SYNDICATE 2791

Report and Financial Statements
31 December 2011

MAP

Underwriting at Lloyd's

CONTENTS

CHAIRMAN'S REPORT

I should start by apologising to Richard and the team for suggesting last year that future results might not be as exciting as those in the recent past. They have produced a truly remarkable result for the 2009 underwriting year, with a bottom line profit of over 30% of Stamp Capacity, once again underlining the value of maintaining a focus on underwriting values and keeping tight control of expenses. Prospects for the 2010 year result, while far more modest in absolute terms, reflect even more credit on the underwriting team, as their technical skill and discipline enabled them to avoid many of the underpriced and poorly structured risks that have hurt most of the leading players in the world insurance and reinsurance markets. While the 2010 and 2011 calendar years saw an exceptional series of natural catastrophes, the damage sustained by some major insurers was testament as much to their failure to stick to underwriting fundamentals of pricing and coverage as to the intrinsic severity of the losses. There could hardly have been a more vivid confirmation of the truism that the game has not changed.

While you will see references in the underwriting commentary to green shoots, one has to be in a position to capitalise on any opportunities presented. Insurers who were over-exposed to catastrophic perils in the Far East, Australasia and South America will face pressure to reduce their portfolios as the full extent of the damage continues to emerge. By contrast the team at MAP can take a measured view and as always seek to maximise underwriting profit commensurate with our risk appetite, unencumbered by requirements for growth or market share or by baggage from previous loss years. I have the utmost confidence in their ability to do so.

Finally, may I commend the team for their extraordinarily hard work in response to the demands of Solvency II. While there is still much work to do, enormous progress has been made, with nearly half of MAP's employees having had an active involvement, and the remainder having preserved our ability to deliver a first class service and high quality underwriting management.

D E S Shipley
Chairman

13 March 2012

SYNDICATE 2791

Underwriting Year Distribution Accounts
2009 Closed Year of Account
31 December 2011

DIRECTORS AND ADMINISTRATION

MANAGING AGENT

Managing Agent
Managing Agency Partners Limited (MAP)

Directors
C E Dandridge (Non-executive)
J D Denoon Duncan
H R Dumas (Non-executive)
A S Foote (Non-executive)
A Kong
B S McAuley
D E S Shipley (Non-executive Chairman)
C J Smelt
R J Sumner
R K Trubshaw (Active Underwriter)

Company Secretary
B S McAuley

Managing Agent's Registered Office
110 Fenchurch Street
London
EC3M 5JT

Managing Agent's Registration
Registered in England; number: 03985640

SYNDICATE

Active Underwriter
R K Trubshaw

Principal Investment Managers
Schroder Investment Management Limited

Registered Auditors
Ernst & Young LLP, London

MANAGING AGENT'S REPORT

The managing agent presents its report on the 2009 year of account of Syndicate 2791 as closed at 31 December 2011.

These accounts have been prepared in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005). Separate annual accounts under UK GAAP on the calendar year results are available to all the syndicate's members (see pages 28 to 55).

The result for the closing year includes the profit and exchange differences arising from retranslation of the balance sheet, and the result for the closed year is identical to that which would have arisen under the former basis of syndicate accounting.

UNDERWRITER'S REPORT

2009 Year of Account

Capacity £403.7 million

The 2009 year has closed with a profit of £129.5m after all members' personal expenses, equivalent to 32.1% of stamp capacity, compared with the forecast range of 25% to 30%. Absent a £21.9m back-year release the 2009 pure year result would be 27.7%.

Development of Closed Years (2008 and prior)

Despite the back-year release, remaining completion factors are still comparable to prior years. The total gross IBNR ('incurred but not reported') reserve, less future premiums, has decreased slightly from £137.6m to £136.1m. Only £8.5m or 6% of this reserve was utilised in the calendar year.

60% of the reserve release arose from the short-tail account. We have reduced our ultimate expected loss from the 2005 and 2008 hurricanes by some £5m given the lack of development in the year. It is also pleasing to report that we have finally been able to secure some £2m of subrogated recoveries from the terrorist attack on New York in September 2001. It may well be that further receipts will be finalised in the future, but as yet these are subject to significant on-going legal dispute.

Pure Year 2009

Utilisation of capacity

The final utilisation was 68% at closing rates of exchange. The reinsurance spend was £63m or 22.7% of Lloyd's gross written premium, 50% of which was ceded via a US catastrophe quota share to Syndicate 6103.

Performance review

The underlying performance of the portfolio was extremely pleasing. The net incurred loss ratio at year end was 26.8%, the lowest in the syndicate's history at like time.

2010 Year of Account Forecast

Our forecast range for the 2010 year of account is a profit of 7% to 12% on Stamp Capacity after all expenses. Whilst we are relatively underweight on the international cat events that have affected this year of account, we are still holding a reasonable level of reserves. As at year end we had gross incurred £6.7m from the earthquakes in Chile, New Zealand and Japan, and are holding a further provision of £24.4m, including £6.2m in respect of that element of the Thai floods which fall back to this year of account. Although the balance of the business is performing satisfactorily, Capital providers will recall that we pre-empted the syndicate to £500m for 2010, due to the rebasing of sterling under Lloyd's premium income monitoring rules from US$1.99:1 in 2009 to US$1.5:1. In dollar terms – the currency of roughly 90% of our business – this equates to a slight drop in capacity. However, for sterling denominated capital providers it is dilutive. Given that the market continued to soften throughout 2010, Stamp utilisation is somewhat lower than in prior years, and the bottom-line percentage profit commensurately lower.

2011 Overview

Competitive pressures intensified at the start of 2011, to the extent that we assumed a very defensive stance in the first quarter. Following the second New Zealand earthquake in February and the Japanese tsunami in March, we were able largely to recover this lost ground as the market began to improve. Ultimate premium volume is likely to be only a little below that in 2010, and although the incurred loss ratio at like time is worse (mainly due to US tornado activity), absent any further major cat events the year should ultimately make a modest return.

Class of Business Review for 2010 and 2011

Direct and facultative property

Global risk-managed accounts are notoriously difficult to underwrite. Commanding large premium volumes, the insurance placements are subject to significant competition from both brokers and underwriters, such that technical considerations are rarely met for long. We therefore retreated largely to excess of loss, where it is easier to generate an acceptable margin. Small business, particularly via binders, experienced less competitive pressure, and we were better able to maintain our volume. As stated last year, we have written a reasonable amount of force-placed business in the US, where lending institutions insure their outstanding loan portfolios against physical damage.

Property reinsurance

A very pleasing 2009 gave way to much tougher conditions in 2010 and 2011. Although no major hurricanes have struck the United States, 2011 experienced over US$20bn of insured tornado/hail losses, by our estimation the worst year since 1974, taking out roughly half of the US catastrophe reinsurance premium. When this is added to the major international cat events, it is clear from many of our competitors that the market as a whole has lost significant amounts of money in this class.

Third party liability

The book has continued to reduce somewhat faster than the overall syndicate, now representing less than 10% of the overall income. We are down to a small E&O account and a dwindling number of US medical malpractice clients, where mergers and acquisitions have reduced the need for reinsurance protection.

Accident and health

Continued pressure as competitors look for non-correlated, diversified exposure. We have retreated into our core renewal book of mainly sports personal accident.

Marine and offshore energy

2010 has been dominated by the Deepwater Horizon oil-spill. I am pleased to report that our ultimate loss from this event should be no more than £2.1m. We continue to have very little exposure to marine liabilities, given the vagaries of pricing and quantifying exposure. We have minimal involvement in the Costa Concordia disaster.

Terrorism and political risks

We continue to focus the book away from traditional city-centre property exposures to more eclectic risks, such as terrorism liability or limited nuclear, biological and chemical coverage for hospitals and universities. We have minimal political risk or trade credit exposures, and have no immediate plans to enter this very challenging sector.

Specialist lines

Certain opportunistic sectors were reasonably insulated from the general market decline. The European carnet and US entertainment books continue to generate attractive margins, and in 2009 we re-entered the satellite market via a consortium participation.

Motor

The short-tail element of this largely trucking class continued to perform satisfactorily, although volume is down significantly. It is difficult to compete with package writers who are prepared to underwrite the combined property and liability exposures at combined loss ratios well in excess of 100%.

2012 Trading Conditions

Although the previous paragraphs make grim reading, it is pleasing to report that 2012 is showing signs of green shoots in many (but by no means all) lines of business. Most commentators concur that the market experienced over US$100bn of insured catastrophic loss in 2011, similar to 2005. We have for years deliberately avoided much indigenous international business as being far too cheaply priced; not only did many of our competitors accept these lowly rates, they also compounded the problem by writing disproportionately large lines on relatively first loss programmes. Whilst we are not immune from market losses of this magnitude, we are underweight and reasonably well reserved: at year end, on Chile, New Zealand, Japan and Thailand we had incurred losses across all years of account of some £9m, with an expected gross ultimate of £65m. Most of this pertains to worldwide commercial/industrial reinsurance protections, where it is more difficult to ascertain definitively what the expected loss is likely to be. Due to the complexities of large risks, in particular when evaluating international supply chains and business interruption, we have felt it appropriate at this stage to take a cautious view of the ultimate claims position.

The positive effect of all these events has been to dislocate the worldwide property market. Prices have at worst stabilised, and in many areas are increasing – not always enough to meet our technical hurdles, but affording sufficient opportunity for us to reverse the declines of the last two years. Coincidentally, in the US a major third party catastrophe modelling firm has released its latest assessment of Atlantic hurricane risk, which we estimate to be on average 45% more conservative than the previous version, and most importantly within 2% of our own, unchanged internal model. Whereas much of the market, both buyer and seller, is now faced with a more onerous risk assessment, our competitive handicap has now been removed. Demand for cover is up, and pricing has improved accordingly.

It will therefore be easy to assume our maximum appetite for US catastrophe risk in 2012 at perfectly acceptable rates. However, this is not 2003 or 2006, where the balance of the account was helping to support the volatility of the excess of loss account. We have turned the corner, but a broad improvement in all classes is not yet on the horizon.

Analysis of premium written by syndicate classification

	Gross written £'000	Net written £'000
Direct and facultative property	52,718	43,841
Third party liability	23,175	22,517
Accident and health	10,867	10,844
Marine and offshore energy	32,386	32,337
Terrorism and political risks	7,233	7,234
Property reinsurance	186,065	134,672
Motor	14,960	15,118
Specialist lines	7,537	7,390
Total	334,941	273,953

Investment Return

Investment return generated over the last three years has contributed £18.8m to the 2009 closed year of account result. The return net of expenses in each year were; 5.4% in 2009, 3.4% in 2010 and 2.0% in 2011. The bulk of the 2009 closed year return was earned in the 2011 calendar year following the transfer of assets to the 2009 year after the Reinsurance to Close of the 2008 account.

In line with the established policy, the 2009 Year of Account receives a proportion of the investment performance of the three calendar years as determined by a formula which assesses the actual assets held in each Year of Account and allocates the result accordingly.

The Effect of Exchange Rates on the Distribution Account

As these accounts are reported over the three consecutive years from 2009 the effect of the GBP:US Dollar exchange rate has moved from an average of 1.57 during 2009 to a closing rate of 1.55 and this has resulted in a gain of £1.2m over the three year period.

Reinsurance Debtors

Recoverable amounts from reinsurers amount to £12.3m virtually all of which is current. There are no provisions for bad debts on the syndicate's reinsurance balances.

An analysis of the security rating for the debtors on our balance sheet at 31 December is set out below:

Debt table by security rating

Standard & Poor's rating	On paid claims £m	On outstanding claims £m	On IBNR £m	Total £m
AA and above	(1.2)	6.6	1.9	7.3
A	2.8	1.0	0.3	4.1
BBB	–	–	–	–
BB and below	–	–	0.9	0.9
	1.6	7.6	3.1	12.3

The negative paid claim figure (£1.2m) on the AA and above rating is a repayment due to one of our reinsurers for a previously paid claim in respect of the subrogation recovery on the World Trade Centre.

2010 Year of Account Forecast

An estimate of the 2010 underwriting result as at 36 months is set out below:

	£'000
Stamp capacity	504,476
Gross premiums written	281,753
Net premiums written	240,480
Claims incurred – net of reinsurance	(109,229)
Net operating expenses	(65,886)
Investment return	12,665
Profit commission	(14,603)
Personal expenses	(5,014)
Estimate of profit for the year of account after personal expenses	58,413

Assumptions underlying the 2010 Estimated Result:

(i) There will be no material reinsurance failures.
(ii) Syndicate expenses, incurred in the calendar year 2012 to be charged to the 2010 year of account, will continue the pattern of previous years as refined by current budgets.
(iii) Exchange rates at 31 December 2012 will not be materially different from those at 31 December 2011.
(iv) Investment returns attributable to 2010 during 2012 = 2.25% for all currencies.
(v) Claims will be paid in line with our expected development patterns.
(vi) No material back year surplus or deficit arises from the RITC.

Seven Year Summary of Closed Years of Account

	Note	2003	2004	2005	2006	2007	2008	2009
Syndicate allocated capacity (£m)		325.7	325.6	325.6	399.6	459.2	400.6	403.7
Number of Underwriting Members		1,147	1,256	1,359	1,387	1,399	1,368	1,508
Aggregate net premiums (£m)		351.6	317.3	320.1	386.5	302.3	255.4	274.0
Results for illustrative share of £10,000		%	%	%	%	%	%	%
Utilisation of capacity at premium income monitoring rates of exchange		108.6	93.8	94.8	86.0	65.6	54.9	53.5
Gross premiums written (% of illustrative share)		122.8	105.3	112.0	104.9	75.4	74.6	83.0
Net premiums (% of illustrative share)		107.9	97.4	98.3	96.7	65.8	63.8	67.9
Profit (% of gross premiums)		22.6	12.9	5.2	42.8	36.9	20.9	38.7
Results for illustrative share of £10,000		£	£	£	£	£	£	£
Gross premiums	1	12,280	10,526	11,205	10,495	7,542	7,458	8,296
Net premiums		10,794	9,745	9,832	9,672	6,583	6,377	6,785
Reinsurance to close from an earlier year of account		2,624	4,599	5,678	5,489	6,527	6,748	6,792
Net claims		(3,117)	(4,250)	(5,745)	(3,185)	(2,712)	(3,745)	(1,844)
Reinsurance to close	2	(4,528)	(6,292)	(7,105)	(5,573)	(6,048)	(6,224)	(6,326)
Underwriting profit		5,773	3,802	2,660	6,403	4,350	3,155	5,407
Acquisition costs	1	(2,605)	(2,294)	(2,473)	(2,211)	(1,621)	(1,633)	(1,746)
Other syndicate operating expenses, excluding personal expenses		(300)	(152)	(150)	(137)	(148)	(136)	(141)
Reinsurers' and profit commissions		299	56	23	20	47	69	97
Exchange movement on foreign currency translation		96	(70)	67	1,080	320	7	29
Net investment income		287	554	735	253	568	544	466
Illustrative personal expenses:								
Managing agent's fee		(65)	(55)	(55)	(55)	(55)	(55)	(55)
Profit commission	3	(509)	(303)	(124)	(716)	(533)	(332)	(794)
Other personal expenses		(104)	(175)	(100)	(150)	(147)	(63)	(57)
Profit after illustrative personal expenses and illustrative profit commission		2,872	1,363	583	4,487	2,781	1,558	3,206

1. Gross premiums and syndicate operating expenses have been grossed up for brokerage costs.
2. Reinsurance to close for 2003 and subsequent years is stated at relevant average rates applicable or when reserves were first set for each year of account.
3. Profit commission is reported on a pro forma basis before the application of the deficit clause brought forward.

Disclosure of Information to the Auditors

So far as each person who was a director of the managing agent at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow directors of the agency and the syndicate's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

R K Trubshaw
Active Underwriter
Managing Agency Partners Limited

13 March 2012

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ('the Lloyd's Regulations') require the managing agent to prepare syndicate underwriting year accounts for each syndicate in respect of any underwriting year which is being closed by reinsurance to close at 31 December. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005).

The managing agent must prepare the syndicate underwriting year accounts which give a true and fair view of the result of the closed year of account.

In preparing the syndicate underwriting year accounts, the managing agent is required to:

- select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in these underwriting year accounts.

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 underwriting year accounts comply with the Lloyd's Regulations. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

to the Members of Syndicate 2791 – 2009 Closed Year of Account

We have audited the syndicate underwriting year accounts for the 2009 year of account of Syndicate 2791 for the three years ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the related notes 1 to 22 and the Statement of Managing Agent's Responsibilities. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Managing Agent and the Auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 10, the managing agent is responsible for the preparation of the syndicate underwriting year accounts, under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate underwriting year accounts in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Syndicate Underwriting Year Accounts

An audit involves obtaining evidence about the amounts and disclosures in the syndicate underwriting year accounts sufficient to give reasonable assurance that the syndicate underwriting year accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the syndicate underwriting year accounts. In addition, we read all the financial and non-financial information in the Underwriting Year Report and Accounts to identify material inconsistencies with the audited underwriting year accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Syndicate Underwriting Year Accounts

In our opinion the syndicate underwriting year accounts:

- give a true and fair view of the profit for the 2009 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

Matters on Which We Are Required to Report by Exception

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

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

Kevin Senior (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

13 March 2012

PROFIT AND LOSS ACCOUNT TECHNICAL ACCOUNT – GENERAL BUSINESS

2009 Closed Year of Account for the three years ended 31 December 2011

	Note		2009 £'000
Syndicate allocated capacity			403,744
Earned premiums, net of reinsurance:			
Gross premiums written	3	334,941	
Outward reinsurance premiums		(60,988)	
Earned premiums, net of reinsurance			273,953
Reinsurance to close premiums received, net of reinsurance	4		274,246
Allocated investment return transferred from the non-technical account			18,842
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(84,709)	
Reinsurers' share		10,247	
		(74,462)	
Reinsurance to close premium payable, net of reinsurance	5	(255,425)	(329,887)
Acquisition expenses		(70,484)	
Reinsurers' commissions and profit participations		3,910	
Administrative expenses	7	(42,275)	
Net operating expenses			(108,849)
Profit on exchange	12		1,155
Balance on the technical account – general business	11		129,460

PROFIT AND LOSS ACCOUNT NON-TECHNICAL ACCOUNT

2009 Closed Year of Account for the three years ended 31 December 2011

	Note	2009 £'000
Balance on the technical account for general business		129,460
Investment income	*10*	18,071
Unrealised gains on investments		19,970
Unrealised losses on investments		(11,675)
Investment expenses and charges	*10*	(7,524)
Allocated investment return transferred to general business technical account		(18,842)
Profit for the 2009 closed year of account		129,460

BALANCE SHEET

2009 Closed Year of Account as at 31 December 2011

	Note		2009 £'000
Assets			
Investments	*13*		469,563
Debtors	*14*		19,424
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the account	*6*		10,758
Other assets			
Cash at bank and in hand		14,407	
Other	*15*	17,470	
			31,877
Prepayments and accrued income			
Accrued interest		1,628	
Prepayments and other accrued income		212	
			1,840
Total assets			533,462
Liabilities			
Amounts due to members	*16*		129,460
Reinsurance to close premiums payable to close the account – gross amount	*6*		265,334
Other creditors	*17*		137,956
Accruals and deferred income			712
Total liabilities			533,462

The financial statements on pages 12 to 26 were approved by the Board of Managing Agency Partners Limited on 13 March 2012 and were signed on its behalf by:

R K Trubshaw
Active Underwriter

R J Sumner
Finance Director

13 March 2012

CASH FLOW STATEMENT

2009 Closed Year of Account for the three years ended 31 December 2011

	Note	2009 £'000
Net cash inflow from operating activities	*18*	75,404
Transfers to members in respect of underwriting participations		–
		75,404
Cash flows were invested as follows:		
Increase in cash holdings	*19*	14,407
Decrease in overseas deposits		(172)
Net portfolio investment	*20*	61,169
Net investment of cash flows		75,404

NOTES TO THE ACCOUNTS

2009 Closed Year of Account for the three years ended 31 December 2011

1. Basis of Preparation

These financial statements have been prepared under regulation 6 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (as amended in December 2006) by the Association of British Insurers.

The Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) requires the aggregation of movements in each of the three calendar years' for any Underwriting Year account. For 2009's Underwriting Year Distribution Account each calendar year result is aggregated using the relevant years' average rate for each item in the profit and loss account. The reinsurance to close received by 2009 from 2008 is presented as both a premium and as part of the reinsurance to close payable at the same rate, which is 2011's opening rate. Any changes made to the opening reinsurance to close are accounted for at the average rate ruling during 2011.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2009 year of account which has been closed by reinsurance to close at 31 December 2011; consequently the balance sheet represents the assets and liabilities of the 2009 year of account and the profit and loss account and cash flow statement reflect the transactions for that year of account during the three year period until closure.

As each syndicate year of account is a separate annual venture, comparatives as required by FRS28 are not required to be disclosed.

2. Accounting Policies

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

Premiums written

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

Premiums written are treated as fully earned.

Acquisition costs

Acquisition costs, comprising commission and other direct or indirect costs related to the acquisition of insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date. As there are no unearned premiums there are also no deferred acquisition costs.

Reinsurance premium ceded

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

Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

2. Accounting Policies *continued*

Reinsurance to close premium payable

The reinsurance to close premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectible reinsurance recoveries, relating to the closed year of account and all previous years of account reinsured therein.

The estimate of claims outstanding is assessed on an individual case and class basis, as appropriate, and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. It also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified.

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

The two most critical assumptions as regards claims estimates are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the estimates of gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments.

Reinsurance bad debt

Bad debts are provided for only where specific information becomes available to suggest a debtor may be unable or unwilling to settle its debts to the syndicate. Specific information may be directly attributed to the debtor company or may be indirect information from a rating agency or other source. The provision is calculated on a case by case basis.

Foreign currency translation

Transactions, other than reinsurance to close, in US Dollars, Canadian Dollars and Euros are translated at the average rates of exchange for each calendar year in which they are booked. Reinsurance to close premiums receivable and underwriting transactions denominated in other foreign currencies, are included at the rate of exchange ruling at the transaction date. Reinsurance to close premiums payable are included in the technical account at relevant average rates applicable when the change occurred or when reserves were first set.

The reinsurance to close premiums payable are included in the balance sheet at the closing rate.

Balance sheet assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate.

Where Canadian Dollars or Euros are sold or bought relating to the profit or loss of the closed underwriting account after 31 December, any exchange profit or loss arising is reflected in the underwriting account into which the liabilities of that year have been reinsured. Where United States Dollars relating to the profit or loss of a closed underwriting account are bought or sold by the syndicate on behalf of the members on that year, any exchange profit or loss accrues to those members.

The following rates of exchange to Sterling have been used in the preparation of these accounts.

	Year end rate	Average rates during		
	2011	2011	2010	2009
USD	1.55	1.60	1.55	1.57
CAD	1.58	1.59	1.59	1.78
EUR	1.20	1.15	1.17	1.12

2. Accounting Policies *continued*

Investments

Investments are stated at current bid value at the balance sheet date. For this purpose listed investments are stated at market value and deposits with credit institutions are stated at cost. Unlisted investments for which a market exists are stated at the bid price at which they are traded on the balance sheet date or the last trading day before that date.

Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. The returns on assets arising in a calendar year are apportioned to years of account open during the calendar year in proportion to the average funds available for investment on each year of account.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and market value at the previous balance sheet date, or purchase price if acquired during the year. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the year.

Allocation of investment return

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments are generated by insurance related assets.

Operating expenses

Where expenses are incurred by or on behalf of the managing agent on the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicates are apportioned between the agency company and the syndicates on bases depending on the amount of work performed, resources used and the volume of business transacted. Syndicate operating expenses are allocated to the year of account for which they are incurred.

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax.

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

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

Pension costs

MAP operates a defined contribution scheme. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

Profit commission

Profit commission is charged by the managing agent at a rate of 20% of profit subject to the operation of a deficit clause. This is charged to the syndicate on an earned basis but does not become payable until after the year of account closes.

3. Segmental Analysis

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

	Gross written premiums (note 1) £'000	Gross claims incurred (note 2) £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
2009 pure year						
Direct insurance						
Accident and health	9,563	(3,452)	(4,099)	(55)	1,957	829
Fire and other damage to property	42,561	(13,031)	(14,244)	(7,287)	7,999	1,224
Marine, aviation and transport	28,945	(7,731)	(11,089)	(152)	9,973	3,062
Motor (other classes)	8,268	(5,297)	(3,146)	(85)	(260)	1,046
Third party liability	9,401	(4,690)	(2,695)	(67)	1,949	3,287
Miscellaneous	2,287	(1,168)	(757)	(12)	350	886
	101,025	(35,369)	(36,030)	(7,658)	21,968	10,334
2009 pure year						
Reinsurance	241,733	(56,745)	(73,097)	(45,344)	66,547	30,773
	342,758	(92,114)	(109,127)	(53,002)	88,515	41,107
RITC	279,897	(258,595)	278	(632)	20,948	213,469
Total	622,655	(350,709)	(108,849)	(53,634)	109,463	254,576

Total commissions on direct gross premiums written amount to £19.6m.

1. Gross premiums earned are identical to gross premiums written.
2. Gross claims incurred comprise gross claims paid and gross reinsurance to close premium payable.
3. All premiums are concluded in the UK.
4. Gross operating expenses include reinsurer's commissions and profit participations.
5. All 2008 and prior year movements are reflected in the RITC line.

The geographical analysis of premiums by destination is as follows:

	Direct £'000	Reinsurance £'000	Total £'000
UK	2,499	7,666	10,165
Other EU countries	3,862	7,475	11,337
US	72,883	151,220	224,103
Other	25,000	64,336	89,336
Total	104,244	230,697	334,941

Other, above, includes worldwide income of £46.9m.

4. Reinsurance to Close Premium Receivable

	Syndicate 2791 £'000	Syndicate 6103 £'000	Total £'000
Gross reinsurance to close premium receivable	285,315	2,399	287,714
Reinsurance recoveries anticipated	(13,468)	–	(13,468)
Reinsurance to close premium receivable, net of reinsurance	271,847	2,399	274,246

At 1 January 2011, Syndicate 2791 accepted a Reinsurance to Close Premium from Syndicate 6103 in respect of Syndicate 6103's 2008 Year of Account.

5. Movement in Underwriting Reserves

	Reserves £'000	Exchange to closing rate £'000	Closing RITC £'000
2008 and prior			
Opening balance	(271,848)	(2,431)	(274,279)
Change in year	56,194	3,947	60,141
2009 pure			
Change in three year period	(39,581)	(667)	(40,248)
Unallocated loss and loss adjustment expenses	(190)	–	(190)
	(255,425)	849	(254,576)

The exchange difference arising from the retranslation of the opening reinsurance to close liabilities is exactly matched by the assets transferred in at 1 January 2011 in currency and therefore the effect to the profit and loss account is nil.

6. Reinsurance to Close Premium Payable

	2008 and prior £'000	2009 pure £'000	2009 £'000
Gross outstanding claims	103,607	16,395	120,002
Reinsurance recoveries anticipated	(6,164)	(1,487)	(7,651)
Net outstanding claims	97,443	14,908	112,351
Provision for gross claims incurred but not reported	116,298	26,410	142,708
Reinsurance recoveries anticipated	(2,036)	(1,071)	(3,107)
Provision for net claims incurred but not reported	114,262	25,339	139,601
Unallocated loss and loss adjustment expenses	1,764	860	2,624
Net premium for reinsurance to close	213,469	41,107	254,576

The reinsurance to close is effected to the 2010 year of account of Syndicate 2791.

7. Administrative Expenses

	£'000
Personal expenses	4,536
Outwards profit commission	32,061
Other administrative expenses	5,685
(Profit) on exchange	(7)
	42,275

Administrative expenses include:

	£'000
Auditors' remuneration	
Fees for the audit of the syndicate	247
Taxation compliance services	10
Actuarial consultancy services	196

Personal expenses comprise managing agent's fees, profit commission, Lloyd's subscriptions and central fund contributions.

8. Staff Numbers and Costs

All staff are employed by the managing agent. The following amounts were recharged to the syndicate in respect of salary costs:

	£'000
Wages and salaries	3,330
Social security costs	378
Other pension costs	364
	4,072

Included above are the employment costs of underwriters attributable to acquisition of business and those of claims staff treated within the technical account as Acquisition Costs and Loss Adjustment Expenses respectively.

The average number of employees employed by the managing agent but working for the syndicate during the three years was as follows:

	£'000
Administration and finance	20
Underwriting	22
Claims	4
	46

9. Emoluments of the Directors of Managing Agency Partners Limited

The directors of Managing Agency Partners Limited received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	£'000
Emoluments	902

The 2009 year of account has been charged with active underwriters' remuneration as follows:

	£'000
Emoluments – R K Trubshaw	208

Profit related remuneration in respect of all directors and staff is wholly paid and borne by the managing agent.

10. Investment Return

	£'000
Investment income	
Income from investments	10,913
Gains on the realisation of investments	7,158
	18,071
Investment expenses and charges	
Losses on realisation of investments	(4,277)
Investment management expenses, including interest	(3,247)
	(7,524)

11. Balance on the Technical Account – General Business

	2008 and prior years of account £'000	2009 pure years of account £'000	Total 2009 £'000
Balance excluding investment return and operating expenses	20,670	197,642	218,312
Brokerage and commission on gross premium	1,216	(71,700)	(70,484)
Allocated investment income	–	18,842	18,842
Net operating expenses	(939)	(37,426)	(38,365)
Profit on exchange	493	662	1,155
	21,440	108,020	129,460

12. Profit on Exchange

Exchange differences on foreign currency translation arise as follows:

	£'000
On 2009 balances brought forward: from opening to closing rates	344
On transactions during 2011: from average to year end rates	811
	1,155

13. Financial Investments

	Market value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	55,237	54,089
Debt securities and other fixed income securities	321,929	321,358
Participation in investment pools	67,739	66,669
Other loans	21,822	21,684
Deposits with credit institutions	2,836	2,836
	469,563	466,636

14. Debtors

	£'000
Arising out of direct insurance operations:	
Due from policyholders	–
Due from intermediaries	1,555
Arising out of reinsurance operations	8,228
Members' agents' fees advances	1,781
Profit commission and overriding commission	2,728
Investment settlement	4,806
Overseas taxation	326
	19,424

15. Other Assets

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

16. Amounts Due to Members

	£'000
Profit for the 2009 closed year of account due to members at 31 December 2011	129,460

17. Other Creditors

	£'000
Arising out of direct insurance operations	
Policyholders	–
Intermediaries	140
Arising out of reinsurance operations	32,928
Profit commissions	32,365
Inter-syndicate loan	984
Inter year loan	54,915
Investment settlement	16,624
	137,956

18. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	£'000
Operating profit on ordinary activities for the closed year of account	129,460
Realised and unrealised investments losses including exchange movements	(12,519)
Net reinsurance to close payable	254,576
Decrease in debtors, excluding those received as consideration for RITC	33,894
Decrease in creditors, excluding those received as consideration for RITC	(61,302)
Non-cash consideration for net RITC receivable	
Deposits	(17,489)
Portfolio investments	(396,028)
Debtors (Syndicate 2791)	(34,926)
Creditors (Syndicate 2791)	182,137
Debtors (Syndicate 6103)	(20,232)
Creditors (Syndicate 6103)	17,833
Net cash inflow from operating activities	75,404

19. Movement in Opening and Closing Portfolio Investments Net of Financing

	£'000
Net cash inflow	14,407
Cash flow – decrease in overseas deposits	(172)
Cash flow – portfolio investments	61,169
Movement arising from cash flows	75,404
Received as non-cash RITC consideration	
Deposits and portfolio investments	413,517
Changes in market value and exchange rates	12,519
Total movement in portfolio investments	501,440
Portfolio at 1 January 2009	–
Portfolio at 31 December 2011	501,440

Movement in cash, portfolio investments and financing

	At 1 January 2009 £'000	Cash flow £'000	Received as consideration for net RITC receivable £'000	Changes to market value and currencies £'000	At 31 December 2011 £'000
Cash at bank and in hand	–	8,929	5,541	(63)	**14,407**
Overseas deposits	–	(172)	17,489	153	**17,470**
Portfolio investments:					
Shares and other variable yield securities and units in unit trusts	–	12,362	42,041	834	**55,237**
Debt securities and other fixed income securities	–	37,184	275,503	9,242	**321,929**
Participation in investment pools	–	10,501	55,679	1,559	**67,739**
Other loans	–	2,090	19,100	632	**21,822**
Deposits with credit institutions	–	(968)	3,705	99	**2,836**
Total portfolio	–	61,169	396,028	12,366	**469,563**
Total cash, portfolio investments and financing	–	69,926	419,058	12,456	**501,440**

20. Net Cash Inflow/(Outflow) on Portfolio Investments

	£'000
Purchase of shares and other variable yield securities	(34,433)
Purchase of debt securities and other fixed income securities	(1,258,262)
Purchase of participation in investment pools	(25,740)
Movement in other loans	(2,090)
Movement of deposits with credit institutions	968
Sale of shares and other variable yield securities	22,071
Sale of debt securities and other fixed income securities	1,221,078
Sale of participation in investment pools	15,239
Net cash (outflow) on portfolio investments	(61,169)

21. Related Parties

The managing agent, MAP, is a wholly owned subsidiary of Managing Agency Partners Holdings Limited, the equity of which is 90.1% owned by MAP Equity Limited, a company that is entirely owned by the staff of the managing agency and syndicate.

MAP also manages Syndicate 6103. The underwriting business of Syndicate 6103 is derived solely under a reinsurance contract with Syndicate 2791. Under the terms of this contract, Syndicate 6103 is obliged to accept 40% of all business written by Syndicate 2791 under certain categories of its property catastrophe book. Syndicate 2791 retains the balance of these contracts net for its own account.

Syndicate 2791 receives a ceding commission of 5% and an overriding commission of 1% of gross written premiums ceded to Syndicate 6103 to cover personal expenses of Syndicate 6103 names borne by Syndicate 2791. A profit commission of 15% of profits, as defined in the contract, is payable to MAP. All funds are retained and invested by Syndicate 2791 on behalf of Syndicate 6103 and interest is payable (or charged on negative balances) to Syndicate 6103 at rates agreed.

The following transactions between the syndicates occurred for the 2009 year of account:

	£'000
Premiums ceded	(31,030)
Paid claims recovered	2,674
Ceding commission	1,551
Overriding commission	261
Investment income payable	(1,668)

The directors' interests in the ordinary share capital of MAP Equity Limited, which has an issued share capital of 250,000 £1 shares, at the balance sheet date were as follows:

	A Shares (voting)	A Shares (non-voting)
R K Trubshaw	33,000	–
A Kong	22,000	–
J D Denoon Duncan	–	8,333
B S McAuley	–	13,500
C J Smelt	5,000	2,500
R J Sumner	–	10,000

Messrs. Shipley, Denoon Duncan, Kong, Trubshaw, Sumner, Smelt and Ms McAuley, or their related parties, participate on Syndicate 2791 via a dedicated, but unaligned to the managing agent, corporate member MAP Capital Limited.

MAP Capital Limited commenced underwriting on the 2001 year of account. For the 2009 year of account MAP Capital Limited provided £85.1m of capacity on Syndicate 2791 representing 21.1% of capacity. MAP has no direct interest in the share capital of MAP Capital Limited.

For the 2009 year of account these directors also participate on Syndicate 2791 via a dedicated, but unaligned to the managing agent, corporate member, Nomina No 208 LLP. For the 2009 year of account it has provided £3.98m of capacity representing 0.99% of capacity. MAP has no direct or indirect interest in Nomina No 208 LLP.

Managing agency fees amounting to £2.2m were paid to MAP for the 2009 year and profit commission of £32.4m is also due to the managing agency in respect of the profit of the 2009 closed year. Expenses totalling £6.1m were recharged to this year of account.

21. Related Parties *continued*

The syndicate has an investment in Steadfast International Limited, an equity investment fund managed by Steadfast Capital Management Limited of which Mr Foote, a director of MAP, is the managing director. The syndicate's participation on this fund is at arm's length and the syndicate was charged fees and profit commissions amounting to US$0.43m during 2011 on normal commercial terms. Mr Foote, as partner in Steadfast Capital Management Limited will participate in any profits of Steadfast Capital Management Limited.

Separately, a fund under the management of Steadfast Capital Management Limited participates in the syndicate through a corporate vehicle – the syndicate does not invest in this fund.

There are no other transactions or arrangements requiring disclosure.

22. Contingent Liabilities

Letters of credit

The syndicate has provided letters of credit to certain insureds and reinsureds to cover losses that might arise on their contracts written in the ordinary course of business. These amount to US$5.1m; the letters of credit are fully collateralised with cash deposits held by Citibank, on the syndicate's account, of US$5.6m.

SYNDICATE 2791

Annual Report and Accounts
31 December 2011

DIRECTORS AND ADMINISTRATION

MANAGING AGENT

Managing Agent
Managing Agency Partners Limited (MAP)

Directors
C E Dandridge (Non-executive)
J D Denoon Duncan
H R Dumas (Non-executive)
A S Foote (Non-executive)
A Kong
B S McAuley
D E S Shipley (Non-executive Chairman)
C J Smelt
R J Sumner
R K Trubshaw (Active Underwriter)

Company Secretary
B S McAuley

Managing Agent's Registered Office
110 Fenchurch Street
London
EC3M 5JT

Managing Agent's Registration
Registered in England; number: 03985640

SYNDICATE

Active Underwriter
R K Trubshaw

Principal Investment Managers
Schroder Investment Management Limited

Registered Auditors
Ernst & Young LLP, London

The directors of the managing agent present their report for the year ended 31 December 2011.

The principal activity of the syndicate is that of writing insurance and reinsurance business.

This annual report is prepared using the annual basis of accounting as required by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ('the 2008 Regulations').

Separate underwriting year accounts for the closed 2009 year of account are attached to these accounts in the section headed Underwriting Year Distribution Accounts (pages 1 to 26).

UNDERWRITER'S REPORT

A Review of the Calendar Year Result

These financial statements are prepared focusing on the calendar year results under UK Generally Accepted Accounting Practices (GAAP) for insurance companies.

The 2011 calendar year produced an annually accounted profit of £50.0m (2010: £113.0m) on gross earned premiums of £258.3m (2010: £297.6m) gross of acquisition and reinsurance costs. The net combined ratio was 83.2% (2010: 64.5%).

Movement on underwriting years of account during the 2011 calendar year

	2008 and prior periods £'000	2009 £'000	2009 and prior periods £'000	2010 £'000	2011 £'000	**Total £'000**	2010 £'000
Gross written premium	(7,817)	(1,607)	(9,424)	(2,353)	253,605	**241,828**	280,719
Net premium earned	(6,768)	8,066	1,298	74,949	141,836	**218,083**	251,291
Net claims incurred	27,438	(4,689)	22,749	(31,451)	(95,668)	**(104,370)**	(59,949)
Acquisition costs	1,216	(2,040)	(824)	(22,476)	(31,021)	**(54,321)**	(65,517)
	21,886	1,337	23,223	21,022	15,147	**59,392**	125,825
Operating expenses	(939)	(6,144)	(7,083)	(5,410)	(8,613)	**(21,106)**	(34,894)
Investment income	–	8,649	8,649	2,484	593	**11,726**	22,036
Annual accounted profit	20,947	3,842	24,789	18,096	7,127	**50,012**	112,967
Currency translation							
Currency translation differences	493	1,421	1,914	822	443	**3,179**	509
Total recognised gain and losses	21,440	5,263	26,703	18,918	7,570	**53,191**	113,476
As previously reported	–	102,757	102,757	31,797	–	**134,554**	83,482
Cumulative pure year result	21,440	108,020	129,460	50,715	7,570	**187,745**	196,957
Members' balances						**187,745**	196,957
Net annual accounting ratios:							
Claims ratio						**48%**	24%
Expense ratio						**35%**	40%
Combined ratio						**83%**	64%

Written premium in the calendar year by syndicate classification

	2011 Gross written £'000	**2011 Net written £'000**	2010 Gross written £'000	2010 Net written £'000
Property reinsurance	**146,390**	**115,975**	159,116	127,865
Direct and facultative property	**30,660**	**20,262**	38,121	27,082
Marine and offshore energy	**26,216**	**25,969**	30,195	30,141
Third party liability	**11,209**	**11,403**	14,158	13,278
Accident and health	**9,281**	**9,262**	10,031	9,985
Specialist lines	**7,970**	**7,812**	7,466	7,341
Motor	**5,151**	**5,298**	15,852	15,983
Terrorism and political risks	**4,951**	**4,949**	5,780	5,778
Total	**241,828**	**200,930**	280,719	237,453

2011 Overview

Competitive pressures intensified at the start of 2011, to the extent that we assumed a very defensive stance in the first quarter. Although the market slide was halted following the second New Zealand earthquake in February and the Japanese tsunami in March, gross earned premium for the calendar year was 13% less than 2010.

Most commentators concur that the market experienced over US$100bn of insured catastrophic loss in 2011, similar to 2005. We have for years deliberately avoided much indigenous international business as being far too cheaply priced; not only did many of our competitors accept these lowly rates, they also compounded the problem by writing disproportionately large lines on relatively first loss programmes. Whilst we are not immune from the international catastrophe events that dominated the year, we are underweight and reasonably well reserved: at year end, on Chile, New Zealand, Japan and Thailand we had incurred losses across all years of account of some £9m, with an expected gross ultimate of £65m. Most of this pertains to worldwide commercial/industrial reinsurance protections, where it is more difficult to ascertain definitively what the expected loss is likely to be. Due to the complexities of large risks, in particular when evaluating international supply chains and business interruption, we have felt it appropriate at this stage to take a cautious view of the ultimate claims position. Although no major hurricanes have struck the United States, 2011 also experienced over US$20bn of insured tornado/hail losses, by our estimation the worst year since 1974, taking out roughly half of the US catastrophe reinsurance premium.

Despite the plethora of major events, our original ultimate loss ratio picks by class for the 2011 year of account are unchanged, with the addition of £25m of expected gross loss from the Thailand floods. As a result the 2011 year of account has contributed a modest profit to the annually accounted result, with the bulk of the return coming from prior year improvements.

2012 Trading Conditions

The positive effect of all these catastrophes has been to dislocate the worldwide property market. Prices have at worst stabilised, and in many areas are increasing – not always enough to meet our technical hurdles, but affording sufficient opportunity for us to reverse the declines of the last two years. Coincidentally, in the US a major third party catastrophe modelling firm has released its latest assessment of Atlantic hurricane risk, which we estimate to be on average 45% more conservative than the previous version, and most importantly within 2% of our own, unchanged internal model. Whereas much of the market, both buyer and seller, is now faced with a more onerous risk assessment, our competitive handicap has now been removed. Demand for cover is up, and pricing has improved accordingly.

It will therefore be easy to assume our maximum appetite for US catastrophe risk in 2012 at perfectly acceptable rates. However, this is not 2003 or 2006, where the balance of the account was helping to support the volatility of the excess of loss account. We have turned the corner, but a broad improvement in all classes is not yet on the horizon.

FINANCIAL REPORT

Investment Return

The investment return for 2011 was 2.3% gross of all investment expenses (2010: 4%) and 2.0% net of investment expenses (2010: 3.4%).

Last year we said the return would be lower than 2010. Sadly, this proved to be an accurate prediction with the return not even keeping pace with inflation. Fixed income investments, which represent most of the syndicate's portfolio, continue to suffer low returns due to the drive by the UK and US central banks to keep rates low which has fuelled inflation and penalised investors.

The table below sets out the returns by asset class in our portfolio.

Asset class	2011 Return %	2011 Closing assets as a proportion of portfolio %	2010 Return %	2010 Closing assets as a proportion of portfolio %
Cash/cash liquidity funds	0.7	12.4	0.7	10.8
Equities	6.2	7.9	12.2	7.3
Credit bond funds	(0.7)	6.6	11.9	5.4
US treasury bonds	2.6	23.7	0.4	27.0
US agency bonds	3.4	11.5	3.8	15.2
US corporate debt	1.8	34.2	4.3	29.9
US asset backed debt	–	–	(2.0)	–
Overseas regulatory trust funds	1.9	3.7	2.3	4.4
Return/(loss)	2.3		4.0	
Return after charges	2.0		3.4	

The equity element of the portfolio returned 6.2% which given the economic uncertainties is a creditable performance. We believe that these funds are positioned well for the current stressed times. We continued to maintain a portfolio of credit funds, adding one new fund during 2011 to take advantage of depressed credit prices. This asset class is now made up of seven individual funds.

On a more encouraging note, our principal bond investment manager took the view relatively early last year that the likelihood of a rate rise was low. The duration of the portfolio was then slightly extended which provided some excess return. The fixed income bond portfolio now has an average duration of just less than 2.5 years and is invested in US Treasuries, fully guaranteed US Agency or 'A' rated, or higher, corporate bonds.

Our exposure to direct European assets continues to be low. During 2011 we sold all Euros reserves in excess of those needed to meet our insurance liabilities. However, we are wary of the contagion effect that a change in the European political landscape could have on the portfolio.

During the course of the year, a great deal of effort was expended amending our systems and procedures to meet 'Solvency II' requirements. 'Solvency II' is the attempt to introduce a harmonised EU-wide insurance regulatory regime. Without commenting on the extraordinary cost burden that this has imposed on the insurance industry, nor the chances of success of such an ambitious scheme, it is worth noting that one of the more bizarre aspects of this regime is that it encourages insurance companies, by means of low capital requirements, to hold European Government assets on the basis they are safe. We can but hope that some stage common sense will prevail and that the capital requirements for well diversified portfolios are set at more appropriate levels.

The key characteristics for each class are described below:

Cash and cash liquidity funds

Either cash at bank or on deposit spread across five different major banks. Our liquidity funds are all AAA rated, predominantly investing in government bonds with no exposure to structured debt. Asset duration is around 60 days.

Equities

We invested in four different funds during the year, reducing to three by the year end. Two of these funds have the ability to sell equities short to manage exposure during falling markets.

Credit bond funds

These comprise ten separate open ended bond funds with each fund managed by an external specialist investment manager. The number of funds has increased by one to seven during 2011.

Investment Return *continued*

US treasuries

US Treasury bills and notes managed by two large US external investment managers. These assets have a duration of around 3.1 years. US treasuries are split by manager 95% to a short duration manager and 5% to a longer specialist duration manager.

US agency bonds

Direct investment in the 100% Government-backed National Mortgage Association (Ginnie Mae) or National Credit Union Administration (NCUA). These bonds have always been US government guaranteed.

US corporate debt

Senior and subordinate bonds issued by industrial and financial companies, mainly US based. The average duration of these bonds before redemption is 2.0 years.

US asset backed debt

Bonds issued by the finance providers of auto and credit card debt. In the case of credit card debt each bond or trust has a significant level of over collateralisation or credit enhancement. All of these bonds were sold during 2010.

Overseas regulated trust funds

Separately regulated trust funds set up to satisfy local regulatory requirement. Each of these funds is managed conservatively by Lloyd's.

Valuation risk

Investments are marked to market at bid prices at each period end with all changes taken through the underwriting account. Prices are supplied by external custodians for each investment with the systems adopted by each custodian covered by their own annual audits. In accordance with the custodian systems prices are supplied by at least two pricing vendor sources. The pricing sources use market prices or where it is more appropriate in illiquid markets, pricing models. We reconcile the custodians overall prices to our bond managers records to check for reasonableness. Additional sample checks are made to Bloomberg or exchange market prices and a review by each manager of the proportion of assets they determine have a restriction of market is performed. These reviews revealed no significant differences.

Rating and the future

The credit rating of our assets is set our below:

2011	Rating					
Asset class per balance sheet	AAA and government %	AA and above %	A %	Equities %	Hedge funds %	Total %
Shares and variable yield securities	–	5.2	1.8	3.6	–	10.6
Debt securities	49.4	8.9	16.0	–	–	74.3
Participation in investment pools	3.1	–	–	–	11.4	14.5
Deposits with credit institutions	–	–	0.6	–	–	0.6
Total	52.5	14.1	18.4	3.6	11.4	100.0

2010	Rating					
Asset class per balance sheet	AAA and government %	AA and above %	A %	Equities %	Hedge funds %	Total %
Shares and variable yield securities	–	4.9	1.9	3.2	–	10.0
Debt securities	45.0	15.3	10.4	–	–	70.7
Participation in investment pools	3.4	–	–	–	10.1	13.5
Deposits with credit institutions	–	–	0.9	–	–	0.9
Other loans	4.9	–	–	–	–	4.9
Total	53.3	20.2	13.2	3.2	10.1	100.0

The syndicate does not undertake securities lending or exchange rate management. Lloyd's are custodians of our overseas deposits over which we have no control.

Currency Translation Differences

Over 90% of the syndicate's assets are held in US Dollars but as results are published in Sterling changes in the £:US Dollar exchange rate can significantly alter the reported Sterling result. However, capital providers receive distributions in both currencies therefore distributions to capital providers are unaffected by the accounting exchange loss booked.

The accounting exchange gain for the year is £3.2m (2010: £0.5m). This principally reflects the strengthening of the US Dollar against Sterling from the opening rate of 1.57 to the current year end rate of 1.55.

The syndicate makes profit payments in both US Dollars and Sterling, we do not seek to hedge exchange exposure and to a large extent the depreciation in Sterling has little effect on the currency outcome paid to capital providers.

Reinsurance Balances

There are no provisions for bad debts on the syndicates' reinsurance balances.

An analysis of the security rating for the reinsurance balances on our balance sheet at 31 December is set out below.

Debt table by security rating

Standard & Poor's rating	On paid claims £m	On outstanding claims £m	On IBNR £m	**2011 Total £m**	2010 Total £m
AA and above	(0.6)	11.8	8.9	**20.1**	16.6
A	14.3	4.8	5.6	**24.7**	28.1
BBB	–	–	–	**–**	–
BB and below	–	–	0.9	**0.9**	0.8
	13.7	16.6	15.4	**45.7**	45.5

Of the total reinsurance debtors rated A in the table above, the amounts owed by Syndicate 6103 are £17.7m.

The negative paid claim figure (£0.6m) on the AA and above rating is a repayment due to one of our reinsurers for a previously paid claim in respect of the subrogation recovery on the World Trade Centre.

Our reinsurance security committee has authorised the use of a number of the insurance companies set up after the 2005 hurricanes. These companies have either no, or a low, Standard and Poor's security rating. As a result they are only accepted on to the syndicate's reinsurance programme if they offer acceptable alternative direct security (Letters of Credit or syndicate specific trust accounts).

Risk Management

We have established a risk management framework whose primary objective is to protect the syndicate from events which negatively impact current and future returns.

Principal Risks and Uncertainties

Insurance risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover, that the frequency or severity of insured events will be higher than expected, or that estimates of claims subsequently prove to be insufficient.

Underwriting strategy is agreed by the Board and set out in the Syndicate Business Plan which is submitted to Lloyd's each year. Processes are in place to identify, quantify and manage aggregate exposures and technical prices within each of our underwriting classes. Reinsurance is purchased, where appropriate to our risk appetite and reduces the retained financial impact of catastrophic loss. Reserves set are subject to stress testing and independent review.

Principal Risks and Uncertainties *continued*

Credit risk

Credit risk is the risk of default or the inability of one or more of the syndicate's reinsurers or brokers to settle their debts as they fall due.

Reinsurance is only placed with security that meets the criteria agreed by the Board. Use is made of independent rating agencies. Business is only accepted through accredited Lloyd's brokers who are reviewed by the Agency's Security Committee and business accepted via binding authority is subject to a process of rolling review. Aggregate exposure to any counterparty is monitored regularly and a robust system of credit control is in place, itself subject to the internal Security Committee. Exposure to investment counterparties is monitored by a specialist investment reporting company and reviewed by the Investment Committee. This Committee includes a non-executive director with expertise in US fund management. Investment guidelines are set and monitored in view of the syndicate's liability exposures and their durations.

Liquidity risk

This is the risk that the syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. Liquidity management forms an important part of the financial management practices of the syndicate. Cash flow projections and budgetary controls are maintained and reported upon to the Board.

Market risk

Market risk is the potential adverse financial impact of changes in value of financial instruments caused by fluctuations in foreign currency, interest rates or equity prices. The potential impact of market risk elements is reported to the Board and the potential financial impact of changes in market value is monitored through the capital setting process.

Foreign currency exchange risk

We operate from the United Kingdom but over 90% of our premiums and claims are settled in currencies other than Sterling. Our reported financial results are denominated in Sterling and are therefore affected by the exchange rate against Sterling of our main currency assets (USD, EUR and CAD). The syndicate settles its surplus assets in both Sterling and USD as each underwriting year closes or earlier if a solvency transfer is approved. We do not therefore seek to hedge the USD exposure. Other currencies are tracked against Sterling to ensure the amount of exposure is monitored and if needed appropriate action taken.

Equity price risk

We are subject to equity price risk due to changes in the market value of equities. This risk is managed by spreading the investments of equities over a number of investment managers who each specialise in a market sector or type of investment evaluation. The performance of each fund is monitored by the Investment Committee.

Interest rate risk

Interest rate risk arises primarily from the value of our investments. For example debt and fixed income securities are exposed to actual fluctuations or changes in market perception of current or future interest rates. Exposure to interest rate risk is monitored though the use of Value-at-Risk analysis, scenario testing, stress testing and duration reviews. Interest rate risk is managed by matching of assets and liabilities to within five years.

Operational risk

Operational risk is the potential adverse financial and reputational impact of inadequate or failed internal processes, people and systems or from external events. An internal risk assessment process has been developed to assess the potential impact and probability of certain events and a system of internal controls has been implemented to mitigate the risks. These controls have been monitored by Senior Management and the Board whilst their ongoing effectiveness is validated through both the ongoing risk assessment and internal audit process.

Regulatory risk

The agency is required to comply with the requirements of the Financial Services Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The agency has a compliance officer who monitors regulatory developments and assesses the impact on agency policy. She is supported by two assistants who carry out a compliance monitoring programme.

CORPORATE GOVERNANCE

Directors and Directors' Interests

The Directors of the managing agent who served during the year ended 31 December 2011 together with their participations on the syndicate were as follows:

	2011 year of account £'000	2010 year of account £'000
J D Denoon Duncan [1]	440	440
H R Dumas	571	571
A S Foote [3]	–	–
A Kong [1] [2]	1,579	1,579
B S McAuley [1]	435	435
D E S Shipley (Chairman) [1]	5,496	5,496
C Smelt [1] [2]	1,173	1,173
R J Sumner [1]	397	397
R K Trubshaw (Active Underwriter) [1]	6,209	6,209
C E Dandridge	–	–

(1) Participate via MAP Capital Limited and Nomina 208 LLP, unaligned corporate members.

(2) Include participations of related parties.

(3) A S Foote, a non-executive director of MAP, is a managing director of Steadfast Advisors, the management company for Steadfast Capital LP, which participates on the syndicate through MAP Capital Limited.

The total capacity of the 2011 year of account of the syndicate was £504.5m.

Reappointment of Auditors

Ernst & Young LLP are deemed to be reappointed as the syndicate's auditors.

Disclosure of Information to the Auditors

So far as each person who was a director of the managing agent at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow directors of the agency and the syndicate's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Annual General Meeting

As permitted under the Syndicate Meetings (Amendment No. 1) Byelaw (No. 18 of 2000) MAP does not propose holding a Syndicate Annual General Meeting of the members of the Syndicate.

Members may object to this proposal or the intention to reappoint the auditors within 21 days of the issue of these accounts. Any such objection should be addressed to B S McAuley, Compliance Director at the registered office of Managing Agency Partners Limited.

By order of the Board

R K Trubshaw
Active Underwriter
Managing Agency Partners Limited
London

B S McAuley
Secretary

13 March 2012

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

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

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare syndicate annual accounts at 31 December each year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The annual accounts 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 annual accounts, the managing agent is required to:

1. select suitable accounting policies which are applied consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the annual accounts; and
4. prepare the annual accounts 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.

INDEPENDENT AUDITORS' REPORT

to the Members of Syndicate 2791

We have audited the syndicate annual accounts of Syndicate 2791 for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Managing Agent and the Auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 36, the managing agent is responsible for the preparation of syndicate annual accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate annual accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Syndicate Annual Accounts

An audit involves obtaining evidence about the amounts and disclosures in the annual accounts sufficient to give reasonable assurance that the annual accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the annual accounts. In addition, we read all the financial and non-financial information in the Syndicate Annual Report and Accounts to identify material inconsistencies with the audited syndicate annual accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Syndicate Annual Accounts

In our opinion the annual accounts:

- give a true and fair view of the syndicate's affairs as at 31 December 2011 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.

Opinion on Other Matter Prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion the information given in the Managing Agent's Report for the financial year in which the annual accounts are prepared is consistent with the annual accounts.

Matters on Which We Are Required to Report by Exception

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
- we have not received all the information and explanations we require for our audit.

Kevin Senior (Senior Statutory Auditor)

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

London

13 March 2012

PROFIT AND LOSS ACCOUNT TECHNICAL ACCOUNT – GENERAL BUSINESS

for the year ended 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Earned premiums, net of reinsurance					
Gross premiums written	3		241,828		280,719
Outward reinsurance premiums			(40,898)		(43,266)
Net premiums written			200,930		237,453
Change in the provision for unearned premiums:					
Gross amount		16,464		16,884	
Reinsurers' share		689		(3,046)	
Change in the net provision for unearned premiums			17,153		13,838
Earned premiums, net of reinsurance			218,083		251,291
Allocated investment return transferred from the non-technical account			11,726		22,035
Claims incurred, net of reinsurance					
Claims paid					
Gross amount	3	(108,151)		(119,232)	
Reinsurers' share		17,421		13,535	
Net claims paid		(90,730)		(105,697)	
Change in the provision for claims					
Gross amount	3	(18,363)		53,722	
Reinsurers' share		4,723		(7,974)	
Change in the net provision for claims		(13,640)		45,748	
Claims incurred, net of reinsurance			(104,370)		(59,949)
Acquisition expenses		(50,147)		(61,926)	
Change in deferred acquisition expenses		(4,174)		(3,590)	
Reinsurers' commissions and profit participations		1,592		1,771	
Administrative expenses	5	(22,698)		(36,665)	
Net operating expenses	3		(75,427)		(100,410)
Balance on the technical account for general business			50,012		112,967

All operations are continuing.

PROFIT AND LOSS ACCOUNT NON-TECHNICAL ACCOUNT

for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Balance on the general business technical account		**50,012**	112,967
Investment income	*8*	**14,526**	22,862
Unrealised gains on investments		**17,863**	14,395
Unrealised losses on investments		**(13,901)**	(5,187)
Investment expenses and charges	*8*	**(6,762)**	(10,035)
Allocated investment return transferred to general business technical account		**(11,726)**	(22,035)
Profit for the financial year		**50,012**	112,967

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year		**50,012**	112,967
Exchange differences on foreign currency translation	*10*	**3,179**	509
Total recognised gains and losses since the last annual report		**53,191**	113,476

BALANCE SHEET ASSETS

at 31 December 2011

	Note	£'000	2011 £'000	£'000	2010 £'000
Investments					
Financial investments	11		653,296		632,289
Reinsurers' share of technical provisions					
Provision for unearned premiums		10,782		9,955	
Claims outstanding	4	32,008		26,813	
			42,790		36,768
Debtors					
Debtors arising out of direct insurance operations	12	13,719		17,662	
Debtors arising out of reinsurance operations	12	80,423		92,457	
Other debtors	13	20,988		20,958	
			115,130		131,077
Other assets					
Cash at bank and in hand			17,751		7,284
Other	14		21,260		22,752
Prepayments and accrued income					
Accrued interest		2,300		2,469	
Deferred acquisition costs		24,613		28,619	
Other prepayments and accrued income		1,477		1,069	
			28,390		32,157
Total assets			878,617		862,327

BALANCE SHEET LIABILITIES

at 31 December 2011

	Note	£'000	2011 £'000	£'000	2010 £'000
Capital and reserves					
Members' balances	*15*		187,745		196,957
Technical provisions					
Provision for unearned premiums		92,883		108,524	
Claims outstanding	*4*	441,308		418,381	
			534,191		526,905
Creditors					
Creditors arising out of direct insurance operations	*16*	470		600	
Creditors arising out of reinsurance operations	*16*	83,678		83,105	
Other creditors	*17*	71,428		54,024	
			155,576		137,729
Accruals and deferred income			1,105		736
Total liabilities			878,617		862,327

The financial statements on pages 38 to 55 were approved by the Board of Managing Agency Partners Limited on 13 March 2012 and were signed on its behalf by:

R K Trubshaw
Active Underwriter

R J Sumner
Finance Director

13 March 2012

CASH FLOW STATEMENT

for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities	*18*	80,620	35,974
Transfer to members in respect of underwriting participations:			
Profits distributed from 2791		(60,892)	(126,433)
Profits distributed from 6103		(2,688)	(85)
		17,040	(90,544)
Cash flows were invested as follows:			
Increase/(decrease) in cash holdings	*20*	10,560	(3,265)
Increase in deposits	*20*	(2,066)	(2,404)
Net portfolio investment	*20*	8,546	(84,875)
Net investment of cash flows		17,040	(90,544)

1. Basis of Preparation

These financial statements have been prepared in accordance with Regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and applicable Accounting Standards in the United Kingdom and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (as amended in December 2006) by the Association of British Insurers.

The result for the year is determined on the annual basis of accounting in accordance with UK GAAP.

2. Accounting Policies

Premiums written

Premiums written comprise premiums on contracts incepted during the financial year as well as adjustments made in the year to premiums written in prior accounting periods. Premiums are shown gross of acquisition costs payable to intermediaries and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet notified. Differences between such estimates and actual amounts will be recorded in the period in which the actual amounts are determined.

Unearned gross premiums

Written premiums are recognised evenly over the term of the contract for those contracts where the incidence of risk does not vary over the term. Contracts where the incidence of risk differs over the term are earned based on the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

Acquisition costs

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

Reinsurance premium ceded

Outwards reinsurance purchased consists of excess of loss contracts and proportional reinsurance contracts. Initial excess of loss premiums are accounted for in the year of inception. Premiums ceded to reinstate reinsurance cover or additional premiums payable on loss are recognised when they may be assessed with reasonable certainty. Proportional outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured.

Unearned reinsurance premium

Reinsurance premiums paid to purchase excess of loss reinsurance contracts are earned evenly over the period at risk. Proportional reinsurance premiums are earned in the same accounting period as the inwards business being reinsured.

Claims provisions and related recoveries

Claims paid comprise claims and claim handling expenses paid during the period.

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years. The provision for claims outstanding is assessed on an individual case and class basis, as appropriate, and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

2. Accounting Policies *continued*

Claims provisions and related recoveries *continued*

The reinsurers' share of provisions for claims is based on the amounts of outstanding claims and projections for IBNR, net of a provision for reinsurance bad debt, having regard to the reinsurance programme in place for each class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

The two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Reinsurance bad debt

Bad debts are provided for only where specific information becomes available to suggest a debtor may be unable or unwilling to settle its debts to the syndicate. Specific information may be directly attributed to the debtor company or may be indirect information from a rating agency or other source. The provision is calculated on a case by case basis.

Unexpired risks provision

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial period in respect of contracts concluded before that date may exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant future investment return. The provision for unexpired risks is included in technical provisions in the balance sheet.

Foreign currency translation

Transactions in US Dollars, Canadian Dollars and Euros are translated at the average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

In accordance with SSAP20, Foreign Currency Translation, assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate.

All exchange differences arising on retranslation of opening balances and between average and year-end rates are included in the statement of total recognised gains and losses. All other exchange differences are dealt with in the technical account and included within operating expenses.

The following rates of exchange have been used in the preparation of these accounts.

	2011		2010	
	Year end	Average	Year end	Average
USD	1.55	1.60	1.57	1.55
CAD	1.58	1.59	1.56	1.59
EUR	1.20	1.15	1.17	1.17

Investments

Listed and other quoted investments are stated at current bid value at the balance sheet date. For this purpose listed and quoted investments are stated at market value and deposits with credit institutions are stated at cost.

The cost of syndicate investments is deemed to be the aggregate of market value at the previous balance sheet date of those investments still held at the current balance sheet date, and purchases during the period.

2. Accounting Policies *continued*

Investment return

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

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and market value at the previous balance sheet date, or purchase price if acquired during the year.

Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the year.

Allocation of investment return

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

Operating expenses

Where expenses are incurred by or on behalf of the managing agent on the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicates are apportioned between the agency company and the syndicates on bases depending on the amount of work performed, resources used and the volume of business transacted. Syndicate operating expenses are allocated to the year of account for which they are incurred.

Taxation

Under Schedule 19 of the Finance Act 1993 managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax.

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

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

Pension costs

MAP operates a defined contribution scheme. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

Profit commission

Profit commission is charged by the managing agent at a rate of 20.0% for each of the underwriting years of account, subject to the operation of a deficit clause. This is charged to the syndicate as incurred on an earned basis but does not become payable until after the appropriate year of account closes, normally at 36 months.

3. Segmental Analysis

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

2011 Direct insurance	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expense £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
Accident and health	9,416	9,008	(3,415)	(3,741)	(16)	1,836	11,851
Motor (third party liability)	(252)	423	(253)	(231)	80	20	3,534
Motor (other classes)	5,549	6,386	(3,657)	(2,578)	(112)	39	12,025
Marine, aviation and transport	30,433	30,358	(3,920)	(9,982)	(454)	16,001	46,801
Fire and other damage to property	36,479	33,059	(23,926)	(8,837)	(3,116)	(2,819)	54,145
Third party liability	4,886	4,862	(1,374)	(1,612)	194	2,069	51,319
Miscellaneous	2,203	1,605	41	(525)	53	1,174	5,278
	88,714	85,701	(36,504)	(27,506)	(3,371)	18,320	184,953
Reinsurance accepted	153,114	172,591	(90,010)	(47,921)	(14,694)	19,966	306,448
Total	241,828	258,292	(126,514)	(75,427)	(18,065)	38,286	491,401

2010 Direct insurance	Gross written premiums £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expense £'000	Reinsurance balance £'000	Total £'000	Net technical provisions £'000
Accident and health	8,245	8,562	(2,318)	(3,632)	(66)	2,546	10,865
Motor (third party liability)	1,709	1,702	(631)	(609)	73	535	5,185
Motor (other classes)	7,978	8,329	(2,564)	(3,248)	(119)	2,398	13,577
Marine, aviation and transport	28,546	26,441	(6,771)	(9,224)	(27)	10,419	53,349
Fire and other damage to property	31,218	41,282	(10,445)	(16,223)	(5,042)	9,572	38,355
Third party liability	5,231	6,516	(7,294)	(2,076)	400	(2,454)	54,932
Miscellaneous	620	415	(1,490)	(82)	(15)	(1,172)	4,277
	83,547	93,247	(31,513)	(35,094)	(4,796)	21,844	180,540
Reinsurance accepted	197,172	204,356	(33,997)	(65,316)	(35,955)	69,088	309,597
Total	280,719	297,603	(65,510)	(100,410)	(40,751)	90,932	490,137

All premiums were concluded in the UK.

Gross operating expenses include reinsurers' commissions and profit participations.

	2011 £'000	2010 £'000
Total commissions on gross direct premiums earned	19,559	24,090

3. Segmental Analysis *continued*

The geographical analysis of premiums, by destination is as follows:

	Direct	Reinsurance	2011 £'000
UK	2,402	2,296	4,698
Other EU countries	3,548	3,995	7,543
US	58,119	103,022	161,141
Other	24,645	43,801	68,446
Total	88,714	153,114	241,828

	Direct	Reinsurance	2010 £'000
UK	2,493	3,525	6,018
Other EU countries	4,408	6,534	10,942
US	48,821	132,541	181,362
Other	27,825	54,572	82,397
Total	83,547	197,172	280,719

Other, above, includes worldwide income of £42.2m (2010: £47.6m).

4. Claims Outstanding

A positive run-off of £22m on the 2009 and prior years' reserves (2008 and prior: £11m) was experienced in the year. This change to the previous closed year reserves was 8% of the relevant provisions brought forward. The change in the year was principally due to the favourable run-off of the property book.

	2011 £'000	2010 £'000
Gross outstanding claims	175,634	168,727
Reinsurance recoveries anticipated	(16,588)	(13,353)
Net outstanding claims	159,046	155,374
Provision for gross claims incurred but not reported	260,865	245,116
Reinsurance recoveries anticipated	(15,420)	(13,460)
Provision for net claims incurred but not reported	245,445	231,656
Unallocated loss and loss adjustment expenses	4,809	4,538
Net reserves	409,300	391,568

5. Administrative Expenses

	2011 £'000	2010 £'000
Personal expenses	4,480	4,854
Profit commission payable to managing agent	12,524	27,313
Other administrative expenses	5,584	5,318
Loss/(profit) on exchange	110	(820)
	22,698	36,665

Administrative expenses include:

	2011 £'000	2010 £'000
Auditors' remuneration		
Fees for the audit of the syndicate	189	195
Taxation compliance services	6	19
Actuarial consultancy services	200	192

Personal expenses comprise managing agent's fees, profit commission, Lloyd's subscriptions and Central fund contributions.

6. Staff Numbers and Costs

All staff are employed by the managing agent. The following amounts were recharged to the syndicate in respect of salary costs:

	2011 £'000	2010 £'000
Wages and salaries	3,467	3,446
Social security costs	413	391
Other pension costs	394	381
	4,274	4,218

Included above are the employment costs of underwriters attributable to acquisition of business and those of claims staff treated within the technical account as Acquisition Costs and Loss Adjustment Expenses respectively.

The average number of employees employed by the managing agent but working for the syndicate during the year was as follows:

	2011 Number	2010 Number
Administration and finance	20	20
Underwriting	21	22
Claims	4	4
	45	46

Profit related remuneration in respect of all directors and staff is wholly paid and borne by the managing agent.

7. Emoluments of the Directors of Managing Agency Partners Ltd

The directors of MAP received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	2011 £'000	2010 £'000
Emoluments	963	935

The active underwriter received the following remuneration charged as a syndicate expense:

	2011 £'000	2010 £'000
Emoluments – R K Trubshaw	222	214

8. Investment Return

	2011 £'000	2010 £'000
Investment income		
Income from investments	9,509	14,151
Gains on the realisation of investments	5,017	8,711
	14,526	22,862
Investment expenses and charges		
Investment management expenses, including interest	2,492	3,941
Losses on the realisation of investments	3,356	4,996
Investment return payable to Syndicate 6103	914	1,098
	6,762	10,035

9. Calendar Year Investment Yield

Average syndicate funds available for investment:

	2011 '000	2010 '000
Sterling	18,793	14,826
United States Dollars	932,942	957,044
Canadian Dollars	27,827	29,584
Euros	30,959	31,970
Combined Sterling average syndicate funds available for investment	664,102	670,698
Investment return – gross of investment expenses	15,132	25,977

Analysis of calendar year investment yield by currency, before investment expenses:

Sterling	1.3%	1.7%
United States Dollars	2.5%	4.3%
Canadian Dollars	1.2%	0.7%
Euros	0.8%	0.7%
Combined	2.3%	4.0%

10. Exchange Differences on Foreign Currency Translation

Exchange differences on foreign currency translation arise as follows:

	2011 £'000	2010 £'000
On balances brought forward	1,482	1,859
On transactions during 2009: from average to year end rates	1,697	(1,350)
	3,179	509

11. Financial Investments

	Market value		Cost	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Shares and other variable yield securities and units in unit trusts	68,557	63,322	66,059	55,294
Debt securities and other fixed income securities	454,940	446,505	454,133	449,034
Participation in investment pools	94,954	85,503	93,441	76,331
Other loans	30,838	30,955	30,644	30,955
Deposits with credit institutions	4,007	6,004	4,007	6,004
	653,296	632,289	648,284	617,618

Included within the above assets are funds comprising listed equities of £51.4m (2010: £40.2m).

12. Debtors Arising Out of Insurance Operations

	2011 £'000	2010 £'000
Arising out of direct insurance		
Due from policyholders	–	–
Due from intermediaries – within one year	13,681	17,662
– after one year	38	–
	13,719	17,662

Debtors arising out of reinsurance operations of £80.4m (2010: £92.5m) includes £11.4m (2010: £3.4m) due after one year and include funds due in respect of Syndicate 6103 (see note 22).

13. Other Debtors

	2011 £'000	2010 £'000
Due within one year		
Outstanding settlements on investments	6,837	7,464
Commissions and overrider receivable	2,771	2,896
Foreign taxes	326	626
Members' agents fees funded	1,781	1,511
Other	54	22
	11,769	12,519
Due after one year		
Inter syndicate debt	658	440
Foreign taxes	1,276	1,076
Members' agents fees funded	5,300	4,379
Commissions and overrider receivable	1,985	2,544
	9,219	8,439
	20,988	20,958

14. Other Assets

	2011 £'000	2010 £'000
Overseas deposits	21,260	22,752

Overseas deposits are lodged as a condition of conducting underwriting business in certain countries.

15. Reconciliation of Members' Balances

	2011 £'000	2010 £'000
Members' balances brought forward at 1 January	196,957	211,194
Profit for the financial year	50,012	112,967
Exchange rate difference – transfer from the Statement of Recognised Gains and Losses	3,179	509
Members' agents fees for the 2008 (2007) year of account	(1,511)	(1,280)
Payments of profit to members' personal reserve funds for the 2008 (2007) year of account	(60,892)	(126,433)
Members' balances carried forward at 31 December	187,745	196,957

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

16. Creditors Arising Out of Insurance Operations

	2011 £'000	2010 £'000
Arising out of direct insurance operations		
Policyholders	–	–
Intermediaries – within one year	470	600
– after one year	–	–
	470	600

Creditors in respect of reinsurance operations of £83.7m (2010: £83.1m) include amounts due after one year of £39.7m (2010: £50.9m), all of which are due to Syndicate 6103.

17. Other Creditors

	2011 £'000	2010 £'000
Outstanding settlement on investments	23,479	6,670
Profit commissions	46,936	46,875
Inter-syndicate	985	479
Other	28	–
	71,428	54,024

Of the profit commissions above, £14.6m (2010: £33.6m) fall due after one year.

18. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2011 £'000	2010 £'000
Operating profit on ordinary activities	50,012	112,967
Realised and unrealised investments gains including exchange movements	(12,942)	(17,833)
Increase/(decrease) in net technical provisions	1,264	(46,400)
Decrease/(increase) in debtors	19,714	(938)
Increase/(decrease) in creditors	18,216	(11,136)
Exchange differences on foreign currency translation	3,179	509
Movement on members' balances	(1,511)	(1,280)
Syndicate 6103 closed year profit	2,688	85
Net cash inflow from operating activities	80,620	35,974

19. Movement in Opening and Closing Portfolio Investments Net of Financing

	2011 £'000	2010 £'000
Net cash flows for the year	10,560	(3,265)
Cash flow – portfolio investments and overseas deposits	6,480	(87,280)
Movement arising from cash flows	17,040	(90,545)
Changes in market value and exchange rates	12,942	17,833
Total movement in portfolio investments	29,981	(72,712)
Portfolio at 1 January	662,325	735,037
Portfolio at 31 December	**692,307**	662,325

20. Movement in Cash, Portfolio Investments and Financing

	At 1 January 2011 £'000	Cash flow £'000	Changes to market value and currencies £'000	At 31 December 2011 £'000
Cash at bank and in hand	7,284	10,560	(93)	17,751
Overseas deposits	22,752	(2,066)	574	21,260
Portfolio investments:				
Shares and other variable yield securities and units in unit trusts	63,323	2,922	2,312	68,557
Debt securities and other fixed income securities	446,504	(1,322)	9,758	454,940
Participation in investment pools	85,504	9,565	(115)	94,954
Other loans	30,954	(544)	428	30,838
Deposits with credit institutions	6,004	(2,075)	78	4,007
Total portfolio investments	632,289	8,546	12,461	653,296
Total cash, portfolio investments and financing	662,325	17,040	12,942	**692,307**

21. Net Cash Inflow/(Outflow) on Portfolio Investments

	2011 £'000	2010 £'000
Purchase of shares and other variable yield securities	(13,861)	(1,871)
Purchase of debt securities and other fixed income securities	(1,001,078)	(1,431,518)
Purchase of participation in investment pools	(19,374)	(14,852)
Deposits with credit institutions	2,075	2,208
Other loans	544	(30,941)
Sale of shares and other variable yield securities	10,939	52,342
Sale of debt securities and other fixed income securities	1,002,400	1,487,031
Sale of participation in investment pools	9,809	22,476
Net cash (outflow) on portfolio investments	(8,546)	(84,875)

22. Related Parties

The managing agent, MAP, is a wholly owned subsidiary of Managing Agency Partners Holdings Limited, the equity of which is 90.1% owned by MAP Equity Limited, a company that is entirely owned by the staff of the managing agent and syndicate.

MAP also manages Syndicate 6103. The underwriting business of Syndicate 6103 is derived solely under a reinsurance contract with Syndicate 2791. Under the terms of this contract, Syndicate 6103 is obliged to accept 30% (2009: 40%) of all business written by Syndicate 2791 under certain categories of its property catastrophe book. Syndicate 2791 retains the balance of these contracts net for its own account.

Syndicate 2791 receives a ceding commission of 5% and an overriding commission of 1% of gross written premiums ceded to Syndicate 6103 to cover personal expenses of Syndicate 6103 names borne by Syndicate 2791. A profit commission of 15% of profits, as defined in the contract, is payable to MAP. All funds are retained and invested by Syndicate 2791 on behalf of Syndicate 6103 and interest is payable (or charged on negative balances) to Syndicate 6103 at rates agreed.

During the year, the following transactions between the syndicates occurred:

	2011 £'000	2010 £'000
Premiums ceded	(18,950)	(20,327)
Paid claims recovered	10,359	3,996
Ceding commission	948	1,019
Overriding commission	135	200
Investment income payable	(914)	(1,098)

Managing agency fees amounting to £2.8m were paid to MAP during 2011 (2010: £2.8m) and profit commission of £12.5m (2010: £27.3m) is also due to the managing agent in respect of the results for this calendar year. Expenses totalling £7.0m (2010: £7.0m) have been recharged during the year.

The directors' interests in the ordinary share capital of MAP Equity Limited, which has an issued share capital of 250,000 £1 shares, at the balance sheet date, were as follows:

	A Shares (non-voting)	B Shares (non-voting)
R K Trubshaw	33,000	–
A Kong	22,000	–
J D Denoon Duncan	–	8,333
B S McAuley	–	13,500
C J Smelt	5,000	2,500
R J Sumner	–	10,000

Messrs. Shipley, Denoon Duncan, Kong, Trubshaw, Sumner, Smelt and Ms McAuley, or their related parties, participate on Syndicate 2791 via a dedicated, but unaligned to the managing agent, corporate member MAP Capital Limited. MAP Capital Limited commenced underwriting on the 2001 year of account. For the 2011 year of account MAP Capital Limited provided £105.3m of capacity on Syndicate 2791 (2010: £105.3m) representing 20.9% of capacity (2010: 20.9%). MAP has no direct or indirect interest in the share capital of MAP Capital Limited.

For the 2011 year of account, these directors also participate on Syndicate 2791 via a dedicated, but unaligned to the managing agent, corporate member, Nomina No 208 LLP. For the 2011 year of account it has provided £9.8m of capacity representing 1.9% of capacity. MAP has no direct or indirect interest in Nomina No 208 LLP.

22. Related Parties *continued*

The syndicate has an investment in Steadfast International Limited, an equity investment fund managed by Steadfast Capital Management Limited of which Mr Foote, a director of MAP, is the managing director. The syndicate's participation on this fund is at arm's length and the syndicate was charged fees and profit commissions amounting to US$0.43m during 2011 on normal commercial terms. Mr Foote, as partner in Steadfast Capital Management Limited will participate in any profits of Steadfast Capital Management Limited.

Separately, a fund under the management of Steadfast Capital Management Limited participates in the syndicate through a corporate vehicle – the syndicate does not invest in this fund.

There are no other transactions or arrangements requiring disclosure.

23. Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on FSA requirements and resource criteria. 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 members' FAL to meet liquidity requirements or to settled losses.

24. Contingent Liabilities

Letters of credit

The syndicate has provided letters of credit to certain insureds and reinsureds to cover losses that might arise on their contracts written in the ordinary course of business. These amount to US$5.7m; the letters of credit are fully collateralised with cash deposits held by Citibank, on the syndicate's account, of US$6.2m.

25. Post Balance Sheet Event

In accordance with the reinsurance contract with Syndicate 6103, the 2009 Year of Account of that syndicate will be commuted and an RITC effected with this syndicate and the reserves carried for the 2009 Year of Accounting (amounting to £0.03m) transferred to this syndicate in 2012.

26. Reinsurance to Close Premium Received from Syndicate 6103

At 1 January 2011, Syndicate 2791 accepted a Reinsurance to Close Premium from Syndicate 6103 in respect of Syndicate 6103's 2008 Year of Account. In addition, the reinsurance contact between Syndicate 2791 and Syndicate 6103 for the 2008 Year of Account has been commuted with Syndicate 2791 being paid in full for the liabilities assumed as at 1 January 2011.

27. Off-Balance Sheet Items

The syndicate has not been party to any arrangement which is not reflected in its balance sheet.

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