3
Other creditors	18	8,815	6,903
		8,845	**6,906**
Accruals and deferred income		**272**	**151**
Total liabilities		**25,184**	**28,045**
Total liabilities, capital and reserves		**25,390**	**24,571**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 22.

The notes on pages 17 to 36 form part of these financial statements.

The syndicate annual accounts on pages 13 to 36 were approved by the Board of Beazley Furlonge Limited on 5 March 2025 and were signed on its behalf by

P J Bantick
Director

C C J Wong
Chief Financial Officer

Statement of changes in members' balances
for the year ended 31 December 2024

	2024 $'000	2023 *restated $'000
Members' balances brought forward at 1 January	(3,474)	(3,167)
Total comprehensive income/(loss) for the financial year	3,680	(296)
Members' balances carried forward at 31 December	**206**	**(3,474)**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 22.

The notes on pages 17 to 36 form part of these financial statements.

Members participate in syndicates by reference to year of account ('YOA') and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that YOA in respect of their membership of a particular year.

Cash flow statement
for the year ended 31 December 2024

Cash flows from operating activities	Notes	2024 $'000	2023 *restated $'000
Total comprehensive income		3,680	(296)
Adjustments for:			
(Decrease)/Increase in gross technical provisions	16	(4,921)	10,796
Increase in debtors		(1,608)	(672)
Movement in other assets/liabilities		843	(226)
Increase in creditors		1,939	4,625
Investment return	7	(886)	(535)
Foreign exchange		41	(126)
Net cash flow from operating activities		**(912)**	**13,566**
Cash flows from investing activities			
Purchase of equity and debt securities		(213)	(875)
Investment income received		886	535
Net cash from investing activities		**673**	**(340)**
Cash flows from financing activities			
Other		—	(11)
Net cash flow from financing activities		**—**	**(11)**
Net (decrease)/increase in cash and cash equivalents		**(239)**	**13,215**
Cash and cash equivalents at the beginning of the year		20,925	7,585
Foreign exchange on cash and cash equivalents		(41)	125
Cash and cash equivalents at the end of the year	13	**20,645**	**20,925**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 22.

The notes on pages 17 to 36 form part of these financial statements.

Notes to the syndicate annual accounts

1. Accounting policies

Basis of preparation

Syndicate 4321 (the ‘syndicate’) comprises a group of members of the Society of Lloyd’s that underwrites insurance business in the London Market. The managing agent of the syndicate is Beazley Furlonge Limited ('BFL'), whose registered address and principal place of business is 22 Bishopsgate, London, EC2N 4BQ. The ultimate controlling party of BFL is Beazley plc, a company incorporated in England and Wales.

These syndicate annual accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd’s syndicate and Aggregate Accounts) Regulations 2008 (the ‘Regulations’), the applicable Accounting Standards in the United Kingdom and the Republic of Ireland, Financial Reporting Standard 102 ('FRS 102') and the applicable Accounting Standard on insurance contracts Financial Reporting Standard 103 ('FRS 103') and the Lloyd's syndicate accounts instructions version 2.1 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, except for financial assets at fair value through profit or loss ('FVTPL') which are measured at fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated. All amounts presented are stated in US dollars, being the syndicate’s functional currency, and in thousands, unless noted otherwise.

Going concern

In respect of the 2023 year of account, the managing agent intends for the syndicate to enter into a reinsurance to close arrangement with syndicate 5623, effective from 1 January 2026. At that point, syndicate 4321 will cease operating, as there will be no successor year of account. Consequently, the syndicate is no longer considered a going concern, and these annual accounts have been prepared on a basis other than going concern.

It is important to note that the reinsurance to close process occurs in the ordinary course of business. Apart from adjustments to gross claims outstanding to align the technical provisions with those agreed in the reinsurance to close arrangement, there will be no impact on the valuation of the syndicate's assets or liabilities.

Use of estimates and judgements

The preparation of financial statements requires the use of estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those on which management’s estimates are based. Estimates and assumptions are continually evaluated and are based on historical experience and other factors. For example, estimates which are sensitive to economic, regulatory and geopolitical conditions could be impacted by significant changes in the external environment such as the volatile macroeconomic environment, climate change, international conflicts, and significant changes in legislation. Any revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Specific to climate change, since responses to it are still developing, it is not possible to consider all possible future outcomes when determining asset and liability valuations, and timing of future cash flows, as these are not yet known. Nevertheless, the current management view is that reasonably possible changes arising from climate risks would not have a material impact on asset and liability valuations at the year-end date.

(a) Valuation of insurance contract liabilities

The most critical estimate included within the syndicate’s balance sheet is the estimate for insurance losses incurred but not reported (‘IBNR’), which is included within total technical provisions and reinsurers’ share of technical provisions in the balance sheet and note 16 .This estimate is critical as it outlines the current liability for future expenses expected to be incurred in relation to claims. If this estimation was to prove inadequate then an exposure would arise in future years where a liability has not been provided for.

The best estimate of the most likely ultimate outcome is used when calculating notified claims. This estimate is based upon the facts available at the time, in conjunction with the claims manager’s view of likely future developments. The total estimate of gross IBNR as at 31 December 2024 included within claims outstanding is $11,342k (2023: $10,094k).

Notes to the syndicate annual accounts continued

1. Accounting policies continued

(b) Premium estimates

Premium written is initially based on the estimated premium income ('EPI') of each contract. Judgement is involved in determining the ultimate estimates in order to establish the appropriate premium value and, ultimately, the cash to be received. EPI estimates are updated to reflect changes in an underwriters expectation through consultation with brokers and third-party coverholders, changes in market conditions, historic experience and to reflect actual cash received for a contract.

Significant accounting policies

The financial statements have been prepared on an annual basis of accounting, whereby the incurred cost of claims, commissions and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

(a) Premiums written

Gross premiums written comprise premiums on contracts incepted during the financial year together with adjustments to premiums written in previous accounting periods and estimates for premiums from contracts entered into during the course of the year. Gross written premiums are stated before the deduction of brokerage, taxes, duties levied on premiums and other deductions.

(b) Unearned premiums

A provision for unearned premiums represents that part of the gross premiums written that is estimated will be earned in the following or subsequent financial periods. It is calculated using the daily pro-rata method, under which the premium is apportioned over the period of risk.

(c) Claims provisions

Claims represent the cost of claims and claims handling expenses paid during the financial year, together with the movement in provisions for outstanding claims, claims IBNR and future claims handling provisions. The provision for claims outstanding comprises amounts set aside for claims advised and IBNR.

The IBNR amount is based on estimates calculated using widely accepted actuarial techniques which are reviewed quarterly by the group actuary and annually by the independent syndicate reporting actuary. The techniques generally use projections, based on past experience of the development of claims over time, to form a view on the likely ultimate claims to be experienced. For more recent underwriting, regard is given to the variations in the business portfolio accepted and the underlying terms and conditions. Thus, the critical assumptions used when estimating claims provisions are that the past experience is a reasonable predictor of likely future claims development and that the rating and other models used to analyse current business are a fair reflection of the likely level of ultimate claims to be incurred.

A provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the managing agent. The managing agent takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

(d) Liability adequacy testing

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the claims liabilities net of deferred acquisition costs and unearned premium reserves. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses as well as investment income from the assets backing such liabilities are used.

Any deficiency is subsequently charged to the statement of comprehensive income and a liability for unexpired risk provision is established.

(e) Acquisition costs

Acquisition costs comprise brokerage, premium levies, and staff related costs of the underwriters acquiring the business. The proportion of acquisition costs in respect of unearned premiums is deferred at the balance sheet date and recognised in later periods when the related premiums are earned.

(f) Foreign currencies

Foreign currency transactions are translated into the functional currency using average exchange rates applicable to the period in which the transactions take place and where the syndicate considers these to be a reasonable approximation of the transaction rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at

1. Accounting policies continued

the period end of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(g) Investment return

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

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, 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 to reflect the investment return on funds supporting underwriting business.

(h) Financial instruments

Recognition and derecognition

Financial instruments are recognised on the balance sheet at such time that the syndicate becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognised when:
- the contractual rights to receive cash flows from the financial assets expire;
- the financial assets have been transferred, together with substantially all the risks and rewards of ownership; or
- despite having retained some, but not substantially all, risks and rewards of ownership, control of the asset is transferred to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party.

Financial liabilities are derecognised if the syndicate's obligations specified in the contract expire, are discharged or cancelled.

Financial assets and liabilities measurement

On acquisition of a financial asset or liability, the syndicate will measure the asset or liability at transaction price, except for those financial assets and liabilities at FVTPL, which are initially measured at fair value. The exception to this is when the arrangement constitutes a financing transaction however, the syndicate does not make use of any such arrangements.

All financial investments are designated as FVTPL upon initial recognition because they are managed and their performance is evaluated on a fair value basis. Information about these financial instruments is provided internally on a fair value basis to key management. The investment strategy is to invest and evaluate their performance with reference to their fair values.

Fair value measurement

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Upon initial recognition, attributable transaction costs relating to financial instruments at FVTPL are recognised in the income statement when incurred. Financial assets at FVTPL are continuously measured at fair value, and changes therein are recognised in the statement of comprehensive income. Net changes in the fair value of financial assets at FVTPL exclude interest and dividend income, as these items are accounted for separately.

Notes to the syndicate annual accounts continued

1. Accounting policies continued

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

(j) Other debtors
Other debtors principally consist of intercompany debtor balances and sundry debtors and are carried at amortised cost less any impairment losses.

(k) Other creditors
Other creditors principally consist of amounts due to other related entities and profit commissions payable. These are stated at amortised cost determined using the effective interest rate method.

(l) Impairment of financial assets
Assessment is made at each reporting date whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets, and that event has an impact on the estimated cash flows of the financial asset, or group of financial assets that can be reliably estimated.

If there is objective evidence that impairment exists, the amount of the loss is measured as the difference between the assets carrying amount and the value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Where a loss is incurred this is recognised in the statement of comprehensive income.

(m) Cash and cash equivalents
Cash and cash equivalents are comprised of cash at bank and in hand, in addition to deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the acquisition date. Only cash at bank and in hand is presented separately on the face of the balance sheet, while cash equivalents are included within the 'financial investments' line. Cash and cash equivalents are shown in aggregate on the cash flow statement and at note 13. These are carried at amortised cost less impairment losses.

(n) 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 (currently at 20%) 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 US federal income tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year have been included in the balance sheet under the heading 'other debtors'.

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

2. Risk management
The managing agent has identified the risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. The sections below outline the syndicate's risk appetite and explain how it defines and manages each category of risk. The risk management framework is discussed in the managing agent's report.

2.1 Insurance risk
The syndicate's insurance business assumes the risk of loss from persons or organisations that are directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities. The four key components of insurance risk are underwriting, claims management and reserving. Each element is considered below:

2. Risk management continued

(a) Underwriting risk

Underwriting risk comprises four elements that apply to all insurance products offered by the syndicate:

- cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- event risk – the risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

The annual business plans for each underwriting team reflect the syndicate's underwriting strategy, and set out the classes of business, the territories and the industry sectors in which business is to be written. These plans are approved by the Board of Beazley Furlonge Limited ('BFL') and monitored by the underwriting committee.

The managing agent's underwriters calculate premiums for risks written based on a range of criteria tailored specifically to each individual facility. These factors include but are not limited to the financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions and acquisition expenses.

The managing agent also recognises that insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

To address this, the managing agent sets out the exposure that it is prepared to accept in certain territories to a range of events such as natural catastrophes and specific scenarios which may result in large industry losses. This is monitored through regular calculation of Realistic Disaster Scenarios. The aggregate position is monitored at the time of underwriting a risk, and reports are regularly produced to highlight the key aggregations to which the syndicate is exposed.

The managing agent uses a number of modelling tools to monitor its exposures against the agreed risk appetite set and to simulate catastrophe losses. Stress and scenario tests are also run using these models. The range of scenarios considered includes natural catastrophe, cyber, marine, liability, political, terrorism and war events.

One of the largest types of event exposure relates to natural catastrophe events such as windstorm or earthquake. With the increasing risk from climate change impacts the frequency and severity of natural catastrophes, the managing agent continues to monitor its exposure. Where possible the syndicate measures geographic accumulations and uses its knowledge of the business, historical loss behaviour and commercial catastrophe modelling software to assess the expected range of losses at different return periods. The key gross exposures are calculated on the basis of extreme events at a range of return periods.

To manage underwriting exposures, the managing agent has developed limits of authority and business plans which are binding upon all staff authorised to underwrite and are specific to underwriters, classes of business and industry.

These authority limits are enforced through a comprehensive sign-off process for underwriting transactions including dual sign-off for all line underwriters and peer review for all risks exceeding individual underwriters authority limits. Exception reports are also run regularly to monitor compliance.

All underwriters also have a right to refuse renewal or change the terms and conditions of insurance contracts upon renewal. Rate monitoring details, including limits, deductibles, exposures, terms and conditions and risk characteristics are also captured and the results are combined to monitor the rating environment for each class of business.

(b) Claims management risk

Claims management risk may arise within the syndicate in the event of inaccurate or incomplete claims reporting for facilities underwritten. As a follow syndicate which delegates claims authority to approved brokers, consortia or coverholders, the syndicate relies on accurate claims reporting from third parties.

The managing agent's claims teams are focused on delivering quality, reliability and speed of service to both internal and external clients. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business's broader interests. Case reserves are set for all known claims liabilities, including provisions for expenses, as soon as a reliable estimate can be made of the claims liability.

2. Risk management continued

(c) Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs within the syndicate where established insurance liabilities are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debt in provisions.

To manage reserving and ultimate reserves risk, the managing agent's actuarial team uses a range of recognised techniques to project gross premiums written, monitor claims development patterns and stress test ultimate insurance liability balances. An external independent actuary also performs an annual review to produce a statement of actuarial opinion for the syndicate.

The objective of the syndicate's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business.

The syndicate monitors its exposure to insurance risk by location.The geographical breakdown of written premiums is disclosed in note 3.

A set increase or decrease in total claims liabilities would have the following impact on profit and members' balances':

	Impact on profit and members' balances'	
Sensitivity to insurance risk (claims reserves)	2024	2023
	$'000	$'000
Claims outstanding - gross of reinsurance	15,397	13,613
Claims outstanding - net of reinsurance	15,397	13,613
5% increase in gross claims reserve	(770)	(681)
5% decrease in gross claims reserve	770	681
5% increase in net claims reserve	(770)	(681)
5% decrease in net claims reserve	770	681

2.2 Market risk

Market risk arises where the value of assets and liabilities changes as a result of movements in foreign exchange rates and interest rates.

Foreign exchange risk

The functional and presentational currency of the syndicate is the US dollar. The effect of this on foreign exchange risk is that the syndicate is exposed to fluctuations in exchange rates for non-dollar denominated transactions and net assets.

The syndicate has four main settlement currencies: US dollars, sterling, Canadian dollars and euro. Transactions in all currencies are converted to US dollars on initial recognition and revalued at the reporting date. Remaining foreign exchange risk is actively managed as described below.

The syndicate's assets are broadly matched by currency to the principal underlying settlement currencies of its insurance liabilities. This helps mitigate the risk that future movements in exchange rates would materially impact the syndicate's assets required to cover its insurance liabilities.
The following table summarises the carrying value of total assets and total liabilities categorised by currency:

2. Risk management continued

31 December 2024	CAD $ $'000	EUR € $'000	UK £ $'000	AUD $ $'000	Other $'000	Subtotal $'000	US $ $'000	Total $'000
Investments	725	—	—	1,030	256	2,011	456	2,467
Debtors	63	203	1,394	—	—	1,660	1,490	3,150
Other assets	514	2,236	4,556	—	—	7,306	12,362	19,668
Prepayments and accrued income	—	3	58	—	—	61	44	105
Total assets	**1,302**	**2,442**	**6,008**	**1,030**	**256**	**11,038**	**14,352**	**25,390**
Technical provisions	(241)	(1,101)	(3,346)	—	—	(4,688)	(11,379)	(16,067)
Creditors	(24)	(152)	(7,425)	—	—	(7,601)	(1,244)	(8,845)
Accruals and deferred income	—	—	(270)	—	—	(270)	(2)	(272)
Total liabilities	**(265)**	**(1,253)**	**(11,041)**	**—**	**—**	**(12,559)**	**(12,625)**	**(25,184)**
Total Capital and Reserves	**1,037**	**1,189**	**(5,033)**	**1,030**	**256**	**(1,521)**	**1,727**	**206**

31 December 2023	CAD $ $'000	EUR € $'000	UK £ $'000	AUD $ $'000	Other $'0000	Subtotal $'000	US $ $'000	Total $'000
Investments	1,027	—	—	646	382	2,055	570	2,625
*Debtors	64	172	846	—	—	1,082	460	1,542
Other assets	771	1,474	3,319	—	—	5,564	14,013	19,577
Prepayments and accrued income	13	11	133	—	—	157	670	827
Total assets	**1,875**	**1,657**	**4,298**	**646**	**382**	**8,858**	**15,713**	**24,571**
Technical provisions	(280)	(1,185)	(4,031)	—	—	(5,496)	(15,492)	(20,988)
Creditors	(18)	(104)	(5,809)	—	—	(5,931)	(975)	(6,906)
Accruals and deferred income	—	—	(151)	—	—	(151)	—	(151)
Total liabilities	**(298)**	**(1,289)**	**(9,991)**	**—**	**—**	**(11,578)**	**(16,467)**	**(28,045)**
Total Capital and Reserves	**1,577**	**368**	**(5,693)**	**646**	**382**	**(2,720)**	**(754)**	**(3,474)**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 22.

Sensitivity analysis - foreign exchange risk

In 2024, the managing agent managed the syndicate's foreign exchange risk by periodically assessing its non-dollar exposures while targeting net assets to be predominately US dollar denominated. On a forward looking basis an assessment is made of expected future exposure development and appropriate currency trades put in place to reduce risk.

Fluctuations in the syndicate’s trading currencies against the US dollar would result in a change to profit and members' balances. The table below gives an indication of the impact on profit and members' balances of a percentage change in relative strength of US dollar against the value of sterling, Canadian dollar, Australian dollar, and euro, simultaneously. The analysis is based on the current information available and an assumption that the impact of foreign exchange on non-monetary items will be nil and is presented net of the impact of the exchange rate derivatives referenced above.

	Impact on profit and members' balances'	
Change in exchange rate of sterling, Canadian dollar, Australian dollar and euro relative to US dollar	2024 $'000	2023 $'000
Dollar weakens 10% against other currencies	(162)	(285)
Dollar strengthens 10% against other currencies	162	285

2. Risk management continued

Interest rate risk

The managing agent manages interest rate risk by primarily investing in short duration financial investments and cash. The investment committee monitors the duration of these assets on a regular basis.

The following table shows the average duration at the reporting date of the financial instruments that are exposed to movements in market interest rates.

Duration is a commonly used measure of volatility which gives a better indication than maturity of the likely sensitivity of our portfolio to changes in interest. The syndicate manages interest rate risk by primarily investing in short duration financial investments and cash. The investment committee monitors the duration of these assets on a regular basis.

Duration 31 December 2024	<1 yr $'000	1-2 yrs $'000	2-3 yrs $'000	3-4 yrs $'000	4-5 yrs $'000	5-10 yrs $'000	>10 yrs $'000	Total $'000
Participation in investment pools	977	—	—	—	—	—	—	977
Other investments	1,490	—	—	—	—	—	—	1,490
Cash at bank and in hand	19,668	—	—	—	—	—	—	19,668
Total	**22,135**	**—**	**—**	**—**	**—**	**—**	**—**	**22,135**

Duration 31 December 2023	<1 yr $'000	1-2 yrs $'000	2-3 yrs $'000	3-4 yrs $'000	4-5 yrs $'000	5-10 yrs $'000	>10 yrs $'000	Total $'000
Participation in investment pools	1,348	—	—	—	—	—	—	1,348
Overseas deposits	1,277	—	—	—	—	—	—	1,277
Cash at bank and in hand	19,577	—	—	—	—	—	—	19,577
Total	**22,202**	**—**	**—**	**—**	**—**	**—**	**—**	**22,202**

Sensitivity analysis - interest rate risk

The syndicate holds financial assets and liabilities that are exposed to interest rate risk. Changes in interest yields, with all other variables constant, would result in changes in the capital value of debt and derivative financial instruments. This will affect reported profits and net assets as indicated in the table below.

	Impact on profit for the year ended		Impact on members balances	
Shift in yield (basis points)	2024 $'000	2023 $'000	2024 $'000	2023 $'000
50 basis point increase	(20)	(12)	(20)	(12)
50 basis point decrease	20	12	20	12

Price risk

This is not a material risk to the syndicate.

2. Risk management continued

2.3 Credit risk

Credit risk arises from the failure of another party to perform its financial or contractual obligations to the syndicate in a timely manner. The primary sources of credit risk for the syndicate are:

- brokers and coverholders – whereby counterparties fail to pass on premiums or claims collected or paid on behalf of the syndicate; and
- investments – whereby issuer default results in the syndicate losing all or part of the value of a financial instrument and derivative financial instrument.

The syndicate's core business is to accept significant insurance risk and the appetite for other risks is low. This protects the syndicate's capital from erosion so that it can meet its insurance liabilities.

The managing agent limits exposure to a single counterparty or a group of counterparties and analyse the geographical locations of exposures when assessing credit risk.

An approval system also exists for all new brokers, and broker performance is carefully monitored by the managing agent. Regular exception reports highlight trading with non-approved brokers, and the managing agent's credit control function frequently assesses the ageing and collectability of debtor balances. Any large, aged items are prioritised and where collection is outsourced, incentives are in place to support these priorities.
The tables on below summarise the syndicate's concentrations of credit risk. The credit ratings are S&P credit ratings.

31 December 2024	AAA $'000	AA $'000	A $'000	BBB $'000	Other $'000	Not rated $'000	Total $'000
Financial investments							
Participation in investment pools	—	—	977	—	—	—	977
Other investments	—	—	1,490	—	—	—	1,490
Total Financial Investments	—	—	2,467	—	—	—	2,467
Cash at bank and in hand	—	—	19,668	—	—	—	19,668
Debtors arising out reinsurance operations	—	—	—	—	—	45	45
Debtors arising out of direct insurance operations	—	—	—	—	—	1,701	1,701
Other debtors and accrued interest	—	—	33	—	—	1,405	1,438
Total	**—**	**—**	**22,168**	**—**	**—**	**3,151**	**25,319**

31 December 2023	AAA $'000	AA $'000	A $'000	BBB $'000	Other $'000	Not rated $'000	Total $'000
Financial investments							
Participation in investment pools	–	1,348	–	–	–	–	1,348
Other investments	–	–	1,277	–	–	–	1,277
Total financial investments	**–**	**1,348**	**1,277**	**–**	**–**	**–**	**2,625**
Cash at bank and in hand	–	2,968	16,609	–	–	–	19,577
Debtors arising out reinsurance operations	–	–	–	–	–	255	255
Debtors arising out of direct insurance operations	–	–	–	–	–	1,050	1,050
*Other debtors and accrued interest	–	–	–	–	–	237	237
Total	**–**	**4,316**	**17,886**	**–**	**–**	**1,542**	**23,744**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 22.

Based on all evidence available, debtors arising out of insurance operations and other debtors have not been impaired and no impairment provision has been recognised in respect of these assets.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table on the following page.

Notes to the syndicate annual accounts continued

2. Risk management continued

31 December 2024	Neither past due nor impaired $'000	Past due but not impaired $'000	Gross value of impaired assets $'000	Impairment allowance $'000	Total $'000
Financial investments					
Participation in investment pools	977	–	–	–	977
Other investments	1,490	–	–	–	1,490
Total financial investments	**2,467**	**–**	**–**	**–**	**2,467**
Cash at bank and in hand	19,668	–	–	–	19,668
Debtors arising out reinsurance operations	45	–	–	–	45
Debtors arising out of direct insurance operations	1,701	–	–	–	1,701
Other debtors and accrued interest	1,438	–	–	–	1,438
Total	**25,319**	**–**	**–**	**–**	**25,319**

31 December 2023	Neither past due nor impaired $'000	Past due but not impaired $'000	Gross value of impaired assets $'000	Impairment allowance $'000	Total $'000
Financial investments					
Participation in investment pools	1,248	–	–	–	1,248
Other investments	1,277	–	–	–	1,277
Total financial investments	**2,525**	**–**	**–**	**–**	**2,525**
Cash at bank and in hand	19,577	–	–	–	19,577
Debtors arising out reinsurance operations	255	–	–	–	255
Debtors arising out of direct insurance operations	1,050	–	–	–	1,050
*Other debtors and accrued interest	237	–	–	–	237
Total	**23,644**	**–**	**–**	**–**	**23,644**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 22.

2.4 Liquidity risk

Liquidity risk arises where cash may not be available to pay obligations when due at a reasonable cost. The syndicate is exposed to daily calls on its available cash resources, principally from claims arising from its insurance business. In the majority of the cases, these claims are settled from the premiums received.

The syndicate's approach is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event. This means that the syndicate maintains sufficient liquid assets, or assets that can be translated into liquid assets at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid funds are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return.

The maturity analysis presented in the table below shows the remaining contractual maturities for the syndicate's insurance contracts and financial instrument liabilities. For insurance and reinsurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. For financial liabilities, it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date.

Maturity 31 December 2024	Carrying amount $'000	No maturity stated $'000	0-1 yrs $'000	1-3 yrs $'000	3-5 yrs $'000	>5 yrs $'000	Total $'000
Claims outstanding	15,397	–	5,798	5,675	2,458	1,466	15,397
Creditors	8,845	1,473	7,372	–	–	–	8,845
Other liabilities	272	–	272	–	–	–	272
Total	**24,514**	**1,473**	**13,442**	**5,675**	**2,458**	**1,466**	**24,514**

2. Risk management continued

Maturity 31 December 2023	Carrying amount $'000	No maturity stated $'000	0-1 yrs $'000	1-3 yrs $'000	3-5 yrs $'000	>5yrs $'000	Total $'000
Claims outstanding	13,613	–	4,321	5,157	2,613	1,522	13,613
Creditors	6,906	940	5,966	–	–	–	6,906
Other liabilities	151	–	151	–	–	–	151
Total	**20,670**	**940**	**10,438**	**5,157**	**2,613**	**1,522**	**20,670**

2.5 Capital management

Capital framework at Lloyd's

The Society of Lloyd’s is a regulated undertaking and subject to the supervision of the Prudential Regulation Authority under the Financial Services and Markets Act 2000.

Within this supervisory framework, Lloyd’s applies capital requirements at member level and centrally to ensure that Lloyd’s complies with Solvency II, and beyond that to meet its own financial strength, license and ratings objectives. Although, as described below, the 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 an overall and member level respectively, not at a syndicate level. Accordingly the capital requirement in respect of syndicate 4321 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 Solvency Capital Requirement ('SCR') for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR to ultimate). The syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd’s to use in meeting Solvency II requirements. The SCRs of each syndicate are subject to review by Lloyd’s and approval by the Lloyd’s Capital and Planning Group.

A syndicate comprises one or more underwriting members of Lloyd’s. Each member is liable for its own share of underwriting liabilities on the syndicate(s) on which it participates but not other members’ shares. Accordingly, the capital requirement that Lloyd’s sets for each member operates on a similar basis. Each member’s SCR shall thus be determined by the sum of the member’s share of the syndicate SCR to ultimate. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 year loss to ultimate for that member. Over and above this, Lloyd’s applies a capital uplift to the member’s capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd’s not a Solvency II requirement, is to meet Lloyd’s financial strength, license 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), held within and managed within a syndicate (funds in syndicate) and/or as the member’s share of the solvency II 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 on page 15, represent resources available to meet members’ and Lloyd’s capital requirements.

Notes to the syndicate annual accounts continued

3 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	Net operating expenses $'000	Underwriting result $'000
Direct Insurance					
Third party liability	3,634	6,456	(2,344)	(1,501)	2,611
Fire and other damage to property	302	3,315	(983)	(643)	1,689
Marine aviation and transport	(41)	291	(2,159)	(119)	(1,987)
Total	**3,895**	**10,062**	**(5,486)**	**(2,263)**	**2,313**
Reinsurance accepted	**390**	**962**	**(163)**	**(160)**	**639**
Total Direct and Reinsurance accepted	**4,285**	**11,024**	**(5,649)**	**(2,423)**	**2,952**

2023	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Net operating expenses $'000	Underwriting result $'000
Direct Insurance					
Third party liability	8,179	7,843	(4,465)	(3,112)	266
Fire and other damage to property	10,517	8,895	(7,228)	(2,276)	(609)
Marine, aviation and transport	744	498	(231)	(1,140)	(873)
Total	**19,440**	**17,236**	**(11,924)**	**(6,528)**	**(1,216)**
Reinsurance accepted	**980**	**1,498**	**(445)**	**(535)**	**518**
Total Direct and Reinsurance accepted	**20,420**	**18,734**	**(12,369)**	**(7,063)**	**(698)**

All business was concluded in the UK. No gains or losses were recognised in profit or loss during the year on buying reinsurance (2023: nil). The gross premiums written by destination of risk is presented in the table below:

	2024 $'000	2023 $'000
United Kingdom	117	583
US	2,376	11,858
European Union member states	740	3,694
Rest of world	662	3,305
Total gross premium written	**3,895**	**19,440**

4 Net operating expenses

	2024 $'000	2023 $'000
Acquisition costs	989	3,320
Change in deferred acquisition costs	758	(181)
Administrative expenses	676	3,624
Members' standard personal expenses	—	300
	2,423	**7,063**

Acquisition costs include commissions for direct insurance business as shown below:

	2024 $'000	2023 $'000
Total commission for direct insurance business	989	2,673

4 Net operating expenses continued

Administrative expenses include:

	2024 $'000	2023 $'000
Fees payable to the syndicate's auditor for the audit of these syndicate annual accounts	143	124
Fees payable to the syndicate's auditor and its associates in respect of other services pursuant to legislation	87	81
Total	**230**	**205**

Fees payable to the syndicate's auditor in relation to other services pursuant to legislation primarily relate to the review and audit of syndicate regulatory returns along with the statement of actuarial opinion.

5 Key management personnel compensation

The Directors of BFL, excluding the active underwriter, received the following aggregate remuneration charged to Syndicate 4321 and included within net operating expenses:

	2024 $'000	2023 $'000
Emoluments	15	107
	15	**107**

The active underwriter received the following aggregate remuneration charged to Syndicate 4321

	2024 $'000	2023 $'000
Emoluments	62	44
	62	**44**

The run-off manager received the following aggregate remuneration charged to Syndicate 4321

	2024 $'000	2023 $'000
Emoluments	62	—
	62	**—**

6 Staff numbers and costs

The syndicate has no employees. All staff are employed by Beazley Management Limited ('BML'), a related company to the managing agent, both of which operate within the Beazley Group. The average number of persons employed by BML and working for the syndicate in some capacity are as follows.

	Number of employees 2024	2023
Administration and finance	870	799
Underwriting	239	234
Claims	88	75
Investments	8	8
	1,205	**1,116**

The following amounts were recharged to the syndicate in respect of staff costs:

	2024 $'000	2023 $'000
Wages and salaries	93	808
Social security	34	251
Pension costs	28	207
Short term incentive payments	90	543
	245	**1,809**

Notes to the syndicate annual accounts continued

7 Investment return

	2024 $'000	2023 $'000
Interest and similar income		
From financial instruments designated at fair value through profit or loss		
Interest and similar income	12	13
From financial instruments classified at amortised cost		
Interest on cash at bank	874	522
Total investment return	**886**	**535**
Transferred to the technical account from the non-technical account	886	535
Impairment losses on debtors recognised in administrative expenses	—	—

8 Collection on open year account

A collection of $2,225k from members will be proposed in relation to the closing year of account 2022.

9 Financial investments

	Carrying value		Cost	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Participation in investment pools	977	1,348	968	1,374
Other investments	1,490	1,277	1,487	1,284
Total financial investments at fair value	**2,467**	**2,625**	**2,455**	**2,658**
Total	**2,467**	**2,625**	**2,455**	**2,658**

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

	2024 $'000	2023 $'000
Financial assets measured at fair value through profit or loss	2,467	2,625
Total financial investments	**2,467**	**2,625**

Overseas deposits are held as a condition of conducting underwriting business in certain countries. These are included in the other investments line in the table above.

Valuation hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole. If the inputs used to measure the fair value of an asset or a liability could be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Level 1 – Valuations based on quoted prices in active markets for identical instruments. An active market is a market in which transactions for the instrument occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active, or based on pricing models for which significant inputs can be corroborated by observable market data,directly or indirectly (e.g. interest rates, exchange rates). Level 2 inputs include:
- Quoted prices similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;
- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads); and
- Market corroborated inputs.

9 Financial investments continued

Level 3 – Valuations based on inputs that are unobservable or for which there is limited market activity against which to measure fair value. The availability of financial data can vary for different financial assets and is affected by a wide variety of factors, including the type of financial instrument, whether it is new and not yet established in the marketplace, and other characteristics specific to each transaction. To the extent that valuation is based on non-active markets, the determination of fair value requires more judgement. Accordingly the degree of judgement exercised by management in determining fair value is greatest for instruments classified in level 2. The syndicate uses prices and inputs that are current as of the measurement date for valuation of these instruments.

Valuation approach

The table on the following page shows the fair values of financial instruments at 31 December 2024 and 31 December 2023, including their levels in the fair value hierarchy:

2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Assets held at amortised cost $'000	Total $'000
Participation in investment pools	977	—	—	—	977
Other investments	1,490	—	—	—	1,490
Total assets	**2,467**	**—**	**—**	**—**	**2,467**
Derivative financial instruments	—	—	—	—	—
Total	**2,467**	**—**	**—**	**—**	**2,467**

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Assets held at amortised cost $'000	Total $'000
Participation in investment pools	1,348	—	—	—	1,348
Other investments	1,277	—	—	—	1,277
Total assets	**2,625**	**—**	**—**	**—**	**2,625**
Derivative financial liabilities	—	—	—	—	—
Total	**2,625**	**—**	**—**	**—**	**2,625**

The investment portfolio above contains $977k (2023: $1,348K) of short term deposits separately disclosed in note 13.

10 Debtors arising out of direct insurance operations

	2024 $'000	2023 $'000
Due within one year	1,701	1,051
Due after one year	—	—
	1,701	**1,051**

These balances are due within one year.

11 Debtors arising out of reinsurance operations

	2024 $'000	2023 $'000
Due within one year	45	253
Due after one year	—	2
	45	**255**

These balances are due within one year.

Notes to the syndicate annual accounts continued

12 Other debtors

	2024 $'000	2023 *restated $'000
Amount due from syndicate 5623	1,068	—
Inter syndicate balances	**1,068**	**—**
Other	336	236
Total other debtors	**1,404**	**236**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 22.

These balances are due within one year.

13 Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank and in hand	19,668	19,577
Short term deposits	977	1,348
Total cash and cash equivalents	**20,645**	**20,925**

Short term deposits disclosed in this table are included within financial investments. Included within cash and cash equivalents are the following amounts which are not available for use by the syndicate as they are held for regulatory purposes.

	2024 $'000	2023 $'000
Short term debt instruments presented within other financial investments	977	1,348
Total cash and cash equivalents not available for use by the syndicate	**977**	**1,348**

14 Deferred acquisition costs

	2024			2023		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at 1 January	827	—	827	642	—	642
Incurred deferred acquisition costs	989	—	989	3,321	—	3,321
Amortised deferred acquisition costs	(1,747)	—	(1,747)	(3,140)	—	(3,140)
Foreign exchange movements	2	—	2	4	—	4
Balance at 31 December	**71**	**—**	**71**	**827**	**—**	**827**

15 Analysis of net debt

31 December 2024	At 1 January 2024	Cashflows	Acquired	Fair value and exchange movements	Non-cash changes	At 31 December 2024
Cash at bank and in hand	19,577	110	—	(19)	—	19,668
Short term deposits	1,348	(349)	—	(22)	—	977
Cash and cash equivalents	**20,925**	**(239)**	**—**	**(41)**	**—**	**20,645**
Total	**20,925**	**(239)**	**—**	**(41)**	**—**	**20,645**

31 December 2023	At 1 January 2023	Cashflows	Acquired	Fair value and exchange movements	Non-cash changes	At 31 December 2023
Cash at bank and in hand	6,897	12,558	—	122	—	19,577
Short term deposits	688	657	—	3	—	1,348
Cash and cash equivalents	**7,585**	**13,215**	**—**	**125**	**—**	**20,925**
Total	**7,585**	**13,215**	**—**	**125**	**—**	**20,925**

16 Technical Provisions

The table below shows the changes in the insurance contract liabilities and assets from the beginning of the period to the end of the period.

Claims outstanding	Gross Provisions $'000	Reinsurance assets $'000	Net $'000	Gross Provisions $'000	Reinsurance assets $'000	Net $'000
Balance at 1 January	13,613	—	13,613	4,556	—	4,556
Claims paid during the year	(3,851)	—	(3,851)	(3,355)	—	(3,355)
Expected cost of current year claims	6,229	—	6,229	12,108	—	12,108
Change in estimates of prior year provisions	(580)	—	(580)	261	—	261
Effects of movements in exchange rate	(14)	—	(14)	43	—	43
Balance at 31 December	**15,397**	**—**	**15,397**	**13,613**	**—**	**13,613**

Unearned premiums	Gross Provisions $'000	Reinsurance assets $'000	Net $'000	Gross Provisions $'000	Reinsurance assets $'000	Net $'000
Balance at 1 January	7,375	—	7,375	5,635	—	5,635
Premium written during the year	4,285	—	4,285	20,420	—	20,420
Premiums earned during the year	(11,024)	—	(11,024)	(18,734)	—	(18,734)
Effect of movements in exchange rate	34	—	34	54	—	54
Balance at 31 December	**670**	**—**	**670**	**7,375**	**—**	**7,375**

The following tables illustrate the development of the estimates of ultimate cumulative claims incurred, including claims notified and IBNR, for each successive underwriting year, illustrating how amounts estimated have changed from the first estimates made.

Gross Amounts	2022	2023 $'000	2024 $'000	Total $'000
12 months	14,801	13,286	—	
24 months	10,636	11,304		
36 months	11,526			
Total ultimate losses	11,526	11,304	—	22,830
Less gross claims paid	(4,705)	(2,243)	—	(6,948)
Gross claims reserves (unearned)	6,821	9,061	—	15,882
Less unearned portion of ultimate losses	(279)	(206)	—	(485)
Gross claims reserves	**6,542**	**8,855**	**—**	**15,397**

17 Creditors arising out of direct insurance operations

	2024 $'000	2023 $'000
Due within one year	30	3
Due after one year	—	—
Total creditors	**30**	**3**

Notes to the syndicate annual accounts continued

18 Other creditors

	2024 $'000	2023 $'000
Due to syndicate 623	263	168
Due to syndicate 2623	1,210	772
Total inter-syndicate balances	1,473	940
Other related party balances (non-syndicate)	7,342	5,963
Total other creditors	**8,815**	**6,903**

The above other creditors balances are payable within one year.

19 Related party transactions

BFL as the managing agent of the syndicate is responsible for settling intercompany balances with other managed syndicates and net amounts due to/from other related parties.

Certain Directors of BFL have shareholdings in Beazley plc which provides capacity for syndicates 2623, 623, 3622, 3623, 4321 and 5623. Beazley Corporate Member No. 3 Limited provides 10% of the underwriting capacity to the syndicate for the 2022 and 2023 YOA.

The intercompany positions with entities owned by/(to) Beazley plc at 31 December 2024 are shown in the table below:

	2024 $'000	2023 $'000
Amounts due to syndicate 623	(263)	(168)
Amounts due to syndicate 2623	(1,210)	(772)
Amounts due from syndicate 5623	1,068	—
Amounts due to Beazley Management Limited	(18)	(217)
Amounts due to Beazley Furlonge Limited	(7,324)	(5,746)
Total	**(7,747)**	**(6,903)**

20 Subsequent events

There have been no balance sheet events which have occurred between the reporting date and the date which the financial statements have been signed, for which an adjustment and or disclosure is required. A collection of $2,225K from members will be proposed in relation to the closing year of account for 2022.

21 Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's ('FAL'). These funds are intended primarily to cover circumstances where Syndicate assets prove insufficient to meet participating members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on Prudential Regulatory Authority requirements and resource criteria. The determination of FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the managing agent, no amount has been shown in these Financial Statements by way of such capital resources. However, the managing agent is able to make a call on the Member's FAL to meet liquidity requirements or to settle losses.

22 Changes in accounting policies - presentation

The 2023 syndicate accounts were prepared in line with the relevant accounting standards and regulatory requirements and received an unqualified audit opinion from the Syndicate's auditor. However, the managing agent has voluntarily elected to enact certain changes in accounting policy relating to the presentation of various items in the financial statements for this syndicate for the year ended 31 December 2024. The changes are intended to align the presentation of the syndicate's accounts with the proforma disclosures set out by Lloyd's during the year as part of their effort to rationalise and standardise reporting across the Lloyd's market. These changes have been applied on a retrospective basis and have no impact on the measurement of assets or liabilities, reported profit or the combined ratio. Further details of each change have been included below. This has impacted certain comparative notes also.

22 Changes in accounting policies - presentation continued

Members' agent fees

Members' agent fees are typically funded by the syndicate and then recouped at the time the YOA closes. Historically, the syndicate has treated these as a separate receivable (recognised within Other debtors on the balance sheet), whereas the managing agent now presents these as a deficit to members balances. This change in policy has no impact on the settlement of a YOA and is entirely presentational.

Cash flow statement – presentation and classification

The managing agent has elected to change the presentation and classification of several lines within the cash flow statement in order to align with the proforma disclosures set out by Lloyd's. These changes can be summarised as follows:

- Several lines are now combined under a single heading (Movement in other assets/liabilities) where previously these were presented separately.
- Purchases and sales of equities are now presented separately where historically these have been combined.
- Foreign exchange amounts have been reclassified from investing to operating activities and presented separately.
- Transfer from/to members in respect of underwriting operations has been disaggregated where previously the total movement was presented under one line.

Balance sheet

31-Dec-23	Previously disclosed $'000	Adjustment Members' agent fees $'000	Restated $'000
Other debtors	258	(22)	236
Total assets	**24,593**	**(22)**	**24,571**
Members' balances	(3,452)	(22)	(3,474)
Total capital and reserves	**(3,452)**	**(22)**	**(3,474)**
Total liabilities	**28,045**	**—**	**28,045**

Statement of changes in members' balances

31-Dec-23	Previously disclosed $'000	Adjustment Members' agent fees $'000	Restated $'000
Members' balances brought forward at 1 January	(3,156)	(11)	(3,167)
Member agent fees	—	(11)	(11)
Members' balances carried forward at 31 December	**(3,452)**	**(22)**	**(3,474)**

Notes to the syndicate annual accounts continued

22 Changes in accounting policies - presentation continued

Statement of cash flows

31-Dec-23	Previously disclosed $'000	Adjustment Cash flow statement $'000	Restated $'000
(Increase)/decrease in debtors, prepayments and accrued income	(684)	12	(672)
Increase/(decrease) in net technical provisions	10,796	(10,796)	—
Increase/(decrease) in gross technical provisions	—	10,796	10,796
(Increase)/decrease in reinsurers' share of gross technical provisions	—	—	—
(Increase)/decrease in deferred acquisition costs	(184)	184	—
Increase/(decrease) in creditors, accruals and deferred income	4,584	41	4,625
Movement in other assets/liabilities	—	(226)	(226)
Foreign exchange	—	(126)	(126)
Net cash flows from operating activities	**13,681**	**(115)**	**13,566**
Net purchase of investments	(1,001)	1,001	—
Purchase of equity and debt securities	—	(875)	(875)
Net cash flows from investment activities	**(466)**	**126**	**(340)**
Other	—	(11)	(11)
Net cash flows from financing activities	**—**	**(11)**	**(11)**
Net increase/(decrease) in cash and cash equivalents	**13,215**	**—**	**13,215**
Cash and cash equivalents at the end of the year	**20,925**	**—**	**20,925**

23 Foreign exchange rates

The syndicate used the following exchange rates to translate foreign currency assets, liabilities, income and expenses into US dollars, being the syndicate's presentational currency:

	2024			2023		
	Start of period	Average	End of period	Start of period	Average	End of period
Sterling	0.82	0.78	0.80	0.82	0.81	0.82
Euro	0.93	0.92	0.95	0.95	0.93	0.93
US dollar	1.00	1.00	1.00	1.00	1.00	1.00
Canadian dollar	1.36	1.36	1.41	1.37	1.35	1.36
Australian dollar	1.52	1.51	1.57	1.48	1.51	1.52

2022 underwriting year of account for Syndicate 4321

Managing agent's report

The syndicate underwriting year accounts have been prepared under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (the 'Lloyd's Regulations') and in accordance with the Syndicate Accounting Byelaw (No.9 of 2005), including Financial Reporting Standard 102 (FRS 102) and Insurance Contracts 103 (FRS 103) in accordance with the provisions of Schedule 3 of the Large and Medium-size Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

Members participate on a syndicate by reference to a year of account ('YOA') and each syndicate YOA is a separate annual venture. These accounts relate to the 2022 YOA which has been closed by reinsurance to close at 31 December 2024; consequently the balance sheet represents the assets and liabilities of the 2022 YOA and the profit or loss account reflects the transactions for that YOA during the 36 months period until closure. The loss of $1,746.5k on the 2022 YOA represents a loss on capacity of 6.0% which includes the impact of personal members expenses of $10.7k. The loss on capacity remains at 6.0% after excluding these expenses.

Principal activity

Please refer to the Managing agent's report in Syndicate 4321 annual accounts for details around the principal activities of the syndicate.

Directors

A list of Directors of the managing agent who held office during the current year can be found on page 54 of this document.

Disclosure of information to the auditor

The Directors of the managing agent who held office at the date of approval of this managing agent's report confirm that, so far as they are each aware, there is no relevant audit information of which the syndicate's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

Auditor

Pursuant to Section 14(2) of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the Board

C C J Wong
Chief Financial Officer

5 March 2025

Statement of 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 YOA, ensure a treatment which is equitable between the members of the syndicate affected is used;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

On behalf of the Board

C C J Wong
Chief Financial Officer

5 March 2025

Independent auditor's report to the members of Syndicate 4321 2022 closed year of account

Opinion

We have audited the syndicate underwriting year accounts for the 2022 year of account of syndicate 4321 ('the syndicate') for the three years ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Statement of Members' Balances, Balance Sheet, the Statement of Cash Flows and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the syndicate underwriting year accounts:

- give a true and fair view of the loss for the 2022 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the syndicate underwriting year accounts section of our report. We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year accounts in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – closure of the 2022 year of account

We draw attention to the Note 1 which explains that the 2022 year of account of Syndicate 4321 has closed and all assets and liabilities transferred to the 2023 year of account by reinsurance to close at 31 December 2024.

As a result, the syndicate underwriting year accounts for the 2022 year of account of syndicate 4321 have been prepared under basis other than going concern.

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Underwriting Year report and accounts, other than the syndicate underwriting year accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the Underwriting Year report and accounts.

Our opinion on the syndicate underwriting year accounts does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) requires us to report to you, if in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

Responsibilities of the managing agent

As explained more fully in the Statement of Managing Agent's Responsibilities 39, the managing agent is responsible for the preparation of 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 (no. 8 of 2005) and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the managing agent and management

Our approach was as follows:

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the syndicate and determined that the most significant are direct laws and regulations related to elements of Lloyd's Byelaws and Regulations, and the financial reporting framework (UKGAAP) and requirements referred to by Lloyd's in the Instructions. Our considerations of other laws and regulations that may have a material effect on the syndicate underwriting year accounts included permissions and supervisory requirements of Lloyd's of London, the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We obtained a general understanding of how the syndicate is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the syndicate. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the syndicate, Lloyd's of London and other UK regulatory bodies; reviewed minutes of the Board and Risk Committee of the managing agent; and gained an understanding of the managing agent's approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related syndicate underwriting year accounts' items.
- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the managing agent and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the managing agent's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with Lloyd's, the FCA and the PRA.

Independent auditor's report to the members of Syndicate 4321 2022 closed year of account continued

- The syndicate operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the syndicate's underwriting year accounts to material misstatement, including how fraud might occur by considering the controls that the managing agent has established to address risks identified by the managing agent, or that otherwise seek to prevent, deter, or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk including,

  - Reviewing accounting estimates for evidence of management bias. Supported by our Actuaries we assessed if there were any indicators of management bias in the valuation of insurance liabilities and the recognition of estimated premium income.
  - Evaluating the business rationale for significant and/or unusual transactions.

- These procedures included testing manual journals and were designed to provide reasonable assurance that the syndicate underwriting year accounts were free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with The Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) and The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate and the syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Niamh Byrne(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

5 March 2025

Profit or loss account

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

	Notes	2022 year of account $'000
Gross premiums written		15,110.1
Earned premiums, net of reinsurance		**15,110.1**
Allocated investment return transferred from the non technical account		77.2
Reinsurance to close premiums received, net of reinsurance		—
Investment return and reinsurance adjusted premium		**77.2**
Reinsurance to close premiums payable, net of reinsurance	4	(6,874.2)
Gross claims paid		(4,830.0)
Claims incurred, net of reinsurance		**(11,704.2)**
Net operating expenses	6	(5,421.9)
Balance on technical account		**(1,938.8)**
Loss on foreign exchange		(286.3)
Investment income		77.2
Allocated investment return transferred to the technical account		(77.2)
Loss for the 2022 closed year of account	**5**	**(2,225.1)**
Syndicate allocated capacity (£'000)		29,000.0
Loss for the 2022 closed year of account (£'000)		(1,746.5)
Loss on capacity		(6.0)%

There are no other comprehensive gains or losses in the accounting period.

Statement of changes in members' balances

for the 36 months ended 31 December 2024

	2022 year of account $'000
Loss for the 2022 closed YOA	(2,225.1)
Amounts due from members' at 31 December 2024	**(2,225.1)**

Members participate in syndicates by reference to YOA and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that YOA in respect of their membership of a particular year.

Balance sheet

closed at 31 December 2024

	Notes	2022 year of account $'000
Assets		
Financial investments	11	1,212.7
Debtors	12	225.7
Prepayment and accrued income		13.1
Cash at bank and in hand		7,675.9
Deferred acquisition costs		17.1
Total assets		**9,144.5**
Members' balances and liabilities		
Members' balances		
Amounts due from members	13	(2,225.1)
Liabilities		
Reinsurance to close premium payable to close the account - gross amount	4	6,948.3
Creditors	14	4,421.3
Total Liabilities		**9,144.5**

The syndicate underwriting year accounts on pages 43 to 51 were approved by the Board of Directors of Beazley Furlonge Limited on 5 March 2025 and were signed on its behalf by:

P J Bantick
Director

C C J Wong
Chief Financial Officer

Cash flow statement

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

	2022 year of account $'000
Cash flows from operating activities	
Profit for the 2022 closed YOA	(2,225.1)
Increase in gross technical provisions	6,948.3
Increase in debtors	(225.7)
Movement in other assets/liabilities	(30.2)
Increase in creditors	4,421.3
Investment return	(77.2)
Net cash flow from operating activities	**8,811.4**
Cash flows from investing activities	
Purchase of equity and debt securities	(1,212.7)
Investment income received	77.2
Net cash flow from investing activities	**(1,135.5)**
Net cash flow from financing activities	**—**
Net increase in cash and cash equivalents	7,675.9
Cash and cash equivalents at the end of the year 2022	**7,675.9**

Notes to the syndicate underwriting year accounts

closed at 31 December 2024

1 Accounting policies

Basis of preparation

These underwriting accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ('the Regulations') and applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard 102 (FRS 102) and Insurance Contracts (FRS 103). They have also been prepared in accordance with Lloyd's Syndicate Accounting Byelaw (N0.8 of 2005) and in accordance with the provisions of Schedule 3 of the Large and Medium-size Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

As noted in Note 1 to the syndicate's annual accounts, the syndicate is no longer considered a going concern, and the annual accounts have been prepared on a basis other than going concern. These financial statements represent the participation of members in the 2022 YOA which closed on 31 December 2024. The accumulated losses of the 2022 YOA will be collected shortly after publication of these accounts. Therefore the 2022 YOA is not continuing to trade and, accordingly, the Directors have not adopted the going concern basis in the preparation of these accounts. The amounts reported would be identical if the accounts had been prepared on a going concern basis as the 2022 YOA will be closed by payment of a reinsurance to close premium, as outlined in note (a) below, which is consistent with the normal course of business for a Lloyd's Syndicate and with the approach the managing agent has applied to earlier underwriting years.

The principal accounting policies applied in the preparation of these underwriting accounts are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated. All amounts presented are stated in US dollars, being the syndicate's functional currency, and in millions, unless noted otherwise.

Underwriting transactions

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

b) Gross premiums are allocated to YOA on the basis of the inception date of the policy. Commission and brokerage are charged to the YOA to which the relevant policy is allocated. Policies written under binding authorities, lineslips or consortium arrangements are allocated to the YOA into which the arrangement incepts. Additional and return premiums follow the YOA of the original premium. Premiums in respect of reinsurance ceded are attributed to the same year as the original risk being protected. Gross premiums are stated before the deduction of brokerage, taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet notified.

c) Gross claims paid are allocated to the same YOA as that to which the corresponding premiums are allocated and include internal and external claims settlement expenses. Reinsurance recoveries are allocated to the YOA to which the claim was charged.

d) The reinsurance to close premium is determined by reference to outstanding liabilities, including claims incurred but not yet reported, relating to the closed year and to all previous closed years reinsured therein. Although the estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium includes a provision for unearned premiums and unexpired risks at the balance sheet date, net of deferred acquisition costs.

e) Please refer to note 1. Accounting policies in Syndicate 4321 annual accounts for details around measurement of insurance contracts.

Comparatives

f) Comparatives are not provided in these syndicate underwriting year accounts as each syndicate YOA is a separate annual venture.

Investment return

g) Investment return consists of the syndicates share of the host syndicate's investment return. The investment return is wholly allocated to the technical account.

Syndicate operating expenses

h) Costs are borne by the host syndicate and are charged to the syndicate via an overrider commission.

Notes to the syndicate underwriting year accounts
closed at 31 December 2024 continued

1 Accounting policies continued

Taxation

i) 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 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. It is the responsibility of members to agree and settle their individual tax liabilities with the Inland Revenue.

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

k) No provision has been made for any other overseas tax payable by members on underwriting results. Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

Basis of currency translation

l) The functional and presentational currency of the syndicate is US dollars. Non-USD denominated items going through the profit or loss account are translated to US dollars at the three years' average rates of exchange. Assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate at that date.

2 Risk management

The 2022 YOA has closed and all assets and liabilities have been transferred to a reinsuring YOA. The risks that it is exposed to in respect of the reported financial position and financial performance are significantly less than those relating to the open YOA's as disclosed in the syndicate annual accounts. Accordingly, these underwriting year accounts do not have associated risk disclosures as required by section 34 of FRS 102. Full disclosures relating to these risks are provided in the syndicate annual accounts.

3 Analysis of underwriting result

	Gross premiums written $'000	*Gross premiums earned $'000	Gross claims incurred $'000	Net operating expenses $'000	Reinsurance balance $'000	Underwriting result $'000
Direct Insurance						
Marine, aviation and transport	257.9	252.9	(96.1)	(843.4)	—	(686.6)
Fire and other damage to property	3,777.5	3,704.1	(5,362.9)	(1,166.5)	—	(2,825.3)
Third party liability	9,331.5	9,150.1	(5,043.9)	(2,981.8)	—	1,124.4
Total direct insurance	**13,366.9**	**13,107.1**	**(10,502.9)**	**(4,991.7)**	**—**	**(2,387.5)**
Reinsurance acceptances	1,743.2	1,709.2	(907.5)	(430.2)	—	371.5
Total direct insurance and reinsurance accepted	**15,110.1**	**14,816.3**	**(11,410.4)**	**(5,421.9)**	**—**	**(2,016.0)**

*A gross earnings adjustment of $318.1k is included within Reinsurance to close premiums payable, net of reinsurance on the Profit or loss account.

All business was concluded in the UK.

4 Reinsurance to close premiums payable

	2022 year of account $'000
Gross reinsurance to close premiums through profit and loss	(6,874.2)
Foreign exchange	(74.1)
RITC premiums payable to 2022, net of reinsurance	**(6,948.3)**

	Reported $'000	Unearned premium reserve $'000	IBNR $'000	Total $'000
Reinsurance to close premium payable	(1,847.9)	(341.4)	(4,759.0)	(6,948.3)
Reinsurance to close premiums payable	**(1,847.9)**	**(341.4)**	**(4,759.0)**	**(6,948.3)**

5 Analysis of the 2022 year of account results

	2022 year of account $'000
Amount attributable to business allocated to the 2022 year of account	(2,225.1)
	(2,225.1)

Notes to the syndicate underwriting year accounts

closed at 31 December 2024 continued

6 Net operating expenses

	2022 year of account $'000
Acquisition costs	2,063.7
Administrative expenses	3,358.2
	5,421.9

Administrative expenses include:	$'000
Audit services	198.0

7 Investment expenses and charges

	2022 year of account $'000
Investment management expenses	—
	—

8 Emoluments of Directors of BFL

An allocation of remuneration to the 2022 underwriting YOA for the Directors of BFL is based on the amounts paid between 2022 and 2024 as follows:

	2022 year of account $'000
Emoluments and fees	77.5
	77.5

9 Staff costs

	2022 year of account $'000
Wages and salaries	782.0
Social security costs	234.2
Pension costs	192.9
Incentive payments	414.9
	1,624.0

10 Active underwriter's emoluments

An allocation of the active underwriter’s remuneration to the 2022 underwriting YOA is based on the amounts paid between 2022 and 2023 as follows:

	2022 year of account $'000
Emoluments and fees	37.5
	37.5

11 Financial Assets

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Participation in investment pools	381.4	—	—	381.4
Other investments	831.3	—	—	831.3
Total financial assets at fair value	**1,212.7**	**—**	**—**	**1,212.7**

12 Debtors

	2022 year of account $'000
Amounts due from other syndicates	—
Debtors arising out of direct insurance operations	—
Other debtors	225.7
	225.7

These balances are due within one year.

13 Amounts due from members

	2022 year of account $'000
Loss for the 2022 closed YOA before standard personal expenses	(2,214.4)
Members standard personal expenses	(10.7)
Amounts due from members at 31 December 2024	**(2,225.1)**

14 Creditors

	2022 year of account $'000
Creditors arising out of direct insurance operations - intermediaries	29.6
Other creditors	4,391.7
	4,421.3

15 Related parties transactions

Please refer to page 34 of the syndicate annual accounts for further details of related party transactions for the 2022 YOA.

The Directors of BFL have shareholdings in Beazley plc which provides capacity for syndicates 2623, 623, 3622, 3623, 4321 and 5623. Amounts due from other syndicates is disclosed within note 12.

As at the balance sheet date, the 2022 YOA has a payable due to Beazley Management Limited ('BML') of $24.0K and $4,029.0K due to BFL. These amounts are included in other creditors, disclosed within note 14. BML provides services to the managing agent, and by extension, to the syndicate.

BFL, the managing agent of Syndicate 4321, is a wholly-owned subsidiary of Beazley plc. BFL is responsible for settling intercompany balances with other managed syndicates and net amounts due to/from other related entities.

Summary of closed year results (unaudited)

at 31 December 2024

	2022
Syndicate allocated capacity – £'m	29,000
Syndicate allocated capacity – $'m	40,020
Capacity utilised	33 %
Aggregate net premiums – $'m	13,198
Underwriting profit as a percentage of gross premiums	10.2 %
Return on capacity	(6.0)%
Results for an illustrative £10,000 share	$
Gross premiums – $	4,551.2
Net premiums	4,551.2
Reinsurance to close from an earlier account	—
Net claims	(1,665.5)
Reinsurance to close the year of account	(2,370.4)
Underwriting profit	515.3
Loss on foreign exchange	(86.8)
Syndicate operating expenses	(1,131.7)
Balance on technical account	(703.2)
Gross investment return	26.6
Loss before personal expenses	(676.6)
Illustrative personal expenses	(90.7)
Managing agent's profit commission	—
Loss after illustrative profit commission and personal expenses ($)	(767.3)
Loss after illustrative profit commission and personal expenses (£)	(612.0)

Notes:
1 The illustrative profit commission and personal expenses are estimates of amounts which might be charged on an illustrative share of £10,000. The agency agreements for 1991 and subsequent years of account only provide for the deduction of fees and profit commission on behalf of the managing agent.
2 The effect of any minimum charges on personal expenses or deficit clauses on profit commission have been ignored.
3 Internal claims settlement expenses have been included in 'net claims'.
4 The above figures are stated before members' agents' fees.
5 Profit after illustrative profit commission and personal expenses is shown in dollars and converted to sterling at the closing rate.
6 Gross and net premium amounts shown above are net of brokerage expenses.
7 The summary of closed years results are on a 'pure year' basis.

Managing agent's corporate information

Beazley Furlonge Limited has been the managing agent of Syndicate 4321 throughout the period covered by this report and the registered office is 22 Bishopsgate, London, EC2N 4BQ, United Kingdom.

Directors

R A Stuchbery* - Chair
A P Cox - Chief Executive Officer
G P Blunden* - (resigned 31/03/2024)
C C R Bannister* - (resigned 31/03/2024)
A J Reizenstein*
N Wall*
L Santori*
R S Anarfi
R J Clark* - (appointed 23/05/2024)
P J Bantick - (appointed 07/06/2024)
C C J Wong - (appointed 17/09/2024)
S M Lake - (resigned 30/06/2024)
R E Quane - (resigned 04/10/2024)

*Non-Executive Director.

Active underwriter & Run-off manager

W J Roscoe

Company secretary

R Yeoman

Managing agent’s registered office

22 Bishopsgate
London
EC2N 4BQ
United Kingdom

Registered number

1893407

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Banker

Deustche Bank AG
Wincester House
London
1 Great Winchester Street
EC2N 2DB

Beazley Furlonge Limited

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Syndicate 4321
annual report 2024

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and so it continues...

beazley