



2019 Annual Report
Neon Underwriting Limited
Year ended 31 December 2019

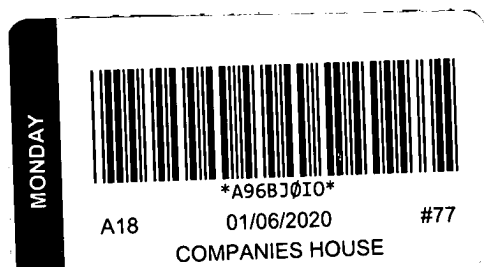


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Corporate information

Directors

| | |
|------------------|-----------------------------|
| J E Consolino | (Non-executive) – Chairman |
| R E Heppell | (Chief Financial Officer) |
| D M Lednor | |
| O Reeves | |
| M J Wade | (Independent non-executive) |
| M S D Washington | |
| T S A Butt | (Chief Executive Officer) |
| K D Curtis | (Independent non-executive) |

Company Secretary

L A Dlaboha

Registered number

03584320

Auditors

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

Solicitors

Clyde & Co
Beaufort House
Chertsey Street
Guildford
Surrey
GU1 4HA

Registered Office

20 Gracechurch Street
London
EC3V 0BG

Strategic report

The directors of Neon Underwriting Limited (the Company) present their strategic report for the year ended 31 December 2019.

Principal activities and review of the business

The principal activity of the Company is to act as the Managing Agent of Lloyd's Syndicate 2468 (the Syndicate). The Company has responsibility for the management, conduct of the underwriting and all aspects of administration of the Syndicate. There have been no significant changes in the Company's principal activities in the year.

The Company is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA) (registration number 204971).

The Company receives a management fee from the Syndicate, calculated as a percentage of underwriting capacity managed, together with profit commission charged to underwriting members of the Syndicate. The underwriting capacity of the Syndicate for the 2019 underwriting year is £305m (2018: £305m).

All staff are employed by the Neon group service company, Neon Management Services Limited.

Results and Dividends

The profit for the year before taxation amounted to £2,207k (2018: £1,796k). The taxation credit was £2k (2018: £Nil), and the retained profit for the year is £2,205k (2018: £1,769k).

Turnover has remained static for 2019 due to the managing agency fees being charged on a stamp capacity of £305m (2018: £305m). Other operating income arises as a result of the early termination of a long term arrangement to handle claims following the 2015 & prior external RITC for the Syndicate.

A dividend payment of £3.7m (2018: £5m) was paid during the year.

Future Developments

On 6 January 2020, the Company's ultimate parent Company American Financial Group Inc, (AFG) announced that it was exiting the Lloyd's insurance market. Consequently, the Company has put the Syndicate into an orderly run-off. During this process the Company has, and continues to be, in regular dialogue with Lloyd's and other relevant regulators.

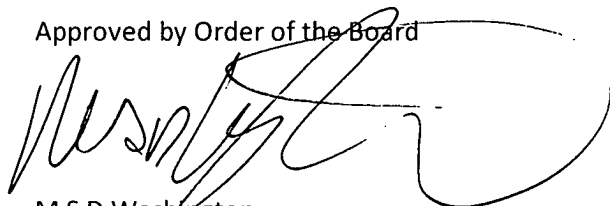
The Company continues to manage the Syndicate in run-off and Neon remains fully committed to all policyholders. All policies underwritten by the Syndicate will be honoured as per their terms and conditions. The Syndicate remains fully capitalised by AFG and, as with every other syndicate at Lloyd's, will continue to benefit from Lloyd's full chain of security.

Strategic report continued

Principal risks and uncertainties

The principal risk to the Company is that the underwriting capacity of the Syndicate is reduced to a level where the managing agency fees received do not enable the Company to meet its liabilities and comply with Lloyd's solvency requirements. The fee income for 2020 is based on the Syndicate capacity of £337m and is due in full. No fee income will be due from the Syndicate from 2021 onwards. The Company will consider an alternative basis for its fee with the capacity providers for as long as it manages the Syndicate.

Approved by Order of the Board

A large, stylized handwritten signature in black ink, appearing to read 'MSD Washington', is written over the text 'Approved by Order of the Board'.

M S D Washington
Managing Director
4 March 2020

Directors' report

The directors of the Company present their report and the financial statements for the year ended 31 December 2019.

Appointments and resignations since 1 January 2019

| Name | Date of resignation |
|-------------|---------------------|
| S Hayes | 31 October 2019 |
| S E A Long | 30 September 2019 |
| A McKay | 13 March 2019 |
| I P Martin | 31 January 2019 |
| M R D Reith | 20 February 2020 |

| Name | Date of appointment |
|------------|---------------------|
| K D Curtis | 25 October 2019 |
| T S A Butt | 10 June 2019 |

T Butt took over as Chief Executive Officer upon his appointment in 2019 from M Reith.

The Directors were appointed at Board meetings during the year subject to regulatory approval. The above appointment dates reflect the date that Companies House was notified following the regulatory approvals being received.

Directors' indemnity

All directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Disclosure of information to the auditors

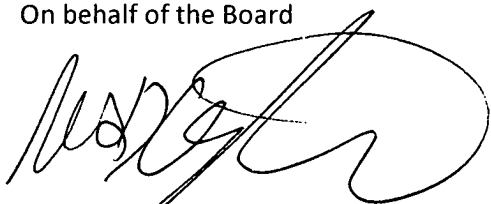
In the case of each of the persons who are directors of the Company at the time the report is approved:

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

Reappointment of auditors

In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the Board



M S D Washington
4 March 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report and the Financial Statements in accordance with applicable law and regulation. Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the directors must not approve the Financial Statements unless they are satisfied that they are a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEON UNDERWRITING LIMITED

Opinion

We have audited the financial statements of Neon Underwriting Limited for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 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 Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEON UNDERWRITING LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Ernst & Young LLP

Vinood Ramabhai (Senior statutory auditor)

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

5 March 2020

Statement of income and retained earnings
For the year ended 31 December 2019

| | Notes | 2019 £000 | 2018 £000 |
|--|-------|--------------|--------------|
| Turnover | 1 | 2,288 | 2,288 |
| Administration expenses | | (312) | (1,161) |
| Other Operating Income | 5 | 231 | 669 |
| <i>Profit on ordinary activities before taxation</i> | | 2,207 | 1,796 |
| Taxation | 6 | (2) | - |
| <i>Profit for the financial year</i> | | 2,205 | 1,796 |
| Retained earnings at 1 January | | 3,091 | 6,295 |
| Profit for the year | | 2,205 | 1,796 |
| Dividends Paid | | (3,700) | (5,000) |
| Retained earnings at 31 December | | 1,596 | 3,091 |

All of the Company's turnover relates to continuing activities, the Company has no discontinued operations. The notes on pages 11 to 18 form part of the financial statements.

Other than the items reported in the statement of income and retained earnings the Company has no items of other comprehensive income or changes in equity in any of the periods for which the financial statements are presented. In accordance with FRS 102.3.19 the Company does not present a statement of comprehensive income or a statement of changes in equity.

Statement of financial position

As at 31 December 2019

| | Notes | 2019 £000 | 2018 £000 |
|--|-------|----------------|----------------|
| <i>Current assets</i> | | | |
| Debtors | 7 | 21 | 1 |
| Cash at bank and in hand | | 5,342 | 8,457 |
| <i>Total assets</i> | | <u>5,363</u> | <u>8,458</u> |
| Creditor falling due within one year | 8 | <u>(3,267)</u> | <u>(4,869)</u> |
| <i>Net current assets</i> | | <u>2,096</u> | <u>3,589</u> |
| Deferred Tax | 9 | - | 2 |
| <i>Net assets</i> | | <u>2,096</u> | <u>3,591</u> |
| <i>Shareholders' equity</i> | | | |
| Called up share capital | 10 | 500 | 500 |
| Retained Earnings | | 1,596 | 3,091 |
| <i>Total capital and reserves</i> | | <u>2,096</u> | <u>3,591</u> |

The notes on pages 11 to 18 form part of the financial statements.

The financial statements were approved by the Board on 4 March 2020 and signed on its behalf by:



R E Heppell
Chief Financial Officer
4 March 2020

Notes to the financial statements

For the year ended 31 December 2019

1. Accounting Policies

1.1. Statement of Compliance

Neon Underwriting Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom.

The financial statements have been prepared in compliance with FRS 102 being the applicable UK GAAP accounting standard and in accordance with the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations. The financial statements are prepared on a going concern basis under the historical cost convention modified for the revaluation of financial assets and liabilities measured at fair value through profit and loss.

1.2. Basis of preparation

The financial statements for the year ended 31 December 2019 were approved for issue by the Board on 4 March 2020.

The financial statements are prepared in Sterling which is the functional and presentation currency of the Company and rounded to the nearest £'000.

Going Concern

The Company has adequate resource to continue trading for the foreseeable future and the directors intend for it to do so. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Company has taken advantage of the exemption in FRS 102.1.12 in electing not to present a Statement of Cash Flows on the basis that the Company's financial statements are consolidated as part of the financial statements of the Company's indirect UK parent, Neon Capital Limited. Copies of the consolidated financial statements can be obtained from 20 Gracechurch Street, London, EC3V 0BG.

The Company is part of a group of companies owned by Neon Capital Limited, being the UK indirect parent. The companies owned directly and indirectly by Neon Capital Limited are collectively referred to as "the Group" within these notes and form part of the consolidated financial statements of Neon Capital Limited.

1.3. Significant accounting policies and key judgements

Turnover

Turnover represents managing agency fees and profit commission payable to the Company by the Syndicate. Managing agency fees are recognised by the Company in the year they are charged to the Syndicate.

Profit commission

Profit commission arising from agency agreements with members of Lloyd's is recognised when the contractual right to such profit commission is established, but only to the extent that a reliable estimate of the amount due can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

Administrative expenses

All expenses are charged to the Company on an incurred basis by Neon Management Services Limited, the service company of the Group. Any expenses incurred directly in relation to running the Company, for example its audit fees and taxation fees, will be charged directly to the Company.

Notes to the financial statements

For the year ended 31 December 2019

1.3. Significant accounting policies continued

Taxation

Tax expense represents the sum of the current tax payable and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of income and retained earnings as it excludes items of income and expense that are taxable or deductible in other years or that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the substantively enacted tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of income and retained earnings.

Dividend Recognition

Dividends are recognised in the period in which they are paid.

Key judgements

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Profit commission

The Company provides for profit commission receivable based on the financial performance of the Syndicate. At 31 December 2019 the Company has not made any provision for profit commission on the basis that none is receivable. The Company re-assesses the amount of profit commission receivable, on all underwriting years of account that have been open during the financial year, at each balance sheet date.

Notes to the financial statements

For the year ended 31 December 2019

2. Operating Profit

Operating profit is stated after charging:

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Fees paid to the company's auditors during the year | 16 | 15 |

The Company's turnover all arises in the UK from its principal activity as a Lloyd's Managing Agent. There were no profit commissions due or recognised in 2019 (2018: £Nil). The Company is included in the consolidated accounts of its indirect UK parent undertaking Neon Capital Limited. During the year the company paid £Nil (2018: £Nil) remuneration for non-audit services.

3. Staff costs

All staff were employed by Neon Management Services Limited, a wholly owned subsidiary of Neon Holdings (U.K.) Limited (NHL), the immediate parent company of Neon Underwriting Limited. Therefore the number of people employed by the Company is Nil (2018: Nil).

Notes to the financial statements

For the year ended 31 December 2019

4. Directors' emoluments

The directors of the Managing Agent received the following aggregate remuneration charged and allocated within the Group.

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Aggregate remuneration in respect to qualifying services | 3,573 | 5,432 |
| Aggregate contributions to defined contributions scheme | 74 | 114 |
| | <u>3,647</u> | <u>5,546</u> |

The highest paid director received the following remuneration charged as a Syndicate expense in total:

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| In respect of the highest paid director: | | |
| Aggregate remuneration in respect to qualifying services | 1,137 | 1,407 |
| Aggregate contribution to defined contribution scheme | 10 | 27 |

£500k (2018: nil) was paid to directors in January 2019 for loss of office which was provided for at the previous year end.

No advances or credits were granted by the Company to any of its directors during the year.

Company pension contributions to personal pension plans have been made to 7 directors (2019: 6 directors).

5. Other Operating Income

During 2019 as a result of the 2015 & prior external RITC there was an early termination of a claims management contract. Neon Underwriting Limited recognised the contingent asset from 2018 of £231k as income in 2019 (£2018: £669k). There is no contingent asset for 2019 (2018: £231k) or further income relating to this contract.

Notes to the financial statements

For the year ended 31 December 2019

6. Taxation

Analysis of charge in year

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Current Tax: | | |
| UK corporation tax charge/ (credit) | - | - |
| Prior year charge/(credit) | - | - |
| Total current tax charge/(credit) | - | - |
| Deferred Tax: | | |
| Origination and reversal of timing difference | 2 | - |
| Prior year charge/(credit) | - | - |
| Total deferred tax charge/(credit) | 2 | - |
| Total deferred tax charge/(credit) | 2 | - |

Factors affecting the tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 2,207 | 1,796 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%) | 420 | 341 |
| Effects of | | |
| Group Relief | (420) | (340) |
| Adjustments to tax charge in respect of prior years | - | (1) |
| Net deferred tax not recognised arising/(Utilised) in year | 2 | - |
| Total tax charge/(credit) for the year | 2 | - |

Legislation was passed on 18 November 2015 to further reduce the UK corporation tax rate to 19% from 1 April 2017. Further legislation was introduced in the Finance Bill 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020.

The Company has a deferred tax asset of £2k (2018: £2k) in relation to fixed asset timing differences. This has not been provided for. The unprovided deferred tax asset has been calculated at 17%, being the rate of corporation tax substantively enacted by the Balance Sheet date.

On 18 November 2019, the Government pledged to put the planned corporation tax reduction from 19% to 17% on hold. The potential impact on the unprovided deferred tax asset is not expected to have a material impact on the financial statements.

Notes to the financial statements

For the year ended 31 December 2019

7. Debtors

| | 2019 £000 | 2018 £000 |
|-------------------------------------|--------------|--------------|
| Amounts due from group undertakings | 21 | - |
| Other debtors | - | 1 |
| | <u>21</u> | <u>1</u> |

8. Creditors due within one year

Creditors within one year

| | 2019 £000 | 2018 £000 |
|-----------------------------------|--------------|--------------|
| Amounts due to group undertakings | 13 | 23 |
| Accruals | 162 | 20 |
| Cash in transit | 3,092 | 4,826 |
| | <u>3,267</u> | <u>4,869</u> |

Cash in transit represents monies due for onward payment to and from the Syndicate or to and from managing general agencies relating to premiums, claims and brokerage costs. Fees are also collected on behalf of consortiums that Neon participates on.

9. Deferred Tax

The movements in deferred taxation during the year were as follows:

| | 2019 £000 | 2,018 £000 |
|-----------------------------------|--------------|---------------|
| Deferred tax asset at 1 January | 2 | 2 |
| Credit to the profit and loss | (2) | - |
| Deferred tax asset at 31 December | <u>-</u> | <u>2</u> |

Deferred taxation provided in the accounts is as follows

| | 2019 £000 | 2,018 £000 |
|------------------------------------|--------------|---------------|
| Timing differences on fixed assets | <u>-</u> | <u>2</u> |

Notes to the financial statements

For the year ended 31 December 2019

10. Share Capital

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Authorised share capital | | |
| Ordinary shares of £1 each | 500 | 500 |
| Allotted, called up, and fully paid up | | |
| Ordinary shares of £1 each | 500 | 500 |

There have been no changes to share capital during the year.

11. Related party transactions, balances and relationships

The Company's immediate parent company is Neon Holdings (U.K.) Limited and the Company's indirect UK holding company is Neon Capital Limited. Both of these companies are registered in England and Wales at 20 Gracechurch Street, London, EC3V 0BG, United Kingdom. The ultimate parent company is American Financial Group Inc., a company incorporated in Ohio, USA. Copies of their Financial Statements may be obtained from 301 E 4th Street, Cincinnati, Ohio.

Syndicate 2468

The Company acts as Managing Agent to Syndicate 2468. Managing agency fees of £2,288k (2018: £2,288k) were charged to Syndicate 2468 during the year. There is no outstanding agency fee balance for the period ended 31 December 2019. At the balance sheet date, the Company owes the Syndicate £11k (2018: £Nil) relating to a cash float received in December from the Syndicate into Neon's internal broker bank accounts, held within Neon Underwriting Limited.

There have been no transactions entered into or carried out during the year by the Managing Agent on behalf of the Syndicate in which it or any of its executives had, directly or indirectly a material interest.

Intercompany balance

At the balance sheet date the Company is owed £21k (2018: £Nil) from parent company Neon Holdings (U.K.) Limited.

The company owes £2k (2018: £23k) to a fellow group company, Neon Management Services Limited. This is due to expense recharges to the Company which have been recognised in the statement of income and retained earnings.

Transactions with directors

Certain directors of the Managing Agent are also directors of other Group companies. In all cases, transactions between the Syndicate and other entities within the group are carried out on normal arm's length commercial terms.

Management compensation

All of the Company's management personnel are employed by fellow group company Neon Management Services Limited. Remuneration of management is included in note 4 to the accounts and shows the total directors remuneration on behalf of the Group.

Notes to the financial statements

For the year ended 31 December 2019

12. Post balance sheet event

On 6 January 2020, the Company's ultimate parent Company American Financial Group Inc, (AFG) announced that it was exiting the Lloyd's insurance market. Consequently, the Company has put the Syndicate into an orderly run-off. During this process the Company has, and continues to be, in regular dialogue with Lloyd's and other relevant regulators.

The Company continues to manage the Syndicate in run-off and Neon remains fully committed to all policyholders. All policies underwritten by the Syndicate will be honoured as per their terms and conditions. The Syndicate remains fully capitalised by AFG and, as with every other syndicate at Lloyd's, will continue to benefit from Lloyd's full chain of security.