

Accounts disclaimer

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Lloyd's Syndicate

Liberty 4472

**Annual Report and Accounts for the year ended
31 December 2025**

Contents

Directors and Administration 4

Strategic report of the Managing Agent..... 5

Managing Agent’s report 7

Statement of Managing Agent’s responsibilities 13

Independent auditor’s report to the members of Syndicate 4472..... 14

Statement of profit or loss and other comprehensive income 19

Balance sheet – Assets..... 21

Balance sheet (cont’d) – Liabilities 22

Statement of changes in members’ balances 23

Statement of cash flows 24

Notes to the financial statements – (forming part of the financial statements) 25

Directors and Administration

Managing Agent

Liberty Managing Agency Limited

Directors	
Nigel Davenport	Group Non-Executive Director
Richard Hoskins	Independent Non-Executive Director
Martin Hudson	Independent Non-Executive Director
Steven McMurray	Executive Director
Luis Prato	Chief Executive Officer & Executive Director
Cathryn Riley	Independent Non-Executive Director
Chantal Rodriguez	Executive Director
Anne Whitaker	Independent Non-Executive Director

Company Secretary

Gina Tighe

Managing Agent’s Registered Office

20 Fenchurch Street
London
EC3M 3AW

Managing Agent’s Registered Number

3003606

Active Underwriter

Henry Nelson (appointed 1st January 2026)
Jane Warren (resigned 31st December 2025)

Investment Manager

Liberty Mutual Group Asset Management Inc.

Registered Auditor

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Strategic report of the Managing Agent

The Directors of the Managing Agent present their report for Syndicate 4472 for the year ended 31 December 2025. The Syndicate's Managing Agent is a company registered in England and Wales.

Underwriting performance

The Syndicate's combined ratio deteriorated to 107.8% (2024: 89.1%). Overall, the result for the calendar year was a profit of £144.5m (2024: £262.6m) driven by an investment return of £188.0m (2024: £146.9m) and exchange gain of £53.1m (2024: £30.1m loss) partly offset by an underwriting loss of £96.7m (2024: £145.8m profit).

Key Performance Indicators

	2025 £m	2024 £m
Gross Premiums Written	1,644.3	1,753.4
Net Earned Premium	1,242.9	1,335.3
Underwriting Result	(96.7)	145.8
Profit/(loss) for the Financial Year	144.5	262.6
Claims Ratio %*	73.3%	56.3%
Expense Ratio %*	34.5%	32.8%
Combined Ratio %*	107.8%	89.1%

**The claims ratio is calculated as net claims incurred over the net earned premiums. The expense ratio is the sum of operating expenses and acquisition costs over the net earned premiums. The combined ratio is the sum of the ratios of net incurred claims and net operating expenses to net earned premiums. A combined ratio of less than 100% represents an underwriting profit. In calculating the claims and expense ratios foreign exchange gains and losses have been excluded.*

Gross written premium decreased by 6.2% driven by lower rate and softening market conditions across the Liberty International Insurance (LII) and Liberty Mutual Reinsurance (LMRe) portfolios.

Net earned premium decreased by 6.9% due to the earn through of lower gross premium volumes which was partially offset by the non-placement of a specific XOL contract.

The Syndicate's underwriting result represents a deterioration of £242.5m compared to prior year which is attributable to the increase in the net loss ratio of 17.0%. Strengthening in the prior year reserves contributed 11.5% of the increase and was largely due to the recognition of additional reserves in relation to Russia-Ukraine in the year driven by legal developments and settlements. Although this action contributed to the Syndicate's claims ratio deterioration, the decision removes substantial reserve uncertainty from the balance sheet.

The attritional loss ratio deteriorated by 5.9ppts from 41.9% to 47.8%. This was mainly driven by the inclusion of large losses within this category inclusive of Martinez Refinery Fire (£16.2m), UPS Plane Crash (£8.5m) and Queensland Floods (£1.4m) combined with unfavourable experience in LMRe Property.

The increase of 1.7% in the expense ratio was primarily driven by a reduction in net earned premium, rather than an uplift in underlying costs. Operating costs continue to be closely monitored and managed.

There is no profit commission due on the closure of the 2023 year of account.

Strategic report of the Managing Agent (continued)

Investment performance

Overall, the total investment return of £188.0m (2024: £146.9m) was largely driven by investment income generated from the asset portfolio of £122.1m (2024: £122.8m), representing a yield of 3.8% (2024: 3.6%). Additionally, investment return was bolstered by gains driven by the unwind of unrealised losses on existing assets due to bond yield movements and the “pull to par” unwind effect that occurs as assets approach maturity.

Foreign exchange gains/losses

The Foreign exchange gain of £53.1m (2024: £30.1m loss) was driven by the translation of non-functional currencies to the functional currency of US dollar.

Review of financial position

The Member's Balance increased by £75.8m during the year.

Assets have decreased by £527.4m. This is driven by a reduction in Financial investments of £156.9m due to asset sales during the period to facilitate claim payments combined with the weakening of the US dollar which devalues a majority of our asset portfolio when reported in Sterling. Additionally, the Reinsurers' share of technical provision and Technical debtors reduced by £278.7m and £100.7m respectively due to recoveries and settlements received in the period.

Liabilities decreased by £603.2m. This is largely driven by a reduction in Gross technical provisions of £531.2m which is reflective of claims settlements in the period and the weakening of the US dollar as noted above. The remainder of the decrease of £72.0m is primarily due to Technical creditors as we cleared Technical liabilities.

Future developments

The business is committed to supporting its clients and stakeholders in the changing external environment and throughout the market cycle.

We aim to maximise opportunities in the Lloyd's market in line with our objective of delivering as a high performing, financial services company.

Managing Agent's report

Principal activity and review of the business

The Syndicate's principal activity is the transaction of general insurance and reinsurance business. The Syndicate trades through the Lloyd's worldwide licenses. Lloyd's has an A (Excellent) rating from A.M. Best, A+ (Strong) rating from S&P and AA- (Very strong) rating from Fitch.

There have not been any significant changes to the Syndicate's principal activity during the year.

The Syndicate is managed by Liberty Managing Agency Limited (LMAL) which is wholly owned by Liberty Mutual Group Incorporated (the Group), a diversified global insurer. The Group offers a wide range of insurance products and services to meet the needs of individuals, families and businesses. Functionally, the Group conducts substantially all of its business through two business units: US Retail Markets (USRM) and Global Risk Solutions (GRS). The Syndicate operates as part of the Liberty International Insurance (LII) and Liberty Mutual Reinsurance (LMRe) segments within the GRS business unit.

Principal risks and uncertainties

The Board of Directors for LMAL ("LMAL Board") is responsible for the oversight and operation of the Syndicate. The LMAL Board has established a robust corporate governance structure that is supported by the Board Sub-Committees, including the Risk Management Committee ("RMC"), Audit Committee, Nominations Committee and Remuneration Committee. This is further supported by Executive level "Legal Entity Committees" established by the responsible executives to assist them with discharging their duties by considering specific management information for oversight and management of LMAL's operational and regulatory performance.

From a risk management perspective, the LMAL Board meets regularly to approve any commercial, regulatory and organisational requirements which includes key policies, frameworks or other documents due to their importance of establishing expected standards. The LMAL Board sets risk appetites annually as part of the Syndicate's business planning and capital setting process. The LMAL Board approves the Syndicate's Own Risk and Solvency Assessment ("ORSA"), which provides an assessment of the adequacy of the solvency and capital needs of the Syndicate's risk profile on a current and forward-looking basis.

The principal risks and uncertainties facing the Syndicate are set out below and within the Notes to the Financial Statements where additional information relating to these risks is provided.

Insurance risk

Insurance risk is the risk of a change in value caused by ultimate costs for full contractual obligations varying from those assumed when the obligations were estimated. The actual performance of insurance contracts is subject to the inherent uncertainty in the occurrence, timing and amount of the final insurance liabilities.

Insurance risk incorporates Premium Risk and Reserve Risk. Premium Risk is the variation of underwriting results from plan for reasons other than operational or insurance counterparty risk. This is influenced by the frequency and severity of claims events. Reserve risk is the variation in policyholder reserves for prior accident years required for reasons other than operational or insurance counterparty risk. This is influenced by uncertainty in the notification of claims and value of claims paid.

Managing Agent's report (continued)

Insurance risk (continued)

Premium risk is mitigated through a diversified business plan operating within Board risk appetites and supported through the Syndicate's control environment, including underwriting controls. Reinsurance is utilised to mitigate against exposure to individual and correlated events.

Reserve risk is managed within the Board risk appetites and is mitigated through strong control mechanisms as well as detailed analysis and benchmarking exercises reviewed by Legal Entity Committees and Board Committees.

Credit risk

Credit risk is the risk of financial change in value due to actual credit losses deviating from expected credit losses due to the failure of another party to meet its contractual debt obligations to the Syndicate.

The principal source of credit risk arises from the inability of reinsurers to meet their contractual obligations if they become due. Credit risk also arises from brokers, third parties with delegated underwriting and / or claims authority or insureds, who are unable or unwilling to pay amounts to the Syndicate as they are presented and fall due.

Credit risk is managed within the Board risk appetite statements and supported through the Syndicate's control environment.

Market risk

Market risk is the risk of realised or unrealised investment losses or adverse net asset movements resulting from factors that affect the invested assets or insurance liabilities, including economic and financial variables. Market risk is subcategorised into asset-liability management risk (relating to mismatches in asset-liability currency mix and/or interest rate duration) and investment risk (which includes credit risk, spread risk, equity risk, property risk, concentration risk, alternative asset risk, illiquid asset pricing risk and inflation risk).

Market risk exposures are managed within the Board risk appetites and supported through the Syndicate's control environment.

Liquidity Risk

Liquidity risk is defined as the risk of the Syndicate being unable to meet its financial obligations as they fall due, as a result of insufficient liquid resources. Liquidity risk exposures are managed within the Board risk appetite and supported through the Syndicate's control environment.

Managing Agent's report (continued)

Operational risk

Operational risk is the risk of loss to the Syndicate resulting from inadequate or failed internal processes, people and systems, or from external events. This includes cyber security issues, IT and risks arising from outsourced functions as well as legal and non-dispute risks.

Operational risk is managed within the Board risk appetites and mitigated through the three lines of defence model in conjunction with a system of documented, monitored and tested internal controls, incident management and business continuity processes. The model aims to provide clarity over roles and responsibilities within the Syndicate ensuring that all key risk activities are managed effectively.

These risks are covered in detail in the Notes to the Financial Statements, Note 4.

Strategic risk (Including Group Risk)

Strategic risk is the risk of loss to the Syndicate arising from key business and strategic decisions and their execution, or lack of responsiveness to industry changes. This includes Group Risk whereby activities and decisions taking place in the wider Group could negatively impact the Syndicate.

The Syndicate minimises its exposure to strategic risk through the achievement of its Strategic Risk Objectives. Strategic risk is mitigated through the development and implementation of the Syndicate's strategy, business plan, monitoring of the Group's financial strength and supported through the Syndicate's control environment.

Sustainability Risk (Including Climate Change)

Sustainability risks, which consider environmental, social and governance risks, affect the Syndicate's relationship with external stakeholders. Failure to address sustainability factors may lead to reputational damage, loss of trust with customers, and regulatory and financial interventions. Integrating sustainability across business and operations functions is an important part of the strategy.

Sustainability Risk, which includes climate change risk, impacts several risk areas across the Syndicate and as such it is being mitigated through the existing Risk Management Framework.

Climate change risk is defined as the risks posed to the Syndicate's business plan, strategy, and people as a result of the accelerated warming of the Earth's atmosphere. Risks are expected to materialise over an extended timeline. Analysing external dynamics is essential for understanding short-, medium- and long-term risks and opportunities. It is also important to consider the strengths and limitations of the tools and models in place today and acknowledge that defining stringent time horizons for climate risks, while helpful, requires a flexible approach that allows for the integration of evolving views. Given the unique characteristics of physical and transition risks, we assess each using different models and time horizons. For physical risk, the time horizons are short-term (0-10yrs), medium-term (10-25yrs) and long-term (25yrs+). For transition risks, the time horizons are short-term (0-5yrs), medium-term (5-15yrs) and long-term (15+yrs). In assessing how climate-related risks affect the six key risk categories, Liberty Mutual is aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and considers physical and transition risks as key drivers of financial impact for

Managing Agent's report (continued)

Sustainability Risk (Including Climate Change) (continued)

climate-related risks. In addition, given the potential financial impacts for property and casualty insurers, we view climate-related litigation as a separate driver.

- Physical risks: resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.
- Transition risks: transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.
- Litigation risks: from claims, lawsuits, or other legal disputes that may arise from or relate to a party's alleged contribution to climate change; a party's alleged failure to prepare for, respond, or adapt to physical, legal, economic, or social consequences of climate change; laws, regulations, and legal duties related to climate change.

Work continues towards meeting Greenhouse Gas (GHG) emissions reductions commitments to reduce Scope 1 and 2 emissions by 50% by 2030 (from 2019 levels). In 2024, we achieved a 20% reduction from 2023 levels, resulting in a cumulative 56% reduction from the 2019 baseline, achieving the 50% reduction in Scope 1 and 2 emissions targets ahead of schedule. We will continue to contribute towards a low-carbon future as we aim to further reduce Scope 1 and Scope 2 emissions by 65% from 2019 levels to 2030. In addition, we have a Net Zero 2050 target for UK operations. Please see our Carbon Reduction Plan for further information.

Climate risk exposures are managed within the Board risk appetites and supported through the Syndicate's control environment. To assist in the management of sustainability risks (including climate change), governance structures, thresholds and guidelines are in place.

Managing Agent’s report (continued)

Directors

The current Directors of LMAL are listed on page 4. Directors of LMAL who held office between 1 January 2025 and the date of signing the financial statements were:

Directors	
Nigel Davenport	Group Non-Executive Director
Richard Hoskins	Independent Non-Executive Director
Martin Hudson	Independent Non-Executive Director (appointed 21st March 2025)
Steven McMurray	Executive Director
Luis Prato	Chief Executive Officer & Executive Director
Cathryn Riley	Independent Non-Executive Director
Chantal Rodriguez	Executive Director
Jane Warren	Executive Director (resigned 31st December 2025)
Anne Whitaker	Independent Non-Executive Director (appointed 24th February 2025)

None of the Directors has any participation on the Syndicate.

Going Concern

The Directors of the Managing Agent have assessed the Syndicate’s ability to continue as a going concern by considering the Syndicate’s reserve strength, available capital, future business plan and any expected material changes to its operations. Based on the assessment, they continue to adopt the going concern basis in preparing the financial statements.

Managing Agent's report (continued)

Auditors

Disclosure of Information to the Auditors

In the case of each of the persons who are Directors of the Managing Agent at the time the report was approved:

- So far as the director is aware, there is no relevant audit information, being information needed by the Syndicate auditor in connection with the auditor's report, of which the auditor is unaware; and
- Having made enquiries of fellow directors of the Managing Agent and the Syndicate's auditor, each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office as the Syndicate's auditors.

On behalf of the Board



Steven McMurray

Director

London

19 February 2026

Statement of Managing Agent's responsibilities

The Managing Agent is responsible for preparing the Syndicate annual report and financial statements, including the Managing Agent's Report, in accordance with applicable laws and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the Managing Agent to prepare Syndicate financial statements at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Syndicate financial statements are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing the Syndicate financial statements, the Managing Agent is 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; and
- prepare the Syndicate financial statements on the basis that the Syndicate will continue to write future business unless it is inappropriate to presume that the Syndicate will do so.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate annual accounts comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

The Managing Agent is responsible for the maintenance and integrity of the corporate and financial information included on the business' website. Legislation in the United Kingdom governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

The Managing Agent is 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.

Independent auditor's report to the members of Syndicate 4472

Opinion

We have audited the syndicate annual accounts of syndicate 4472 ('the syndicate') for the year ended 31 December 2025 which comprise the Statement of profit or loss and other comprehensive income, the Balance Sheet, the Statement of changes in members' balances, the Statement of Cash Flows and the related notes 1 to 29, 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 V3.1 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd's ('the Syndicate Accounts Instructions').

In our opinion, the syndicate annual accounts:

- give a true and fair view of the syndicate's affairs as at 31 December 2025 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.

Independent auditor's report (continued)

Our responsibilities and the responsibilities of the directors 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 financial statements, 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 annual report and financial statements.

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 agent's emoluments specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report (continued)

Responsibilities of the directors of the managing agent

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 13, the directors of the managing agent are 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 they determine 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 directors of the managing agent are 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 directors of the managing agent either intends to cease to operate the syndicate, or has no realistic alternative but to do so.

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

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

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

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

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

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the syndicate and determined that the most significant are direct laws and regulations related to elements of Lloyd's Byelaws and Regulations, and the financial reporting framework (UK United Kingdom Generally Accepted Accounting Practice), 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.

Independent auditor's report (continued)

- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related syndicate annual accounts' items.
- For both direct and other laws and regulations, our procedures involved: making enquiries of the directors of the managing agent and senior management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the managing agent's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence with Lloyd's, the PRA and the FCA.
- 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 directors of the managing agent have established to address risks identified by them, 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 the risk of fraud in the valuation of gross and net claims incurred but not reported ('IBNR') reserves and the recognition of estimated premium income. 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 annual accounts 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.

Independent auditor's report (continued)

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.

DocuSigned by:

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Joseph Warrender (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

19 February 2026

Statement of profit or loss and other comprehensive income

Technical account – General business

For the year ended 31 December 2025

	Note	2025 £000	2024 £000
Gross premiums written	5	1,644,281	1,753,408
Outwards reinsurance premiums		(398,013)	(363,729)
Premiums written, net of reinsurance		1,246,268	1,389,679
<i>Changes in unearned premium</i>			
Change in the gross provision for unearned premiums	16	(13,977)	(51,484)
Change in the provision for unearned premiums reinsurers' share	16	10,635	(2,857)
Net change in provisions for unearned premiums		(3,342)	(54,341)
Earned premiums, net of reinsurance		1,242,926	1,335,338
Allocated investment return transferred from the non-technical account	9	153,559	120,226
<i>Claims paid</i>	16		
Gross amount		(1,367,986)	(957,927)
Reinsurers' share		347,063	270,077
Net claims paid		(1,020,923)	(687,850)
<i>Change in the provision for claims</i>			
Gross amount	16	321,071	33,340
Reinsurers' share		(210,967)	(96,678)
Net change in provisions for claims		110,104	(63,338)
Claims incurred, net of reinsurance		(910,819)	(751,188)
Net operating expenses	0	(428,817)	(438,392)
Balance on the technical account – general business		56,849	265,984

Statement of profit or loss and other comprehensive income (cont.)

Non-technical account – General business

For the year ended 31 December 2025

	Note	2025 £000	2024 £000
Balance on the technical account – general business/long-term business		56,849	265,984
Investment income		122,084	122,827
Realised loss on investments		(26,753)	(21,152)
Unrealised gains on investments		96,439	49,082
Investment expenses and charges		(3,728)	(3,890)
Total investment return	9	188,042	146,867
Allocated investment return transferred to the general business technical account		(153,559)	(120,226)
Gain/(loss) on foreign exchange		53,121	(30,053)
Profit for the financial year		144,453	262,572
Other comprehensive income:			
Currency translation (losses)/gains		(68,497)	17,598
Total comprehensive income for the year		75,956	280,170

The accompanying notes from page 25 to 63 form an integral part of these financial statements.

Balance sheet – Assets

As at 31 December 2025

	Note	2025 £000	2024 £000
Financial investments	10	3,105,644	3,262,413
Deposits with ceding undertakings		5,336	5,487
Investments		3,110,980	3,267,900
Provision for unearned premiums		178,165	177,115
Claims outstanding		953,705	1,233,446
Reinsurers' share of technical provisions	16	1,131,870	1,410,561
Debtors arising out of direct insurance operations	11	302,867	297,296
Debtors arising out of reinsurance operations	12	552,416	636,412
Other debtors	13	80,413	66,479
Debtors		935,696	1,000,187
Cash at bank and in hand	21	53,687	55,890
Other	23	82,209	76,299
Other assets		135,896	132,189
Accrued interest and rent		28,210	28,384
Deferred acquisition costs	14	200,159	208,265
Other prepayments and accrued income		5,986	6,424
Prepayments and accrued income		234,355	243,073
Total assets		5,548,797	6,053,910

Balance sheet (cont'd) – Liabilities

As at 31 December 2025

	Note	2025 £000	2024 £000
Members' balances		1,018,791	943,004
Total capital and reserves		1,018,791	943,004
Provision for unearned premiums		832,975	855,350
Claims outstanding		3,345,462	3,854,296
Technical provisions	16	4,178,437	4,709,646
Creditors arising out of direct insurance operations	18	1,530	3,291
Creditors arising out of reinsurance operations	19	252,244	316,949
Other creditors including taxation and social security	20	41,351	26,212
Creditors		295,125	346,452
Accruals and deferred income		56,444	54,808
Total liabilities		4,530,006	5,110,906
Total liabilities, capital and reserves		5,548,797	6,053,910

The Syndicate financial statements on pages 19 to 63 were approved by the board of **Liberty Managing Agency Limited** on 19 February 2026 and were signed on its behalf by;



Steven McMurray

Director

London

19 February 2026

Statement of changes in members' balances

For the year ended 31 December 2025

	2025 £000	2024 £000
Members' balances brought forward at 1 January	943,004	961,201
Loss collected in relation to distribution on closure of underwriting year	66,320	203,473
Total comprehensive income for the year	75,956	280,170
Net movement on funds in syndicate	(66,489)	(501,840)
Members' balances carried forward at 31 December	1,018,791	943,004

Statement of cash flows

For the year ended 31 December 2025

	Note	2025 £000	2024 £000
Cash flows from operating activities			
Profit for the financial year		144,453	262,572
<i>Adjustments:</i>			
(Decrease)/Increase in gross technical provisions		(531,209)	55,656
Decrease in reinsurers' share of gross technical provisions		278,691	80,630
Decrease /(increase) in debtors		73,209	(80,148)
(Decrease)/increase in creditors		(49,691)	22,039
Movement in other assets/liabilities		(5,910)	10,321
Investment return		(188,042)	(146,867)
Foreign exchange		66,199	44,017
Net cash flows from operating activities		(212,300)	248,220
Cash flows from investing activities			
Purchase of equity and debt instruments		(1,586,735)	(1,019,868)
Sale of equity and debt instruments		1,701,093	996,871
Investment income received		91,603	97,785
Other		153	2,678
Net cash flows from investing activities		206,114	77,466
Cash flows from financing activities			
Distribution loss		66,320	203,473
Funds In Syndicate released to members		(61,909)	(510,816)
Net cash flows from financing activities		4,411	(307,343)
Net (decrease)/increase in cash and cash equivalents		(1,775)	18,343
Cash and cash equivalents at the beginning of the year		74,286	54,637
Foreign exchange on cash and cash equivalents		(4,243)	1,306
Cash and cash equivalents at the end of the year	21	68,268	74,286

Notes to the financial statements – (forming part of the financial statements)

1. Basis of preparation

Syndicate 4472 ('The Syndicate') is an entity that underwrites insurance business in the Lloyds's of London Market on behalf of its corporate capital provider, Liberty Corporate Capital Limited (LCCL) and managed by Liberty Managing Agency Limited (LMAL). The address of the Syndicate's managing agent is 20 Fenchurch Street, London, EC3M 3AW.

The financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable Accounting Standards in the United Kingdom and the Republic of Ireland, including Financial Reporting Standard 102 (FRS 102). FRS 102 requires the application of Financial Reporting Standard 103 (FRS 103) in relation to insurance contracts, and the Lloyd's Syndicate Accounts Instructions Version [3.1] as modified by the Frequently Asked Questions Version [1.1] issued by Lloyd's.

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and available for sale that are measured at fair value.

The financial statements for the year ended 31 December 2025 were approved for issue by the Board of Directors on 19 February 2026.

The financial statements are presented in Sterling while the functional currency is US dollars which aligns with the functional currency of the Syndicate's corporate member.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The Syndicate has financial resources to meet its financial needs and manages its portfolio of insurance risk. The directors have continued to review the business plans, liquidity and operational resilience of the Syndicate and are satisfied that the Syndicate is well positioned to manage its business risks in the current economic environment. The Syndicate 2026 year of account has opened and the directors have concluded that the Syndicate has sufficient resources to, and a reasonable expectation that it will, open a 2027 year of account. 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.

Accordingly, the directors of the Managing Agent continue to adopt the going concern basis in preparing the annual report and financial statements.

2. Use of judgements and estimates

In preparing these financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The following critical judgements have been made in applying the Syndicate's accounting policies:

The Syndicate makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

2.1 Fair value of financial assets determined using valuation techniques

Where the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or other mathematical models. The inputs from these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. For fixed-income and asset-backed securities the judgements include considerations for liquidity risk, credit risk, and prepayment rates.

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

2.2 Technical provisions

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by underwriting years by significant lines of business. Large/catastrophe claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. A “bottom up” approach was taken when setting the best estimate reserves, incorporating explicit and specific allowance for elevated economic inflation within each class of business. A cashflow model was used throughout 2025 to sensitivity test the assumptions and allow further challenge of the output from the bottom-up approach. The cashflow approach required assumptions around the expected levels of future economic inflation by calendar year, territory, and line of business. This was then applied to the payment profile of each line of business. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of ultimate premiums.

2.3 Estimates of future premiums

Estimation techniques are necessary to quantify the future premium on all syndicate business written and are commonly used within the Lloyd’s (re)insurance market. The majority of the estimation arises predominantly within the binder estimates where the premium amounts are dependent on the volume of policies that are insured under the binder over the coverage period. In these cases underwriters estimate an initial premium volume and then adjust throughout the life of the binder as and when new information becomes available. The process of determining the Estimated Premium Income (EPI) is based on a number of factors, which can include:

- coverholder/ reinsured business plan documents supplied prior to binding;
- historical trends of business written;
- current and expected market conditions for this line of business; and
- life to date bordereaux submissions versus expectation.

Due to the nature of the 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. An additional control is in place to align to the actuarially modelled ultimate premiums at a reserving class level. Furthermore, an analytical review of current year EPI against historical signing patterns is performed. In month 24 of an underwriting year a portfolio level adjustment is made to align to the actuarial view.

3. Significant accounting policies

The following significant accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's financial statements.

A. Premiums written

Gross written premium comprises the total premium receivable for the whole period of cover provided by the contracts entered into during the reporting period, regardless of whether these are wholly due for payment in the reporting period. Additional or return premium is treated as a re-measurement of the initial premium.

Gross premiums written reflect direct and inwards reinsurance business written during the period, gross of commission payable to intermediaries, and exclude any taxes or duties based on premiums. Premiums written include estimates for 'pipeline' premiums representing amounts due to the Syndicate not yet notified and adjustments to estimates of premiums written in previous periods.

Written premium is earned over the period of the policy (usually 12 months) on a straight-line basis except for certain inwards reinsurance contracts where there is a marked unevenness in the incidence of risk over the period of cover, in which case the premium is earned on a basis which reflects the profile of risk.

Estimated premium income in respect of facility contracts, for example binding authorities and lines slips, are deemed to be written in a manner that reflects the expected profile of the underlying business which has been written. Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured. The earned proportion of premiums is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period based on the pattern of the risks underwritten.

B. Unearned premiums

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial periods, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums. Unearned reinsurance premiums are those proportions of reinsurance premiums written in a year that relate to periods of risk after the reporting date.

C. Acquisition costs

Costs incurred in acquiring of new or renewal of general insurance contracts are deferred as they are expected to be recovered out of future revenue from these contracts. Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

Deferred acquisition costs are amortised over the period in which the related premiums are earned.

Commissions receivable on outwards reinsurance contracts are amortised over the term of the outwards reinsurance premiums and deferred to the extent that they are attributable to outwards reinsurance premiums unearned as at the balance sheet date. The deferral of commissions receivable on outwards reinsurance contracts is included in Accruals and deferred income.

D. Reinsurance

The Syndicate assumes and cedes reinsurance in the normal course of business. Premiums and claims on reinsurance assumed are recognised in the technical account along the same basis as direct business, taking into account the product classification. Reinsurance premiums ceded and reinsurance recoveries on claims incurred are included in the respective expense and income accounts. Premiums ceded and claims reimbursed are presented on a gross basis in the technical account and statement of financial position as appropriate.

Reinsurance outwards premiums are earned according to the nature of the cover. 'Losses occurring during' policies are earned evenly over the policy period. 'Risks attaching' policies are expensed on the same basis as the inwards business being protected.

Reinstatement premiums arise on both inwards and outwards policies when a loss has been incurred on a policy and there is a clause which requires the reinstatement of the policy with the payment of a further premium by the policyholder. They are recognised as written and earned in full at the date of the event giving rise to the reinstatement premium. Outwards reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

E. Claims provisions and related reinsurance recoveries

Claims incurred comprise claims and claims handling expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses. The Syndicate does not discount its liability for outstanding claims nor the reinsurance share of outstanding claims, with the exception of Motor Excess of Loss periodic payment orders ("PPOs"). Within the Motor and liability classes of business large loss injury awards comprise either a lump-sum payment, which is calculated as the present value of the claimant's loss and expense, or as a structured settlement, typically under a PPO awarded by the courts or agreed with the claimant.

Outstanding claims include an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end (IBNR). Salvage and subrogation and other recoveries are deducted from the provision for outstanding claims. The liability for outstanding claims is estimated using the input of assessments for individual cases reported to the Syndicate and widely accepted actuarial techniques for the claims incurred but not reported (IBNR). 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 and an estimate of the expected ultimate cost of more complex claims that may be affected by external factors, for example, court decisions.

Large claims impacting each relevant business class are assessed separately where appropriate, being measured on a case-by-case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of the large claims.

The provision for claims outstanding is based on information available at the balance sheet date and is estimated to give a result within a normal range of outcomes. To the extent that the ultimate cost falls outside this range, for example, where assumptions over claims inflation may alter in future, there is a contingent liability in respect of this uncertainty. Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for the reinsurers' share, having regard to collectability.

The reinsurers' share of provisions for claims is recognised when the related gross insurance claim is recognised. The value is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical techniques are used to assist in making these estimates.

E. Claims provisions and related reinsurance recoveries (continued)

Reinsurance assets are assessed for impairment at each balance sheet date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Syndicate may not recover all amounts due, and that event has a reliably measurable impact on the amount that the Syndicate will receive from the reinsurer. Impairment losses are recognised in profit or loss in the period in which the impairment loss is recognised.

F. Unexpired risks provision

Provision is made for unexpired risks arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premiums provision in relation to such policies (after the deduction of any deferred acquisition costs). The provision for unexpired risks is calculated by reference to classes of business which are managed together. No account is taken of future investment income. At 31 December 2025 and in the comparative year, the Syndicate did not have an unexpired risks provision.

G. Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions, or at an appropriate average rate. The Syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account. Differences arising on translation from the functional currency to the presentational currency are recognised in other comprehensive income.

H. Financial assets and liabilities

As permitted by FRS 102, the Syndicate has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments: recognition and measurement (as adopted for use in the EU) to account for all of its financial instruments.

i. Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the statement of profit or loss and other comprehensive income. Financial assets and liabilities are classified on their initial recognition.

The initial classification of a financial instrument shall take into account contractual terms including those relating to future variations. Once the classification of a financial instrument is determined at initial recognition, re-assessment is only required subsequently when there has been a modification of contractual terms that is relevant to an assessment of the classification.

H. Financial assets and liabilities (continued)

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities, units in unit trusts, deposits with credit institutions and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

Debtors and accrued interest are classified as loans and receivables.

ii. *Recognition*

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Syndicate transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e., the date that the Syndicate commits itself to purchase or sell the asset.

iii. *Measurement*

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest and dividend income.

Financial assets classified as available for sale are initially recognised at fair value, which typically equates to the cost, plus transaction costs directly attributable to its acquisition. After initial measurement, these assets are subsequently measured at fair value. Interest earned whilst holding available for sale financial assets is reported as interest income. Impairment losses and foreign exchange gains or losses are reported in profit or loss. Other fair value changes are recognised in other comprehensive income. Any gain or loss recognised in OCI will be recycled to profit and loss on derecognition of the asset.

Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method, except Syndicate Loans to the Central Fund which are measured at fair value through profit or loss.

iv. Identification and measurement of impairment

At each reporting date the Syndicate assesses whether there is objective evidence that financial assets not at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of an asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Syndicate about any significant financial difficulty of the issuer, or significant changes in the technological, market, economic or legal environment in which the issuer operates.

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in other comprehensive income to profit or loss. The net cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment, and the current fair value, less any impairment loss recognised previously in profit or loss. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. Otherwise it is reversed through the statement of comprehensive income.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss recognised on an amortised cost asset reduces directly the carrying amount of the impaired asset. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

v. Off-setting

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Syndicate currently has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

I. Investment return

Investment return comprises investment income and movements in unrealised gains and losses on financial instruments at fair value through profit or loss, less investment management expenses, interest expense, realised losses and impairment losses. Investment income comprises interest income, dividends receivable and realised investment gains.

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Interest income on financial assets measured at amortised cost is recognised using the effective interest method. For the purpose of separately presenting investment income and unrealised gains and losses for financial assets at fair value through profit or loss, interest income is calculated using the effective interest method excluding transaction costs that are expensed when incurred. For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price. For investments measured at amortised cost, realised gains and losses represents the difference between the net proceeds on disposal and the latest carrying value (or if acquired after the last reporting date, the purchase price).

Unrealised investment gains and losses represent the difference between the fair value at the balance sheet date and the fair value at the previous balance sheet date, or purchase price if acquired during the year. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period.

Investment return is initially recorded in the non-technical account. The return is transferred in full to the general business technical account to reflect the investment return on funds supporting underwriting business.

J. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value and are used by the Syndicate in the management of its short-term commitments. They also include collateral cash with restrictions of less than one month and highly liquid short-term investments with maturity of less than 90 days.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Bank overdrafts that are repayable on demand and form an integral part of the Syndicate's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

K. Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax (currently at 20%) deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States 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.

L. Pension costs

The Syndicate's service company Liberty Specialty Markets Limited (LSML) operates a defined contribution scheme. Pension contributions relating to managing agent staff who act on behalf of the Syndicate are charged to the Syndicate as incurred and are included within net operating expenses.

In addition, the Syndicate's managing agent Liberty Managing Agency Limited (LMAL) operates a defined benefit pension scheme, which provides benefits based on final pensionable pay for all qualifying employees. Costs in respect of the scheme relating to managing agent staff working on behalf of the Syndicate are charged to the Syndicate.

M. Other prepayment and accrued income

Prepayments are goods or services that have been paid for but not yet received and accrued income is revenue earned but no income yet received in the current reporting period. These balances are recognised at transaction value in Other prepayment and accrued income. They are subsequently carried at amortised cost.

N. RITC and Portfolio Transfer Policy

The Syndicate use Reinsurance To Close (RITC) policies to bring closure to its historic liabilities and release capital to be deployed to future operations as liabilities are ceded to reinsurer. With a RITC arrangement in place, the closed YoA liabilities are transferred to the successor YoA, being an open YoA, on the same basis.

Loss portfolio transfer (LPT) is a form of retroactive reinsurance that protects against reserve risk. The Syndicate has LPT agreements in place reinsuring the Motor XL book of business on the Syndicate for the 2021 and prior underwriting years. Gains and losses for such arrangement are recognised in the income statement at the date of purchase of the reinsurance cover, with premiums ceded and claims reimbursed presented on a gross basis.

O. Deposits received from reinsurers

Deposits received from reinsurers includes other amounts received in advance from reinsurers against future claims under the Syndicate's reinsurance arrangements. These funds are held at amortised cost in the balance sheet.

P. Net operating expenses

Net operating expenses comprise the cost of acquiring business including commission, reinsurance commission income as well as staff costs and other expenses attributable to underwriting operations.

Net operating expenses are recognised on the accruals basis and represent expenses incurred on underwriting operations.

Q. Reinsurers' commission and profit participation

Reinsurers' commissions and profit participations, which include reinsurance profit commission and overriding commission, are treated as a contribution to expenses.

R. 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, using the effective interest rate method. The Syndicate does not have any debtors directly with policyholders, all transactions occur via an intermediary.

Reinsurance debtors and creditors include amounts due to and from reinsurers. 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. Reinsurance debtors are measured at amortised cost less any provision for impairments. Reinsurance creditors are stated at amortised cost. Reinsurance debtor principally relates to claims recoveries where the underlying claim has been settled and the recovery is due. Reinsurance creditors are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Other debtors principally consist of amounts due from members and sundry debtors and are carried at amortised cost less any impairment losses.

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

S. Classification of insurance and reinsurance contracts

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

4. Risk and capital management

Introduction and overview

This note presents information about the nature and extent of insurance and financial risks to which the Syndicate is exposed, the Managing Agent's objectives, policies and processes for measuring and managing insurance and financial risks, and for managing the Syndicate's capital.

Risk management framework

The Board of Directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's Risk Management Framework. The LMAL Board delegates the responsibility for oversight of risk to the LMAL RMC, which is supported by Executive level risk committees and an established Risk Management function. The RMC oversees the operation of the Syndicate's risk management framework and provides oversight of the risks to which the Syndicate is exposed.

The Risk Management Framework is the overarching document that outlines the risk management strategy, principles and approach to managing risks, which is approved by the Board annually. Risk policies are in place to set out LMAL's approach to managing all risks categories. For the risks faced by the Syndicate, appropriate risk limits and controls are implemented to monitor risks and adherence to limits.

A. Insurance risk

Insurance risk is the risk of a change in value caused by ultimate costs for full contractual obligations varying from those assumed when the obligations were estimated.

The insurance risk the Syndicate is exposed to can be separated into Premium risk and Reserve risk.

i. Premium risk

Premium risk is the variation of underwriting results from plan for reasons other than operational or insurance counterparty risk.

ii. Reserve Risk

Reserve risk is the variation in policyholder reserves for prior accident years required for reasons other than operational or insurance counterparty risk. This is influenced by uncertainty in the notification of claims and value of claims paid.

i. Management of insurance risk

A key component of the management of underwriting risk for the Syndicate is a disciplined underwriting strategy that is focused on writing quality business and not writing for volume. Product pricing is designed to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Syndicate's total exposure to specific risks together with limits on geographical and industry exposures. The aim is to ensure a well diversified book is maintained with no over exposure in any one geographical region or industry.

Contracts contain features which help to manage the underwriting risk, such as the use of deductibles, capping the maximum permitted loss, or number of claims.

The Syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to one event, including excess of loss, stop loss and catastrophe reinsurance. Where an individual exposure is expected to exceed the Syndicate's appetite, additional facultative reinsurance is also purchased.

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

The Syndicate Managing Agent's actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, claims and reinsurance technicians. The aim of this exercise is to produce a probability weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The output of the reserving analysis is reviewed by external consulting actuaries. Management Committees perform a comprehensive review of the projections, both gross and net of reinsurance. Following this review Legal Entity Committees make recommendations to the Managing Agent's Board of Directors of the claims provisions to be established.

The claims development table in note number 15 shows the actual claims incurred to previous estimates for the last 10 years.

ii. Concentration of insurance risk

Exposure to concentrations arising from the insurance contracts is a material risk to the Syndicate. The Board risk appetites include specific exposure management limits; these are cascaded down to individual underwriting portfolios. The Syndicate supports its internal quantification of exposure concentrations by utilising external, commercially available exposure management models.

The following table sets out the concentration of net technical liabilities by type of contract:

	2025			2024		
	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
	£000	£000	£000	£000	£000	£000
Commercial	570,758	(423,152)	147,606	784,600	(505,030)	279,570
Specialty	1,253,708	(261,320)	992,388	1,599,711	(400,317)	1,199,394
Reinsurance	2,353,971	(447,398)	1,906,573	2,325,335	(505,214)	1,820,121
Total	4,178,437	(1,131,870)	3,046,567	4,709,646	(1,410,561)	3,299,085

The geographical concentration of the net technical liabilities is also noted below. The disclosure is based on the countries where business is written.

	2025			2024		
	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
	£000	£000	£000	£000	£000	£000
UK	2,351,919	(571,097)	1,780,822	2,991,316	(910,858)	2,080,458
Other EU Countries	189,831	(126,689)	63,142	208,759	(134,437)	74,322
Worldwide	1,636,687	(434,084)	1,202,603	1,509,571	(365,266)	1,144,305
Total	4,178,437	(1,131,870)	3,046,567	4,709,646	(1,410,561)	3,299,085

The following table shows the Syndicate's exposure to its three largest natural catastrophe perils on active policies:

Perils Region	2025			2024		
	Industry Loss	Syndicate Loss Gross	Syndicate Loss Final	Industry Loss	Syndicate Loss Gross	Syndicate Loss Final
	£000	£000	£000	£000	£000	£000
North American Hurricane	175,571,331	853,846	457,348	187,421,586	763,647	413,629
North American Earthquake	64,989,612	843,363	455,365	69,376,111	787,394	442,455
European Wind	23,212,377	413,008	229,584	24,779,105	445,536	250,940

iii. Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates of claims IBNR.

The following table presents the profit and loss impact of the sensitivity of the value of insurance liabilities disclosed in the accounts to potential movements in the assumptions applied within the technical provisions. Given the nature of the business underwritten by the Syndicate, the approach to calculating the technical provisions for each class can vary and as a result the sensitivity performed is to apply a beneficial and adverse risk margin to the total insurance liability. The amount disclosed in the table represents the profit or loss impact of an increase or decrease in the insurance liability as a result of applying the sensitivity. The amount disclosed for the impact on claims outstanding – net of reinsurance represents the impact on both the profit and loss for the year and member balance.

General insurance business sensitivities as at 31 December 2025	Sensitivity	
	+5.0%	-5.0%
	£000	£000
Claims outstanding – gross of reinsurance	(167,273)	167,273
Claims outstanding – net of reinsurance	(119,588)	119,588

General insurance business sensitivities as at 31 December 2024	Sensitivity	
	+5.0%	-5.0%
	£000	£000
Claims outstanding – gross of reinsurance	(192,715)	192,715
Claims outstanding – net of reinsurance	(131,042)	131,042

B. Financial risk

The focus of financial risk management for the Syndicate is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The goal of the investment management process is to optimise the risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration matching basis.

a. Credit risk

Credit risk is the risk of financial change in value due to actual credit losses deviating from expected credit losses due to the failure of another party to meet its contractual debt obligations to the Syndicate.

The Syndicate is exposed to credit risk in respect of the following:

- Debt securities and derivative financial instruments;
- Reinsurers' share of claims outstanding;
- Amounts due from intermediaries;
- Amounts due from reinsurers in respect of settled claims;
- Cash and cash equivalents; and
- Other debtors and accrued interest.

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty, rated no lower than BB by a recognised ECAI.

The Syndicate's exposure to intermediaries and reinsurance counterparties is continually monitored to ensure they meet minimum credit quality requirements established by the Syndicate.

i. Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure. The Syndicate does not hold any collateral as security or purchase any credit enhancements (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).

Maximum Credit Exposure

It is the Syndicate's policy to maintain accurate and consistent risk ratings across its credit risk portfolio. This enables management to focus on the applicable risks and comparison of credit exposures. During the year, the portfolio's average credit rating has not fallen below the required minimum.

Over 2025, the estimated change in the fair value of financial instruments through profit and loss attributable to changes in credit ratings was a marginal decrease of £0.1m (2024: £0.2m increase).

Collateral

Credit Risk is also mitigated by entering into collateral agreements. At 31 December 2025, the Syndicate held collateral in the form of letters of credit of £14.6m as on-balance sheet assets (2024: £18.4m) and £15.3m pledged assets (2024: £16.2m) as off-balance sheet assets.

The following table analyses the credit rating by investment grade of financial investments, debt securities and derivative financial instruments, reinsurers' share of claims outstanding, amount due from intermediaries, amounts due from reinsurers in respect of settled claims, cash and cash equivalents, and other debtors and accrued interest.

Year 2025	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Shares and other variable yield securities and units in unit trusts	270,654	-	-	-	-	42,368	313,022
Debt securities and other fixed income securities	310,253	987,861	852,021	578,637	7,809	41,460	2,778,041
Deposits with credit institutions	-	-	14,581	-	-	-	14,581
Syndicate loans to central fund	-	-	-	-	-	-	-
Other investments	-	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	5,336	-	-	-	5,336
Reinsurers' share of claims outstanding	-	27,476	916,839	-	-	9,390	953,705
Debtors arising out of direct insurance operations	-	-	-	-	-	259,588	259,588
Debtors arising out of reinsurance operations	-	5,638	41,875	-	-	448,071	495,584
Cash at bank and in hand	-	-	53,687	-	-	-	53,687
Other	25,240	10,663	9,310	3,699	5,684	27,613	82,209
Other debtors and accrued interest	-	-	-	-	-	114,609	114,609
Total	606,147	1,031,638	1,893,649	582,336	13,493	943,099	5,070,362

Year 2024	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Shares and other variable yield securities and units in unit trusts	131,309	-	-	-	-	30,693	162,002
Debt securities and other fixed income securities	377,445	1,122,193	990,637	519,123	1,462	57,050	3,067,910
Deposits with credit institutions	-	-	18,396	-	-	-	18,396
Syndicate loans to central fund	-	-	14,105	-	-	-	14,105
Other investments	-	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	5,487	-	-	-	5,487
Reinsurers' share of claims outstanding	-	23,225	1,201,908	-	-	8,313	1,233,446
Debtors arising out of direct insurance operations	-	-	-	-	-	256,555	256,555
Debtors arising out of reinsurance operations	-	8,873	68,662	-	-	479,858	557,393
Cash at bank and in hand	-	-	55,890	-	-	-	55,890
Other	31,670	5,621	7,631	6,079	9,697	15,601	76,299
Other debtors and accrued interest	-	-	-	-	-	101,287	101,287
Total	540,424	1,159,912	2,362,716	525,202	11,159	949,357	5,548,770

The prior-year comparative figures have been re-presented to ensure consistency with current year's presentation. This includes the removal of past due but not impaired amounts from the table above.

ii. Financial assets that are past due or impaired

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date.

These debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties.

The insurance and reinsurance debtors are not rated and all overdue balances are deemed to be fully recoverable; as such no impairment has been recognised against these assets.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below:

	Neither past due nor impaired assets	Past due but not impaired assets	Gross value of impaired assets	Impairment allowance	Total
2025	£000	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts	313,022	-	-	-	313,022
Debt securities and other fixed income securities	2,778,041	-	-	-	2,778,041
Deposits with credit institutions	14,581	-	-	-	14,581
Syndicate loans to central fund	-	-	-	-	-
Other investments	-	-	-	-	-
Deposits with ceding undertakings	5,336	-	-	-	5,336
Reinsurers' share of claims outstanding	953,705	-	-	-	953,705
Debtors arising out of direct insurance operations	259,588	39,103	-	4,176	302,867
Debtors arising out of reinsurance operations	495,584	49,830	-	7,002	552,416
Other debtors and accrued interest	114,609	-	-	-	114,609
Other	82,209	-	-	-	82,209
Cash at bank and in hand	53,687	-	-	-	53,687
Total	5,070,362	88,933	-	11,178	5,170,473

	Neither past due nor impaired assets	Past due but not impaired assets	Gross value of impaired assets	Impairment allowance	Total
2024	£000	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts	162,002	-	-	-	162,002
Debt securities and other fixed income securities	3,067,910	-	-	-	3,067,910
Deposits with credit institutions	18,396	-	-	-	18,396
Syndicate loans to central fund	14,105	-	-	-	14,105
Other investments	-	-	-	-	-
Deposits with ceding undertakings	5,487	-	-	-	5,487
Reinsurers' share of claims outstanding	1,233,446	-	-	-	1,233,446
Debtors arising out of direct insurance operations	256,555	40,741	-	-	297,296
Debtors arising out of reinsurance operations	557,393	79,019	-	-	636,412
Other debtors and accrued interest	101,287	-	-	-	101,287
Other	76,299	-	-	-	76,299
Cash at bank and in hand	55,890	-	-	-	55,890
Total	5,548,770	119,760	-	-	5,668,530

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				Total
	0-3 months past due	3-6 months past due	6-12 months past due	Greater than 1 year past due	
2025	£000	£000	£000	£000	£000
Debtors arising out of direct insurance operations	21,104	9,515	4,495	3,989	39,103
Debtors arising out of reinsurance operations	27,153	4,101	5,943	12,633	49,830
Total	48,257	13,616	10,438	16,622	88,933

	Past due but not impaired				Total
	0-3 months past due	3-6 months past due	6-12 months past due	Greater than 1 year past due	
2024	£000	£000	£000	£000	£000
Debtors arising out of direct insurance operations	23,273	8,980	3,318	5,170	40,741
Debtors arising out of reinsurance operations	50,696	13,270	2,359	12,694	79,019
Total	73,969	22,250	5,677	17,864	119,760

b. Liquidity risk

Liquidity risk is defined as the risk of the Syndicate being unable to meet its financial obligations as they fall due, as a result of insufficient liquid resources. The Syndicate's appetite is to maintain sufficient liquidity to meet liabilities as they fall due.

A policy sets out the Syndicate's approach to Liquidity Risk and detail how the Syndicate measures, manages, and reports liquidity risk.

i. Management of liquidity risk

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts over the short, medium and long term;
- The Syndicate maintains cash and liquid assets to meet daily calls on its insurance contracts;
- The Syndicate holds committed borrowing facilities from a range of highly rated banks to enable cash to be raised in a relatively short time span

ii. Maturity analysis of syndicate liabilities

The maturity analysis presented in the table below shows the remaining contractual maturities for the Syndicate's insurance contracts and financial instruments. 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.

Note that a small proportion of our financial liabilities are discounted which relate to Motor XL PPO's as they are claims with structured long term settlements that have annuity-like characteristics. Refer to Note 17 which reconciles the undiscounted financial liabilities in the below maturity analysis table with the balance sheet.

Undiscounted net cash flows						
Year 2025	No maturity stated £000	0-1 yrs £000	1-3 yrs £000	3-5 yrs £000	>5 yrs £000	Total £000
Claims outstanding	-	313,765	1,960,623	548,174	571,969	3,394,531
Creditors	295,125	-	-	-	-	295,125
Total	295,125	313,765	1,960,623	548,174	571,969	3,689,656

Undiscounted net cash flows						
Year 2024	No maturity stated £000	0-1 yrs £000	1-3 yrs £000	3-5 yrs £000	>5 yrs £000	Total £000
Claims outstanding	-	509,682	2,313,039	532,418	551,253	3,906,392
Creditors	346,452	-	-	-	-	346,452
Total	346,452	509,682	2,313,039	532,418	551,253	4,252,844

c. Market risk

Market risk is the risk of realised or unrealised the risk of investment losses or adverse net asset movements resulting from factors that affect the invested assets or insurance liabilities, including economic and financial variables.

A Policy sets out the Syndicate's approach to Market Risk and details how the Syndicate measures, monitors and mitigates the potential market risks posed by the investment portfolio. The policy is reviewed annually for pertinence and for changes in the Market risk environment.

i. Interest rate risk

Interest rate risk is the risk of fluctuations in the net asset value (NAV) due to changes in the level and volatility of interest rates and mismatches between the assets and liabilities.

Liabilities in respect of Motor XL PPOs are sensitive to the level of market interest rates, as they are discounted, however, as the Syndicate entered into a Loss Portfolio Transfer agreement, during 2021 the impact of the sensitivity to the interest rate risk is mitigated.

ii. Currency risk

Currency risk is the risk of fluctuations in the net asset value (NAV) due to changes in the level and volatility of currency exchange rates and mismatches between the assets and liabilities.

The Syndicate's functional currency is the US dollar and its exposure to foreign exchange risk arises primarily with respect to transactions in Euro, Sterling, Canadian dollar and Australian dollar. The Syndicate seeks to mitigate the risk by matching foreign currency denominated liabilities with assets denominated in the same currency.

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

	Sterling	US dollar	Euro	Canadian dollar	Australian dollar	Other	Total
2025	£000	£000	£000	£000	£000	£000	£000
Investments	448,417	1,963,347	368,994	330,222	-	-	3,110,980
Reinsurers' share of technical provisions	116,222	964,550	13,029	28,870	9,199	-	1,131,870
Debtors	503,640	466,209	(98,574)	(1,029)	65,450	-	935,696
Other assets	9,298	30,905	6,070	31,209	25,365	33,049	135,896
Prepayments and accrued income	25,487	161,412	19,740	11,724	15,992	-	234,355
Total assets	1,103,064	3,586,423	309,259	400,996	116,006	33,049	5,548,797
Technical provisions	(653,239)	(3,029,286)	(257,282)	(159,335)	(79,295)	-	(4,178,437)
Creditors	39,623	(321,119)	14,156	(18,639)	(9,146)	-	(295,125)
Accruals and deferred income	(4,990)	(40,398)	(6,569)	(2,501)	(1,986)	-	(56,444)
Total liabilities	(618,606)	(3,390,803)	(249,695)	(180,475)	(90,427)	-	(4,530,006)
Total capital and reserves	(484,458)	(195,620)	(59,564)	(220,521)	(25,579)	(33,049)	(1,018,791)

	Sterling	US dollar	Euro	Canadian dollar	Australian dollar	Other	Total
2024	£000	£000	£000	£000	£000	£000	£000
Investments	436,070	2,209,779	321,547	300,504	-	-	3,267,900
Reinsurers' share of technical provisions	214,129	1,150,559	23,883	21,990	-	-	1,410,561
Debtors	800,774	309,060	(116,438)	6,791	-	-	1,000,187
Other assets	9,855	56,913	1,542	30,522	8,490	24,867	132,189
Prepayments and accrued income	71,264	145,575	14,836	11,398	-	-	243,073
Total assets	1,532,092	3,871,886	245,370	371,205	8,490	24,867	6,053,910
Technical provisions	(885,575)	(3,430,708)	(227,965)	(165,398)	-	-	(4,709,646)
Creditors	(29,820)	(312,254)	11,400	(15,778)	-	-	(346,452)
Accruals and deferred income	(7,241)	(42,279)	(3,357)	(1,931)	-	-	(54,808)
Total liabilities	(922,636)	(3,785,241)	(219,922)	(183,107)	-	-	(5,110,906)
Total capital and reserves	(609,456)	(86,645)	(25,448)	(188,098)	(8,490)	(24,867)	(943,004)

iii. Equity price risk

Equity risk arises from the level or volatility of market prices for equities. The Syndicate's equity risk exposure relates to the fluctuations in values of financial assets as a result of changes in market prices. Equity risk is managed through limits in the investment guidelines.

iv. Sensitivity analysis to market risks

The analysis below is performed for reasonably possible movements in market indices on financial instruments with all other variables held constant, showing the impact on the result before tax due to changes in fair value of financial assets and liabilities (whose fair values are recorded in the profit and loss account) and members' balances.

The table below gives an indication of the impact on net asset value of a percentage change in the relative strength of the US dollar against Sterling, Canadian dollar and the Euro simultaneously.

	2025	2025	2024	2024
	Impact on results before tax	Impact on members' balances	Impact on results before tax	Impact on members' balances
	£000	£000	£000	£000
Dollar weakens				
10% against other currencies	(84,949)	(84,949)	(91,445)	(91,445)
20% against other currencies	(191,136)	(191,136)	(205,751)	(205,751)
Dollar strengthens				
10% against other currencies	69,504	69,504	74,818	74,818
20% against other currencies	127,424	127,424	137,167	137,167

	2025 Impact on results before tax £000	2025 Impact on members' balances £000	2024 Impact on results before tax £000	2024 Impact on members' balances £000
Interest rate risk				
+ 50 basis points shift in yield curves	(43,337)	(43,337)	(49,700)	(49,700)
- 50 basis points shift in yield curves	45,004	45,004	52,461	52,461
Equity price risk				
5 percent increase in equity prices	2,122	2,122	1,538	1,538
5 percent decrease in equity prices	(2,122)	(2,122)	(1,538)	(1,538)

A 10%/ 20% increase (or decrease) in exchange rates, 5% increase (or decrease) in equity prices and a 50 basis point increase (or decrease) in yield curves have been selected on the basis that these are considered to be reasonably possible changes in these risk variables over the following year.

Despite the sensitivity analysis demonstrating the effect of a change to a key variable while other assumptions remain unchanged, the occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

The sensitivity analyses do not take into consideration that the Syndicate's financial investments are actively managed. Additionally, the sensitivity analysis is based on the Syndicate's financial position at the reporting date and may vary at the time that any actual market movement occurs. As investment markets move past pre determined trigger points, action would be taken which would alter the Syndicate's position.

C. Capital management

i. Capital framework at Lloyd's

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

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

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency UK and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of Syndicate 4472 is not disclosed in these financial statements.

ii. 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 may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the Syndicates on which it is participating but not other members' shares. Accordingly, the capital requirements 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 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 Solvency II, requirement to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2025 was 35% (unaudited) (2024: 35% (unaudited)) of the member's SCR 'to ultimate'.

iii. 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 (FAL), assets held and managed within a syndicate also known as Funds in Syndicate (FIS), or as the member's share of the members' balances on each syndicate on which it participates.

Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the balance sheet on page 22, represent resources available to meet members' and Lloyd's capital requirements.

5. Analysis of underwriting result

An analysis of the underwriting result before investment return is presented in the table below:

2025	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
<i>Direct insurance</i>						
Accident and health	13,692	12,324	(3,958)	(6,478)	(1,433)	455
Motor (other classes)	186	186	1,626	(25)	(1,128)	659
Marine, aviation, and transport	53,221	52,906	(105,759)	(17,905)	314	(70,444)
Fire and other damage to property	179,239	185,769	(64,890)	(64,492)	(14,322)	42,065
Third party liability	201,140	195,399	(33,377)	(93,392)	(43,496)	25,134
Credit and suretyship	28,447	19,652	(4,879)	(6,967)	(1,819)	5,987
Miscellaneous	24,458	21,990	(19,291)	(7,877)	(4,649)	(9,827)
Total direct insurance	500,383	488,226	(230,528)	(197,136)	(66,533)	(5,971)
Reinsurance acceptances	1,143,898	1,142,078	(816,387)	(326,485)	(89,945)	(90,739)
Total	1,644,281	1,630,304	(1,046,915)	(523,621)	(156,478)	(96,710)

The below is an additional disclosure for Lloyd's reporting purposes and is included to facilitate the classification of the above segments into the Lloyd's aggregate classes of business:

2025	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Additional analysis						
<i>Fire and damage to property of which is:</i>						
Specialities	22,850	22,345	(3,853)	(8,145)	(6,513)	3,834
Energy	3,528	3,698	(574)	(988)	54	2,190
<i>Third party liability of which is:</i>						
Energy	1,261	1,291	(712)	(345)	160	394

2024	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
<i>Direct insurance</i>						
Accident and health	12,697	12,778	(2,959)	(6,384)	(754)	2,681
Motor (other classes)	1,454	1,220	(1,544)	(471)	(28)	(823)
Marine, aviation, and transport	92,015	87,817	(139,818)	(30,532)	(17,998)	(100,531)
Fire and other damage to property	171,552	173,713	(56,725)	(56,978)	(11,447)	48,563
Third party liability	210,336	211,904	(53,612)	(79,256)	(27,363)	51,673
Credit and suretyship	26,397	18,766	(2,897)	(5,855)	(2,498)	7,516
Miscellaneous	32,307	32,411	(27,143)	(11,382)	(2,892)	(9,006)
Total direct insurance	546,758	538,609	(284,698)	(190,858)	(62,980)	73
Reinsurance acceptances	1,206,650	1,163,315	(639,889)	(333,570)	(44,171)	145,685
Total	1,753,408	1,701,924	(924,587)	(524,428)	(107,151)	145,758

The below is an additional disclosure for Lloyd's reporting purposes and is included to facilitate the classification of the above segments into the Lloyd's aggregate classes of business:

2024	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Additional analysis						
<i>Fire and damage to property of which is:</i>						
Specialities	5,608	5,169	1,012	(1,435)	(6,417)	(1,671)
Energy	5,003	5,478	(1,774)	(1,373)	(12)	2,319
<i>Third party liability of which is:</i>						
Energy	657	647	(342)	(163)	(44)	98

A loss of £156.5m was recognised in profit or loss during the year on buying reinsurance (2024: £107.1m loss).

The gross premiums written for direct insurance by underwriting location (where the contracts were concluded) of risk is presented in the table below:

	2025 £000	2024 £000
United Kingdom	79,802	105,761
European Union Member States	1,553	2,489
US	235,206	242,816
Rest of the world	183,822	195,692
Total gross premiums written	500,383	546,758

All premiums were concluded in the United Kingdom.

6. Net operating expenses

	2025 £000	2024 £000
Acquisition costs	369,260	383,307
Change in deferred acquisition costs	(3,774)	(15,389)
Administrative expenses	127,483	127,503
Members' standard personal expenses	30,652	29,007
Reinsurance commissions and profit participation	(94,804)	(86,036)
Net operating expenses	428,817	438,392

The member's standard personal expenses include Lloyd's subscriptions, New Central Fund contributions and Managing Agent's fees.

Total commissions for direct insurance business for the year amounted to:

	2025 £000	2024 £000
Total commission for direct insurance business	146,270	135,862

Administrative expenses include:

	2025 £000	2024 £000
Auditors' remuneration:		
fees payable to the Syndicate's auditor for the audit of these financial statements	1,212	1,102
fees payable to the Syndicate's auditor and its associates in respect of other services pursuant to legislation	486	679

7. Key management personnel compensation

The directors of LMAL received the following aggregate remuneration charged to the Syndicate:

	2025 £000	2024 £000
Directors' emoluments	1,546	1,219
Fees	337	224

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

	2025 £000	2024 £000
Emoluments	344	327

8. Staff numbers and costs

All UK staff are employed by LSML while all non-UK staff are employed by Liberty Specialty Markets Europe (LSME), Liberty Specialty Markets Europe Two (LSME2) and Liberty Specialty Markets MENA Limited (LSM MENA). A proportion of the UK staff are seconded to work on the Syndicate.

The average number of employees seconded to the Syndicate during the year was as follows:

	Number of employees	
	2025	2024
Administration and finance	344	301
Underwriting	104	106
Claims	29	28
Investments	3	4
Total	480	439

The following amounts were recharged to the Syndicate in respect of payroll costs:

	2025 £000	2024 £000
Wages and salaries	75,408	71,709
Social security costs	9,594	8,528
Other pension costs	6,033	5,158
Total	91,035	85,395

9. Investment return

	2025 £000	2024 £000
Interest and similar income		
<i>From financial instruments designated at fair value through profit or loss</i>		
Interest and similar income	111,484	110,055
Dividend income	28	207
Interest on cash at bank	10,572	12,566
Other income from investments		
<i>From financial instruments designated at fair value through profit or loss</i>		
Gains on the realisation of investments	10,406	6,490
Losses on the realisation of investments	(37,159)	(27,642)
Unrealised gains on investments	97,957	56,301
Unrealised losses on the investments	(1,518)	(7,219)
Investment management expenses	(3,728)	(3,891)
Total investment return	188,042	146,867
Transferred to the technical account from the non-technical account	153,559	120,226
Investment return on Funds in Syndicate	34,483	26,641

An investment return of £153.6m: (2024: £120.2m) was allocated to the technical account. A transfer is made from the non-technical account to the general business technical account in respect of actual investment return on investments supporting the general insurance technical provisions and member balances.

10. Financial investments

		Carrying value		Cost	
	2025 £000	2024 £000	2025 £000	2024 £000	
Shares and other variable yield securities and units in unit trusts	313,022	162,002	310,070	162,071	
Debt securities and other fixed income securities	2,778,041	3,067,910	2,759,091	3,149,178	
Deposits with credit institutions	14,581	18,396	14,581	18,396	
Syndicate loans to central fund	-	14,105	-	14,622	
Total financial investments	3,105,644	3,262,413	3,083,742	3,344,267	

Included in the carrying values above are listed investments as follows:

	2025 £000	2024 £000
Listed investments	2,191,761	2,369,913

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

	2025 £000	2024 £000
Financial assets measured at fair value through profit or loss	3,105,644	3,262,413
Total financial investments	3,105,644	3,262,413

Included within the Level 1 category are unadjusted quoted prices in active markets for identical assets that the Syndicate's asset manager has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available, except as noted below.

If the Syndicate holds a large number of similar assets that are required to be measured at fair value, a quoted price in an active market might be available but not readily accessible for each of those assets individually. In that case, fair value may be measured using an alternative pricing method that does not rely exclusively on quoted prices (for example, matrix pricing) as a practical expedient. However, the use of an alternative pricing method renders the fair value measurement a lower level in the fair value hierarchy.

In some situations, a quoted price in an active market might not represent fair value at the measurement date. That might be the case if, for example, significant events (principal-to-principal transactions, brokered trades, or announcements) occur after the close of a market but before the measurement date.

If the quoted price is adjusted for new information, the adjustment renders the fair value measurement a lower level in the fair value hierarchy.

Level 2 inputs are inputs other than quoted prices that are either directly or indirectly observable in the market. If the asset has a specified contractual term, a Level 2 input must be observable for substantially the full term of the asset. Adjustments to Level 2 inputs may vary depending on factors specific to the asset type. Those factors include the condition and/or location of the asset, the extent to which the inputs relate to items that are comparable to the asset, and the volume and level of activity in the markets within which the inputs are observed. An adjustment that is significant to the fair value measurement in its entirety might render the measurement a Level 3 measurement, depending on the level in the fair value hierarchy within which the inputs used to determine the adjustment fall.

Level 3 inputs are unobservable inputs for the asset. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. Unobservable inputs reflect the Syndicate's own assumptions about the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Unobservable inputs are developed based on the best information available in the circumstances. No further Level 3 disclosures have been provided on the grounds of materiality.

All manually priced broker quotes are non-binding. The Portfolio Manager makes an assessment of the reasonableness of the broker quote received. Based on the Portfolio Manager's assessment, additional quotes may be obtained to support the fair value of an investment, in which case, the average of those quotes is used as the fair value of the investment. The Portfolio Manager provides support for the manual price and the Investments team determines the appropriate level (level 2 or level 3) for the security. Manually priced broker quotes obtained on an individual case basis that cannot be substantiated to represent an executable/ exit price are classified as level 3. If the security was actively traded (with significant volume) within a thirty-day period from the last day it was manually priced, evidence of the active trade with a broker quote is appropriate documentation to classify the security a level 2. When the average of multiple broker quotes is used, the level (2 or 3) is determined based on whether or not those quotes can be substantiated.

The Syndicate asset portfolio includes Private Equity investments and the Syndicate Loan to central fund. These have all been classified as Level 3 based on the criteria above. The Group Portfolio Manager receives partnership statements / financial statements for each investment from which the residual values are recorded, and then potentially adjusted when combined with adjusted ending value reports. The Group Portfolio Manager recommends a valuation for each position, based on these statements and their own assessment/judgement.

The table below analyses financial instruments held at fair value in the Syndicate's balance sheet at the reporting date by its level in the fair value hierarchy:

2025	Level 1 £000	Level 2 £000	Level 3 £000	Assets held at amortised cost	Total £000
Shares and other variable yield securities and units in unit trusts	270,654	-	42,368	-	313,022
Debt securities and other fixed income securities	210,260	2,567,781	-	-	2,778,041
Deposits with credit institutions	14,581	-	-	-	14,581
Syndicate loans to central fund	-	-	-	-	-
Total financial investments	495,495	2,567,781	42,368	-	3,105,644
Total	495,495	2,567,781	42,368	-	3,105,644

2024	Level 1 £000	Level 2 £000	Level 3 £000	Assets held at amortised cost	Total £000
Shares and other variable yield securities and units in unit trusts	131,309	-	30,693	-	162,002
Debt securities and other fixed income securities	361,013	2,706,783	114	-	3,067,910
Deposits with credit institutions	18,396	-	-	-	18,396
Syndicate loans to central fund	-	-	14,105	-	14,105
Total financial investments	510,718	2,706,783	44,912	-	3,262,413
Total	510,718	2,706,783	44,912	-	3,262,413

Information on the methods and assumptions used to determine fair values for each major category of financial instrument measured at fair value is provided below.

Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. Units in unit trusts and collective investment schemes are valued using the latest unit price or share price provided by the unit trust or investment managers. Shares and other variable securities and units in unit trusts are generally categorised as level 1 in the fair value hierarchy except where they are not actively traded, in which case they are generally measured at prices of recent transactions in the same instrument.

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

Some government and supranational securities are listed on recognised exchanges and are generally classified as level 1 in the fair value hierarchy. Those that are not listed on a recognised exchange are generally based on composite prices of recent trades in the same instrument and are generally classified as level 2 in the fair value hierarchy.

Corporate bonds, including asset backed securities, that are not listed on a recognised exchange or are traded in an established over-the-counter market are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

Management performs an analysis of the prices obtained from pricing vendors to ensure that they are reasonable and produce a reasonable estimate of fair value. Management considers both qualitative and quantitative factors as part of this analysis. Examples of analytical procedures performed include reference to recent transactional activity for similar securities, review of pricing statistics and trends and consideration of recent relevant market events.

At the reporting date Level 1 and Level 2 financial assets and liabilities were valued using valuation techniques based on observable market data. All of the investments categorised as Level 3 are fair valued based on the inputs to the valuation technique used.

11. Debtors arising out of direct insurance operations

	2025 £000	2024 £000
Due within one year	299,014	291,388
Due after one year	3,853	5,908
Total	302,867	297,296

12. Debtors arising out of reinsurance operations

	2025 £000	2024 £000
Due within one year	530,200	614,755
Due after one year	22,216	21,657
Total	552,416	636,412

13. Other debtors

	2025 £000	2024 £000
Other related party balances (non-syndicate)	41,439	27,273
Other	38,974	39,206
Total	80,413	66,479

In the above table Other comprises of £36.3m Lloyd's Insurance Company (China) Limited and £2.7m investments in transit.

14. Deferred acquisition costs

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

	2025			2024		
	Gross £000	Reinsurance £000	Net £000	Gross £000	Reinsurance £000	Net £000
Balance at 1 January	208,265	(54,798)	153,467	194,273	(57,027)	137,246
Incurred deferred acquisition costs	(365,486)	94,804	(270,682)	(367,918)	86,036	(281,882)
Amortised deferred acquisition costs	369,260	(97,460)	271,800	383,307	(83,290)	300,017
Foreign exchange movements	(11,880)	2,802	(9,078)	(1,397)	(517)	(1,914)
Balance at 31 December	200,159	(54,652)	145,507	208,265	(54,798)	153,467

15. Claims development

The following tables illustrate the development of the estimates of earned 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.

As these tables are on an underwriting year basis, there is an apparent large increase from amounts reported for the end of the underwriting year to one year later as a large proportion of premiums are earned in the year of account's second year of development.

Balances have been translated at exchange rates prevailing at 31 December 2025 in all cases.

Gross:

Pure underwriting year	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
Estimate of gross claims											
at end of underwriting year	400,670	791,051	486,658	441,194	360,145	474,390	561,682	393,346	412,491	395,258	
one year later	858,684	1,207,991	985,894	809,203	645,661	903,261	943,342	682,320	753,761		
two years later	892,065	1,295,415	1,207,043	835,483	665,163	1,128,354	967,355	648,008			
three years later	969,110	1,379,391	1,239,262	866,689	678,552	1,301,437	899,020				
four years later	976,474	1,398,983	1,307,385	847,375	673,707	1,690,579					
five years later	999,879	1,396,531	1,322,824	818,322	671,062						
six years later	1,000,252	1,427,155	1,329,747	825,113							
seven years later	1,023,860	1,438,212	1,339,250								
eight years later	1,023,268	1,433,854									
nine years later	1,018,665										
Estimate of gross claims reserve	1,018,665	1,433,854	1,339,250	825,113	671,062	1,690,579	899,020	648,008	753,761	395,258	9,674,570
Provision in respect of prior years											385,741
Less gross claims paid	(916,019)	(1,294,254)	(1,139,994)	(645,851)	(489,164)	(1,238,323)	(506,487)	(286,824)	(159,111)	(38,822)	(6,714,849)
Gross claims reserve	102,646	139,600	199,256	179,262	181,898	452,256	392,533	361,184	594,650	356,436	3,345,462

Net:

Pure underwriting year	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
Estimate of net claims											
at end of underwriting year	322,165	586,108	379,898	320,035	241,850	385,651	466,601	333,774	348,139	331,818	
one year later	656,206	765,967	641,644	545,444	422,445	647,902	780,260	566,418	629,733		
two years later	600,244	788,004	793,156	552,800	411,856	812,743	805,626	505,525			
three years later	655,397	837,384	822,170	566,572	459,666	957,715	754,456				
four years later	596,253	824,404	843,067	513,283	452,879	1,321,356					
five years later	601,003	820,924	862,029	500,693	459,543						
six years later	594,293	848,992	858,023	518,850							
seven years later	614,853	841,507	841,674								
eight years later	615,933	843,839									
nine years later	614,629										
Estimate of net claims reserves	614,629	843,839	841,674	518,850	459,543	1,321,356	754,456	505,525	629,733	331,818	6,821,423
Provision in respect of prior years											284,076
Less net claims paid	(571,447)	(782,222)	(756,020)	(402,937)	(348,866)	(962,796)	(457,701)	(261,937)	(136,442)	(33,374)	(4,713,742)
Net claims reserve	43,182	61,617	85,654	115,913	110,677	358,560	296,755	243,588	493,291	298,444	2,391,757

16. Technical provisions

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

	2025			2024		
	Gross provisions £000	Reinsurance Assets £000	Net £000	Gross provisions £000	Reinsurance Assets £000	Net £000
Claims outstanding						
Balance at 1 January	3,854,296	(1,233,446)	2,620,850	3,854,351	(1,313,107)	2,541,244
Claims paid during the year	(1,367,986)	347,063	(1,020,923)	(957,927)	270,077	(687,850)
Expected cost of current year claims	852,872	(135,934)	716,938	832,516	(135,573)	696,943
Change in estimates of prior year provisions	191,016	(162)	190,854	92,071	(37,826)	54,245
Discount unwind	3,027	-	3,027	-	-	-
Foreign exchange movements	(187,763)	68,774	(118,989)	33,285	(17,017)	16,268
Balance at 31 December	3,345,462	(953,705)	2,391,757	3,854,296	(1,233,446)	2,620,850

The unwind of discount has been included within the statement of profit or loss – technical account – within claims incurred.

	2025			2024		
	Gross provisions £000	Reinsurance Assets £000	Net £000	Gross provisions £000	Reinsurance Assets £000	Net £000
Unearned premiums						
Balance at 1 January	855,350	(177,115)	678,235	799,639	(178,083)	621,556
Premiums written during the year	1,644,281	(398,013)	1,246,268	1,753,408	(363,729)	1,389,679
Premiums earned during the year	(1,630,304)	387,378	(1,242,926)	(1,701,924)	366,586	(1,335,338)
Foreign exchange movements	(36,352)	9,585	(26,767)	4,227	(1,889)	2,338
Balance at 31 December	832,975	(178,165)	654,810	855,350	(177,115)	678,235

Refer to Note 4 for the sensitivity analysis performed over the value of insurance liabilities, disclosed in the accounts, to potential movements in the assumptions applied within the technical provisions.

17. Discounted claims

Discounting may be applied to claims provisions where there are individual claims with structured settlements that have annuity-like characteristics, or for books of business with mean term payment greater than four years from the accounting date.

The claims have been discounted as follows:

	Average discounted rates		Average mean term of liabilities	
	2025	2024	2025	2024
Class of business				
Motor (third party liability)	3.50%	3.50%	32.6	32.6

The period that will elapse before claims are settled is determined using impaired life mortality tables. The claims provision before and after discounting are as follows:

	Undiscounted claims		Effect of discounting		After discounting	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Gross claims provisions	3,394,531	3,906,392	49,069	52,096	3,345,462	3,854,296
Reinsurers share of total claims	(953,705)	(1,233,446)	-	-	(953,705)	(1,233,446)
Net claims provisions	2,440,826	2,672,946	49,069	52,096	2,391,757	2,620,850

18. Creditors arising out of direct insurance operations

	2025 £000	2024 £000
Due within one year	1,530	3,291
Due after one year	-	-
Total	1,530	3,291

19. Creditors arising out of reinsurance operations

	2025 £000	2024 £000
Due within one year	252,244	316,949
Due after one year	-	-
Total	252,244	316,949

20. Other creditors

	2025 £000	2024 £000
Profit commissions payable	22,315	-
Other related party balances (non-syndicates)	13,927	22,170
Other liabilities	5,109	4,042
Total	41,351	26,212

21. Cash and cash equivalents

	2025 £000	2024 £000
Cash at bank and in hand	53,687	55,890
Deposits with credit institutions	14,581	18,396
Total cash and cash equivalents	68,268	74,286

Only deposits with credit institutions with maturities of three months or less that are used by the Syndicate in the management of its short-term commitments are included in cash and cash equivalents.

Included within cash and cash equivalents are the following amounts which are not available for use by the Syndicate because they are regulated bank accounts in overseas jurisdictions.

	2025 £000	2024 £000
Cash at bank and in hand	63	204
Total cash and cash equivalents not available for use by the syndicate	63	204

22. Analysis of net debt

	At 1 January 2025	Cash flows	Acquired	Fair value and exchange movements	Non-cash changes	At 31 December 2025
Cash and cash equivalents	74,286	(1,775)	-	(4,243)	-	68,268
Total	74,286	(1,775)	-	(4,243)	-	68,268

	At 1 January 2024	Cash flows	Acquired	Fair value and exchange movements	Non-cash changes	At 31 December 2024
Cash and cash equivalents	54,637	18,343	-	1,306	-	74,286
Total	54,637	18,343	-	1,306	-	74,286

23. Other within other assets

Other within other assets include overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

24. Related parties

Liberty Corporate Capital Limited (LCCL) is the corporate member of the Syndicate. LCCL's immediate parent company is Liberty International Holdings Inc.

LMAL is the managing agent of the Syndicate. LMAL's immediate parent company is Liberty Luxembourg Holdings, S.à r.l. The Agency charged a managing agency fee of £16.0m (2024: £15.7m) to the Syndicate for its services, which is within the pre-determined percentage by year of account. The Agency did not charge the Syndicate a profit commission (2024: nil). At the balance sheet date, the Syndicate owed LMAL £10.8m (2024: £16.2m).

LSML is a service company from which employees are seconded to LMAL to perform Syndicate duties for and on behalf of the corporate member, for which costs are incurred and re-charged to the Syndicate. During the year, LSML charged a total of £116.4m to the Syndicate (2024: £101.0m). At year end, the Syndicate balance was nil with LSML (2024: nil). LSML's immediate parent company is Liberty UK and Europe Holdings Limited.

LSME is a European-based coverholder for Syndicate 4472. During the year, LSME charged a total of £9.1m (2024: £11.6m) to the Syndicate in recharged expenses. At the Balance Sheet date, LSME owed the Syndicate £2.1m (2024: LSME owed the Syndicate £1.5m).

LSME 2 is a European-based coverholder for Syndicate 4472. LSME2 charged a total of £5.9m (2024: £8.2m) to the Syndicate in recharged expenses. At year end LSME2 owed the Syndicate £28.7m (2024: £25.5m).

Liberty Specialty Services Limited (LSSL) acts as a coverholder for the Syndicate. During the year, LSSL did not charge the Syndicate any recharged expenses (2024: nil). At year end, the Syndicate owed LSSL £3.0m (2024: £7.0m).

Liberty Mutual Insurance Europe SE (LMIE) is a company domiciled in Luxembourg that operates under the LII/LMRe umbrella underwriting insurance and reinsurance business from London and its branches across Europe. During the year, the Syndicate placed no reinsurance with LMIE (2024: nil). The Syndicate paid £nil to LMIE during the year (2024: nil). At year end the Syndicate also has a reinsurance reserve with LMIE of £11.5m (2024: £13.9m).

Liberty International Group (LIG) constitutes all other entities and affiliates to the Syndicate's ultimate parent company, Liberty Mutual Holdings Company Inc. During the year, the Syndicate placed outwards reinsurance protection of £275.8m (2024: £225.2m) with LIG. The losses recovered from LIG during the year amounted to £314.5m (2024: £201.2m). At year end, the Syndicate also has a reinsurance reserve with LIG of £726.6m (2024: £1,006.9m).

Liberty Specialty Markets MENA Limited (LSM MENA) also acts as a coverholder for the Syndicate, for which it charges a fee for its services. The amount charged during the period was £1.4m (2024: £2.5m). At year end, the Syndicate owed MENA £0.3m (2024: the Syndicate owed MENA £0.4m). LSM MENA's immediate parent company is Liberty UK and Europe Holdings Limited.

These disclosure requirements are in addition to the requirement to disclose key management personnel compensation. This disclosure is given in note 7.

25. Off-balance sheet items

The Syndicate benefits from collateral pledged of £15.3m (2024: £16.2m) by ceded reinsurance counterparties which is not held on the balance sheet. The collateral is held in segregated funds and acts as additional security in the event of failure of those counterparties to meet their contractual obligations.

26. Foreign exchange rates

The following currency exchange rates have been used for principal foreign currency transactions:

	2025			2024		
	Start of period rate	End of period rate	Average rate	Start of period rate	End of period rate	Average rate
Sterling	1.00	1.00	1.00	1.00	1.00	1.00
Euro	1.21	1.15	1.17	1.15	1.21	1.18
US dollar	1.25	1.35	1.31	1.27	1.25	1.28
Canadian dollar	1.80	1.84	1.84	1.68	1.80	1.74
Australian dollar	2.02	2.02	2.05	1.87	2.02	1.93
Japanese Yen	196.83	210.83	196.66	179.72	196.83	192.52

27. Funds at Lloyd's (FAL)

Every member is required to hold capital at Lloyd's which is held in trust and known as 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.

28. Funds in Syndicate (FIS)

Syndicates which are wholly aligned are able to retain closed year results as capital to support their underwriting activities instead of distributing them to the corporate member. This is known as FIS. This note explains the components of the movements in FIS and reconciles the movement reported in the Statement of members' balances.

The Syndicate normally retains the results of prior years of account at their closure. The loss on the 2022 closing year of account of £61.9m was recommended and collected through FIS during 2025. There was no FIS release to the corporate member (LCCL) in 2025 (2024: £303.4m). Foreign exchange loss amounted to £4.6m (2024: £8.9m gain).

In addition, there was a net reduction in investment return on the accumulated FIS investment assets along with the associated foreign exchange movements which amounted to £4.5m (2024: £37.6m increase). Note that this element of FIS investment return and foreign exchange is contained within Total comprehensive income of £76.0m (2024: £280.1m) in the Statement of members' balances.

The combination of all the above movements brings the overall FIS balance as at the end of 2025 to £548.8m (2024: £619.8m) which represents a total reduction in FIS of £71.0m (2024: £464.2m) as represented in the table below.

The profit on the 2023 closing year of account of £118.1m will be retained in FIS which will take place during Q2 2026.

	2025 £000	2024 £000
Funds in Syndicate (FIS)	548,831	619,798
Total funds in syndicate	548,831	619,798

29. Ultimate parent company

The ultimate parent Company is Liberty Mutual Holding Company Inc. of Boston, 175 Berkeley Street, Boston, Massachusetts 02117, U.S.A. a Company Inc. in the United States of America. The smallest higher group of companies for which group accounts are drawn up and of which this Company is a member of is Liberty International Holdings Incorporated, a Company Inc. and registered in the U.S.A.

Copies of the group accounts of Liberty International Holdings Incorporated and Liberty Mutual Holding Company Inc. of Boston are available from the company's office, 175 Berkeley Street, Boston, Massachusetts 02117, U.S.A.