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It all started with a hatstand

Beazley Furlonge Limited | Syndicate 623 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
£887.2m
(2023: £818.6m)

Profit for the financial year
$122.4m
(2023: $180.8m)

Combined ratio
94%
(2023: 84%)

Gross premiums written
$1,048.7m
(2023: $974.7m)

Rate increase on renewals
0.2%
(2023: 5%)

Cash and investments
$1,405.8m
(2023: $1,279.2m)

Net premiums written
$873.6m
(2023: $816.7m)

Claims ratio
49%
(2023: 43%)

Investment return
5.3%
(2023: 5.3%)

Earned premiums, net of reinsurance
$844.9m
(2023: $736.1m)

Expense ratio
45%
(2023: 41%)

Strategic report of the managing agent

Overview

The balanced portfolio of Syndicate 623 (the 'syndicate') continues to underpin its underwriting performance in recent years. This syndicate writes business in parallel with Syndicate 2623. The syndicate made a profit of $122.4m (2023: $180.8m) for the year ended 31 December 2024. Gross premiums written increased to $1,048.7m (2023: $974.7m). For the 2024 underwriting year and beyond, business written domestically by Beazley's US-based underwriters in prior years is no longer written through Syndicate 623. Additionally, the syndicate's portfolio was rebalanced to cover a larger share of Beazley's existing wholesale business written in London and Singapore, with Syndicate 623 taking a larger share of risks that are written in parallel with Syndicate 2623.

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**

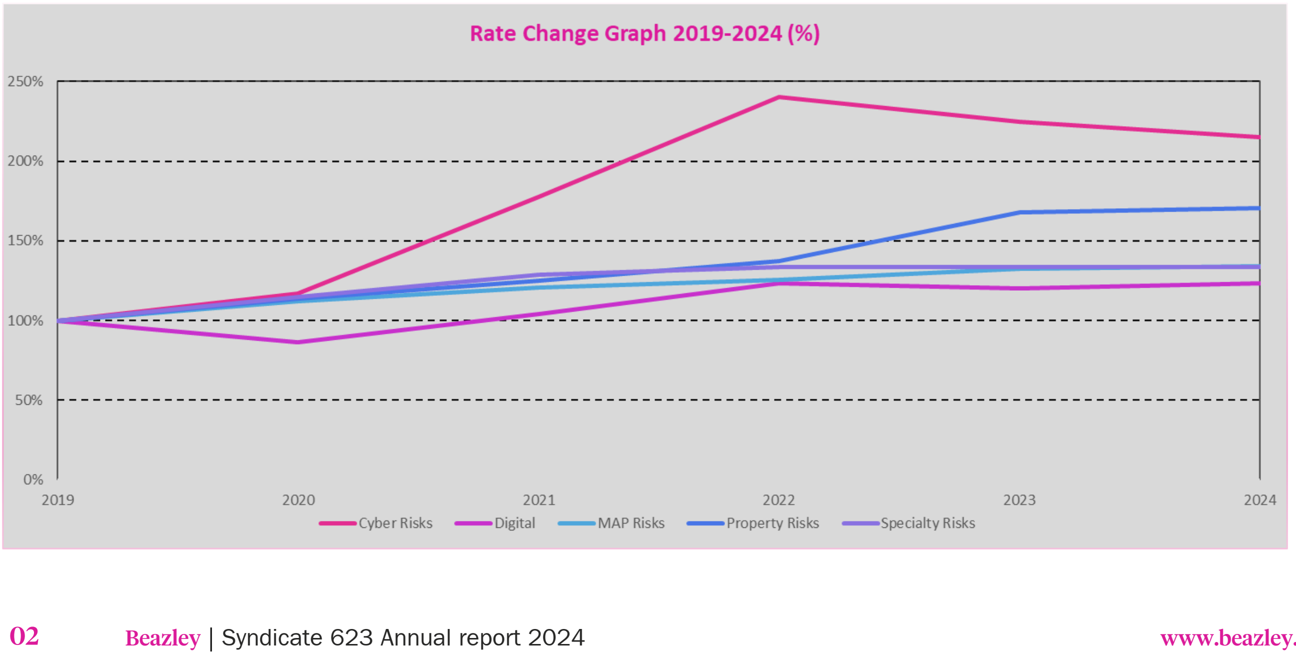
Year of account results

The 2022 year of account ('YOA') has closed with a return on capacity of 14.2% despite being adversely impacted by a number of catastrophe events including Hurricane Ian and Storm Elliott. The managing agent has maintained an active approach to portfolio diversification and this coupled with careful risk selection has minimised the impact of these events and enabled the achieved return on capacity. The 2023 YOA is currently forecasting a positive 10% return on capacity. Although there were numerous adverse weather events that impacted the syndicate, the positive return on capacity demonstrates that such events are within the expected range for the syndicate. The 2024 YOA is currently projected to close with a positive return on capacity. This YOA is still developing. Catastrophe events throughout 2025 and the development of 2024 calendar year losses may still impact the 2024 YOA.

Rating environment

Rate increases for the syndicate softened to 0.2% in 2024 across the portfolio (2023: 4.6%). Property Risks experienced modest rate increases at 1.8% (2023: 22.1%) while MAP Risks rate increases were 1.1% (2023: 5.8%). After a prolonged period of high rate increases until year end 2022, Cyber Risks experienced rate decreases in 2023 and 2024 (6.4% and 4.4% respectively). Specialty Risks remained relatively flat year on year, with small rate increases of 0.3% (2023: 0.1%).

An overview of the syndicate's performance by division is presented between pages 6 and 10. Below is a cumulative rate change graph since 2019, by division.



Combined ratio

The combined ratio ('COR') 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 has increased in 2024 to 94% (2023: 84%) driven by deteriorations in both the claims and expense ratio.

Claims

The claims ratio is a measure of the syndicate's claims experience and represents the ratio of net insurance claims to net earned premium. The claims ratio increased to 49% in 2024 (2023: 43%). There were more catastrophe losses in 2024 relative to 2023, such as Hurricanes Milton and Helene which have worsened the claims ratio. The prior year claims ratio included a positive impact from margin releases on some classes due to a revision in the actuarial methodology in determining risk margin that is held. The current year claims ratio remains substantially lower than in years prior to 2023. The managing agent continues to be of the view that the reserves held are appropriate.

Prior year reserve releases

During 2024 the syndicate released prior year reserves of $26.4m (2023: $58.7m). The syndicate experienced a net release on most divisions, offset by a strengthening on the MAP and Specialty Risk divisions on older years of account. Net (releases)/ strengthening are shown by division in the table below:

	2024 $m	2023 $m
Cyber Risks	(8.8)	5.7
Digital	(5.7)	(8.0)
MAP Risks	13.6	(22.6)
Property Risks	(26.8)	(8.1)
Specialty Risks	1.3	(25.7)
Total	**(26.4)**	**(58.7)**

Strategic report of the managing agent continued

Net operating expenses

Net operating expenses, including business acquisition costs and administrative expenses, increased from $296.8m to $380.9m in 2024. The breakdown of these costs is shown below:

	2024 $m	2023 $m
Brokerage costs	223.7	198.5
Other acquisition costs	27.1	19.0
Total acquisition costs	**250.8**	**217.5**
Administrative and other expenses	102.4	49.9
Profit commissions payable to managing agent	27.7	29.4
Net operating expenses[1]	**380.9**	**296.8**

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

Brokerage costs as a percentage of net earned premium are approximately 26% (2023: 27%). Brokerage costs are deferred and expensed over the life of the associated premiums in accordance with accounting guidelines. Other acquisition costs comprise costs that have been identified as being directly related to underwriting activity (e.g. underwriters' salaries and Lloyd's box rental). These costs are also deferred in line with premium earning patterns. Administrative expenses comprise primarily IT costs, staff 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 45% (2023: 41%). The managing agent continues to focus on total expense base, allowing for additional expenses where aligned to underlying business growth or to enhance the syndicate's business model. The syndicate has grown its gross premiums considerably year on year and it is receiving a higher proportion of expenses, primarily driven by an increase in personnel costs including incentive payments that are linked to the syndicate's performance as referenced in the "year of account results" above. In prior year, the syndicate was not charged managing agent fees as part of the portfolio rebalancing referred to in the overview section above. Resumption of these fees this year has impacted the expense ratio relative to prior year. Finally, the syndicate has changed the mix of its reinsurance cover between 2023 and 2024. It is receiving less overriding commissions (which are offset against expenses) from proportional reinsurance arrangements as it pivots to more non-proportional reinsurance cover.

Investment performance

The syndicate's investments generated a return of $71.5m, or 5.3% in 2024 (2023: a return of $59.9m, or 5.3%). Financial assets grew to $1,405.8m as at 31 December 2024 (2023: $1,279.2m). Returns were again driven by strong performance from equity, credit and hedge fund exposures; and by the level of risk-free yield available in the market, where the interest rate risk on our assets closely matches our liabilities.

US GDP growth was surprisingly strong, shaking off high short-term interest rates to register approximately 3% for 2024, led by services and consumption. US government bond yields were volatile, rising early in the year before falling through Q3, and rising again in Q4 as financial market participants began to digest a possible Republican presidential victory and the Federal Reserve indicating a slower than expected pace of future cuts. The shape of the yield curve changed, pivoting around the 2yr where yields were little changed; yield on shorter maturities fell, whilst longer maturities rose. Despite this volatility, and with most exposures at the short end, the portfolio performed well.

Equity markets again delivered a strong return. The equity portfolio (within shares and other variable yield and units in unit trusts line in the below table), which continues to be focused on US markets, and selected to align with the responsible investment commitments, returned in excess of 24%. Performance was strong throughout the year. Corporate credit exposures performed strongly as well, with both high yield and investment grade spreads tightening. High yield spreads came close to the historic low of 240bps, before finishing the year just below 300bps. The hedge fund portfolio also delivered a solid return with low volatility and correlation to other asset classes.

The yield of the fixed income portfolio (within debt securities and other fixed income securities line in the below table) at 31 December 2024 was 4.6%, with a duration of 1.6yrs. This level of yield is a positive starting point for investment returns in 2025. However, there are plenty of risks: economic growth is diverging; remaining solid in the US, but slowing elsewhere. Geopolitical risks are elevated, and markets will likely have to weather a shift in US foreign and domestic policy under the new administration. The investment portfolio remains diversified and well positioned for a range of market outcomes.

The table below details the breakdown of our portfolio by asset class:

	31 Dec 2024 $'000	%	31 Dec 2023 $'000	%
Shares and other variable yield securities and units in unit trusts	242,717	17.3 %	185,245	14.5
Debt securities and other fixed income securities	1,033,543	73.5 %	1,000,007	78.2
Participation in investment pools	13,349	0.9 %	8,295	0.6
Loans and deposits with credit institutions	—	— %	—	—
Derivative assets	1,955	0.1 %	1,008	0.1
Syndicate loans to central fund	5,864	0.4 %	6,800	0.5
Other investments	67,440	4.8 %	71,288	5.6
Financial assets at fair value	**1,364,868**	**97.0**	**1,272,643**	**99.5**
Cash at bank and in hand	40,887	3.0	6,604	0.5
Total	**1,405,755**	**100**	1,279,247	100

Reinsurance

In 2024, the amount spent on outward reinsurance was $175.2m (2023: $158.0m). As a percentage of gross premiums written, it increased in 2024 to 17% from 16% in 2023. This modest change is mostly arising out of changes to the business mix of the syndicate. Of note, the syndicate is now benefiting from new cyber reinsurance catastrophe bonds and a cyber industry loss warranty that Beazley Group issued during the year.

Outlook

The 2023 underwriting year was relatively quiet from a natural catastrophes point of view. It suffered losses due to the Hawaiian Wildfires, multiple small storms and hurricanes, however these had a relatively small financial impact on the syndicate. This YOA achieved a mix of rate changes across its business mix. MAP Risks and Property Risks demonstrated double digit rate increases. These were offset by a softening of the rates on the Cyber Risks book in 2023. The syndicate is expected to produce a positive 10% return on capacity for 2023 underwriting year.

In 2024, the syndicate changed its business mix - reducing its exposure to Cyber Risks and increasing its exposure to MAP Risks. Most divisions continue to demonstrate rate increases despite difficult market conditions. The 2024 YOA has experienced some claims events - most notably Hurricanes Milton, Beryl and Helene. Despite this, and even though it is in the early stages of development, this YOA is expected to generate a positive return on capacity.

Looking ahead to 2025, the managing agent will continue to explore opportunities for the syndicate. In an era of accelerating risk, clients need expertise and strong underwriting capabilities to shoulder the burden of managing risk. Syndicate 623 is at the forefront of serving this need. The managing agent continues to search for growth opportunities while taking heed of the increasingly complex risk environment driven by climate change, political and macro-economic factors.

C C J Wong
Chief Financial Officer

5 March 2025

Divisional performance commentary

Cyber Risks

	2024 $m	2023 $m
Gross premiums written	141.5	194.9
Net premiums written	89.1	146.5
Earned premiums, net of reinsurance	123.2	140.7
Claims incurred, net of reinsurance	(61.7)	(78.6)
Net operating expenses	(50.3)	(47.4)
Technical result	**11.2**	**14.7**
Claims ratio	50%	56%
Expense ratio	41%	34%
Combined ratio	91%	90%
Renewal rate change	(4)%	(6)%

Cyber Risks gross premium decreased in 2024 to $141.5m (2023: $194.9m). This was largely due to a change in business mix as the syndicate moved towards a higher concentration on MAP Risks.

Cyber Risks combined ratio of 91% demonstrates the effective rate stability that the managing agent has retained in the market since 2020, reflecting the reality of the cyber threat that businesses everywhere face. The managing agent experienced competition in the international markets during the year as they entered the next phase of maturity. However, July's global IT outage provided a reminder of the scale of risk that cyber threats from malign or non-malicious sources pose to businesses.

Cyber Risks (through the managing agent) retained its leadership role in the international cyber insurance market in 2024, with the creation of new cyber reinsurance capacity, in the form of additional catastrophe bonds and the launch of the market's largest cyber industry loss warranty. These innovations together with the managing agent's move to a probabilistic modelling approach for cyber ensures that the syndicate has strong protection right across its cyber business.

The managing agent also played its part in building a robust modelling framework for cyber catastrophes during 2024, following a year-long collaboration with Munich Re and Gallagher Re on the modelling of cyber accumulation risk from significant malware events.

Looking ahead, the managing agent anticipates continuing demand-led growth in its international segment.

Digital

	2024 $m	2023 $m
Gross premiums written	6.1	33.6
Net premiums written	4.8	29.6
Earned premiums, net of reinsurance	15.8	31.1
Claims incurred, net of reinsurance	(2.2)	(7.1)
Net operating expenses	(11.1)	(17.4)
Technical result	**2.5**	**6.6**
Claims ratio	14%	23%
Expense ratio	70%	56%
Combined ratio	84%	79%
Renewal rate change	2%	(2)%

The Digital division achieved gross premiums written of $6.1m (2023: $33.6m) with a technical result of $2.5m (2023: $6.6m) and a combined ratio of 84% (2023: 79%). The decrease in the size of this book mostly relates to the changing business mix of the syndicate during 2024. The managing agent expects this division to continue to decrease in size as the business mix for this syndicate continues to change.

Divisional performance commentary continued

MAP Risks

	2024 $m	2023 $m
Gross premiums written	240.0	155.0
Net premiums written	219.9	143.6
Earned premiums, net of reinsurance	182.2	129.8
Claims incurred, net of reinsurance	(95.5)	(30.0)
Net operating expenses	(85.9)	(59.8)
Technical result	**0.8**	**40.0**
Claims ratio	52%	23%
Expense ratio	47%	46%
Combined ratio	99%	69%
Renewal rate change	1%	6%

2024 saw growth by MAP Risks with gross premiums written of $240.0m (2023: $155.0m). MAP Risks had a positive growth year, based on a continued positive rating environment, of which ongoing geopolitical uncertainty is a key driver. This has been particularly true of the political risk and political violence segment where demand remains consistently strong and where the managing agent remains steadfast in its support of its clients, but always exercises caution given the level of unpredictability. The combined ratio increased sharply to 99% (2023: 69%), primarily driven by prior year reserve strengthening. The managing agent will continue to monitor the claims ratio, but overall we are satisfied with the reserving on this division.

Ongoing volatility is resulting in businesses identifying gaps in cover and seeking comprehensive solutions. In particular, the managing agent is experiencing growing demand for its Deadly Weapons Protection product which offers risk management and prevention expertise, alongside indemnity and recovery advice, to protect clients from the worst impacts of attacks involving deadly weapons.

During the year, the marine market successfully navigated the dual challenges of the Baltimore bridge disaster and ongoing war in the Middle East. The market's success, despite these external events, has encouraged competition to enter, particularly in Hull and Cargo, where rates are flattening, while the experience of the bridge collapse is generating a more stable rating environment for marine liability.

The syndicate's renewables business took off in 2024, growing its relevance and presence with brokers as part of a long-term investment we are making into this growth energy business as part of the managing agents commitment to supporting clients in the transition, which includes investigating insurance solutions to the development of nuclear fusion energy.

Looking ahead, there is no evidence that geopolitical uncertainty is receding and the managing agent believes we will see ongoing demand-led growth for its products and services.

Property Risks

	2024 $m	2023 $m
Gross premiums written	336.8	285.9
Net premiums written	265.5	236.2
Earned premiums, net of reinsurance	254.5	198.6
Claims incurred, net of reinsurance	(97.0)	(81.8)
Net operating expenses	(103.1)	(71.4)
Technical result	**54.4**	**45.4**
Claims ratio	38%	41%
Expense ratio	41%	36%
Combined ratio	79%	77%
Renewal rate change	2%	22%

Property Risks had a successful year achieving gross premium written of $336.8m from $285.9m the previous year, or 18% growth. Rates began to flatten in 2024 as the market stabilised after a volatile 2023 financial year. The rebalancing of the syndicates business mix in 2024 was offset by premium increases across its continuing property book. The COR has deteriorated slightly year on year, mostly driven by a higher expense ratio.

The retained Property Risks business saw strong momentum during the year, as rate increases persisted albeit in the single digits (2%). Demand for the managing agents expertise continued due to its work over recent years to better understand the impact of the changing climate on Property Risks.

2024 brought yet more experience of extreme weather, notably an active Atlantic hurricane season, reminding the market of the importance of a sustainable approach to underwriting focused on maintaining rate adequacy. Underwriting fundamentals and careful selection of risks ensured our portfolio outperformed during the hurricane season.

Individual regional markets that saw significant impacts from natural catastrophe activity (such as the Southeastern US due to hurricanes and Canada following wildfires) are all now experiencing stronger rating increases.

As we move to 2025, the managing agent sees opportunity for organic growth, given the track record it has created over the last two years, it expects to continue our long-term investment into property underwriting.

Divisional performance commentary continued

Specialty Risks

	2024 $m	2023 $m
Gross premiums written	324.3	305.3
Net premiums written	294.3	260.8
Earned premiums, net of reinsurance	269.2	235.9
Claims incurred, net of reinsurance	(156.2)	(120.7)
Net operating expenses	(130.5)	(100.8)
Technical result	**(17.5)**	**14.4**
Claims ratio	58%	51%
Expense ratio	48%	43%
Combined ratio	106%	94%
Renewal rate change	0.3%	0.1%

Overall the division experienced an increase of gross premiums written to $324.3m (2023 $305.3m). The decreased exposure to US written business was offset by the syndicates increased exposure to pre-existing London based Specialty Risks book.

Specialty Risks COR of 106% reflects a mixed underwriting year. While the managing agent believes that it has demonstrated mature underwriting skill and it has diversified the syndicate's Specialty Risks book, it has suffered two specific adverse developments throughout 2024. The claims ratio should moderate over the coming year as the managing agent does not expect these developments to recur in 2025.

Specialty lines of insurance, such as Environmental Liability, Programmes and Safeguard, contributed positively to the divisions result. In Directors & Officers (D&O) the managing agent is now seeing signs that rates are stabilising and are narrowing to flat, although it maintains a laser like focus on rate adequacy.

Effectively managing the cycle also means constantly assessing where social inflation is undermining the long-term viability of insurance and where needed the managing agent will take the difficult decision to reduce or pull back altogether to protect the syndicate's business from excessive court awards.

The managing agent is actively watching capital markets activity and in the US particularly it has hopes of a pickup in activity in 2025. More capital markets and M&A activity creates demand for insurance products such as D&O and environmental liability during the course of transactions and we stand ready to support the market.

The managing agent's clients face complex problems that often involve litigation and the managing agent's focus is on providing them with speciality products, risk management advice and sufficient capacity so that they can get on with the task of running a successful business, without worrying about risk. The managing agent is optimistic of the opportunities to deliver that in 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 the syndicate is the transaction of a range of specialised insurance business at Lloyd’s, including the underwriting of professional indemnity, cyber liability, property, marine, reinsurance, accident and life, political risks and contingency business.

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 operate (collectively, ‘Beazley’), 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, Environmental, Social and Governance 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 Financial 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 categories 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.

Managing agent's report continued

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 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

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 the managing agent 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, minimizing 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.

Managing agent's report continued

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. Beazley 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. Beazley 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.

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. During 2024, there was one incident in relation to activities of an individual underwriter which received additional Board and management scrutiny during the year. The managing agent oversaw a root cause analysis from the incident and has identified areas to further enhance processes and controls. Beazley Group will continue to carry out its medium-term plans to de-risk and simplify the business; including evolving current infrastructure and automating processes to support a more robust internal control framework. The managing agent reviewed legacy areas of concern to ensure that there is adequate management attention and oversight in place while more permanent solutions from strategic projects are delivered. 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 syndicates performance and public perception.	Beazley consistently addresses key strategic opportunities and challenges, striving to be the highest performing and most sustainable specialist insurer. We ensure that we recognize, understand, discuss, and develop action plans for significant strategic priorities in a timely manner, while maintaining operational effectiveness and brand reputation. 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. 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.

Managing agent's report continued

Directors

The Directors of BFL during the period covered by this annual report who participated in Syndicate 623 indirectly through Beazley Staff Underwriting Limited are as follows:

	2023 year of account underwriting capacity £	2024 year of account underwriting capacity £	2025 year of account underwriting capacity £
A P Cox	400,000	400,000	500,000
S M Lake	250,000	—	—
I Fantozzi	400,000	400,000	—
R Anarfi	112,143	175,000	275,000
P Bantick	350,000	350,000	500,000
R Quane	100,000	150,000	—

A full list of the Directors of the managing agent who held office during the year can be found on page 70 of these syndicate annual accounts.

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 Directors of the managing agent are responsible for preparing the syndicate financial statements in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires the Directors of the managing agent to prepare their syndicate annual accounts for each financial year. Under that law they have elected to prepare the annual accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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 623

Opinion

We have audited the syndicate annual accounts of syndicate 623 (‘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 V2.1 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.

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 17 the managing agent is responsible for the preparation of the syndicate annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the managing agent determines is necessary to enable the preparation of the syndicate annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

Independent auditor's report to the members of Syndicate 623 continued

Our approach was as follows:

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

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

Other matter

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

Use of our report

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

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

5 March 2025

Statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 $'000	2023 $'000
Gross premiums written	3	1,048,713	974,713
Outward reinsurance premiums		(175,161)	(158,040)
Premiums written, net of reinsurance		**873,552**	**816,673**
Changes in unearned premium			
Change in the gross provision for unearned premiums	17	(33,300)	(59,920)
Change in the provision for unearned premiums, reinsurers' share	17	4,598	(20,719)
Net change in the provision for unearned premiums		**(28,702)**	**(80,639)**
Earned premiums, net of reinsurance		**844,850**	**736,034**
Allocated investment return transferred from the non-technical account	7	**71,539**	**59,858**
Claims paid			
Gross amount	17	(368,591)	(345,469)
Reinsurers' share	17	68,418	78,737
Net claims paid		**(300,173)**	**(266,732)**
Change in the provision for claims			
Gross amount	17	(122,335)	(5,355)
Reinsurers' share	17	9,905	(45,985)
Net change in provision for claims		**(112,430)**	**(51,340)**
Claims incurred, net of reinsurance		**(412,603)**	**(318,072)**
Net operating expenses	4	**(380,933)**	**(296,794)**
Balance on technical account - general business		**122,853**	**181,026**
Investment income	7	41,272	26,892
Investment expenses and charges	7	(1,605)	(954)
Realised gains/(losses) on investments	7	15,311	(14,659)
Unrealised gains on investments	7	16,561	48,579
Total investment return		**71,539**	**59,858**
Allocated investment return transferred to general business technical account		**(71,539)**	**(59,858)**
Loss on foreign exchange		(679)	(858)
Other income		180	644
Total comprehensive income for the financial year		**122,354**	**180,812**

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

The notes on pages 25 to 52 form part of these financial statements.

Balance sheet
as at 31 December 2024

	Notes	2024 $'000	2023 *restated $'000
Assets			
Investments			
Financial investments	9	1,364,868	1,272,643
Deposits with ceding undertakings		850	1,756
		1,365,718	**1,274,399**
Reinsurers' share of technical provisions			
Provision for unearned premiums	17	87,496	82,892
Claims outstanding	17	374,477	365,017
		461,973	**447,909**
Debtors			
Debtors arising out of direct insurance operations	11	330,083	307,421
Debtors arising out of reinsurance operations	12	124,178	83,474
Other debtors	13	37,181	34,978
		491,442	**425,873**
Other assets			
Cash at bank and in hand	14	**40,887**	**6,604**
Prepayments and accrued income			
Deferred acquisition costs	15	121,990	117,230
Other prepayments and accrued income		15,637	14,402
		137,627	**131,632**
Total assets		**2,497,647**	**2,286,417**
Capital and reserves			
Members' balances		201,643	188,592
Liabilities			
Technical provisions			
Provision for unearned premiums	17	542,731	510,038
Claims outstanding	17	1,423,896	1,303,922
		1,966,627	**1,813,960**
Creditors			
Creditors arising out of direct insurance operations	18	2,876	2,459
Creditors arising out of reinsurance operations	19	117,492	106,274
Other creditors	20	191,266	156,357
		311,634	**265,090**
Accruals and deferred income		**17,743**	**18,775**
Total liabilities		**2,296,004**	**2,097,825**
Total liabilities, capital and reserves		**2,497,647**	**2,286,417**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.
The notes on pages 25 to 52 form part of these financial statements.

The syndicate annual accounts on pages 21 to 52 were approved and signed by the Board of Beazley Furlonge Limited on 5 March 2025 and were signed on its behalf by:

P J Bantick
Director

C C J Wong
Chief Financial Officer

Statement of changes in members' balances

for the year ended 31 December 2024

	2024 $'000	2023 *restated $'000
Members' balances brought forward at 1 January	188,592	(183)
Total comprehensive income for the financial year	122,354	180,812
Payments of profit to members' personal reserve funds	(104,331)	—
Losses collected in relation to distribution on closure of underwriting year	—	12,758
Member agent fees	(4,851)	(4,628)
Other	(121)	(167)
Members' balances carried forward at 31 December	**201,643**	**188,592**

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

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.

The notes on pages 25 to 52 form part of these financial statements.

Cash flow statement
for the year ended 31 December 2024

	Notes	2024 $'000	2023 *restated $'000
Cash flows from operating activities			
Total comprehensive income		122,354	180,812
Adjustments for:			
Increase in gross technical provisions	17	152,667	72,577
(Increase)/decrease in reinsurers' share of gross technical provisions	17	(14,064)	65,066
Increase in debtors		(65,569)	(29,672)
Movement in other assets/liabilities		(6,121)	(34,311)
Increase in creditors		46,544	26,406
Investment return	7	(71,539)	(59,858)
Foreign exchange		277	(102)
Net cash flow from operating activities		**164,549**	**220,918**
Cash flows from investing activities			
Purchase of equity and debt securities		(1,278,543)	(1,035,810)
Sale of equity and debt securities		1,207,932	787,690
Investment income received		54,978	11,279
Net cash flow from investing activities		**(15,633)**	**(236,841)**
Cash flows from financing activities			
Distribution of profit		(104,331)	—
Collection of losses		—	12,758
Other		(4,972)	(4,795)
Net cash flow from financing activities		**(109,303)**	**7,963**
Net increase/(decrease) in cash and cash equivalents		**39,613**	**(7,960)**
Cash and cash equivalents at the beginning of the year		14,900	22,758
Foreign exchange on cash and cash equivalents		(277)	102
Cash and cash equivalents at the end of the year	14	**54,236**	**14,900**

*Certain balances have been restated due to a voluntary change in accounting policy. Refer to note 24.
The notes on pages 25 to 52 form part of these financial statements.

Notes to the syndicate annual accounts

1 Accounting policies

Basis of preparation

Syndicate 623 (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 - 10). 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 on the balance sheet is $1,065,289k (2023: $968,413k).

Notes to the Syndicate annual accounts continued

1 Accounting policies continued

(b) Valuation of unquoted and illiquid financial assets

Determination of fair value of unquoted and illiquid assets involves judgement in model valuations, through the incorporation of both observable and unobservable market inputs. These inputs include assumptions that lead to the existence of a range of plausible valuations. Further detail on the methodologies and inputs used is described in note 9 and note 10.

(c) Premium estimates

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

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. The amount of estimated future premium that remains in debtors relating to years of account that are more than three years developed at 31 December 2024 is $5,358k (2023: $4,336k).

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 outstanding claims comprises amounts set aside for claims advised and IBNR.

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

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

1 Accounting policies continued

(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 by establishing an unexpired risk reserve 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.

(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.

Notes to the Syndicate annual accounts continued

1 Accounting policies continued

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 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.

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 the 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.

Hedge funds, equity funds, collateralised loan obligations, and illiquid credit assets

The syndicate participates in a number of hedge funds and related financial instruments for which there are no readily available quoted market prices. The valuation of these hedge funds is based on fair value techniques (as described above). The fair value of our hedge fund portfolio is calculated by reference to the underlying net asset values of each of the individual funds. Consideration is also given in valuing these funds to any restriction applied to distributions, the existence of side pocket provisions, and the timing of the latest available valuations. At certain times, the syndicate will have uncalled unfunded commitments in relation to its illiquid credit assets. These uncalled unfunded commitments are actively monitored by the syndicate and are disclosed in notes 2.3 and 9 to the financial statements. The additional investment into its illiquid credit asset portfolio is recognised on the date that this funding is provided. These instruments are included within shares and other variable yield securities and units in unit trusts. The syndicate also invests in a number of collateralised loan obligations ('CLOs'). The valuation of of these CLOs is based on fair value techniques (as described above). The CLOs are included within debt securities and other fixed income securities.

(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 syndicates 2623, 6107 and other related entities, and profit commissions payable. These are stated at amortised cost determined using the effective interest rate method.

1 Accounting policies continued

(m) 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.

(n) 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.

(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.

(p) 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.

(q) 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.

(r) Profit commission

Profit commission is charged by the managing agent at a rate of 17.5% of the profit on a YOA basis subject to the operating of a three-year deficit clause. This is charged to the syndicate as incurred but does not become payable until after the appropriate YOA closes, normally at 36 months.

Notes to the Syndicate annual accounts continued

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 syndicate's underwriting strategy is to seek a diverse and balanced portfolio of risks in order to limit the variability of outcomes. This is achieved by accepting a spread of business over time, segmented between different products, geography and size. 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. BFL's underwriters calculate premiums for risks written based on a range of criteria tailored specifically to each individual risk. These factors include but are not limited to the financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions and acquisition expenses.

The managing agent also recognises that insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. To address this, the managing agent sets out the exposure that it is prepared to accept in certain territories to a range of events such as natural catastrophes and specific scenarios which may result in large industry losses. This is monitored through regular calculation of Realistic Disaster Scenarios. The aggregate position is monitored at the time of underwriting a risk, and reports are regularly produced to highlight the key aggregations to which the syndicate is exposed.

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

One of the largest types of event exposure relates to natural catastrophe events such as windstorms 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. Upon application of the reinsurance coverage purchased, the key gross and net exposures are calculated on the basis of extreme events at a range of return periods.

To manage underwriting exposures, the managing agent has developed limits of authority and business plans which are binding upon all staff authorised to underwrite and are specific to underwriters, classes of business and industry. These authority limits are enforced through a comprehensive sign-off process for underwriting transactions including dual sign-off for all line underwriters and peer review for all risks exceeding individual underwriters authority limits. Exception reports are also run regularly to monitor compliance. All underwriters also have a right to refuse renewal or change the terms and conditions of insurance contracts upon renewal. Rate monitoring details, including limits, deductibles, exposures, terms and conditions and risk characteristics are also captured and the results are combined to monitor the rating environment for each class of business.

2 Risk management continued

Binding authority contracts

A proportion of the syndicate's insurance risks is 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's 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 to purchase reinsurance. These decisions are regularly reviewed as an integral part of the business planning and performance monitoring process.

The Reinsurance Security Committee examines and approves all reinsurers to ensure that they possess suitable security. The syndicate's ceded reinsurance team ensures that these guidelines are followed, undertakes the administration of reinsurance contracts, monitors and instigates responses to any erosion of the reinsurance programmes.

(c) Claims management risk

Claims management risk may arise within the syndicate in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Beazley brand and undermine its ability to win and retain business or incur punitive damages. These risks can occur at any stage of the claims life-cycle. The syndicate'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. Prompt and accurate case reserves are set for all known claims liabilities, including provisions for expenses.

(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 provisions.

To manage reserving and ultimate reserves risk, the managing agent's actuarial team uses a range of recognised techniques to project gross premiums written, monitor claims development patterns and stress test ultimate insurance liability balances. An external independent actuary also performs an annual review to produce a statement of actuarial opinion for the syndicate.
The objective of the syndicate's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business. The 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:

	Impact on profit and members' balances	
Sensitivity to insurance risk (claims reserves)	2024	2023
	$'000	$'000
Claims outstanding - gross of reinsurance	1,423,896	1,303,922
Claims outstanding - net of reinsurance	1,049,419	938,905
5% increase in gross claims reserve	(71,195)	(65,196)
5% decrease in gross claims reserve	71,195	65,196
5% increase in net claims reserve	(52,471)	(46,945)
5% decrease in net claims reserve	52,471	46,945

Notes to the Syndicate annual accounts continued

2 Risk management continued

2.2 Market risk

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

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. Foreign exchange risk is actively managed as described below.

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.

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	90,810	719	113,361	14,681	23,090	242,661	1,123,057	1,365,718
Reinsurers' share of technical provisions	17,793	13,549	36,033	—	—	67,375	394,598	461,973
Debtors	5,331	33,651	65,535	—	—	104,517	386,925	491,442
Other assets	444	1,156	2,248	—	—	3,848	37,039	40,887
Prepayments and accrued income	3,549	6,527	26,112	—	—	36,188	101,439	137,627
Total assets	**117,927**	**55,602**	**243,289**	**14,681**	**23,090**	**454,589**	**2,043,058**	**2,497,647**
Technical provisions	(69,591)	(102,473)	(235,146)	—	—	(407,210)	(1,559,417)	(1,966,627)
Creditors	(9,436)	(20,559)	(69,896)	—	—	(99,891)	(211,743)	(311,634)
Accruals and deferred income	(84)	(273)	(11,784)	—	—	(12,141)	(5,602)	(17,743)
Total liabilities	**(79,111)**	**(123,305)**	**(316,826)**	**—**	**—**	**(519,242)**	**(1,776,762)**	**(2,296,004)**
Total Capital and Reserves	**38,816**	**(67,703)**	**(73,537)**	**14,681**	**23,090**	**(64,653)**	**266,296**	**201,643**

31 December 2023*	CAD $ $'000	EUR € $'000	UK £ $'000	AUD $ $'000	Other $'000	Subtotal $'000	US $ $'000	Total $'000
Investments	96,246	1,036	114,796	14,158	19,453	245,689	1,028,710	1,274,399
Reinsurers' share of technical provisions	10,183	13,776	39,876	—	—	63,835	384,074	447,909
Debtors	9,119	24,759	50,057	—	—	83,935	341,938	425,873
Other assets	1,467	1,394	1,807	—	—	4,668	1,936	6,604
Prepayments and accrued income	3,919	3,987	15,663	—	—	23,569	108,063	131,632
Total assets	**120,934**	**44,952**	**222,199**	**14,158**	**19,453**	**421,696**	**1,864,721**	**2,286,417**
Technical provisions	(61,059)	(83,088)	(197,942)	—	—	(342,089)	(1,471,871)	(1,813,960)
Creditors	(11,131)	(19,537)	(25,459)	—	—	(56,127)	(208,963)	(265,090)
Accruals and deferred income	(246)	(283)	(9,086)	—	—	(9,615)	(9,160)	(18,775)
Total liabilities	**(72,436)**	**(102,908)**	**(232,487)**	**—**	**—**	**(407,831)**	**(1,689,994)**	**(2,097,825)**
Total Capital and Reserves	**48,498**	**(57,956)**	**(10,288)**	**14,158**	**19,453**	**13,865**	**174,727**	**188,592**

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

2 Risk management continued

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 10. On a forward looking basis an assessment is made of expected future exposure development and appropriate currency trades put in place to reduce risk.

Fluctuations in the syndicate's trading currencies against the US dollar would result in a change to profit and members' balances. The table below gives an indication of the impact on profit and members balances of a percentage change in relative strength of US dollar against the value of sterling, Canadian dollar, Australian dollar and euro, simultaneously.

	Impact on profit and members' balances	
	2024	2023
Change in exchange rate of sterling, Canadian dollar, Australian dollar and euro relative to US dollar	$'000	$'000
Dollar weakens 10% against other currencies	(3,575)	(508)
Dollar strengthens 10% against other currencies	3,575	508

Interest rate risk

Some of the syndicate's financial instruments, including financial investments, 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 which gives a better indication than maturity of the likely sensitivity of our portfolio to changes in interest rates.

Duration	<1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-10 yrs	>10 yrs	Total
31 December 2024	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Debt securities and other fixed income securities	338,248	381,433	185,000	77,193	19,760	31,909	–	1,033,543
Participation in investment pools	13,349	–	–	–	–	–	–	13,349
Shares and other variable yield securities and unit trusts*	–	–	–	83,830	–	–	–	83,830
Overseas deposits	67,440	–	–	–	–	–	–	67,440
Cash at bank in hand	40,887	–	–	–	–	–	–	40,887
Derivative financial instruments	1,955	–	–	–	–	–	–	1,955
Syndicate loans to central fund	5,864	–	–	–	–	–	–	5,864
Total	**467,743**	**381,433**	**185,000**	**161,023**	**19,760**	**31,909**	**–**	**1,246,868**

*Excluding equity securities.

Duration	<1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-10 yrs	>10 yrs	Total
31 December 2023	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Debt securities and other fixed income securities	270,490	405,209	207,768	91,832	18,256	6,452	–	1,000,007
Participation in investment pools	8,295	–	–	–	–	–	–	8,295
Shares and other variable yield securities and unit trusts*	–	–	–	62,730	–	–	–	62,730
Overseas deposits	57,130	14,150	8	–	–	–	–	71,288
Cash at bank in hand	6,604	–	–	–	–	–	–	6,604
Derivative financial instruments	1,008	–	–	–	–	–	–	1,008
Syndicate loans to central fund	1,535	5,265	–	–	–	–	–	6,800
Total	**345,062**	**424,624**	**207,776**	**154,562**	**18,256**	**6,452**	**–**	**1,156,732**

*Excluding equity securities.

2 Risk management continued

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 table below.

	Impact on profit for the year ended		Impact on members' balances	
	2024	2023	2024	2023
Shift in yield (basis points)	$'000	$'000	$'000	$'000
50 basis point increase	(9,538)	(10,138)	(9,538)	(10,138)
50 basis point decrease	9,538	10,138	9,538	10,138

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, hedge funds, equity funds 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. The sensitivity to price risk that relates to the syndicate’s hedge fund investments and equity linked funds is presented below. The Investment Committee has established comprehensive guidelines with investment managers setting out maximum investment limits, diversification across industries and concentrations in any one industry or company.

Listed investments are recognised on the balance sheet at quoted bid price. If the market for the investment is not considered to be active, then the syndicate establishes fair value using valuation techniques (refer to note 9). This includes using recent arm’s length market transactions, reference to current fair value of other investments that are substantially the same, discounted cash flow models and other valuation techniques that are commonly used by market participants.

	Impact on profit for the year ended		Impact on members balances	
	2024	2023	2024	2023
Change in fair value of hedge funds, equity linked funds & illiquid credit assets	$'000	$'000	$'000	$'000
5% increase in fair value	7,944	6,126	7,944	6,126
5% decrease in fair value	(7,944)	(6,126)	(7,944)	(6,126)

2.3 Credit risk

Credit risk arises from the failure of another party to perform its financial or contractual obligations to the syndicate in a timely manner. The primary sources of credit risk for the syndicate are:
- 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 syndicate; and
- investments – whereby issuer default results in the syndicate losing all or part of the value of a financial instrument and derivative financial instrument.

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

The managing agent limits exposure to a single counterparty or a group of counterparties and 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.

2 Risk management continued

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 for assets with credit risk:

31 December 2024	AAA $'000	AA $'000	A $'000	BBB $'000	Other $'000	Not rated $'000	Total $'000
Investments							
Shares and other variable yield securities and units in unit trusts	–	–	–	–	83,830	158,887	242,717
Debt securities and other fixed income securities	133,524	391,993	338,327	145,287	–	24,412	1,033,543
Participation in investment pools	–	–	13,349	–	–	–	13,349
Derivative assets	–	–	–	–	–	1,955	1,955
Syndicate loans to central fund	–	–	5,864	–	–	–	5,864
Other investments	–	–	67,440	–	–	–	67,440
Deposits with ceding undertakings	–	–	850	–	–	–	850
Total investments	**133,524**	**391,993**	**425,830**	**145,287**	**83,830**	**185,254**	**1,365,718**
Reinsurers' share of claims outstanding	4,986	248,032	118,417	1	–	3,041	374,477
Debtors arising out of direct insurance operations	–	–	–	–	–	330,083	330,083
Debtors arising out of reinsurance operations	69	12,100	15,342	–	–	96,667	124,178
Cash at bank and in hand	14,582	–	26,305	–	–	–	40,887
Other debtors and accrued interest	4,729	579	499	214	–	46,797	52,818
Total	**157,890**	**652,704**	**586,393**	**145,502**	**83,830**	**661,842**	**2,288,161**

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
Investments							
Shares and other variable yield securities and units in unit trusts	–	–	–	–	62,730	122,515	185,245
Debt securities and other fixed income securities	473,631	115,171	298,078	113,127	–	–	1,000,007
Participation in investment pools	–	8,295	–	–	–	–	8,295
Derivative assets	–	–	–	–	–	1,008	1,008
Syndicate loans to central fund	–	–	6,800	–	–	–	6,800
Other investments	–	–	71,288	–	–	–	71,288
Deposits with ceding undertakings	–	–	1,756	–	–	–	1,756
Total investments	**473,631**	**123,466**	**377,922**	**113,127**	**62,730**	**123,523**	**1,274,399**
Reinsurers' share of claims outstanding	4,955	247,771	110,229	86	–	1,976	365,017
Debtors arising out of direct insurance operations	–	–	–	–	–	307,421	307,421
Debtors arising out of reinsurance operations	138	16,647	18,398	39	–	48,252	83,474
Cash at bank and in hand	–	–	6,604	–	–	–	6,604
Other debtors and accrued interest*	5,176	1,259	3,257	1,236	3,701	34,751	49,380
Total	**483,900**	**389,143**	**516,410**	**114,488**	**66,431**	**515,923**	**2,086,295**

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

Financial investments falling within the unrated category comprise hedge funds for which there is no readily available market data to allow classification within the respective tiers. Additionally, some debtors are classified as unrated in accordance with Lloyd's guidelines.

The syndicate has insurance debtors and reinsurance assets that are past due but not impaired at the reporting date. An aged analysis of these is presented 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
Investments					
Shares and other variable yield securities and units in unit trusts	242,717	–	–	–	242,717
Debt securities and other fixed income securities	1,033,543	–	–	–	1,033,543
Participation in investment pools	13,349	–	–	–	13,349
Derivative assets	1,955	–	–	–	1,955
Syndicate loans to central fund	5,864	–	–	–	5,864
Other investments	67,440	–	–	–	67,440
Deposits with ceding undertakings	850	–	–	–	850
Total Investments	**1,365,718**	**–**	**–**	**–**	**1,365,718**
Reinsurers' share of claims outstanding	374,477	–	871	(871)	374,477
Debtors arising out of direct insurance operations	300,546	29,537	–	–	330,083
Debtors arising out of reinsurance operations	112,014	12,164	3,396	(3,396)	124,178
Cash at bank and in hand	40,887	–	–	–	40,887
Other debtors and accrued interest	52,818	–	–	–	52,818
Total	**2,246,460**	**41,701**	**4,267**	**(4,267)**	**2,288,161**

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
Investments					
Shares and other variable yield securities and units in unit trusts	185,245	–	–	–	185,245
Debt securities and other fixed income securities	1,000,007	–	–	–	1,000,007
Participation in investment pools	8,295	–	–	–	8,295
Loans secured by mortgages	–	–	–	–	–
Loans and deposits with credit institutions	–	–	–	–	–
Derivative assets	1,008	–	–	–	1,008
Syndicate loans to central fund	6,800	–	–	–	6,800
Other investments	71,288	–	–	–	71,288
Deposits with ceding undertakings	1,756	–	–	–	1,756
Total investments	**1,274,399**	**–**	**–**	**–**	**1,274,399**
Reinsurers' share of claims outstanding	365,017	–	905	(905)	365,017
Debtors arising out of direct insurance operations	272,905	34,516	–	–	307,421
Debtors arising out of reinsurance operations	75,444	8,030	3,286	(3,286)	83,474
Cash at bank and in hand	6,604	–	–	–	6,604
Other debtors and accrued interest*	49,380	–	–	–	49,380
Total	**2,043,749**	**42,546**	**4,191**	**(4,191)**	**2,086,295**

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

The table below sets out a reconciliation of changes in impairment allowance during the period for each class of financial asset at the balance sheet date:

Impairment allowance 31 December 2024	Opening balance $'000	Impairment charged during the year $'000	Impairment released during the year $'000	Foreign exchange and other movements $'000	Total $'000
Debtors arising out of reinsurance operations	3,286	79	–	31	3,396
Reinsurers' share of outstanding claims	905	–	–	(34)	871
Total	**4,191**	**79**	**–**	**(3)**	**4,267**

Impairment allowance 31 December 2023	Opening balance $'000	Impairment charged during the year $'000	Impairment released during the year $'000	Foreign exchange and other movements $'000	Total $'000
Debtors arising out of reinsurance operations	3,422	–	(145)	9	3,286
Reinsurers' share of outstanding claims	902	–	–	3	905
Total	**4,324**	**–**	**(145)**	**12**	**4,191**

Notes to the Syndicate annual accounts continued

2 Risk management continued

The table below sets out the age analysis of financial assets that are past due but not impaired at the balance sheet date:

Past due but not impaired assets 31 December 2024	0 - 3 months past due $'000	3 - 6 months past due $'000	6 - 12 months past due $'000	Greater than 1 year past due $'000	Total $'000
Debtors arising out of direct insurance operations	20,068	3,820	3,807	1,842	29,537
Debtors arising out of reinsurance operations	–	6,386	1,473	4,305	12,164
Total	**20,068**	**10,206**	**5,280**	**6,147**	**41,701**

Past due but not impaired assets 31 December 2023	0 - 3 months past due $'000	3 - 6 months past due $'000	6 - 12 months past due $'000	Greater than 1 year past due $'000	Total $'000
Debtors arising out of direct insurance operations	25,652	5,056	1,912	1,896	34,516
Debtors arising out of reinsurance operations	–	3,441	3,650	939	8,030
Total	**25,652**	**8,497**	**5,562**	**2,835**	**42,546**

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	1,423,896	–	418,936	505,853	269,393	229,714	1,423,896
Derivative liabilities	3,314	–	3,314	–	–	–	3,314
Creditors	308,320	19,224	289,096	–	–	–	308,320
Other liabilities	17,743	–	17,743	–	–	–	17,743
Total	**1,753,273**	**19,224**	**729,089**	**505,853**	**269,393**	**229,714**	**1,753,273**

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	1,303,922	–	390,176	463,119	243,126	207,501	1,303,922
Derivative liabilities	1,078	–	1,078	–	–	–	1,078
Creditors	264,012	26,202	237,810	–	–	–	264,012
Other liabilities	18,775	–	18,775	–	–	–	18,775
Total	**1,587,787**	**26,202**	**647,839**	**463,119**	**243,126**	**207,501**	**1,587,787**

2 Risk management continued

2.5 Capital management

Capital framework at Lloyd's

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

Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II, and beyond that to meet its own financial strength, license and ratings objectives. Although, as described below, the Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at an overall and member level respectively, not at a syndicate level. Accordingly the capital requirement in respect of Syndicate 623 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.

Notes to the Syndicate annual accounts continued

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	398,747	428,932	(196,474)	(164,122)	(39,902)	28,434
Fire and other damage to property	237,783	233,667	(78,226)	(82,134)	(34,237)	39,070
Marine, aviation and transport	128,004	105,154	(68,994)	(49,062)	10,680	(2,222)
Credit and suretyship	41,388	34,272	(8,423)	(15,271)	(3,912)	6,666
Total direct insurance	805,922	802,025	(352,117)	(310,589)	(67,371)	71,948
Reinsurance acceptances	242,791	213,388	(138,809)	(70,344)	(24,869)	(20,634)
Total direct insurance and reinsurance accepted	**1,048,713**	**1,015,413**	**(490,926)**	**(380,933)**	**(92,240)**	**51,314**

2024	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Net operating expenses $'000	Reinsurance balance $'000	Underwriting result $'000
Additional analysis						
Fire and damage to property of which is:						
Specialities	17,584	14,366	1,305	(6,630)	(5,806)	3,235
Energy	—	—	—	—	—	—
Third party liability of which is:						
Energy	—	—	—	—	—	—
	17,584	**14,366**	**1,305**	**(6,630)**	**(5,806)**	**3,235**

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	465,764	458,293	(239,271)	(140,136)	(60,006)	18,880
Fire and other damage to property	238,522	200,120	(60,397)	(60,762)	(37,963)	40,998
Marine aviation and transport	71,281	70,223	(21,912)	(26,155)	347	22,503
Credit and suretyship	30,792	26,320	7,469	(11,731)	(11,669)	10,389
Total direct insurance	806,359	754,956	(314,111)	(238,784)	(109,291)	92,770
Reinsurance acceptances	168,354	159,837	(36,713)	(58,010)	(36,716)	28,398
Total direct insurance and reinsurance accepted	**974,713**	**914,793**	**(350,824)**	**(296,794)**	**(146,007)**	**121,168**

2023	Gross premiums written $'000	Gross premiums earned $'000	Gross claims incurred $'000	Net operating expenses $'000	Reinsurance balance $'000	Underwriting result $'000
Additional analysis						
Fire and damage to property of which is:						
Specialities	10,821	10,471	8,219	(4,464)	(10,544)	3,682
Energy	—	—	—	—	—	—
Third party liability of which is:						
Energy	—	—	—	—	—	—
	10,821	**10,471**	**8,219**	**(4,464)**	**(10,544)**	**3,682**

*Included in net operating expenses is income arising from overrider commissions from reinsurance operations of $16,570K (2023: 23,074K).

3 Analysis of underwriting result continued

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	72,533	56,445
US	402,961	499,942
European Union member states	88,651	64,509
Rest of world	241,777	185,463
Gross premiums written	**805,922**	**806,359**

4 Net operating expenses

	2024 $'000	2023 $'000
Acquisition costs	255,694	237,398
Change in deferred acquisition costs	(4,902)	(19,902)
Administrative expenses	127,270	91,336
Members' standard personal expenses	19,441	11,036
Reinsurance commission and profit participation	(16,570)	(23,074)
Total	**380,933**	**296,794**

Included within administrative expenses are profit commissions payable to the managing agent of $27,703k (2023:$29,435k).

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

	2024 $'000	2023 $'000
Total commission for direct insurance business	**196,502**	**187,268**

Administrative expenses include:

	2024 $'000	2023 $'000
Fees payable to the syndicate's auditor for the audit of these syndicate annual accounts	816	743
Other services pursuant to legislation	355	316
Total	**1,171**	**1,059**

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 623 and included within net operating expenses:

	2024 $'000	2023 $'000
Directors' emoluments	**2,615**	**1,955**

The active underwriter received the following aggregate remuneration charged to Syndicate 623

	2024 $'000	2023 $'000
Emoluments	1,095	768
	1,095	**768**

Notes to the Syndicate annual accounts continued

6 Staff 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	32,467	21,805
Social security	11,832	6,771
Pension costs	9,750	5,580
Short-term incentive payments	31,256	14,661
Total	**85,305**	**48,817**

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	39,473	26,042
From financial instruments classified at amortised cost		
Interest on cash at bank	1,799	850
Other income from investments		
From financial instruments designated at fair value through profit or loss		
Gains on the realisation of investments	20,152	4,164
Losses on the realisation of investments	(4,841)	(18,823)
Unrealised gains on investments	46,355	61,403
Unrealised losses on the investments	(29,794)	(12,824)
Investment management expenses	(1,605)	(954)
Total investment return	**71,539**	**59,858**
Transferred to the technical account from the non-technical account	71,539	59,858

8 Distribution and open years of account

A distribution of $106,544K to members will be proposed in relation to the closing year of account 2022 (2023: distribution of $104,331K for year of account 2021).

9 Financial investments

	Carrying value		Cost	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Shares and other variable yield securities and units in unit trusts	242,717	185,245	215,749	156,958
Debt securities and other fixed income securities	1,033,543	1,000,007	1,024,197	1,001,509
Participation in investment pools	13,349	8,295	13,240	8,389
Derivative assets	1,955	1,008	—	—
Syndicate loans to central fund	5,864	6,800	5,757	6,901
Other investments	67,440	71,288	67,112	71,839
Total financial investments	**1,364,868**	**1,272,643**	**1,326,055**	**1,245,596**

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

	2024	2023
	$'000	$'000
Financial assets measured at fair value through profit or loss	1,364,868	1,272,643
Total financial investments	**1,364,868**	**1,272,643**

A breakdown of derivative financial instruments is disclosed in note 10 on page 45.

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, equity funds and corporate bonds which are not actively traded, hedge funds and senior secured loans.

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.

Notes to the Syndicate annual accounts continued

9 Financial investments continued

Valuation approach

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

(a) 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.

(b) For our hedge funds, the pricing and valuation of each fund is undertaken by administrators in accordance with each underlying fund's valuation policy. Individual fund prices are communicated by the administrators to all investors via the monthly investor statements. The fair value of the hedge fund portfolios are calculated by reference to the underlying net asset values of each of the individual funds.

The valuation approach for fair value assets and liabilities classified as level 3 is as follows:

(a) Our illiquid credit fund investments are managed by third party managers (generally closed ended limited partnerships or open ended funds). While the funds provide full transparency on their underlying investments, the investments themselves are predominantly in private and unquoted instruments. The valuation techniques used by the fund managers to establish the fair value of the underlying private/unquoted investments may incorporate discounted cash flow models or a more market-based approach, whilst the main inputs might include discount rates, fundamental pricing multiples, recent transaction prices, or comparable market information to create a benchmark multiple.

(b) The syndicate loans are loans provided to the Central Fund at Lloyd's. These instruments are not tradeable and are valued using discounted cash flow models, designed to appropriately reflect the credit and illiquidity risk of the instruments.

(c) Certain collateralised loan obligation securities included within "Debt securities and other fixed income securities" have been classified within level 3. These represent instruments which were issued late in 2024 and have been priced at par, predominantly as these had not settled at the balance sheet date. As this is deemed to be an unobservable input these have been classified within level 3. We expect these instruments to move into Level 2 in the near term as these begin to be priced by our pricing vendors using models with observable market inputs.

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:

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	128,140	114,493	84	–	242,717
Debt securities and other fixed income securities	533,713	489,580	10,250	–	1,033,543
Participation in investment pools	13,349	–	–	–	13,349
Derivative assets	1,955	–	–	–	1,955
Syndicate loans to central fund	–	–	5,864	–	5,864
Other investments	67,440	–	–	–	67,440
Total financial investments	**744,597**	**604,073**	**16,198**	**–**	**1,364,868**
Derivative financial liabilities	(3,314)	–	–	–	(3,314)
Total	**741,283**	**604,073**	**16,198**	**–**	**1,361,554**

9 Financial investments continued

2023	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	98,917	82,580	3,748	—	185,245
Debt securities and other fixed income securities	563,424	436,583	—	—	1,000,007
Participation in investment pools	8,295	—	—	—	8,295
Derivative assets	1,008	—	—	—	1,008
Syndicate loans to central fund	—	—	6,800	—	6,800
Other investments	71,288	—	—	—	71,288
Total financial investments	**742,932**	**519,163**	**10,548**	**—**	**1,272,643**
Derivative financial liabilities	(1,078)	—	—	—	(1,078)
Total	**741,854**	**519,163**	**10,548**	**—**	**1,271,565**

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	(70,667)	70,667

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	57,404	(57,404)

Additional information is obtained from fund managers relating to the underlying assets within individual hedge funds. The syndicate identified that 80% (2023: 75%) of these underlying assets were level 1 and the remainder level 2. If the inputs used to measure the fair value of an asset or a liability could be categorised in different levels of 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. This enabled us to categorise hedge funds as level 2.

10 Derivative financial instruments

In 2024 and 2023, the syndicate entered into over-the-counter and exchange traded derivative contracts 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. 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	85,085	1,955	68,000	1,008
Foreign exchange forward contract - liabilities	111,939	3,314	75,100	1,079

11 Debtors arising out of direct insurance operations

	2024 $'000	2023 $'000
Due within one year	329,973	307,376
Due after one year	110	45
	330,083	**307,421**

12 Debtors arising out of reinsurance operations

	2024 $'000	2023 $'000
Due within one year	**124,178**	**83,474**
Due after one year	—	—
	124,178	**83,474**

13 Other debtors

	2024 $'000	2023 *restated $'000
Inter-syndicate balances		
Amount due from syndicate 4321	263	168
Amount due from syndicate 5623	4,270	226
Total Inter-syndicate balances	**4,533**	**394**
Other	32,648	34,584
	37,181	**34,978**

*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	40,887	6,604
Short term debt instruments presented within financial investments	13,349	8,296
	54,236	**14,900**

Cash at bank and in hand includes $18.8m (2023:$2.2m) held in Lloyd's Singapore trust accounts which is only available for use by the syndicate to meet local claim and expense obligations.

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

	2024 $'000	2023 $'000
Short term debt instruments presented within other financial investments	**13,349**	**8,296**
Total cash and cash equivalents not available for use by the syndicate	**13,349**	**8,296**

15 Deferred acquisition costs

	2024			2023		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at 1 January	117,230	(10,469)	106,761	96,896	(15,584)	81,312
Incurred deferred acquisition costs	255,694	(5,148)	250,546	237,398	(8,612)	76,607
Amortised deferred acquisition costs	(250,792)	9,161	(241,631)	(217,496)	13,759	(51,602)
Foreign exchange movements	(142)	1	(141)	432	(32)	444
Balance at 31 December	**121,990**	**(6,455)**	**115,535**	**117,230**	**(10,469)**	**106,761**

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	6,604	34,266	—	17	—	40,887
Short term deposits	8,296	5,347	—	(294)	—	13,349
Cash and cash equivalents	**14,900**	**39,613**	**—**	**(277)**	**—**	**54,236**
Derivative financial liabilities	(1,078)	1,078	—	—	(3,314)	(3,314)
Total	**13,822**	**40,691**	**—**	**(277)**	**(3,314)**	**50,922**

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	19,870	(13,352)	—	86	—	6,604
Short term deposits	2,888	5,392	—	16	—	8,296
Cash and cash equivalents	**22,758**	**(7,960)**	**—**	**102**	**—**	**14,900**
Derivative financial liabilities	(2,473)	2,473	—	—	(1,078)	(1,078)
Total	**20,285**	**(5,487)**	**—**	**102**	**(1,078)**	**13,822**

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	1,303,922	(365,017)	938,905	1,292,729	(409,647)	883,082
Claims paid during the year	(368,591)	68,418	(300,173)	(345,469)	78,737	(266,732)
Expected cost of current year claims	539,779	(100,771)	439,008	478,004	(101,130)	376,874
Change in estimates of prior year provisions	(48,853)	22,448	(26,405)	(127,180)	68,378	(58,802)
Effects of movements in exchange rate	(2,361)	445	(1,916)	5,838	(1,355)	4,483
Balance at 31 December	**1,423,896**	**(374,477)**	**1,049,419**	**1,303,922**	**(365,017)**	**938,905**

	2024			2023		
Unearned premiums	Gross Provisions $'000	Reinsurance assets $'000	Net $'000	Gross Provisions $'000	Reinsurance assets $'000	Net $'000
Balance at 1 January	510,038	(82,892)	427,146	448,654	(103,328)	345,326
Premium written during the year	1,048,713	(175,161)	873,552	974,713	(158,040)	816,673
Premiums earned during the year	(1,015,413)	170,563	(844,850)	(914,793)	178,759	(736,034)
Effect of movements in exchange rate	(607)	(6)	(613)	1,464	(283)	1,181
Balance at 31 December	**542,731**	**(87,496)**	**455,235**	**510,038**	**(82,892)**	**427,146**

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	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	Total $'000
12 months	228,912	246,310	316,289	314,430	326,156	398,277	458,778	542,861	558,118	604,990	
24 months	217,005	244,825	321,990	335,310	385,773	442,847	501,138	470,212	494,911		
36 months	202,850	233,151	329,888	355,256	363,964	459,933	439,238	454,961			
48 months	194,871	225,713	322,423	352,446	366,027	420,672	413,127				
60 months	193,754	221,325	324,980	360,370	359,200	411,631					
72 months	204,846	219,913	333,162	366,668	366,033						
84 months	209,099	220,975	330,256	365,702							
96 months	212,227	228,502	333,319								
108 months	207,429	231,145									
120 months	206,292										
Total ultimate losses	**206,292**	**231,145**	**333,319**	**365,702**	**366,033**	**411,631**	**413,127**	**454,961**	**494,911**	**604,990**	**3,882,111**
Provision in respect of prior years (2014 and earlier)											34,900
Less gross claims paid	(193,182)	(205,599)	(303,905)	(316,089)	(290,377)	(299,388)	(201,045)	(180,852)	(99,531)	(19,962)	(2,109,930)
Gross claims reserves (unearned)	**13,110**	**25,546**	**29,414**	**49,613**	**75,656**	**112,243**	**212,082**	**274,109**	**395,380**	**585,028**	**1,807,081**
Less unearned portion of ultimate losses	—	—	—	—	—	—	(10,227)	(14,140)	(35,965)	(322,853)	(383,185)
Gross claims reserves	**13,110**	**25,546**	**29,414**	**49,613**	**75,656**	**112,243**	**201,855**	**259,969**	**359,415**	**262,175**	**1,423,896**

Net amounts	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	Total $'000
12 months	178,360	193,339	245,618	252,630	259,791	304,469	344,348	378,707	461,139	504,078	
24 months	172,628	194,307	252,766	262,334	299,833	331,398	365,182	338,862	411,142		
36 months	162,191	188,185	255,597	280,075	279,978	327,286	325,646	335,486			
48 months	155,021	181,717	250,113	273,260	278,808	321,056	310,394				
60 months	153,112	174,760	249,137	272,337	275,163	314,493					
72 months	156,114	172,046	251,745	273,605	275,108						
84 months	157,184	171,276	251,708	276,812							
96 months	158,670	172,518	250,467								
108 months	156,862	179,724									
120 months	155,823										
Total ultimate losses	**155,823**	**179,724**	**250,467**	**276,812**	**275,108**	**314,493**	**310,394**	**335,486**	**411,142**	**504,078**	**3,013,527**
Provision in respect of prior years (2014 and earlier)											28,800
Less net claims paid	(154,162)	(165,515)	(239,437)	(248,838)	(227,198)	(225,666)	(157,012)	(147,652)	(86,434)	(17,599)	(1,669,513)
Net claims reserves (unearned)	**1,661**	**14,209**	**11,030**	**27,974**	**47,910**	**88,827**	**153,382**	**187,834**	**324,708**	**486,479**	**1,372,814**
Less unearned portion of ultimate losses	—	—	—	—	—	—	(5,674)	(9,521)	(29,890)	(278,310)	(323,395)
Net claims reserves	**1,661**	**14,209**	**11,030**	**27,974**	**47,910**	**88,827**	**147,708**	**178,313**	**294,818**	**208,169**	**1,049,419**

18 Creditors arising out of direct insurance operations

	2024 $'000	2022 $'000
Due within one year	2,876	2,459
Due after one year	—	—
	2,876	**2,459**

19 Creditors arising out of reinsurance operations

	2023 $'000	2022 $'000
Due within one year	117,492	106,274
Due after one year	—	—
	117,492	**106,274**

20 Other creditors

	2024 $'000	2023 $'000
Inter-syndicate balances		
Due to syndicate 2623	1,973	6,872
Due to syndicate 3623	4,314	296
Due to syndicate 6107	12,937	19,034
Total inter-syndicate balances	**19,224**	**26,202**
Profit commissions payable	68,341	40,638
Other related party balances (non-syndicate)	78,757	87,224
Derivative liabilities	3,314	1,078
Other liabilities	21,630	1,215
Total other creditors	**191,266**	**156,357**

The above other creditors balances are payable within one year with the exception of profit commissions which are payable once the related YOA closes. Profit commissions of $45,203k (2023: $26,999K) are payable within one year, with the remaining balance payable after one year.

21 Related parties transactions

Beazley Furlonge Limited ('BFL'), the managing agent of Syndicate 623, is a wholly-owned subsidiary of Beazley plc. The Directors of BFL who have participated in syndicate 623 indirectly through Beazley Staff Underwriting Limited are disclosed in the managing agent's report on page 16.

Certain Directors of BFL have shareholdings in Beazley plc which provides capacity for Syndicates 2623, 3622, 3623, 4321 and 5623. Syndicate 623 writes in parallel with Syndicate 2623.

Beazley plc has the following service companies ('managing general agents'), which underwrite on behalf of Syndicates 623 and 2623 (the 'syndicates') and write business either directly for the syndicates or via Lloyd's Brussels:

- Beazley Solutions Limited – (UK & Europe);
- Beazley Solutions International Limited – (Europe);
- Beazley USA Services, Inc. – (USA);
- Beazley Canada Limited – (Canada);
- Beazley Pte Limited – (Singapore); and
- Beazley Labuan Limited – (Malaysia).

The syndicates are charged commissions for the type of business underwritten by these companies. The commission is based on the costs incurred by these service companies in generating and servicing the business on behalf of the syndicates. As Beazley plc owns 100% of the share capital, it could receive profits from these entities in the future from the business underwritten by the names on Syndicate 623.

Notes to the Syndicate annual accounts continued

21 Related parties transactions continued

The syndicate is charged fees from BFL in respect of management services provided. Both Beazley Management Limited and BFL, the managing agent of the syndicate, are ultimately controlled by Beazley plc.

Since 2010, Syndicate 623, alongside Syndicate 2623, has ceded part of its international reinsurance account to Syndicate 6107 at Lloyd's, and since 2017 has also ceded part of its cyber business to Syndicate 6107. Syndicate 6107 is a special purpose syndicate managed by BFL and commissions are received by the syndicate in respect of these transactions.

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

The syndicate, alongside Syndicate 2623, has written a new intra-group quota-share reinsurance contract with Bidac which incepted 1 January 2024. The contract reinsures business from syndicate 623 and 2623 to Bidac.

The total amount due to Bidac at 2024 year end was $3,420k. Outward reinsurance premiums of $26,066k and reinsurers share of claims paid of $1,628k were recognised in the year.

Beazley has a 25% equity interest in Falcon Money Management Holdings Limited ('Falcon'), an investment management company. Syndicate 623 invests in certain funds managed by Falcon, as part of which management fees are deducted.

Profit related remuneration for Syndicate 623’s underwriting staff is charged to the syndicate. At the balance sheet date, the syndicate has amounts due (to)/from the managing agent of $(21,709)k (2023: $657k). In addition to this amount, the syndicate is also carrying a profit commission payable to the managing agent of $68,341k (2023: $40,638k).
The managing agent recharged expenses and fees of $159,252k (2023: $104,253k) to the syndicate in the current year.

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.

22 Subsequent events

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

The proposed distribution to members is disclosed in note 8.

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.

Balance sheet reclassification

The amounts under financial liabilities have been reclassified to the other creditors. This change is purely presentational.

24 Changes in accounting policies - presentation continued

Members' agent fees

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

Cash flow statement – presentation and classification

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

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

The impact of this change of accounting policy on financial statement line items if the old accounting policy had been applied is demonstrated below:

Balance sheet	Previously disclosed	Adjustment Members' agent fees	Adjustment Financial liabilities	Restated
	$'000	$'000	$'000	$'000
Other debtors	47,940	(12,962)	—	34,978
Total assets	**2,299,379**	**(12,962)**	**—**	**2,286,417**
Members' balances	201,554	(12,962)	—	188,592
Total capital and reserves	**201,554**	**(12,962)**	**—**	**188,592**
Other creditors	155,279	—	1,078	156,357
Financial liabilities	1,078	—	(1,078)	—
Total liabilities	**2,097,825**	**—**	**—**	**2,097,825**

Statement of changes in members' balances	Previously disclosed	Adjustment Members' agent fees	Adjustment Financial liabilities	Restated
	$'000	$'000	$'000	$'000
Members' balances brought forward at 1 January	12,455	(12,638)	—	(183)
Loss collected on closure of underwriting year	8,287	4,471	—	12,758
Member agent fees	—	(4,628)	—	(4,628)
Other	—	(167)	—	(167)
Members' balances carried forward at 31 December	**201,554**	**(12,962)**	**—**	**188,592**

Notes to the Syndicate annual accounts continued

24 Changes in accounting policies - presentation continued

Statement of cash flows	Previously disclosed $'000	Adjustment $'000	Restated $'000
Increase/decrease in deposits with ceded undertakings	(575)	575	—
Increase/decrease in debtors, prepayments and accrued income	(35,550)	5,878	(29,672)
Increase in net technical provisions	137,643	(137,643)	—
Increase/(decrease) in gross technical provisions	—	72,577	72,577
(Increase)/decrease in reinsurers' share of gross technical provisions	—	65,066	65,066
Increase/decrease in deferred acquisition costs	(20,280)	20,280	—
Increase/decrease in creditors, accruals and deferred income	19,899	6,507	26,406
Movement in other assets/liabilities	—	(34,311)	(34,311)
Foreign exchange	—	(102)	(102)
Net cash flows from operating activities	**222,091**	**(1,173)**	**220,918**
Net purchase of investments	(249,617)	249,617	—
Purchase of equity and debt securities	—	(1,035,810)	(1,035,810)
Sale of equity and debt securities	—	787,690	787,690
Net cash flows from investment activities	**(238,338)**	**1,497**	**(236,841)**
Transfer to/from members in respect of underwriting participations	8,287	(8,287)	—
Collection of losses	—	12,758	12,758
Other	—	(4,795)	(4,795)
Net cash flows from financing activities	**8,287**	**(324)**	**7,963**
Net increase/(decrease) in cash and cash equivalents	**(7,960)**	**—**	**(7,960)**
Cash and cash equivalents at the end of the year	**14,900**	**—**	**14,900**

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

2022 underwriting year of account for Syndicate 623

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 103 Insurance Contracts (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 $106.5m includes a reinsurance to close surplus from the 2021 YOA of $3.2m (note 6). The profit on the 2022 YOA represents a return on capacity of 14.2% and includes the impact of personal members expenses of $3.7m. Return on capacity excluding these expenses would be 14.7%.

Principal activity

The principal activity of Syndicate 623 is the transaction of a range of specialised insurance business at Lloyd’s, including the underwriting of professional indemnity, cyber liability, property, marine, reinsurance, accident and life, and political risks and contingency business.

Directors

A list of Directors of the managing agent who held office during the current year can be found on page 70 of the syndicate annual accounts.

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 auditors are 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 auditors are 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 By law. 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 623 2022 closed year of account

Opinion

We have audited the syndicate underwriting year accounts for the 2022 year of account of syndicate 623 ('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 16, 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 623 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 623 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 set out on page 55, 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.

Independent auditor's report to the members of Syndicate 623 2022 closed year of account continued

- 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, and involvement of relevant specialists, including forensics specialists and inquiring about the appointment of external advisers, including legal counsel, as applicable.
- The syndicate operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the syndicate's underwriting year accounts to material misstatement, including how fraud might occur by considering the controls that the managing agent has established to address risks identified by the managing agent, or that otherwise seek to prevent, deter, or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk including,
  - Reviewing accounting estimates for evidence of management bias. Supported by our Actuaries we assessed if there were any indicators of management bias in the valuation of insurance liabilities and the recognition of estimated premium income.
  - Evaluating the business rationale for significant and/or unusual transactions.
- These procedures included testing manual journals and were designed to provide reasonable assurance that the syndicate underwriting year accounts were free from fraud or error.

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

Use of our report

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

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

5 March 2025

Profit or loss account

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

	Notes	2022 year of account $m
Gross premiums written	3	858.0
Outward reinsurance premiums		(198.0)
Earned premiums, net of reinsurance		**660.0**
Allocated investment return transferred from the non-technical account		42.6
Reinsurance to close premiums received, net of reinsurance	4	500.0
Investment return and reinsurance adjusted premium		**542.6**
Reinsurance to close premiums payable, net of reinsurance	5	(550.9)
Gross claims paid		(359.2)
Reinsurers' share		74.7
Claims incurred, net of reinsurance		**(835.4)**
Net operating expenses	7	(260.2)
Balance on the technical account		**107.0**
Investment income		30.5
Investment expenses and charges	11	(1.2)
Realised gain on investments		3.4
Unrealised gain on investments		9.9
Net investment return		**42.6**
Allocated investment return transferred to the technical account		(42.6)
Other income		0.2
Loss on foreign exchange		(0.7)
Profit for the 2022 closed YOA	6	**106.5**
Syndicate allocated capacity (£m)		587.3
Profit for the 2022 closed YOA (£m)		83.6
Return on capacity		14.2%

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

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

	2022 year of account $'m
Profit for the 2022 closed YOA	106.5
Amounts due to members at 31 December 2024	**106.5**

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		
Financial investments	12	678.5
Deposits with ceding undertakings		0.8
Debtors	13	11.8
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the account	5	260.4
Cash at bank and in hand		21.5
Prepayments and accrued income		9.1
Deferred acquisition costs		6.4
Total assets		**988.5**
Members' balances and liabilities		
Members' balances		
Amounts due to members	14	106.5
Liabilities		
Reinsurance to close premium payable to close the account – gross amount	5	824.0
Creditors	15	53.9
Accruals and deferred income		4.1
Total liabilities		**988.5**

The underwriting year accounts on pages 59 to 68 were approved by the Board of Directors 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	106.5
Increase in gross technical provisions	824.0
Increase in reinsurers' share of gross technical provisions	(260.4)
Increase in debtors	(11.8)
Movement in other assets/liabilities	(12.2)
Increase in creditors	53.9
Investment return	(42.6)
Net cash flow from operating activities	**657.4**
Cash flows from investing activities	
Purchase of equity and debt securities	(678.5)
Investment income received	42.6
Net cash flow from investing activities	**(635.9)**
Cash flows from financing activities	
Net cash flow from financing activities	**—**
Net increase in cash and cash equivalents	**21.5**
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	**21.5**

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 (N.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 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 of 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 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 623 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 comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. Investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the YOA which funded these deposits.

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

1 Accounting policies continued

(h) The investment return is wholly allocated to the technical account.

(i) Investments are valued at market value at the balance sheet date. 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.

Syndicate operating expenses

(j) Acquisition costs comprise brokerage, premium levies, and staff related costs of the underwriters acquiring the business.

Costs incurred by the managing agent in respect of the syndicate are charged to the syndicate. Where expenses do not relate to any specific YOA they are apportioned between YOA on a basis which reflects the benefit obtained by each YOA from each type of expense.

(l) Where expenses are incurred jointly by the managing agent and the syndicate, they are apportioned as follows:

- salaries and related costs – according to the staff time spent on dealing with syndicate matters;
- accommodation costs – proportioned based on the overall staff costs allocation above; and
- other costs – as appropriate in each case.

Taxation

(m) 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.

(n) 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'.

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

(o) 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

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

	Gross premiums written $m	*Gross premiums earned $m	Gross claims incurred $m	Net operating expenses $m	*Reinsurance balance $m	Underwriting result $m
Direct Insurance						
Marine aviation and transport	94.3	92.9	(39.7)	(36.3)	(3.2)	13.7
Fire and other damage to property	154.4	152.1	(75.0)	(54.7)	(14.3)	8.1
Third party liability	497.6	490.0	(264.6)	(131.2)	(51.5)	42.7
Miscellaneous	34.4	33.8	(13.2)	(12.1)	(2.4)	6.1
Total Direct Insurance	**780.7**	**768.8**	**(392.5)**	**(234.3)**	**(71.4)**	**70.6**
Reinsurance accepted	77.3	76.1	(48.5)	(25.9)	(7.9)	**(6.2)**
Total Direct and Reinsurance accepted	**858.0**	**844.9**	**(441.0)**	**(260.2)**	**(79.3)**	**64.4**

*A net earnings adjustment of $8.6m is included within Reinsurance to close premiums payable, net of reinsurance on the Profit or loss account.

All business was concluded in the UK.

4 Reinsurance to close premiums received

	2022 year of account $m
Gross reinsurance to close premiums received	710.5
Reinsurance recoveries anticipated	(210.5)
Reinsurance to close premiums received, from 2021 and earlier, net of reinsurance	**500.0**

5 Reinsurance to close premiums payable

	2022 year of account $m
Gross reinsurance to close premiums through profit and loss	805.4
Reinsurance recoveries anticipated through profit and loss	(254.5)
Foreign exchange	12.7
Reinsurance to close premiums payable to 2023 net of reinsurance	**563.6**

	Reported $m	Unearned premium reserve $m	IBNR $m	Total $m
Gross reinsurance to close premium payable	217.3	39.0	567.7	824.0
Reinsurance recoveries anticipated	(48.6)	(10.6)	(201.2)	(260.4)
Reinsurance to close premiums payable, net of reinsurance	**168.7**	**28.4**	**366.5**	**563.6**

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

6 Analysis of the 2022 YOA result

	2022 year of account $m
Amount attributable to business allocated to the 2022 YOA	103.3
Surplus on the reinsurance to close for the 2021 YOA	3.2
	106.5

7 Net operating expenses

	2022 year of account $m
Acquisition costs	195.7
Reinsurance commissions and profit participation	(27.4)
Administrative expenses	91.9
	260.2

Administrative expenses include:	$m
Audit services	0.6

8 Emoluments of the Directors of BFL

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

	2022 year of account $m
Emoluments and fees	1.9
	1.9

9 Staff costs

All staff are employed by Beazley Management Limited, with the majority of these costs incurred in sterling. The following amounts were recharged to the 2022 underwriting YOA in respect of staff costs:

	2022 year of account $m
Wages and salaries	30.8
Social security	11.5
Pension costs	9.2
Short term incentive payments	13.5
	65.0

10 Active underwriter's emoluments

An allocation of the active underwriter’s remuneration to the 2022 underwriting YOA is based on the amounts paid between 2022 and 2024 as follows:

	2022 year of account $m
Emoluments and fees	0.7
	0.7

11 Investment expenses and charges

	2022 year of account $m
Investment management expenses	1.2
	1.2

12 Financial Assets

2022	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial investments				
Shares and other variable yield securities and units in unit trusts	62.9	56.2	—	119.1
Debt securities and other fixed income securities	261.8	245.2	—	507.0
Participation in investment pools	6.5	—	—	6.5
Loans and deposits with credit institutions	—	—	—	—
Derivative assets	1.0	—	—	1.0
Syndicate loans to central fund	—	—	5.9	5.9
Other investments	39.0	—	—	39.0
Total financial assets at fair value	**371.2**	**301.4**	**5.9**	**678.5**
Derivative financial instruments	(1.6)	—	—	(1.6)
Total	**369.6**	**301.4**	**5.9**	**676.9**

13 Debtors

	2022 year of account $m
Debtors arising out of direct insurance operations – intermediaries	1.7
Debtors arising out of reinsurance operations	8.3
Other debtors	1.8
	11.8

These balances are due within one year.

14 Amounts due to members

	2022 year of account $m
Profit for the 2022 closed YOA before standard personal expenses	110.2
Members personal expenses	(3.7)
Amounts due to members at 31 December 2024	**106.5**

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

15 Creditors

	2022 year of account $m
Creditors arising out of direct insurance operations	2.2
Creditors arising out of reinsurance operations	3.3
Amounts due to syndicate 2623	2.9
Amounts due to syndicate 6107	6.2
Other creditors including taxation	39.3
	53.9

The above balances are payable within one year.

16 Related parties transactions

BFL, the managing agent of Syndicate 623, is a wholly-owned subsidiary of Beazley plc. The Directors of BFL who have participated in Syndicate 623 indirectly through Beazley Staff Underwriting Limited are disclosed in the managing agent's report of the annual accounts on page 16

The intercompany positions with other syndicates managed by BFL at 31 December 2024 are included in note 15 of the syndicate underwriting year accounts.

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.

Seven-year summary of closed year results (unaudited)

at 31 December 2024

	2022	2021	2020	2019	2018	2017	2016
Syndicate allocated capacity – £'m	587.3	514.8	422.6	366.2	350.9	304.5	257.3
Syndicate allocated capacity – $'m	810.4	638.3	536.6	483.3	456.2	408.0	403.9
Capacity utilised	64%	79%	93%	89%	86%	88%	79%
Aggregate net premiums – $'m	514.5	501.7	388.6	330.4	312.1	278.7	251.6
Underwriting profit as a percentage of gross premiums	18.1%	21.1%	4.5%	5.9%	0.9%	0.2%	19.3%
Return on capacity	14.2%	16.1%	(2.5)%	3.1%	(2.7%)	(2.4%)	8.7%
Results for an illustrative £10,000 share							
Gross premiums – $'000s	12.1	12.6	11.8	11.7	11.2	11.8	12.5
Net premiums	8.8	9.7	9.2	9.0	8.9	9.2	9.8
Reinsurance to close from an earlier account	8.5	8.9	9.9	10.2	9.3	9.8	12.0
Net claims	(4.8)	(5.2)	(6.8)	(6.0)	(6.5)	(7.1)	(6.7)
Reinsurance to close the YOA	(9.4)	(10.0)	(10.9)	(11.6)	(10.5)	(10.7)	(11.7)
Underwriting profit	3.1	3.4	1.4	1.7	1.1	1.2	3.5
Profit/(loss) on foreign exchange	—	(0.1)	(0.1)	0.1	(0.2)	–	(0.1)
Syndicate operating expenses	(1.4)	(1.3)	(1.4)	(1.5)	(1.5)	(1.9)	(2.1)
Balance on technical account	1.7	2.0	(0.1)	0.3	(0.6)	(0.7)	1.3
Gross investment return	0.7	0.5	–	0.5	0.4	0.6	0.4
Profit/(Loss) before personal expenses	2.4	2.5	(0.1)	0.8	(0.2)	(0.1)	1.7
Illustrative personal expenses							
Illustrative personal expenses	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Managing agent's profit commission	(0.4)	(0.4)	–	(0.1)	–	–	(0.2)
Profit/(loss) after illustrative profit commission and personal expenses ($)	1.8	2.0	(0.3)	0.4	(0.4)	(0.3)	1.1
Profit/(loss) after illustrative profit commission and personal expenses (£)	1.4	1.6	(0.2)	0.3	(0.3)	(0.2)	0.9

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 623 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 and Active Underwriter
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.

Company secretary

R Yeoman

Managing agent's registered office

22 Bishopsgate
London
EC2N 4BQ
United Kingdom

Registered number

01893407

Syndicate number

0623

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 623
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and so it continues...

beazley