Accounts disclaimer

It all started with a hatstand

Beazley Furlonge Limited | Syndicate 5623 at Lloyd's
Annual report and accounts 2024

Welcome to our Annual report 2024

As a leading global specialist insurer, we are passionate about bringing an innovative and progressive approach to helping our clients mitigate the risks of the world. 2024 saw this syndicate achieve its highest written premium ever.

Contents

Highlights

Syndicate capacity
£396.6m
(2023: £339.8m)

Profit for the financial year
$61.6m
(2023: $40.6m)

Combined ratio
90%
(2023: 90%)

Gross premiums written
$491.8m
(2023: $390.1m)

Rate increase on renewals
0.9%
(2023: 7.8%)

Cash and investments
$498.6m
(2023: $184.5m)

Net premiums written
$458.2m
(2023: $363.1m)

Claims ratio
54%
(2023: 57%)

Investment return
7.2%
(2023: 8.1%)

Earned premiums, net of reinsurance
$426.9m
(2023: $294.2m)

Expense ratio
36%
(2023: 33%)

Strategic report of the managing agent

Overview

Syndicate 5623 (the 'syndicate') writes portfolio underwriting business at Lloyd's and operates a follow-only portfolio. The syndicate began writing business directly at Lloyd's from the start of 2023, having previously been a special purpose reinsurance vehicle for syndicate 3623. During 2024, the syndicate began following the lead underwriting of syndicates 2623 and 623 to write business on a multi-line basis which provides 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 capacities of the syndicates managed by Beazley Furlonge Limited ('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 $61.6m (2023: $40.6m). Gross premiums written increased to $491.8m (2023: $390.1m).

Year of account results

The 2022 year of account ('YOA') has closed with a return on capacity of 14.5% despite being adversely impacted by a number of catastrophe events including Hurricane Ian and Storm Elliott. This return on capacity shows that the follow-only model can produce robust returns in the face of industry-wide catastrophe events. The 2023 YOA is currently forecasting a return on capacity of 15.0%. The 2024 YOA is also forecasting a positive return on capacity but it is still in the early stages of development.

Rating environment

The premium rates charged for renewal business on existing lines increased by 0.9% during 2024 (2023: 7.8%).

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 90% (2023: 90%). The increase in expense ratio and the offsetting decline in claims ratio has resulted in a relatively flat combined ratio.

Claims

The claims ratio is a measure of the syndicate's claims experience and represents the ratio of its net insurance claims to net earned premium. The 2024 claims ratio for Syndicate 5623 decreased to 54% (2023: 57%). This is driven by prior year releases, offset by catastrophe events which occurred throughout the year, the most notable being Hurricane Helene.

Net operating expenses

Net operating expenses, including business acquisition costs and administrative expenses were $154.9m (2023: $98.3m). The breakdown of these costs is shown below:

	2024 $m	2023 $m
Brokerage costs	102.6	66.7
Other acquisition costs	4.2	3.1
Total acquisition costs	**106.8**	**69.8**
Administration and other expenses	31.5	27.6
Profit commissions payable to managing agent	16.6	0.9
Net operating expenses	**154.9**	**98.3**

* A further breakdown of net operating expenses can be seen in note 4.

Brokerage costs as a percentage of net earned premium are approximately 24% (2023: 23%). Brokerage costs are deferred and expensed over the life of the associated premiums in accordance with accounting guidelines. Other acquisition costs comprise of 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.

The expense ratio is a measure of net operating expenses to net earned premium. The expense ratio for 2024 is 36% (2023: 33%). The increase is primarily driven by increased brokerage rates and the syndicate beginning to incur profit commissions payable to the managing agent on profits from the directly written portfolio.

Reinsurance

In 2024, the amount spent on outward reinsurance was $33.6m (2023: $27.0m). As a percentage of gross premiums written this was 7% (2023: 7%).

Outlook

The 2023 underwriting year is expected to produce a positive return on capacity. The relatively quiet natural catastrophe season assisted this YOA in producing a positive return on capacity. The syndicate is also expected to produce a positive return on capacity for the 2024 underwriting year, despite suffering losses on Hurricane Helene and Beryl. Looking ahead to 2025, the syndicate will look to build on previous successes.

C C J Wong
Chief Financial Officer

5 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 5623 is the underwriting of market facilities follow-only business at Lloyd’s. The syndicate was granted full syndicate status by Lloyd's from 1 January 2023 and began writing business directly from that date. Previously the syndicate had been a special purpose reinsurance vehicle for Syndicate 3623 on the 2022 year of account and prior.

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 have become regular agenda items throughout 2024. In March 2021 we launched our first Responsible Business Strategy. This document, and the subsequent update which is published alongside the Beazley plc annual report and accounts ('ARA'), 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 the risk profile has remained broadly stable in 2024, Beazley continues to focus on operational and regulatory risks, to ensure that the 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. The 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 market cycle, catastrophe, reinsurance and reserves. • Market cycle: potential systematic mispricing of medium- or long-tailed business that does not support revenue to invest and cover future claims; • 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; • Reinsurance arrangements: reinsurance may not be available or purchases do not support the business underwritten (e.g. mismatch); and • Reserving: reserves may not be sufficiently established to reflect the ultimate paid losses.	Insurance risk is principally managed through pricing tools, analysis of macro trends and claim frequency/severity and ensures exposure is well diversified and not overly concentrated in any one area, or line of business. Our strategic approach to exposure management and a comprehensive internal and external reinsurance programme helps to reduce volatility of profits in addition to managing net exposure through the transfer of risk. 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 carries out periodic analysis to identify significant areas of concentration risk across its business. 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 market cycle across all the lines of business.
Credit The risk of loss resulting from default in obligations due or changes in the credit standing of either issuers of securities, counterparties or any debtors which the company is exposed to. Exposure to credit risk largely emanates from the use of reinsurers, brokers, and coverholders and our investments, of which reinsurance asset is the largest exposure for the syndicate.	Beazley maintains long-term partnerships with strategic reinsurance partners to support it throughout the insurance cycle and during potential catastrophic claim events. Beazley uses a range of traditional and alternative reinsurance mechanisms to diversify reinsurance credit risk. All reinsurers must meet stringent internal approval criteria, overseen by the Reinsurance Security Committee. Credit risk from brokers and coverholders remains low. The credit risk outlook therefore remains stable, as Beazley manages reinsurance, broker, coverholder and investment credit risks, maintaining low levels of aged and/or bad debt.
Market The risk of loss resulting from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Investment assets may be impacted by adverse movements in financial markets, interest rates, exchange rates, or external market forces.	Beazley operates a conservative investment strategy with a view to limiting investment losses that would impact the syndicate's financial results. We employ robust policies and tools to manage market risk, ensuring alignment with regulatory requirements and industry best practices. Interest rate and foreign exchange risks are managed using natural hedges and financial instruments, minimising potential volatility. The Investment Committee regularly reviews market risk exposures to ensure that our risk management capabilities remain agile and effective in responding to evolving market dynamics. Despite the global and political economic uncertainties, we maintain a stable market risk outlook, driven by clear political outcomes and steady growth in the United States, where most of our asset exposures are concentrated.
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
Liquidity Investments and/or other 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 and investment strategy. This proactive approach ensures that clients and creditors are financially protected. Beazley regularly evaluates the liquidity position of the syndicate, under the oversight of the Risk Committee. Our liquidity risk outlook remains stable as we consistently maintain more than adequate levels of liquidity.
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.

Managing agent's report continued

Principal risks and summary descriptions	Mitigation and monitoring
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 increased as we continue to strengthen operationally and realise the benefits of ongoing initiatives to modernise our systems and processes.
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 syndicate's 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 recognise, understand, discuss, and develop action plans for significant strategic priorities in a timely manner, while maintaining operational effectiveness and brand reputation. Beazley 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. We maintain coverage above regulatory capital to meet our business plan and strategic objectives in the short, medium, and long term. 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 practicing 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 58 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 the 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 statement of comprehensive income 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.

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 5623

Opinion

We have audited the syndicate annual accounts of Syndicate 5623 ('the syndicate') for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Statement of changes in Members' Balances, the Balance Sheet, the Cash Flow statement and the related notes 1 to 25, 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 version 2.1 as modified by the Frequently Asked Questions version v1.1 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.

Conclusions relating to going concern

In auditing the syndicate annual accounts, we have concluded that the managing agent's use of the going concern basis of accounting in the preparation of the syndicate annual accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the syndicate's ability to continue as a going concern for a period of 12 months from when the syndicate annual accounts are authorised for issue.

Our responsibilities and the responsibilities of the managing agent with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the syndicate's ability to continue as a going concern.

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.

Independent auditor's report to the members of Syndicate 5623 continued

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 10, 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.

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 matters

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	491,780	390,081
Outward reinsurance premiums		(33,604)	(27,005)
Premiums written, net of reinsurance		**458,176**	**363,076**
Change in unearned premium			
Change in the gross provision for unearned premiums	17	(36,699)	(75,394)
Change in the provision for unearned premiums, reinsurers' share	17	5,381	6,466
Net change in the provision for unearned premiums		**(31,318)**	**(68,928)**
Earned premiums, net of reinsurance		**426,858**	**294,148**
Allocated investment return transferred from the non-technical account	**7**	**21,415**	**12,490**
Claims paid			
Gross amount	17	(73,495)	(56,375)
Change in the provision for claims			
Gross amount	17	(156,134)	(122,778)
Reinsurers' share	17	(2,003)	11,972
Net change in provision for claims		**(158,137)**	**(110,806)**
Claims incurred, net of reinsurance		**(231,632)**	**(167,181)**
Net operating expenses	4	**(154,923)**	**(98,251)**
Balance on the technical account - general business		**61,718**	**41,206**
Investment income	7	16,935	11,655
Investment expenses and charges	7	(47)	(21)
Realised gain/(loss) on investments	7	771	(619)
Unrealised gain on investments	7	3,756	1,475
Total investment return		**21,415**	**12,490**
Allocated investment return transferred to general business technical account		**(21,415)**	**(12,490)**
Loss on foreign exchange		(127)	(635)
Total comprehensive income for the financial year		**61,591**	**40,571**

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

The notes on pages 18 to 42 form part of these financial statements.

Balance sheet

as at 31 December 2024

	Notes	2024 $'000	2023 *restated $'000
Assets			
Financial investments	9	**439,659**	**153,739**
Reinsurers' share of technical provisions			
Provision for unearned premiums	17	11,847	6,466
Claims outstanding	17	10,006	11,966
		21,853	**18,432**
Debtors			
Debtors arising out of direct insurance operations	11	168,903	107,822
Debtors arising out of reinsurance operations	12	12,588	39,006
Other debtors	13	122,151	219,289
		303,642	**366,117**
Other assets			
Cash at bank and in hand	14	58,909	30,760
Prepayments and accrued income			
Deferred acquisition costs	15	58,748	46,888
Other prepayments and accrued income		3,321	1,370
		62,069	**48,258**
Total assets		**886,132**	**617,306**
Capital and reserves			
Members' balances		83,517	48,098
Liabilities			
Technical Provisions			
Provision for unearned premiums	17	247,420	210,829
Claims outstanding	17	504,928	349,885
		752,348	**560,714**
Creditors			
Creditors arising out of direct insurance operations	18	417	116
Creditors arising out of reinsurance operations	19	4,328	1,685
Other creditors	20	35,630	1,238
		40,375	**3,039**
Accruals and deferred income		**9,892**	**5,455**
Total liabilities		**802,615**	**569,208**
Total liabilities, capital and reserves		**886,132**	**617,306**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.

The notes on pages 18 to 42 form part of these financial statements.

The syndicate annual accounts on pages 14 to 42 were approved and signed by the Board of Beazley Furlonge Limited on 5 March 2025 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	48,098	18,540
Total comprehensive income for the financial year	61,591	40,571
Payments of profit to members' personal reserve funds	(24,965)	(10,020)
Member agent fees	(1,184)	(964)
Other	(23)	(29)
Members' balances carried forward at 31 December	**83,517**	**48,098**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.

The notes on pages 18 to 42 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

	Notes	2024 $'000	2023 *restated $'000
Cash flows from operating activities			
Total comprehensive income		61,591	40,571
Adjustments for:			
Increase in gross technical provisions	17	191,634	199,523
Increase in reinsurers' share of gross technical provisions	17	(3,421)	(18,432)
Decrease/(increase) in debtors		62,475	(43,145)
Movement in other assets/liabilities		(9,374)	(8,184)
Increase in creditors		37,336	1,800
Investment return	7	(21,415)	(12,490)
Foreign exchange		696	589
Net cash inflows from operating activities		**319,522**	**160,232**
Cash flows from investing activities			
Purchase of equity and debt securities		(548,361)	(201,984)
Sale of equity and debt securities		278,750	62,475
Investment income received		17,659	11,015
Net cash outflows from investing activities		**(251,952)**	**(128,494)**
Cash flows from financing activities			
Profit distribution		(24,965)	(10,020)
Other		(1,207)	(993)
Net cash outflows from financing activities		**(26,172)**	**(11,013)**
Net increase/(decrease) in cash and cash equivalents		**41,398**	**20,725**
Cash and cash equivalents at the beginning of the year		43,537	23,401
Foreign exchange on cash and cash equivalents		(696)	(589)
Cash and cash equivalents at the end of the year	14	**84,239**	**43,537**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.

The notes on pages 18 to 42 form part of these financial statements.

Notes to the syndicate annual accounts

1 Accounting policies

Basis of preparation

Syndicate 5623 (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.

The syndicate annual accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, applicable Accounting Standards in the United Kingdom and the Republic of Ireland, including Financial Reporting Standard 102 ('FRS 102'), Financial Reporting Standard 103 ('FRS 103') in relation to insurance contracts, 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 historic 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. Previously, these financial statements were presented in millions of US dollars. The change from presenting in millions to presenting in thousands has been applied for the first time in these financial statements for the year ended 31 December 2024.

Going concern

The financial statements of the syndicate have been prepared on a going concern basis. The syndicate's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report of the managing agent (refer to pages 2 - 3). In addition, Note 2 includes the syndicate's risk management objectives and the entity's objectives, policies and processes for managing its capital. The syndicate has sufficient capital for each year of account in its Funds at Lloyd's (FAL). There is no intention to cease underwriting or cease the operations of the syndicate.

In assessing the syndicate's going concern position as at 31 December 2024 the managing agent has considered a number of factors, including the current statement of financial position and the syndicate's strategic and financial plan. The assessment concluded that, for the foreseeable future, the syndicate has sufficient capital and liquidity for the 12 months from the date the financial statements are authorised for issue.

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 17. 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 $388,884k (2023: $281,632K).

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 underwriter's expectation through consultation with brokers, coverholders and internal counterparty views, changes in market conditions, historic experience and to reflect actual cash received for a contract.

Due to the nature of Lloyd's business and the settlement patterns of the underlying business it is also not uncommon for some contracts to take a number of years to finalise and settle, and a receivable on the balance sheet remains.

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 (gross of reinsurance) represents the part of the gross premiums written that is estimated to be earned in the following 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 and related reinsurance recoveries

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 (e.g. chain ladder) 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 subsequently by establishing an unexpired risk provision for losses arising from liability adequacy tests

(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.

1 Accounting policies continued

(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 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 the original cost of the investment. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, and the valuation at the previous period end or purchase value during the 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) Ceded reinsurance

These are contracts entered into by the syndicate with reinsurers under which the syndicate is compensated for losses on contracts issued by the syndicate and that meet the definition of an insurance contract. Insurance contracts entered into by the syndicate under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Any benefits to which the syndicate is entitled under its reinsurance contracts held are recognised as reinsurance assets. These consist of balances due from reinsurers relating to claims and also includes the provision for unearned premiums, reinsurers' share. Balances due relating to the reinsurers' share of claims are based on calculated amounts of outstanding claims recoveries and projections for IBNR, net of estimated irrecoverable amounts having regard to the reinsurance programme in place for the class of business, the claims experience for the period and the current security rating of the reinsurer involved. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Reinsurance assets are assessed for impairment at each reporting date. If there is objective evidence of impairment, then the carrying amount is reduced to its recoverable amount and the impairment loss is recognised in the statement of comprehensive income.

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

Except for derivative financial investments, 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.

1 Accounting policies continued

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 the statement of comprehensive income 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 statement of comprehensive income 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.

(j) 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 impairments. Insurance creditors are stated at amortised cost. The syndicate does not have any debtors directly with policyholders, all transactions occur via an intermediary. For information on reinsurance debtors and creditors, refer to Section (h) above.

(k) Other debtors

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

(l) Other creditors

Other creditors principally consist of amounts due to related entities and are stated at amortised cost determined using the effective interest rate method

(m) 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 (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.

(n) Profit commission

For the 2022 YOA a profit commission is charged by the ceding syndicate 3623 as a percentage of profit after an expense allowance on a YOA basis subject to the operating of a two-year deficit clause. This is charged to the syndicate as incurred but does not become payable until after the appropriate YOA closes at 36 months. For the 2023 & 2024 YOA the syndicate incurs a profit commission at a rate of 20% which is payable to the managing agent. It is based on a percentage of profit on the YOA, subject to to a two-year deficit clause. It does not become payable until the YOA closes at 36 months of development.

(o) 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 14. These are carried at amortised cost less impairment losses.

Notes to the syndicate annual accounts continued

1 Accounting policies continued

(p) 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.

(q) Derivative financial instruments
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. The best evidence of fair value of a derivative at initial recognition is the transaction price. Fair values are obtained from quoted market prices in active markets, recent market transactions, and valuation techniques which include discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivative assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the parties intend to settle on a net basis, or realise the assets and settle the liability simultaneously. Derivative assets are included within Financial investments in the Balance Sheet. Derivative liabilities are included within Other creditors.

(r) Pension costs
Pension contributions relating to staff who act on behalf of the syndicate are charged to the syndicate and included within net operating expenses.

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 the managing agent 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, reinsurance, claims management and reserving. Each element is considered below:

(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 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.

2 Risk management continued

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 impacting the frequency and severity of natural catastrophes, the managing agent continues to monitor its exposure. Where possible the managing agent 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.

Binding authority contracts

A proportion of the syndicate’s insurance risks are transacted by third parties under delegated underwriting authorities. Each third party is thoroughly vetted by the managing agent's coverholder approval group before it can bind risks, and is subject to rigorous monitoring to maintain underwriting quality and confirm ongoing compliance with contractual guidelines.

(b) Reinsurance risk

Reinsurance risk to the syndicate arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk which is detailed separately below.

The syndicate’s reinsurance programmes complement the underwriting team business plans and seek to protect syndicate capital from an adverse volume or volatility of claims on both a per risk and per event basis. In some cases the syndicate deems it more economic to hold capital than purchase reinsurance. These decisions are regularly reviewed as an integral part of the business planning and performance monitoring process.

(c) 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.

(d) 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.

Notes to the syndicate annual accounts continued

2 Risk management continued

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 estimates of gross premiums written and claims prepared by the actuarial department are used through a formal quarterly peer review process to independently test the integrity of the estimates produced by the underwriting teams for each class of business. These meetings are attended by senior management, senior underwriters, actuarial, claims, and finance representatives.

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:

Sensitivity to insurance risk (claims reserves)	Impact on profit and members' balances 2024 $'000	2023 $'000
Claims outstanding - gross of reinsurance	504,928	349,885
Claims outstanding - net of reinsurance	494,922	337,919
5% increase in gross claims reserve	(25,246)	(17,494)
5% decrease in gross claims reserve	25,246	17,494
5% increase in net claims reserve	(24,746)	(16,896)
5% decrease in net claims reserve	24,746	16,896

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:

31 December 2024	CAD $ $'000	EUR € $'000	UK £ $'000	AUD $ $'000	Other $'000	Subtotal $'000	US $ $'000	Total $'000
Investments	19,551	—	—	3,993	4,304	27,848	411,811	439,659
Reinsurers' share of technical provisions	—	—	—	—	—	—	21,853	21,853
Debtors	(1,608)	16,874	21,955	—	—	37,221	266,421	303,642
Other assets	326	1,771	1,264	—	—	3,361	55,548	58,909
Prepayments and accrued income	12	1,482	3,314	—	—	4,808	57,261	62,069
Total assets	**18,281**	**20,127**	**26,533**	**3,993**	**4,304**	**73,238**	**812,894**	**886,132**
Technical provisions	(17,210)	(38,072)	(73,009)	—	—	(128,291)	(624,057)	(752,348)
Creditors	(23)	(59)	(2,450)	—	—	(2,532)	(37,843)	(40,375)
Accruals and deferred income	—	—	(9,700)	—	—	(9,700)	(192)	(9,892)
Total liabilities	**(17,233)**	**(38,131)**	**(85,159)**	**—**	**—**	**(140,523)**	**(662,092)**	**(802,615)**
Total Capital and Reserves	**1,048**	**(18,004)**	**(58,626)**	**3,993**	**4,304**	**(67,285)**	**150,802**	**83,517**

2 Risk management continued

31 December 2023	CAD $ $'000	EUR € $'000	UK £ $'000	AUD $ $'000	Other $'000	Subtotal $'000	US $ $'000	Total $'000
Investments	10,191	—	—	895	1,711	12,797	140,942	153,739
Reinsurers' share of technical provisions	—	—	—	—	—	—	18,432	18,432
Debtors*	5,110	18,492	29,480	—	—	53,082	313,035	366,117
Other assets	42	1,844	2,871	—	—	4,757	26,003	30,760
Prepayments and accrued income	—	1,065	2,057	—	—	3,122	45,136	48,258
Total assets	**15,343**	**21,401**	**34,408**	**895**	**1,711**	**73,758**	**543,548**	**617,306**
Technical provisions	(13,644)	(24,545)	(48,532)	—	—	(86,721)	(473,993)	(560,714)
Creditors	(48)	—	—	—	—	(48)	(2,991)	(3,039)
Accruals and deferred income	—	—	(4,491)	—	—	(4,491)	(964)	(5,455)
Total liabilities	**(13,692)**	**(24,545)**	**(53,023)**	**—**	**—**	**(91,260)**	**(477,948)**	**(569,208)**
Total Capital and Reserves	**1,651**	**(3,144)**	**(18,615)**	**895**	**1,711**	**(17,502)**	**65,600**	**48,098**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.

Sensitivity analysis - foreign exchange risk

In 2024, the managing agent managed the syndicate's foreign exchange risk by periodically assessing its non-dollar exposures and hedging these to a tolerable level while targeting net assets to be entirely US dollar denominated. As part of this hedging strategy, exchange rate derivatives were used to rebalance currency exposure. Details of foreign currency derivative contracts entered into with external parties are disclosed in note 9. 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 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	683	(1,862)
Dollar strengthens 10% against other currencies	(683)	1,862

Interest rate risk

Some of the syndicate’s financial instruments, including financial investments and cash and borrowings, are exposed to movements in market interest rates.

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 and gives a better indication than maturity of the likely sensitivity of the portfolio to changes in interest rates.

Notes to the syndicate annual accounts continued

2 Risk management continued

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
Debt securities and other fixed income securities	155,311	81,694	86,565	26,722	10,918	1,254	—	362,464
Participation in investment pools	25,330	—	—	—	—	—	—	25,330
Shares and other variable yield securities and unit trusts*	—	—	—	21,299	—	—	—	21,299
Other investments	11,902	—	—	—	—	—	—	11,902
Cash at bank and in hand	58,909	—	—	—	—	—	—	58,909
Derivative assets	28	—	—	—	—	—	—	28
Total	**251,480**	**81,694**	**86,565**	**48,021**	**10,918**	**1,254**	**—**	**479,932**

*Excludes equity instruments

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
Debt securities and other fixed income securities	35,333	77,976	13,581	4,246	—	5,533	—	136,669
Participation in investment pools	12,777	—	—	—	—	—	—	12,777
Other investments	4,286	—	—	—	—	—	—	4,286
Cash at bank and in hand	30,760	—	—	—	—	—	—	30,760
Derivative assets	7	—	—	—	—	—	—	7
Total	**83,163**	**77,976**	**13,581**	**4,246**	**—**	**5,533**	**—**	**184,499**

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 members' balances as indicated in the below table.

	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	(3,275)	(1,107)	(3,275)	(1,107)
50 basis point decrease	3,275	1,107	3,275	1,107

Price risk

Financial assets and derivatives that are recognised on the balance sheet at their fair value are susceptible to losses due to adverse changes in prices. This is referred to as price risk.

Financial assets include fixed and floating rate debt securities and derivative financial assets. The fixed income securities are well diversified across high quality, liquid securities. The price risk associated with these securities is predominantly interest, foreign exchange and credit risk related.

	Impact on profit for the year ended		Impact on members' balances	
Change in fair value of equity linked funds	2024 $'000	2023 $'000	2024 $'000	2023 $'000
5% increase in fair value	932	—	932	—
5% decrease in fair value	(932)	—	(932)	—

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 or host syndicate in a timely manner. The primary sources of credit risk for the syndicate are:

- reinsurers – whereby reinsurers may fail to pay valid claims against a reinsurance contract held by the syndicate;
- brokers and coverholders – whereby counterparties fail to pass on premiums or claims collected or paid on behalf of the host syndicate;
- investments – whereby issuer default results in the host syndicate losing all or part of the value of a financial instrument and derivative financial instrument; and
- cash at bank and in hand

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 analyses the geographical locations of exposures when assessing credit risk.

An approval system also exists for all new brokers, and broker performance is carefully monitored. Regular exception reports highlight trading with non-approved brokers, and the syndicate'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 Investment Committee has established comprehensive guidelines for the syndicate's investment managers regarding the type, duration and quality of investments acceptable to the syndicate. The performance of investment managers is regularly reviewed to confirm adherence to these guidelines.

The managing agent has developed processes to formally examine all reinsurers before entering into new business arrangements. New reinsurers are approved by the Reinsurance Security Committee, which also reviews arrangements with all existing reinsurers at least annually. Vulnerable or slow-paying reinsurers are examined more frequently.
The following tables summarise the syndicate's concentrations of credit risk:

31 December 2024	AAA $'000	AA $'000	A $'000	BBB $'000	Other $'000	Not rated $'000	Total $'000
Financial investments							
Shares and other variable yield securities and unit trusts	–	–	–	–	21,299	18,636	39,935
Debt securities and other fixed income securities	1,705	172,780	135,401	52,578	–	–	362,464
Participation in investment pools	–	–	25,330	–	–		25,330
Derivative assets	–	–	–	–	–	28	28
Other investments	–	–	11,902	–	–	–	11,902
Total financial investments	**1,705**	**172,780**	**172,633**	**52,578**	**21,299**	**18,664**	**439,659**
Reinsurers' share of claims outstanding	965	4,281	4,760	–	–	–	10,006
Debtors arising out of direct insurance operations	–	–	–	–	–	168,903	168,903
Debtors arising out of reinsurance operations	–	–	–	–	–	12,588	12,588
Cash at bank and in hand	108	–	58,801	–	–	–	58,909
Other debtors and accrued interest	100,201	1,152	904	350	–	22,865	125,472
Total	**102,979**	**178,213**	**237,098**	**52,928**	**21,299**	**223,020**	**815,537**

Notes to the syndicate annual accounts continued

2 Risk management continued

31 December 2023	AAA $'000	AA $'000	A $'000	BBB $'000	Other $'000	Not rated $'000	Total $'000
Financial investments							
Debt securities and other fixed income securities	88,684	3,208	30,319	14,458	–	–	136,669
Participation in investment pools	–	–	12,777	–	–	–	12,777
Derivative assets	–	–	–	–	–	7	7
Other investments	–	–	4,286	–		–	4,286
Total financial investments	**88,684**	**3,208**	**47,382**	**14,458**	**–**	**7**	**153,739**
Reinsurers' share of claims outstanding	549	2,740	4,515	–	–	4,162	11,966
Debtors arising out of direct insurance operations	–	–	–	–	–	107,822	107,822
Debtors arising out of reinsurance operations	–	–	–	–	–	39,006	39,006
Cash at bank and in hand	3,389		27,371			–	30,760
Other debtors and accrued interest*	211,441	–	–	–	–	9,218	220,659
Total	**304,063**	**5,948**	**79,268**	**14,458**	**–**	**160,215**	**563,952**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.

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 below:

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					
Shares and other variable yield securities and unit trusts	39,935	–	–	–	39,935
Debt securities and other fixed income securities	362,464	–	–	–	362,464
Participation in investment pools	25,330	–	–	–	25,330
Derivative assets	28	–	–	–	28
Other Investments	11,902	–	–	–	11,902
Total financial investments	**439,659**	**–**	**–**	**–**	**439,659**
Cash at bank and in hand	58,909	–	–	–	58,909
Debtors arising out reinsurance operations	12,588	–	–	–	12,588
Reinsurers' share of outstanding claims	10,006	–	–	–	10,006
Debtors arising out of direct insurance operations	168,903	–	–	–	168,903
Other debtors and accrued interest	125,472	–	–	–	125,472
Total	**815,537**	**–**	**–**	**–**	**815,537**

2 Risk management continued

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					
Debt securities and other fixed income securities	136,669	–	–	–	136,669
Participation in investment pools	12,777	–	–	–	12,777
Derivative assets	7	–	–	–	7
Other Investments	4,286	–	–	–	4,286
Total financial investments	**153,739**	**–**	**–**	**–**	**153,739**
Cash at bank and in hand	30,760	–	–	–	30,760
Debtors arising out reinsurance operations	39,006	–	–	–	39,006
Reinsurers' share of outstanding claims	11,966	–	–	–	11,966
Debtors arising out of direct insurance operations	107,822	–	–	–	107,822
Other debtors and accrued interest*	220,659	–	–	–	220,659
Total	**563,952**	**–**	**–**	**–**	**563,952**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.

There are no impairment allowances or past due but not impaired balances.

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	>5yrs $'000	Total $'000
Claims outstanding	504,928	–	155,641	204,117	90,929	54,241	504,928
Derivative liabilities	1,605	–	1,605	–	–	–	1,605
Creditors	38,770	16,600	22,170	–	–	–	38,770
Other liabilities	9,892	–	9,892	–	–	–	9,892
Total	**555,195**	**16,600**	**189,308**	**204,117**	**90,929**	**54,241**	**555,195**

Notes to the syndicate annual accounts continued

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	349,885	–	109,555	139,200	63,463	37,667	349,885
Creditors	3,039	1,265	1,774	–	–	–	3,039
Other Liabilities	5,455	–	5,455	–	–	–	5,455
Total	**358,379**	**1,265**	**116,784**	**139,200**	**63,463**	**37,667**	**358,379**

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 a 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 a 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 5623 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% (2023: 35%) of the member's SCR to ultimate.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (funds at Lloyd's), held within and managed within a syndicate (funds in syndicate) 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.

3 Analysis of underwriting result

2024	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Net operating expenses $'000	Reinsurance balance $'000	Underwriting result $'000
Direct insurance						
Third party liability	158,376	140,855	(81,791)	(50,102)	(2,917)	6,045
Marine, aviation and transport	197,099	183,919	(94,646)	(56,234)	(19,927)	13,112
Fire and other damage to property	65,428	54,674	(32,643)	(18,363)	(4,253)	(585)
Credit and suretyship	22,992	22,877	(10,765)	(8,765)	(480)	2,867
Total direct insurance	443,895	402,325	(219,845)	(133,464)	(27,577)	21,439
Reinsurance acceptances	47,885	52,756	(9,784)	(21,459)	(2,649)	18,864
Total direct and reinsurance accepted	**491,780**	**455,081**	**(229,629)**	**(154,923)**	**(30,226)**	**40,303**

2023	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Net operating expenses $'000	Reinsurance balance $'000	Underwriting result $'000
Direct insurance						
Third party liability	102,821	46,107	(29,038)	(17,716)	(1,951)	(2,598)
Marine, aviation and transport	38,118	16,995	(10,884)	(7,325)	(780)	(1,994)
Fire and other damage to property	165,894	81,782	(53,028)	(19,213)	(4,373)	5,168
Credit and suretyship	18,734	8,527	(4,030)	(3,090)	(358)	1,049
Total direct insurance	325,567	153,411	(96,980)	(47,344)	(7,462)	1,625
Reinsurance accepted	64,514	161,276	(82,173)	(50,907)	(1,105)	27,091
Total direct and reinsurance accepted	**390,081**	**314,687**	**(179,153)**	**(98,251)**	**(8,567)**	**28,716**

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	67,916	41,347
US	13,317	5,209
European Union member states	87,003	41,673
Rest of world	275,659	237,338
Total gross premiums written	**443,895**	**325,567**

4 Net operating expenses

	2024 $'000	2023 $'000
Acquisition costs	118,951	87,123
Change in deferred acquisition costs	(12,146)	(17,299)
Administrative expenses	33,182	6,544
Members' standard personal expenses	10,035	8,234
Reinsurance commission and profit participation	4,901	13,649
	154,923	**98,251**

Included within administrative expenses are profit commissions payable to the managing agent of $16,586k (2023: $860k).

Notes to the syndicate annual accounts continued

4 Net operating expenses continued

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

	2024 $'000	2023 $'000
Total commission for direct insurance business	**107,167**	**63,978**

Administrative expenses include:

	2024 $'000	2023 $'000
Fees payable to the syndicate's auditor for the audit of these syndicate annual accounts	99	94
Fees payable to the syndicate's auditor and its associates in respect of other services pursuant to legislation	249	216
Total	**348**	**310**

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 received the following aggregate remuneration charged to Syndicate 5623 and included within net operating expenses:

	2024 $'000	2023 $'000
Directors' emoluments	585	385
Total	**585**	**385**

The active underwriter received the following aggregate remuneration charged to Syndicate 5623:

	2024 $'000	2023 $'000
Emoluments	1,182	836
	1,182	**836**

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
Total	**1,205**	**1,116**

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

	2024 $'000	2023 $'000
Wages and salaries	3,785	2,099
Social security	1,379	652
Pension costs	1,137	537
Short term incentive payments	3,644	1,411
Total	**9,945**	**4,699**

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	15,730	11,168
From financial instruments classified at amortised cost		
Interest on cash at bank	1,205	487
Other income from investments		
From financial instruments designated at fair value through profit or loss		
Gains on the realisation of investments	1,256	140
Losses on the realisation of investments	(485)	(759)
Unrealised gains on investments	5,285	1,528
Unrealised losses on the investments	(1,529)	(53)
Investment management expenses	(47)	(21)
Total investment return	**21,415**	**12,490**
Transferred to the technical account from the non-technical account	**21,415**	**12,490**
Impairment losses on debtors recognised in administrative expenses	—	—

8 Distribution and open years of account

A distribution of $37,707k to members will be proposed in relation to the closing year of account 2022 (2023: distribution of $24,965k profit for year of account 2021).

9 Financial investments

	Carrying value		Cost	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Shares and other variable yield securities and units in unit trusts	39,935	—	37,820	—
Debt securities and other fixed income securities	362,464	136,669	360,160	135,194
Participation in investment pools	25,330	12,776	25,055	13,049
Derivative assets	28	7	—	—
Other investments	11,902	4,287	11,850	4,335
Total financial investments	**439,659**	**153,739**	**434,885**	**152,578**

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	439,659	153,739
Total financial investments	**439,659**	**153,739**

Overseas deposits are held as a condition of conducting underwriting business in certain countries and are disclosed under Other investments.

9 Financial investments continued

Foreign exchange forward contracts

The syndicate entered into over-the-counter foreign exchange forward agreements in order to economically hedge the foreign currency exposure resulting from transactions and balances held in currencies that are different to the functional currency of the syndicate.

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. Included within level 2 are government bonds and treasury bills.

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 models or inputs that are unobservable in the market, 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 3. The syndicate uses prices and inputs that are current as of the measurement date for valuation of these instruments.

Valuation approach

The valuation approach for fair value assets and liabilities classified as level 2 is as follows:

- For the level 2 debt securities, our fund administrator obtains the prices used in the valuation from independent pricing vendors. The independent pricing vendors derive an evaluated price from observable market inputs. These inputs are verified in their pricing assumptions such as weighted average life, discount margins, default rates, and recovery and prepayments assumptions for mortgage securities.

The table below shows the fair values of financial instruments at 31 December 2024 and 31 December 2023 including their levels in the fair value hierarchy.

9 Financial investments continued

2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Assets held at amortised cost $'000	Total $'000
Shares and other variable yield securities and units in unit trusts	39,935	–	–	–	39,935
Debt securities and other fixed income securities	263,396	99,068	–	–	362,464
Participation in investment pools	25,330	–	–	–	25,330
Derivative assets	28	–	–	–	28
Other investments	11,902	–	–	–	11,902
Total financial investments	**340,591**	**99,068**	**–**	**–**	**439,659**
Derivative financial liabilities	(1,605)	–	–	–	(1,605)
Total	**338,986**	**99,068**	**–**	**–**	**438,054**

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Assets held at amortised cost $'000	Total $'000
Debt securities and other fixed income securities	109,662	27,007	–	–	136,669
Participation in investment pools	12,777	–	–	–	12,777
Derivative assets	7	–	–	–	7
Other investments	4,286	–	–	–	4,286
Total financial investments	**126,732**	**27,007**	**–**	**–**	**153,739**
Derivative financial liabilities	**–**	**–**	**–**	**–**	**–**
Total	**126,732**	**27,007**	**–**	**–**	**153,739**

Transfers between levels in the fair value hierarchy are determined by assessing the categorisation at the end of the reporting period. The following transfers between levels 1 & 2 for the year ended 31 December 2024 reflect the level of trading activities including frequency and volume derived from market data obtained from an independent external valuation tool. There were no transfers into or out of level 3 in the year ended 31 December 2024 (2023: nil).

31 December 2024 vs 31 December 2023 transfer from level 1 to level 2	Level 1 $'000	Level 2 $'000
Debt securities and other fixed income securities	(29,616)	29,616

31 December 2024 vs 31 December 2023 transfer from level 2 to level 1	Level 1 $'000	Level 2 $'000
Debt securities and other fixed income securities	22,776	(22,776)

10 Derivative financial instruments

Derivative financial instruments relate to foreign exchange forward contracts. In 2024 and prior, the syndicate entered into over-the-counter and exchange traded derivative contracts. The syndicate had the right and intention to settle each contract on a net basis.

	2024		2023	
Derivative financial instruments	Notional contract amount $'000	Fair value $'000	Notional contract amount $'000	Fair value $'000
Foreign exchange forward contract - assets	82,699	28	7,568	7
Foreign exchange forward contract - liabilities	69,341	1,605	7,568	—

Notes to the syndicate annual accounts continued

11 Debtors arising out of direct insurance operations

	2024 $'000	2023 $'000
Due within one year	168,903	107,822
Due after one year	—	—
	168,903	**107,822**

12 Debtors arising out of reinsurance operations

	2024 $'000	2023 $'000
Due within one year	12,588	39,006
Due after one year	—	—
	12,588	**39,006**

13 Other debtors

	2024 $'000	2023 *restated $'000
Amount due from syndicate 3623	100,189	211,441
Inter-syndicate balance	**100,189**	**211,441**
Amounts due from members	—	—
Other related party balances (non-syndicate)	17,878	7,301
Other	4,084	547
	122,151	**219,289**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.

The balances listed above are due within one year.

14 Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank and in hand	58,909	30,760
Short term deposits presented within financial investments	25,330	12,777
	84,239	**43,537**

15 Deferred acquisition costs

	2024			2023		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at 1 January	46,888	—	46,888	34,692	—	34,692
Incurred deferred acquisition costs	118,951	—	118,951	87,382	—	87,382
Amortised deferred acquisition costs	(106,805)	—	(106,805)	(75,247)	—	(75,247)
Foreign exchange movements	(286)	—	(286)	61	—	61
Balance at 31 December	**58,748**	**—**	**58,748**	46,888	—	46,888

16 Analysis of net debt

All amounts in $'000	At 1 January 2024	Cash flows	Acquired	Fair value and exchange movements	Non-cash changes	At 31 December 2024
Cash at bank and in hand	30,760	28,157	—	(8)	—	58,909
Short term deposits	12,777	13,241	—	(688)	—	25,330
Cash and cash equivalents	**43,537**	**41,398**	**—**	**(696)**	**—**	**84,239**
Derivative financial liabilities	—	—	—	—	(1,605)	(1,605)
Total	**43,537**	**41,398**	**—**	**(696)**	**(1,605)**	**82,634**

All amounts in $'000	At 1 January 2023	Cash flows	Acquired	Fair value and exchange movements	Non-cash changes	At 31 December 2023
Cash at bank and in hand	23,401	7,801	—	(442)	—	30,760
Short term deposits	—	12,924	—	(147)	—	12,777
Cash and cash equivalents	**23,401**	**20,725**	**—**	**(589)**	**—**	**43,537**
Total	**23,401**	**20,725**	**—**	**(589)**	**—**	**43,537**

17 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.

	2024			2023		
Claims outstanding	Gross Provisions $'000	Reinsurance assets $'000	Net $'000	Gross Provisions $'000	Reinsurance assets $'000	Net $'000
Balance at 1 January	349,885	(11,966)	337,919	225,946	—	225,946
Claims paid during the year	(73,495)	—	(73,495)	(56,375)	—	(56,375)
Expected cost of current year claims	276,908	(4,490)	272,418	195,417	(11,972)	183,445
Change in estimates of prior year provisions	(47,279)	6,493	(40,786)	(16,264)	—	(16,264)
Effects of movements in exchange rate	(1,091)	(43)	(1,134)	1,161	6	1,167
Balance at 31 December	**504,928**	**(10,006)**	**494,922**	**349,885**	**(11,966)**	**337,919**

	2024			2023		
Unearned premiums	Gross Provisions $'000	Reinsurance assets $'000	Net $'000	Gross Provisions $'000	Reinsurance assets $'000	Net $'000
Balance at 1 January	210,829	(6,466)	204,363	135,245	—	135,245
Premium written during the year	491,780	(33,604)	458,176	390,081	(27,005)	363,076
Premiums earned during the year	(455,081)	28,223	(426,858)	(314,687)	20,539	(294,148)
Effect of movements in exchange rate	(108)	—	(108)	190	—	190
Balance at 31 December	**247,420**	**(11,847)**	**235,573**	**210,829**	**(6,466)**	**204,363**

Notes to the syndicate annual accounts continued

17 Technical Provisions continued

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	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	Total $'000
Total								
12 months	10,168	26,721	63,920	123,501	206,536	264,262	320,459	
24 months	7,950	31,381	64,400	108,454	174,505	203,082		
36 months	7,500	32,190	55,536	89,540	164,285			
48 months	7,182	30,977	49,492	81,448				
60 months	7,716	27,020	47,872					
72 months	7,457	25,897						
84 months	8,052							
Total ultimate losses	8,052	25,897	47,872	81,448	164,285	203,082	320,459	851,095
Less paid claims	(5,996)	(15,718)	(22,644)	(28,156)	(63,833)	(36,747)	(1,521)	(174,615)
Gross claims reserves (unearned)	2,056	10,179	25,228	53,292	100,452	166,335	318,938	676,480
Less unearned portion of ultimate losses						(4,716)	(166,836)	(171,552)
Gross claims reserves (earned)	**2,056**	**10,179**	**25,228**	**53,292**	**100,452**	**161,619**	**152,102**	**504,928**

Net amounts	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	Total $'000
Total								
12 months	10,168	26,721	63,920	123,501	206,536	246,689	313,861	
24 months	7,950	31,381	64,400	108,454	174,505	202,247		
36 months	7,500	32,190	55,536	89,540	164,285			
48 months	7,182	30,977	49,492	81,448				
60 months	7,716	27,020	47,872					
72 months	7,457	25,897						
84 months	8,052							
Total ultimate losses	8,052	25,897	47,872	81,448	164,285	202,247	313,861	843,662
Less paid claims	(5,996)	(15,718)	(22,644)	(28,156)	(63,833)	(36,746)	(1,521)	(174,614)
Net claims reserves (unearned)	2,056	10,179	25,228	53,292	100,452	165,501	312,340	669,048
Less unearned portion of ultimate losses						(5,279)	(168,847)	(174,126)
Net claims reserves (earned)	**2,056**	**10,179**	**25,228**	**53,292**	**100,452**	**160,222**	**143,493**	**494,922**

18 Creditors arising out of direct insurance operations

	2024 $'000	2023 $'000
Due within one year	417	116
Due after one year	—	—
	417	**116**

19 Creditors arising out of reinsurance operations

	2024 $'000	2023 $'000
Due within one year	4,328	1,685
Due after one year	—	—
	4,328	**1,685**

20 Other creditors

	2024 $'000	2023 $'000
Due to syndicate 623	4,270	225
Due to syndicate 2623	11,261	1,013
Due to syndicate 4321	1,068	—
Total inter-syndicate balances	**16,599**	**1,238**
Profit commission payable	17,426	—
Derivative liabilities	1,605	—
	35,630	**1,238**

The above other creditors balances are payable within one year, except for profit commission payable which is due in more than one year.

21 Related parties transactions

For the 2022 YOA the business written by Syndicate 5623 is ceded from Syndicate 3623, for which Syndicate 5623 pays a profit commission. This profit commission payable is disclosed in note 4 and the overrider commission is included within operating expenses. The proportion of overrider commission in respect of unearned premium is deferred at the balance sheet date and recognised in later periods when the related premiums are earned.

Certain Directors of BFL have shareholdings in Beazley plc which provides capacity for syndicates 2623, 3622, 3623, 4321, 5623 and 623. Beazley Underwriting Limited provides the underwriting capacity to the syndicate at 18% for the 2023 and at 20% for 2024 YOA. Profit related remuneration for Beazley Group is charged to the syndicate for the 2023 & 2024 YOA.

At the balance sheet date, the syndicate has amounts due to the managing agent of $9,880k (2023: $7,540k). In addition to this amount, the syndicate is also has a profit commission payable to the managing agent which is visible in note 20.

The managing agent recharged expenses and fees of $26,631k (2023: $14,171k) to the syndicate during the year. Both Beazley Management Limited and BFL, the managing agent of the syndicate, are ultimately controlled by Beazley plc.

The intercompany positions with other syndicates managed by BFL at 31 December 2024 are disclosed above in note 13 and note 20.

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 entities.

Notes to the syndicate annual accounts continued

22 Subsequent events

The syndicate is impacted by the California wildfires which occurred in January 2025. The financial impact is not expected to be material. The managing agent continues to monitor the impact.

The 2022 YOA has closed with a profit of $37.7m. It is the intention that these funds will be distributed to the members reserve funds in May 2025.

23 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.

24 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.

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.

24 Changes in accounting policies - presentation continued

Balance sheet

	Previously disclosed $'000	Adjustment Members' agent fees $'000	Restated $'000
Other debtors	221,411	(2,122)	219,289
Total assets	**619,428**	**(2,122)**	**617,306**
Members' balances	50,220	(2,122)	48,098
Total capital and reserves	**50,220**	**(2,122)**	**48,098**
Total liabilities	**569,208**	**—**	**569,208**

Statement of changes in members' balances

	Previously disclosed $'000	Adjustment Members' agent fees $'000	Restated $'000
Members' balances brought forward at 1 January	20,156	(1,616)	18,540
Payments of profit to members' personal reserve funds	(10,507)	487	(10,020)
Member agent fees	—	(964)	(964)
Other	—	(29)	(29)
Members' balances carried forward at 31 December	**50,220**	**(2,122)**	**48,098**

Notes to the syndicate annual accounts continued

24 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	(45,020)	1,875	(43,145)
Increase/(decrease) in net technical provisions	181,091	(181,091)	—
Increase/(decrease) in gross technical provisions	—	199,523	199,523
(Increase)/decrease in reinsurers' share of gross technical provisions	—	(18,432)	(18,432)
(Increase)/decrease in deferred acquisition costs	(12,196)	12,196	—
Increase/(decrease) in creditors, accruals and deferred income	7,181	(5,381)	1,800
Purchases and sales of equity			—
Movement in other assets/liabilities	—	(8,184)	(8,184)
Foreign exchange	—	589	589
Net cash flows from operating activities	**159,137**	**1,095**	**160,232**
Net purchase of investments	(138,920)	138,920	—
Purchase of equity and debt securities	—	(201,984)	(201,984)
Sale of equity and debt securities	—	62,475	62,475
Total impact on net cash flow from investing activities	—	—	—
Net cash flows from investment activities	**(127,905)**	**(589)**	**(128,494)**
Transfer to/from members in respect of underwriting participations	(10,507)	10,507	—
Profit distribution	—	(10,020)	(10,020)
Other	—	(993)	(993)
Net cash flows from financing activities	**(10,507)**	**(506)**	**(11,013)**
Net increase/(decrease) in cash and cash equivalents	**20,725**	**—**	**20,725**
Cash and cash equivalents at the end of the year	**43,537**	**—**	**43,537**

25 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	0.80	0.78	0.78	0.82	0.81	0.80
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 5623

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 2022 closed YOA profit of $37.7m includes a reinsurance to close profit from the 2021 YOA of $4.2m (note 6). This profit on the 2022 YOA represents a return on capacity of 14.5% and includes the impact of personal members expenses of $0.7m. Return on capacity excluding these expenses would be 14.7%.

Principal activity

Please refer to the Managing agent’s report in Syndicate 5623 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 58 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 5623 2022 closed year of account

Opinion

We have audited the syndicate underwriting year accounts for the 2022 year of account of syndicate 5623 ('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 11, 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 profit 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 5623 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 5623 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 on page 45 , 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.
- 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.

Independent auditor's report to the members of Syndicate 5623 2022 closed year of account continued

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 $m
Gross premiums written		252.5
Earned premiums, net of reinsurance		**252.5**
Allocated investment return transferred from the non-technical account		10.3
Reinsurance to close premiums received, net of reinsurance	4	101.1
Investment return and reinsurance adjusted premium		**111.4**
Reinsurance to close premiums payable, net of reinsurance	5	(183.2)
Gross claims paid		(66.0)
Claims incurred, net of reinsurance		**(249.2)**
Net operating expenses	7	(76.5)
Balance on the technical account		**38.2**
Loss on foreign exchange		(0.5)
Investment income		10.3
Allocated investment return transferred to the technical account		(10.3)
Profit for the 2022 closed YOA	6	**37.7**
Syndicate allocated capacity (£m)		204.4
Profit for the 2022 closed YOA (£m)		**29.6**
Return on capacity		14.5%

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 $'m
Profit for the 2022 closed YOA	37.7
Amounts due to members' at 31 December 2024	**37.7**

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 $m
Assets		
Debtors	8	226.0
Prepayments and accrued income		0.5
Total assets		**226.5**
Members' balances and liabilities		
Members' balances		
Amounts due to members	9	37.7
Liabilities		
Reinsurance to close premium payable to close the account – gross amount	5	183.5
Creditors	10	5.3
Total liabilities		**226.5**

The syndicate underwriting year accounts on pages 49 to 56 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 $m
Cash flows from operating activities	
Total comprehensive income for 2022 YOA	37.7
Increase in gross technical provisions	183.5
(Increase) in debtors	(226.0)
Increase in creditors	5.3
Movement in other assets/liabilities	(0.5)
Investment return	(10.3)
Net cash flow from operating activities	**(10.3)**
Cash flows from investing activities	
Investment income received	10.3
Net cash flow from investing activities	**10.3**
Cash flows from financing activities	
Net cash flow from financing activities	
Net increase/(decrease) in cash and cash equivalents	**—**
Cash and cash equivalents at the beginning of the year 2022	—
Foreign exchange on cash and cash equivalents	—
Cash and cash equivalents at the end of the year 2022	**—**

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.

Whilst the Directors of the managing agent have a reasonable expectation that the syndicate has adequate resources to continue in operational existence for the foreseeable future, these financial statements represent the participation of members in the 2022 YOA which closed on 31 December 2024. The accumulated profits of the 2022 YOA will be distributed 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 5623 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.

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

1 Accounting policies continued

Syndicate operating expenses

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

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

All business was concluded in the UK and relates to reinsurance.

4 Reinsurance to close premiums received

	2022 year of account $m
Gross reinsurance to close premiums received	101.1
Reinsurance to close premiums received, from 2021 and earlier, net of reinsurance	**101.1**

5 Reinsurance to close premiums payable

	2022 year of account $m
Gross reinsurance to close premiums through profit and loss	(183.2)
Foreign exchange	(0.3)
Reinsurance to close premiums payable to 2023 net of reinsurance	**(183.5)**

	Reported $m	IBNR $m	Total $m
Reinsurance to close premium payable	44.2	139.3	183.5
Reinsurance to close premiums payable	**44.2**	**139.3**	**183.5**

6 Analysis of the 2022 YOA result

	2022 year of account $m
Amount attributable to business allocated to the 2022 YOA	33.5
Surplus on the reinsurance to close for the 2021 YOA	4.2
	37.7

7 Net operating expenses

	2022 year of account $m
Acquisition costs	56.6
Reinsurance commissions and profit participation	19.2
Administrative expenses	0.7
	76.5

Administrative expenses include:	$m
Audit services	0.1

8 Debtors

	2022 year of account $m
Debtors arising out of direct insurance operations	106.8
Debtors arising out of reinsurance operations	11.2
Amounts due from syndicates 3623	100.2
Other debtors	7.8
	226.0

These balances are due within one year.

9 Amounts due to members

	2022 year of account $m
Profit for the 2022 closed YOA before standard personal expenses	38.4
Members standard personal expenses	(0.7)
Amounts due to members at 31 December 2024	**37.7**

10 Creditors

	2022 year of account $m
Amount due to syndicates	0.4
Other creditors	4.9
	5.3

11 Related parties transactions

Please refer to page 39 of the syndicate annual accounts for further details of related party transactions for the 2022 YOA.

For the 2022 YOA, the business written by syndicate 5623 is ceded from syndicate 3623, for which syndicate 5623 pays a profit commission. This profit commission payable and the overrider commission is included within operating expenses. Amounts due from other syndicates is disclosed within note 8.

As at the balance sheet date, the 2022 YOA has a receivable from Beazley Management Limited ('BML') of $2.8m, and this is included in other debtors, disclosed within note 8. BML provides services to the managing agent, and by extension, to the syndicate.

BFL, the managing agent of Syndicate 5623, is a wholly-owned subsidiary of Beazley plc.

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 entities.

Five-year summary of closed year results (unaudited)

at 31 December 2024

	2022	2021	2020	2019	2018
Syndicate allocated capacity – £'m	204.4	144.2	83.5	63.1	22.5
Syndicate allocated capacity – $'m	282.1	178.8	106.1	83.3	29.3
Capacity utilised	69.5%	62.7%	78.3%	42.8%	28.3%
Aggregate net premiums – $'m	196.1	112.0	83.1	35.7	8.3
Underwriting profit as a percentage of gross premiums	24.4%	28.1%	27.3%	8.6%	29.7%
Return on capacity	14.5%	13.7%	9.8%	2.1%	3.2%
Results for an illustrative £10,000 share	$	$	$	$	$
Gross premiums – $'000	9.6	7.8	8.0	5.7	3.7
Net premiums	9.6	7.8	8.0	5.7	3.7
Reinsurance to close from an earlier account	4.9	4.1	2.4	0.5	–
Net claims	(3.2)	(2.5)	(2.1)	(1.5)	(1.1)
Reinsurance to close the year of account	(9.0)	(7.0)	(6.8)	(4.2)	(1.5)
Underwriting profit	2.3	2.4	1.5	0.5	1.1
Profit on foreign exchange	(0.1)	0.2	0.1	–	–
Syndicate operating expenses	(0.3)	(0.2)	(0.2)	(0.4)	(0.7)
Balance on technical account	1.9	2.4	1.4	0.1	0.4
Gross investment return	0.5	0.1	(0.1)	0.2	0.1
Profit before personal expenses	2.4	2.5	1.3	0.3	0.5
Illustrative personal expenses	(0.4)	(0.5)	–	–	–
Managing agent's profit commission	(0.2)	(0.3)	(0.2)	–	(0.1)
Profit after illustrative profit commission and personal expenses ($)	1.8	1.7	1.1	0.3	0.4
Profit after illustrative profit commission and personal expenses (£)	1.4	1.4	1.0	0.2	0.3

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 5623 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

W J Roscoe

Company secretary

R Yeoman

Managing agent's registered office

22 Bishopsgate
London
EC2N 4BQ
United Kingdom

Registered number

01893407

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Banker

Deutsche Bank AG
Winchester House
London
1 Great Winchester Street
EC2N 2DB

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Syndicate 5623
annual report 2024

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and so it continues...

beazley