

SCOR Underwriting Limited

Registered Number 4296463

Financial Statements for the year ended

31 December 2022



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Company information

Directors and Officers

M Newman	Executive Director (Resigned 31/07/2023)
J Bayfield	Executive Director (Resigned 31/08/2022)
C Bartlett	Executive Director
A Aygun	Executive Director (Appointed 04/11/2022)
S Van Viet	Non-Executive Director (Resigned 01/01/2022)
C Fassi	Non-Executive Director

Company Secretary

C Bartlett

Registered Office

10 Lime Street
London EC3M 7AA

Auditors

Mazars
30 Old Bailey
London
EC4M 7AU
United Kingdom

Strategic report for the year ended 31 December 2022

The Directors present their strategic report for SCOR Underwriting Limited (the Company) for the year ended 31 December 2022.

Strategy

The Company has a twin track approach when deciding which syndicates to support. The Company seeks long term business relationships with syndicates where there is a specialisation that is complementary with the core skills and knowledge of the SCOR Group, supplementing this with a more opportunistic shorter term support for syndicates where there is a favourable development in the underwriting cycle. The Company's success is dependent upon the proper pricing and ongoing management of the risks in the business written by the syndicates and its future development is in part dependent upon maintaining good relationships with its partners.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval but are developed in conjunction with the SCOR Group policies, procedures and controls.

Reviews, in the form of Underwriting / Actuarial pricing and Catastrophe Modelling are undertaken periodically by SCOR Global P&C. The make up of the SUL portfolio has changed due to SCOR Syndicate now dominating the book by two thirds as a result of the remediation process by de-risking from the non-profitable third-party syndicates.

Compliance with regulation, legal and ethical standards is a high priority for the Company and the Directors and the company secretary take on an important oversight role in this regard.

The principal risks from our participations arise from inaccurate pricing; fluctuations in the timing, frequency and severity of claims compared with expectations; inadequate or failed reinsurance protection; and inadequate reserving.

Key performance indicators

The Company monitors its business activity by means of a number of key performance indicators (KPI's) designed to track the profitability of the business written before the effect of the retrocession to Group companies, accordingly all KPI's below are pre-quota share:

Incurred loss ratio – net of reinsurance

This is the ratio of claims incurred to earned premium after the deduction of reinsurance purchased by the syndicates. The ratio is monitored by year of account for each syndicate and in the aggregate. For 2022 the aggregate net loss ratio was 0.06% (2021 – 38.5%).

(ii) Development of premium

The Company monitors the gross written premium per syndicate per underwriting year and compares it to the syndicate's business plan and its own estimations on a quarterly basis. Significant variances are investigated and future budgets and forecasts adjusted accordingly. Additionally, the Company compares the current year to the prior year in the aggregate. For 2022 the gross written premium received was £395,422K (2021 - £361,364K) (see note 5 to the financial statements).

(iii) Syndicate gross cost ratio

This is the total of acquisition costs and syndicate administrative expenses incurred (before exchange gains and losses) of £130,300K (2021 - £125,185K) (as detailed in note 9 to the financial statements), divided by the gross premium earned excluding RITC received (as detailed in note 5 to the financial statements). For 2022 this was 34.23% (2021 – 36.12%).

(iv) Company management expenses

The Company has a service level agreement ("SLA") and group divisional recharges ("GDR") with fellow group companies. Costs arising under these agreements are monitored against a budget and against the previous year. For 2022

Strategic report for the year ended 31 December 2022 (continued)

the SLA charge was £667K (2021 - £1,607K) and the GDR charge was £96K (2021 - £79K). Overheads incurred by the fellow group companies are recharged to all the UK based operating companies using an allocation key.

(v) Solvency position – Funds at Lloyd's

The Company is required to maintain funds at Lloyd's at least equal to the solvency requirement which is calculated by Lloyd's based on the syndicates supported by the Company. This process was significantly revised during 2022 and is now known as the Quarterly Corridor Test. The Company paid £16.2M and \$1.8m as cash injections to funds at Lloyd's during 2022 (2021 - £24.7M).

In all instances the Company's capital provider SCOR Ireland DAC (SI) commits, under a formalised agreement, to meet 100% of all of the Company's capital obligations towards Lloyd's, known as Funds at Lloyd's (FAL). The FAL position at year end 2022 comprised of Tier 1 assets of £133.1m and Tier 2 assets of £116.7m (2021 – Tier 1 assets of £166.3m and Tier 2 assets of £109.4m).

The Company operates within the SCOR Group Capital Management framework, the main principle of which is to ensure that SCOR's entities receive the necessary support to continue to meet their respective regulatory capital requirements, enabling SCOR to run its business properly and to support business development as planned in its strategic plan.

(vii) Business Model Changes

During 2022 the Company entered into a quota share agreement with SCOR Ireland DAC for YoA 2021 and prior as of 1 January 2022 and also signed a FAL support agreement, to guarantee 100% of its capital commitment towards Lloyd's. Effective from 1 April 2022, SCOR SE regained 100% ownership interest of the Company following the merger with SCOR Switzerland AG.

Strategic report for the year ended 31 December 2022 (continued)

(viii) Section 172(1) Statement

From 2019 financial year onwards all entities above certain thresholds are required to disclose their compliance with Section 172(1) of the 2006 Companies Act. It requires the following:

A Director of a company must act in a way he/she considered, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to –

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees (if any)
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for the high standards of business conduct, and
- f) the need to act fairly as between members of the company.

As an integral part of the SCOR Group the Company operates in a framework of systems, processes and policies that aim, at all times, to conduct business with integrity in dealings with all stakeholders and all personnel operating on behalf of the Company must agree to comply with the Group's Code of Conduct which reinforces ethical principles and requirements as regards preventing conflicts of interest. The Code of Conduct is supplemented by a policy defining the alert procedures ("whistleblowing") available for all staff.

The directors of the Company must act in accordance with a general set of duties. These duties are detailed in the UK's Companies Act and include a duty to promote the success of the Company.

The directors fulfil their duties through a governance framework that delegates day-to-day decision-making to appropriate teams within the SCOR P&C Business Unit. The following paragraphs summarise how the Directors fulfil their duties.

Long-Term Decision Making

The Board is updated on developments within the portfolio of Lloyd's syndicates periodically and annually the updated business plan, based on the relevant Syndicate Business Forecasts as submitted to Lloyd's, is submitted to the Board for approval. Once approved by the Board, the plan and strategy form the basis for financial budgets, resource plans and performance reviews. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interest of various stakeholders, the consequences of its decisions in the long term and its long-term reputation.

Key Stakeholders

As a wholly owned subsidiary of the SCOR Group the interests of our shareholder and other subsidiaries within the group are taken into account by the Board but the Board also considers the following stakeholders to be key for the Company and has engaged with them in the following ways, over the course of 2022:

Customers

Lloyd's of London Syndicates which the Company participates in form the largest customer segment for which there is regular and active interaction between the Company, led by underwriting teams, and these clients. These relationships are key for the future of the Company and as such the Board receives regular updates on market developments, underwriting performance or specific topics, as necessary, either direct from the managing director or from the relevant specialists teams within the SCOR P&C Business Unit. The Board seeks regular briefings on the performance of these syndicates and the various lines of business they write.

Employees

The Company has no direct employees (see note 9 – staff costs) with all its employees being provided by fellow Group undertakings. However, all SCOR employees are accountable for their actions within a group-wide code of conduct.

Strategic report for the year ended 31 December 2022 (continued)

Over the course of the year management have regularly engaged with the relevant SCOR Group entities that provide all of the people resources required to run the Company. The aim of this engagement was to ensure that the Group Business Continuity Plan (BCP) was functioning as expected, (with no significant operational risks). The Company continues to engage with the wider SCOR Group on developing a “new normal” hybrid working approach, reflecting the benefits the flexibility of working outside of the office brings, but also recognising that there are significant benefits from conducting certain activities within an office environment.


Society/Environment

The Company operates within the Corporate Social Responsibility framework and strategy of its parent group, as set out in SCOR SE’s annual Activity & CSR Report.

Regulators

Whilst the Company is not directly regulated, the Syndicates in which it participates are directly regulated by the Society of Lloyd’s of London and indirectly by the Prudential Regulation Authority. The Company engages with Lloyd’s of London on an ongoing basis and the directors consider it a key stakeholder because of the oversight provided over operations of the various Syndicates the Company participates in.

By order of the Board


Charles BARTLETT (Jul 27, 2023 10:03 GMT+1)

C Bartlett
Secretary

Directors' report for the year ended 31 December 2022

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Principal activities

The principal activity of the Company consists of participating in the Lloyd's insurance market as a corporate underwriting member on a limited liability basis.

Review of business and future developments

The Company commenced business with the Lloyd's 2002 year of account. The Company currently underwrites on the 2020 and subsequent years of account on various syndicates at Lloyd's. The Company's participations are as follows:

	2022		2021	
	Allocated Capacity		Allocated Capacity	
	Total	Company's Participation	Total	Company's Participation
	£'000	£'000	£'000	£'000
Syndicate 2525	92,400	14,382	86,000	13,298
Syndicate 1910	-	-	-	-
Syndicate 2015	236,000	236,000	211,000	211,000
Syndicate 6107	67,400	4,400	70,500	4,476
Syndicate 1200	-	-	-	-
Syndicate 510	1,500,000	46,262	1,133,100	34,939
Syndicate 2988	210,964	14,800	173,500	12,145
		315,844		275,858

Result and dividends

The Company made a profit after taxation for the year ended 31 December 2022 of £5.3M (2021 £5.3M). The Company has paid nil dividends during 2022 (2021 - nil).

Directors and Directors' interests in shares

The Directors who held office during the year and subsequent changes are listed below:

M Newman (Resigned 31/07/2023)
 J Bayfield (Resigned 31/08/2022)
 S Van Viet (Resigned 01/01/2022)
 C Bartlett
 C Fassi
 A Aygun (Appointed 04/11/2022)

None of the Directors have interests in shares of the Company (2020 – Nil).

Directors' report for the year ended 31 December 2022 (continued)

Financial instruments

The financial risk management objectives of the Company in relation to financial instruments are set by the Board of Directors with a view to maintaining low volatility in investment performance. The financial instruments held by the Company are short cash deposits and fx forwards, which are not considered subject to material credit risk, liquidity risk or cash flow risk.

Statement of disclosure of information to auditors

Each of the persons who is a Director at the date of this report confirms that:

- 1) so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2022 of which the auditors are unaware, and
- 2) the Director has taken all steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Energy and Carbon Reporting

The Company enters into no direct energy consumption contracts. All such services are provided to the Company under various Service Level Agreements (SLA) with SCOR Services UK Ltd. Therefore all disclosure relating to the Company's Streamlined Energy and Carbon Reporting (SECR) requirements can be found in the accounts of SCOR Services UK Ltd.

Going Concern

The Directors have reviewed management's going concern assessment of the Company and consider that there are no material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Please refer to note 2 – Accounting Principles and Methods – Basis of Preparation.

The Directors continue to assess the current and future trading conditions faced by the Company, including the current uncertainty produced by the conflict between Russia and Ukraine. Having made their assessment, they conclude that no material uncertainties exist that may cast significant doubt upon the Company's ability to continue as a going concern for at least 12 months from the signing of these financial statements.

Auditors

Mazars LLP continue as the Company's auditor for the third year in 2022.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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) including FRS 102 'the financial reporting standard applicable in the UK and Republic of Ireland' and FRS 103 'insurance contracts'. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

Directors' report for the year ended 31 December 2022 (continued)

- 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 proper accounting records that 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.

By order of the Board


Charles BARTLETT (Jul 27, 2023 10:03 GMT+1)

C Bartlett
Secretary

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

Opinion

We have audited the financial statements of SCOR Underwriting Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity and notes to the financial statements, 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 state of the company's affairs as at 31 December 2021 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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

We have nothing to report in this regard.

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 the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In 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 the 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 statement of Directors' responsibilities set out on pages 8-9, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK Tax legislation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and

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

assumptions in significant accounting estimates, in particular in relation to impairment of investment in subsidiary, revenue recognition (which we pinpointed to the existence and accuracy), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.


Lionel Cazali (Jul 27 2023 15:03 GMT+1)

Lionel Cazali (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

30 Old Bailey

London

EC4M 7AU

United Kingdom

Date: Jul 27, 2023

Company Registration Number 4296463

Income Statement – general business
Year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
EARNED PREMIUMS, NET OF REINSURANCE			
Gross premiums written	5	395,409	361,364
Outward reinsurance premiums		(188,234)	(142,406)
Net premiums written		207,175	218,958
Change in the gross provision for unearned premiums		(14,372)	(11,823)
Change in the provision for unearned premiums, reinsurers' share		(131,454)	10,104
		(145,826)	(1,719)
Earned premiums, net of reinsurance		61,349	217,239
Gross investment return	8	(4,669)	(834)
Reinsurer's share		4,909	262
Allocated investment return transferred from the non-technical account		240	(572)
CLAIMS INCURRED, NET OF REINSURANCE			
Claims paid			
Gross amount		(162,561)	(186,537)
Reinsurers' share	6	176,960	25,843
		14,399	(160,694)
Change in the provision for claims			
Gross amount		(44,761)	(24,102)
Reinsurers' share	6	30,401	100,916
		(14,360)	76,814
Claims incurred, net of reinsurance		39	(83,880)
Net operating expenses	9	(55,835)	(124,697)
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS	6	5,793	8,090

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Income Statement non-technical account

Year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS		5,793	8,090
Investment income	6	(240)	(572)
Allocated investment return transferred to the general business technical account		240	572
Total		5,793	8,090
Other non-technical charges		(1,100)	(139)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		4,693	7,951
Tax credit/(loss) on profit on ordinary activities	14	577	(2,693)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		5,270	5,258

All operations of the Company are continuing.

The Company had no other gains or losses in the year other than those reflected in the profit and loss account above, and therefore no separate statement of comprehensive income has been presented.

Company Registration Number 4296463

Statement of Financial Position - Assets
At 31 December 2022

	Note	Syndicate Participations £'000	Corporate Undertaking £'000	2022 Total £'000	Syndicate Participations £'000	Corporate Undertaking £'000	2021 Total £'000
INVESTMENTS							
Other financial investments	15	271,639	-	271,639	243,109	-	243,109
Deposits with ceding undertakings		1,295	-	1,295	839	-	839
		272,934	-	272,934	243,948	-	243,948
REINSURERS' SHARE OF TECHNICAL PROVISIONS							
Provision for unearned premium	18	69,151	76,241	145,392	58,257	-	58,257
Unexpired risk reserve		-	-	-	-	-	-
Claims outstanding	18	160,130	237,795	397,925	179,853	818	180,671
		229,281	314,036	543,317	238,110	818	238,928
DEBTORS							
Debtors arising out of direct insurance operations:							
- Intermediaries		102,460	-	102,460	91,262	-	91,262
Cash calls		(4,561)	-	(4,561)	34,966	-	34,966
Debtors arising out of reinsurance operations							
Deferred tax		57,377	61,500	118,877	64,182	358	64,540
Other debtors	16	-	3,790	3,790	-	3,213	3,213
		19,098	9,424	28,522	32,079	4,842	36,921
		174,374	74,714	249,088	222,489	8,413	230,902
OTHER ASSETS							
Cash and short term deposits		85,407	92	85,499	74,628	270	74,898
		85,407	92	85,499	74,628	270	74,898
PREPAYMENTS AND ACCRUED INCOME							
Deferred acquisition costs		90,879	-	90,879	85,073	-	85,073
Other prepayments and accrued income		2,367	-	2,367	2,412	-	2,412
		93,246	-	93,246	87,485	-	87,485
TOTAL ASSETS				1,244,084	876,161		


Company Registration Number 4296463

Statement of Financial Position - Liabilities

At 31 December 2022

	Note	Syndicate Participations £'000	Corporate Undertaking £'000	2022 Total £'000	Syndicate Participations £'000	Corporate Undertaking £'000	2021 Total £'000
CAPITAL AND RESERVES							
Called up share capital	19	-	-	-	-	-	-
Profit and loss account		-	14,036	14,036	-	8,766	8,766
Total shareholder's funds		-	14,036	14,036	-	8,766	8,766
TECHNICAL PROVISIONS							
Provision for unearned premium	18	294,100	-	294,100	270,418	-	270,418
Unexpired risk reserve		-	-	-	-	-	-
Claims outstanding	18	455,811	-	455,811	473,147	-	473,147
		749,911	-	749,911	743,565	-	743,565
DEPOSITS RECEIVED FROM REINSURERS							
		50	-	50	190	-	190
		50	-	50	190	-	190
CREDITORS							
Creditors arising out of direct insurance operations		5,815	-	5,815	6,534	-	6,534
Creditors arising out of reinsurance operations		81,013	375,536	456,549	96,219	1,176	97,395
Other creditors	17	10,238	-	10,238	14,035	150	14,185
		97,066	375,536	472,602	116,788	1,326	118,114
ACCRUALS AND DEFERRED INCOME							
		8,215	(730)	7,485	6,118	(592)	5,526
		8,215	(730)	7,485	6,118	(592)	5,526
TOTAL LIABILITIES				1,244,084			876,161

The financial statements on pages 14-37 were approved by the Board of Directors on the 26th of July 2023 and signed on its behalf by:


Charles BARTLETT (Jul 27, 2023 10:03 GMT+1)

Charles Bartlett
Managing Director


Arda Aygun
Director

Statement of Changes in Shareholders' Equity
For the year ended 31 December 2022

	2022	2021
	£'000	£'000
At 1 January	8,766	3,508
Profit/(Loss) for the year	<u>5,270</u>	<u>5,258</u>
At 31 December	<u>14,036</u>	<u>8,766</u>

Notes to the Financial Statements for the year ended 31 December 2022

Accounting Principles and Methods

1. Authorisation of financial statements and statement of compliance with FRS 102 and FRS 103

The financial statements of SCOR Underwriting Limited (the “Company”) for the year ended 31 December 2022 were authorised for issue by the board of Directors on 26th July 2023 and the statement of financial position was signed on the board’s behalf by Arda Aygun and Charles Bartlett. The Company is a private company limited by shares incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and Financial Reporting Standard 103 “Insurance Contracts” (“FRS 103”) and the Companies Act 2006.

The principal accounting policies adopted by the Company are set out in note 4.

2. Basis of preparation

These accounts have been prepared under the historical cost convention, modified to include the valuation of investments at fair value or at amortised cost, and in accordance with FRS 102 and FRS 103.

Under FRS 103, the Company has applied existing accounting policies for insurance contracts.

These accounts have been prepared on a going concern basis and in accordance with the Companies Act 2006 and the Regulation 6 (1) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the “Regulations”).

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemption:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows includes the Company’s cash flows.
- ii) From disclosing inter-group transactions as the Company is a wholly-owned subsidiary of SCOR SE. The Company is included within the consolidated financial statements of the ultimate parent entity, SCOR SE. Copies of these financial statements are available from the registered office of the ultimate parent entity at 5 Avenue Kléber, 75795 Paris, France. The Directors are satisfied that there are no other material related party transactions requiring disclosure under section 33 of FRS 102.

From 2005 the Lloyd’s member services unit (“MSU”) has supplied consolidated Schedule 3 accounts to all Lloyd’s participants, including the Company, and this data forms the basis for the Company’s accounts. In preparing the accounts from which this Schedule 3 data is derived, the individual syndicates’ respective managing agents make judgements and estimations based on the data available to them. However, it should be noted that these judgements and estimations may be different from one managing agent to another and may differ to those the Company would have made.

The managing agents are understood to have prepared the syndicates’ financial statements in compliance with The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and FRS 102 and FRS 103, being applicable UK GAAP accounting standards, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies. The managing agents are further understood to have prepared the syndicates’ financial statements under the historical cost convention except for certain financial instruments which are measured at fair value.

2. Basis of preparation (continued)

In light of the foregoing, it will be understood that there are two distinct elements to the Company's accounts:

- i) Syndicate Participations for which the syndicates' Schedule 3 data is used.
- ii) Other corporate activities and interests, including the development of the post-reinsurance to close swing premium arrangement described elsewhere in these notes and the Company's quota share arrangement with SCOR Ireland DAC.

Going Concern

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The FAL agreement with SI also allows the Company to fund losses. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Management continues to assess the current and future trading conditions faced by the Company, including the after-effects of the Covid-19 pandemic as well as the ongoing conflict between Russia and Ukraine, and concludes that no material uncertainties exist that may cast significant doubt upon the Company's ability to continue as a going concern for at least 12 months from the signing of these financial statements.

This assessment has been incorporated in the annual business planning exercise that the Company undertakes, including such impacts as challenges in underwriting environment, the significant intra-group reinsurance protections purchased by the Company, as well as the current understanding of the exposure of the Company to Covid-19 related effects.

These developments are closely monitored by SCOR Group management and appropriate actions will be taken as necessary. The Company operates within the SCOR Group Capital Management framework, the main principle of which is to ensure that SCOR's entities receive the necessary support to continue to meet their respective regulatory capital requirements enabling SCOR to run its business properly and to support business development as planned in the strategic plan.

The financial statements are presented in pounds sterling (GBP), which is the Company's presentational and functional currency. All values are rounded to the nearest thousand pounds except when otherwise indicated.

3. Use of Estimates

- i) In respect of Syndicate Participations

In preparing the syndicates' financial statements, the Directors of their respective managing agents have made judgements, estimates and assumptions. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are those listed below, with the corresponding accounting policies applicable to each described elsewhere in these notes:

- Premiums written
- Earned premiums
- Claims provisions and related recoveries
- Net operating expenses (including acquisition costs)

3. Use of Estimates (continued)

Investments

- ii) In respect of other corporate activities and interests

In the specific case of the swing premium element relating to a reinsurance to close transaction described elsewhere in these notes, the Directors have made judgements and assumptions in relation to the measurement of the provision for certain claims outstanding based on current available data. These claims are on-going and the development of such claims will determine to what extent, if any, the Company is due a return of premium from the reinsurer. In common with all such provisioning, in particular where it relates to longer-tail classes of business, this is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported to the (re)insurer.

4. Significant Accounting Policies

i) In respect of Syndicate Participations

Preparing financial statements in accordance with Section 255 of the Companies Act 2006 and Schedule 3 to the Regulations has required the Company to recognise its proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates ("the Syndicates") during the calendar year. Similarly, its proportion of the syndicates' assets and liabilities has been reflected in its balance sheet. The proportion referred to above is calculated by reference to the Company's participation as a percentage of the syndicates' total capacity.

The Directors of the Company understand that the managing agents have applied accounting policies as follows in preparing the syndicates' financial statements, consistent with current Regulations and accounting standards. The Schedule 3 data, from which the Company's accounts in respect of its syndicate participations are derived, relates to these financial statements and thus reflects these accounting practices. Specific considerations in respect of reinsurance to close are also noted below.

Inwards and outwards 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. Estimates are made for pipeline premiums on a risk by risk basis, representing the difference between the written and signed premium, which is held on the balance sheet as an asset.

Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured. Reinstatement premiums arise when a loss has been incurred on a policy and there is a clause which allows the reinstatement of the policy with the payment of a further premium by the policyholder. Reinstatement premiums payable or recoverable in the event of a claim being made are charged to the same year of account as that to which the underlying loss is allocated.

Unearned premiums

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

4. Significant Accounting Policies (continued)

Claims provisions 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. An estimate of the future cost of indirect claims handling is calculated as a percentage of the claims reserves held at the balance sheet date.

The estimate of claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date. 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 and where material, reported as an asset.

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 regarding 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 managing agents' directors are required to satisfy themselves that the provisions for gross claims and related reinsurance recoveries in respect of the syndicates under their management are fairly stated on the basis of the information currently available. However, ultimate liability can be varied by further information and events and this may result in significant adjustments to the provisions. Modifications to claims provisions established in prior years are shown in the financial statements for the period in which the adjustments are made. Provisions are not discounted for investment earnings that may arise on funds retained to meet future liabilities. The methods used, and the estimates made, are required to be reviewed regularly.

Net operating expenses (including acquisition costs)

Net operating expenses include acquisition costs, profit and loss on exchange, and amounts charged to members through the syndicate. Where expenses are incurred by or on behalf of the managing agent for the administration of the managed syndicate, they are apportioned using methods considered appropriate to the type of expense.

Expenses which are incurred jointly for the managing agent and managed syndicate are apportioned between the managing agent and syndicate on bases dependant on the amount of work performed, resources used and the volume of business transacted.

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts are recognised by reference to premium written. They are deferred to the extent that they are attributable to and recoverable against premiums unearned at the balance sheet date. All other operating expenses are accounted for on an accruals basis.

4. Significant Accounting Policies (continued)

Investments

Investments are stated at current value at the balance sheet date. For this purpose, listed investments are stated at market value (bid value) and deposits with credit institutions and overseas deposits are stated at cost or market value as notified by Lloyd's.

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 are calculated as the difference between sale proceeds and purchase price. 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, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

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

Taxation

Under Schedule 19 of the Finance Act 1993 the syndicates do not pay UK taxation, their profits being allocated and assessed to tax on their members in direct proportion to their capacity. The syndicates pay various overseas direct and premium based taxes, the majority of which are allocable to their members in direct proportion to their capacity and which can be claimed by members either as double tax relief or as an expense against tax liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the syndicates in the management of its short-term commitments.

Reinsurance to close

At the end of its third year, an underwriting year of account is normally closed by reinsurance into the following year of account of the same syndicate. The amount of the reinsurance to close premium payable is determined by the managing agent, normally in the same manner as the provision for claims referred to above.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicates. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicates. The excess representing the increase or reduction in percentage participation is shown in the technical account as gross premiums written or reinsurance premiums payable as appropriate and is represented in the balance sheet by the related share of assets and liabilities transferred between the two Lloyd's years of account of the managed syndicate.

The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on

4. Significant Accounting Policies (continued)

risks they have written. If the reinsuring syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle liabilities outstanding at the closure of an underwriting account. The Company adjusts its provision for outstanding claims at 36 months for a year of account to equal its share of the syndicate reinsurance to close, and no further provision is made for any potential variation in the ultimate liability of that year of account. The actual portfolio premium payable or receivable is accounted for in the year when the reinsurance is effected, normally during the fourth year of an underwriting year.

There is currently one specific circumstance in which the potential return of premium to the Company post-reinsurance to close is provided for under the terms of the reinsurance to close transaction in question, subject to the future development of certain loss reserves. Since data relating to the development of these reserves will be provided to the Company directly by the reinsurer, not in the Schedule 3 data furnished by Lloyd's MSU, provision for this swing premium arrangement is made outside of the syndicate participations figures and is therefore discussed in the notes in respect of other corporate activities and interests.

Run off year and estimated liabilities

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities for that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

ii) In respect of other corporate activities and interests

Swing premium development

As part of the external reinsurance to close of one of the Company's legacy participations in 2016, a swing premium arrangement was entered into with the assuming reinsurer in respect of certain specific long-tail exposures within the year of account in question. As well as fully transferring all the syndicate's capital providers' liabilities for this year of account (as is normal for any reinsurance to close transaction), the reinsurance to close, through this swing premium element, provides for the return of premium to members, subject to the development over the coming years of the specific exposures covered by the swing premium arrangement. Provisions for such future return of premium has been made in the Company's balance sheet (Debtors/Creditors arising out of reinsurance operations) based on the Company's own actuarial analysis of the exposure in question. The RITC managing agent considers that resolution of this matter is likely to be achieved between 2024 and 2027. The Company will therefore continue to monitor the development of these exposures, in collaboration with the RITC managing agent, booking reserve adjustments (in USD) as appropriate.

Current and deferred taxation

As noted above, syndicates do not pay UK taxation on behalf of their members: profits (or losses) are distributed to (or collected from) members by Lloyd's in respect of the member's syndicate participations, with no deduction of tax on such profits at or before the point of distribution. Current tax for which the Company is liable, including United Kingdom Corporation Tax and Base Erosion and Anti-abuse Tax (BEAT) from the United States of America, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The taxation expense represents the sum of the tax currently payable and deferred tax.

4. Significant Accounting Policies (continued)

United Kingdom taxation charged in the non-technical account is based on profits and income including realised gains and losses on all investments for the year as determined in accordance with the relevant tax legislation, together with adjustments in respect of earlier years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in the future have occurred at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The carrying amount of deferred taxation assets is reviewed at each balance sheet 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 tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

5. Segmental analysis

The business noted below has all been underwritten in the Lloyd's insurance market or in the United Kingdom, which has been treated as one geographical segment and class of business.

Segmental information in the format required by the Companies Act 2006 is as follows:

Year ended 31 December 2022	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000
Direct insurance:					
Accident & Health	1,975	1,567	(513)	(801)	(54)
Motor (TPL)	-	-	-	0	0
Motor (Other classes)	1,119	1,233	(458)	(601)	(33)
Marine, Aviation & Transport	5,838	5,724	(5,766)	(2,335)	1,357
Fire and other damage to property	194,546	182,635	(82,449)	(68,894)	(10,012)
Third Party Liability	75,404	75,288	(50,255)	(24,564)	(1,754)
Credit & Surety	27,007	25,763	(15,101)	(11,896)	(2,316)
Legal Expenses	(26)	(5)	17	2	(0)
Other	13,780	11,143	(1,999)	(4,705)	136
Subtotal	319,643	303,348	(156,524)	(113,794)	(12,676)
Reinsurance	75,644	77,276	(50,677)	(15,625)	(3,806)
RITC Received	121	121	(121)		
Total	395,409	380,746	(207,323)	(129,419)	(16,482)

Year ended 31 December 2021	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000
Direct insurance:					
Accident and Health	1,856	2,626	(1,439)	(1,319)	(182)
Motor (TPL)	(15)	(12)	96	(15)	4
Motor (Other classes)	894	1,117	95	(459)	(501)
Marine, Aviation and Transport	5,564	6,998	(1,705)	(2,645)	184
Fire and other damage to property	166,550	163,325	(97,187)	(64,593)	4,517
Third party liability	72,791	76,920	(52,827)	(28,180)	(765)
Credit and Surety	37,518	19,917	(16,454)	(9,986)	(980)
Legal Expenses	55	103	(47)	(39)	1
Other	8,964	7,438	(3,345)	(3,156)	111
Subtotal	294,177	278,432	(172,813)	(110,392)	2,389
Reinsurance	64,191	68,113	(34,830)	(14,468)	(2,533)
RITC received	2,996	2,996	(2,996)		
Total	361,364	349,541	(210,639)	(124,860)	(143)

The reinsurance balance shown above does not include reinsurance amounts - £17,350K (2021 - £4,975K) arising from the quota share arrangement referred to in note 6

6. Effect of Quota Share and Stop Loss Reinsurance

As of 1st January 2022, the Company entered into a 100% quota share reinsurance agreement with a fellow Group undertaking for YoA 2021 and prior. The prior year comparatives also reflect an intra group reinsurance arrangement though limited to a 100% quota share reinsurance agreement on YoA 2017 only along with Stop Loss adjustments.

The effect of the quota share reinsurance is shown below in the intra group reinsurance column:

	Pre Intra group Reinsurance £'000	Intra group Reinsurance £'000	2022 Total £'000	Pre Intra group Reinsurance £'000	Intra group Reinsurance £'000	2021 Total £'000
Gross written premiums	395,409	-	395,409	361,364	-	361,364
Outward reinsurance premiums	(146,886)	(41,348)	(188,234)	(141,014)	(1,392)	(142,406)
	248,523	(41,348)	207,175	220,350	(1,392)	218,958
Change in gross provision for unearned premiums	(14,372)	-	(14,372)	(11,823)	-	(11,823)
Change in provision for unearned premiums, reinsurers' share	10,136	(141,590)	(131,454)	10,104	-	10,104
Earned Premiums, net of reinsurance	244,287	(182,938)	61,349	218,631	(1,392)	217,239
Claims paid						
- gross amount	(162,561)	-	(162,561)	(186,537)	-	(186,537)
- reinsurers' share	52,736	124,224	176,960	25,507	336	25,843
Change in provision for claims						
- gross amount	(44,761)	-	(44,761)	(24,102)	-	(24,102)
- reinsurers' share	63,767	(33,366)	30,401	100,882	34	100,916
	(90,819)	90,858	39	(84,250)	370	(83,880)
Investment income	(4,669)	4,909	240	(834)	262	(572)
Gross operating expenses	(129,420)	-	(129,420)	(124,860)	-	(124,860)
Reinsurance commission	3,764	69,821	73,585	4,378	(4,215)	163
Profit and ceding commission	-	-	-	-	-	-
Net operating expenses	(125,656)	69,821	(55,835)	(120,482)	(4,215)	(124,697)
Balance on Technical Account for general business	23,143	(17,350)	5,793	13,065	(4,975)	8,090

7. Balance on Profit and Loss Technical Account

The Company's share of each syndicate's profit and loss technical account balances adjusted as necessary for any subsequent re-insurance entered into after reinsurance to close by underwriting year of account have been accounted for as follows:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 & prior £'000
Current participations						
Open Years						
2022 - 510	(2,315)					
2022 - 2015	(15,786)					
2022 - 2525	409					
2022 - 2988	(657)					
2022 - 6107	119					
2021 - 510	292	(1,369)				
2021 - 2015	25,635	(10,131)				
2021 - 2525	1,310	23				
2021 - 2988	844	(1,267)				
2021 - 6107	527	326				
2020 - 510	3,779	1,301	(2,271)			
2020 - 1200	1,198	654	(1,245)			
2020 - 1910	(229)	49	(764)			
2020 - 2015	12,748	18,009	(10,909)			
2020 - 2525	1,453	693	(165)			
2020 - 2988	(441)	521	(1,553)			
2020 - 6107	486	(5)	(511)			
2019 - 1991	(1,124)	6,203	1,219	(17,465)		
2018 - 1991	(6,332)	(9,150)	(4,759)	529	(3,214)	
2017 - 4242	1,228	(921)	(163)	(229)	(2,684)	(3,584)
Closed Year						
2019 - 510		2,611	(1,837)	(2,109)		
2019 - 1200		1,513	(3,619)	(763)		
2019 - 1897		752	250	(986)		
2019 - 1910		(1,174)	(538)	(1,472)		
2019 - 2015		1,046	463	66		
2019 - 2525		(291)	(1,047)	(577)		
2019 - 4444		3,077	(1,281)	1,006		
2019 - 3268		550	(570)	(457)		
2019 - 4242		(44)	(1,997)	(478)		
2019 - 6123		88	(1,188)	28		

7. Balance on Profit and Loss Technical Account (continued)

	2022	2021	2020	2019	2018	2017 & prior
	£'000	£'000	£'000	£'000	£'000	£'000
Historic participations						
2018 and prior – 4444			(516)	(310)	(4,642)	18,174
2018 and prior – 4242			348	(739)	(4,867)	10,153
2018 and prior – 2526				0	903	(6,853)
2018 and prior – 2525			626	1,173	(518)	22,049
2018 and prior – 1910			25	489	(799)	6,137
2018 and prior – 2007						20,317
2018 and prior – 980						6,419
2018 and prior – 962						2,509
2018 and prior – 807						2,622
2018 and prior – 510			2,009	6,238	(718)	30,168
2018 and prior – 318						3,307
2018 and prior – 1200			2,013	(1,187)	(2,507)	(5,359)
2018 and prior - 2015			19,092	(1,637)	(53,809)	(96,644)
2018 and prior - 1897			(2,030)	(4,435)	(7,176)	(18,746)
2018 and prior - 5820						(5,838)
2018 and prior - 1991				646	392	(11,372)
2018 and prior - 2468					1,504	(116,232)
2018 and prior - 4020					(21)	3,216
2018 and prior - 3268			(3)	1,259	(5,833)	(3,575)
	23,144	13,064	(10,921)	(21,410)	(83,989)	(143,132)

8. Allocated investment return transferred from the non-technical account

	2022	2021
	£'000	£'000
Syndicate investment income	3,745	3,328
Syndicate realised gains/(losses) on investments	(1,395)	(1,299)
Syndicate unrealised gains/(losses) on investments	(6,821)	(2,652)
Syndicate investment expenses and charges	(198)	(211)
	<u>(4,669)</u>	<u>(834)</u>

9. Net operating expenses

	2022	2021
	£'000	£'000
Acquisition costs	114,797	104,364
Change in deferred acquisition costs	(5,759)	(1,087)
Administrative expenses	21,263	21,909
(Profit)/Loss on exchange	(881)	(326)
Gross operating expenses	129,420	124,860
Syndicate reinsurance commissions and profit participations	(3,764)	(4,378)
Reinsurance commissions and profit participations arising as a result of quota share agreement	(69,821)	4,215
Net operating expenses	55,835	124,697

In a departure from FRS 103, management has decided that it is more beneficial to the users of the financial statements to include exchange differences within the technical result. This aligns better with the management of the Company and the reporting of the 100% quota share agreement (Note 6).

10. Staff costs

The Company did not have any employees during the year. All staff are employed by SCOR Services UK Ltd, from where they are supplied to the Company under a service level agreement.

11. Directors' emoluments

The Directors of the Company received the following aggregate remuneration included in other operating and administrative expenses:

In GBP Thousands	2022	2021
	£'000	£'000
Directors' of the Company	96	100
	<u>96</u>	<u>100</u>

In GBP Thousands	2022	2021
	£'000	£'000
Remuneration of highest paid director	39	63
	<u>39</u>	<u>63</u>

12. Staff numbers

As disclosed in Note 10 above, the Company did not have any employees during the period under review.

13. Audit Fees - Other non-technical charges

Other non-technical charges include audit fees for which the Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company

	2022 £'000	2021 £'000
Audit services:		
Fees payable to the Company's auditors for the statutory audit	43	42
The audit services have been paid by SCOR Services UK Ltd and then recharged through the service level agreement.	43	42

14. Taxation

	2022 £'000	2021 £'000
UK corporation tax at 19%		
Current tax on income for the year	-	-
Overseas tax suffered on current year	-	-
Overseas tax suffered on prior year	-	-
Deferred taxation		
Origination and reversal of timing differences	577	(2,693)
Tax on profit on ordinary activities	577	(2,693)

Factors affecting tax charge/ credit for the year

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	4,693	7,951
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(892)	(1,511)
Foreign tax credits utilised against technical result	892	1,511
Current tax charge for the year	-	-
Overseas tax suffered on current year	-	-
Overseas tax suffered on prior year	-	-
Deferred tax utilisation on current year	(1,556)	(4,445)
Deferred tax on unrealised underwriting result	2,133	2,586
Deferred tax rate change adjustment	-	(834)
Tax on profit on ordinary activities	577	(2,693)

15. Financial investments

The Company has hedging instruments in place. Derivative instruments are recorded and classified at fair value through income unless they are designated as hedging instruments. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

The accounting method varies according to whether or not the derivative instrument is designated as a hedging instrument, as described below. When the Company has not designated the derivative as a hedging instrument, gains and losses resulting from changes in the fair value of the instrument are recorded in the statement of income in the period in which the occur.

15. Financial investments (continued)

A hedging instrument is a designated derivative instrument or, in the case of a foreign currency hedge, a designated non-derivative asset or liability for which the fair value or cash flows offset changes in the fair value or cash flows of the hedged item.

All financial investments are designated as at fair value through profit or loss.

All "Debt securities and other fixed income securities" are listed.

The Company classifies its financial investments as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Prices based on recent transactions in identical assets (either unadjusted or adjusted).

Level 3 Prices determined using a valuation technique.

The table below shows financial investments and overseas deposits as other assets recorded at fair value for syndicate participations analysed between the three levels in the fair value hierarchy.

31/12/2022:

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Debt securities and other fixed income securities	73,220	146,138	-	219,358
Derivatives	3	6	-	9
Loans and deposits with credit institutions	97	-	-	97
Other investments	-	-	3,268	3,268
Overseas deposits	8,680	30,400	-	39,080
Participation in investment pools	2,828	-	-	2,828
Shares and other variable yield securities and units in unit trusts	32,861	8,322	1,484	42,667
Total	117,689	184,866	4,752	307,307
		Financial investments		271,639
		Overseas Deposits as other assets		35,668
		Total		307,307

31/12/2021:

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Debt securities and other fixed income securities	31,014	144,632	-	175,646
Derivatives	4	-	-	4
Loans and deposits with credit institutions	126	-	505	631
Other investments	-	-	3,546	3,546
Overseas deposits	6,380	29,248	-	35,628
Participation in investment pools	11,022	-	-	11,022
Shares and other variable yield securities and units in unit trusts	38,533	8,694	2,428	49,655
Total	87,079	182,574	6,479	276,134
		Financial investments		243,109
		Overseas Deposits as other assets		33,025
		Total		276,134

16. Other debtors

	2022 Syndicate	2022 Corporate	2022 Total	2021 Syndicate	2021 Corporate	2021 Total
	Participations £'000	£'000	£'000	Participations £'000	£'000	£'000
Amount due						
CST	-	1,341	1,341	-	4,842	4,842
Other debtors	19,098	8,083	27,181	32,079	-	32,079
	<u>19,098</u>	<u>9,424</u>	<u>28,522</u>	<u>32,079</u>	<u>4,842</u>	<u>36,921</u>

17. Other creditors

	2022 Syndicate	2022 Corporate	2022 Total	2021 Syndicate	2021 Corporate	2021 Total
	Participations £'000	£'000	£'000	Participations £'000	£'000	£'000
Other creditors	10,238	-	10,238	14,035	150	14,185
	<u>10,238</u>	<u>-</u>	<u>10,238</u>	<u>14,035</u>	<u>150</u>	<u>14,185</u>

18. Technical provisions

	Gross Provision £'000	Reinsurance Assets £'000	Net £'000
Provision for claims			
At 1st Jan 2022	473,147	(180,671)	292,476
Movement per technical account	44,775	(34,679)	10,096
Impact of RITC	(121)	42,724	42,603
QS to SI reserves		(293,295)	(293,295)
Movement in foreign exchange	(61,990)	67,996	6,006
At 31st Dec 2022	<u>455,811</u>	<u>(397,925)</u>	<u>57,886</u>
Unearned Premiums			
At 1st Jan 2022	270,418	(58,258)	212,160
Movement per technical account	14,372	131,454	145,826
QS to SI reserves	-	(212,160)	(212,160)
Movement in foreign exchange	9,310	(6,428)	2,882
At 31st Dec 2022	<u>294,100</u>	<u>(145,392)</u>	<u>148,708</u>

18. Technical provisions (continued)

	Gross Provision £'000	Reinsurance Assets £'000	Net £'000
Provision for claims			
At 1st Jan 2021	493,558	(126,570)	366,988
Movement per technical account	24,102	(100,916)	(76,814)
Change in syndicate participation	(72,880)	22,443	(50,437)
RITC impact on YoA 2017	(2,996)	40,174	37,178
Movement in foreign exchange	31,363	(15,802)	15,561
At 31st Dec 2021	473,147	(180,671)	292,476
Unearned Premiums			
At 1st Jan 2021	257,696	(47,832)	209,864
Movement per technical account	11,823	(10,104)	1,719
Change in syndicate participation	(15,835)	3,915	(11,920)
Movement in foreign exchange	16,733	(4,236)	12,497
At 31st Dec 2021	270,417	(58,257)	212,160

19. Share capital

	2022 £	2021 £
Authorised share capital		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid share capital		
2 Ordinary shares of £1 each	2	2

20. Provision for deferred tax – corporate undertaking

	2022 £'000	2021 £'000
<u>Movement in deferred taxation</u>		
Balance at 1 January	3,213	5,906
Profit and loss account (note 14)	577	(2,693)
Balance at 31 December	3,790	3,213

	Balance Sheet at 31 Dec		Deferred tax benefit on Income Statement	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Deferred tax on UUP	3,931	3,311	620	1,205
Deferred tax on foreign tax credit	(141)	(98)	(43)	(3,898)
Total	3,790	3,213	577	(2,693)

20. Provision for deferred tax – corporate undertaking (continued)

UWY	2020	2021	2022	Total
Tax rate	19%	23.5%	25%	
Charge on UUP for 2022	528	(1,423)	4,826	3,931

UWY	2019	2020	2021	Total
Tax rate	19%	23.5%	25%	
Charge on UUP for 2021	(683)	233	3,761	3,311

21. Risk and Capital Management

The day-to-day operations of the Company are managed by a specifically dedicated team, overseen by the Company's Board, which has ultimate responsibility for the Company's risk management. By the nature of its business, the Company's performance and profitability follow the fortunes of the syndicates it supports, and management of certain risks is delegated to each syndicate's managing agent under a standard Lloyd's Managing Agency Agreement.

i) Syndicate risk

The Company assumes underwriting, reserving, operational, market, and credit risk indirectly through its syndicate participations. These risks are directly managed by the syndicates' respective managing agencies, overseen by Lloyd's and the Prudential Regulatory Authority. For this reason, no additional information is provided on the exposures to these risks. The capital to be set against these risks is determined by Lloyd's and put up on the Company's behalf by SCOR as Funds at Lloyd's (FAL), currently in a combination of cash, securities and letters of credit. The FAL set by Lloyd's represents the Company's maximum limit of liability arising from its syndicate participations. Lloyd's reassesses members' FAL requirements on a quarterly basis, and may, in exceptional circumstances, require additional adjustments to members' FAL outside of this cycle.

The performance and development of the Company's portfolio of syndicate participations are analysed and reviewed by the Company's management team and Board on an ongoing basis through reference to the syndicates' quarterly and annual financial returns, business plans, and other supporting documentation and data, and managed in dialogue with the syndicates' managing agents and Lloyd's. Active portfolio monitoring and management are the Company's principal internal defence against the risk of reduced profits or losses from its core underwriting activities and are reliant on the accuracy and completeness of syndicate data, and the timeliness of their provision to the Company.

ii) Financing & credit risk

The reinsurance credit risk to the Company of this arrangement is limited, since FAL is lodged irrevocably in trust with Lloyd's: in the event of SI's insolvency, the Company would therefore have to fund only any additional amount of FAL which might be required by Lloyd's in the course of its usual capital setting processes. If, in this scenario, the Company were unable to fund any such increase in its FAL requirement in part or in full, the Council of Lloyd's would determine the appropriate measures to be taken, which could include the temporary or permanent suspension of the Company's underwriting membership of Lloyd's.

iii) Regulatory risk

The Company is not subject to regulation by the Prudential Regulatory Authority, Financial Conduct Authority, or any other statutory regulator. As a business operating exclusively in the Lloyd's market, however, it is both subject to the byelaws, regulations, and processes set by the Corporation of Lloyd's and reliant on the Corporation's engagement with rating agencies, tax authorities, and regulators globally on behalf of the market's constituent managing agents and capital providers. Lloyd's is extensively licensed around the world and enjoys strong security ratings; any detriment to licensing or rating would be likely to have an adverse impact on the Company portfolio. Significant changes by Lloyd's to the processes and requirements affecting corporate members could similarly have an adverse effect on the Company. The Company maintains dialogue with the

21. Risk and Capital Management (continued)

Corporation of Lloyd's to ensure its interests are understood and may be taken into account, and to monitor how developments in the Corporation's activities may affect the Company's own operations.

iv) Risk of loss of business

The majority of the Company's syndicate participations include the option for the Company to renew its participation for succeeding years of account at existing terms, either for a defined number of years or in perpetuity, thus protecting the Company to a large extent against significant unwanted change to its portfolio composition and reductions in premium volumes. The majority of the Company's participations also carry pre-emption rights which give the Company a fixed percentage share of a syndicate's stamp capacity, meaning that there is built-in organic growth potential within the portfolio, tracking the underlying growth of the syndicate. By

the same token, where a syndicate elects to reduce (de-empt) its stamp capacity, the Company's participation in that syndicate is also subject to this de-emption.

v) Operating risk

The residual direct risks to the Company are operational in nature, relating principally to damage to property or loss of key personnel.

22. Claims development

The table below represents the estimated ultimate claims development by underwriting year in respect of the cumulative premiums earned at each relevant year end. Premiums written are allocated to an underwriting year based on inception date of the year of the policy or the inception date of the facility where the premium is written under a delegated authority agreement.

As such, the earned premium for an underwriting year will continue to increase in years two and three leading to an underlying increase in estimated ultimate claims in years two and three below.

Gross Year U/W Pure	At end of U/W	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later	Eight years later	Nine years later	Cum. Payments	Total
2012	-	-	-	-	-	-	-	-	-	-	-	3,084
2013	13,669	31,429	34,043	33,473	31,619	31,400	31,225	31,247	31,403	31,472	30,245	1,227
2014	15,334	33,421	39,942	38,275	37,540	36,235	36,860	37,751	38,711	-	34,126	4,585
2015	14,735	39,989	46,703	46,127	46,760	48,301	48,427	49,334	-	-	43,517	5,817
2016	23,647	53,244	65,222	66,681	67,623	70,748	71,976	-	-	-	60,038	11,938
2017	58,521	105,820	118,306	123,910	128,456	128,914	-	-	-	-	104,874	24,040
2018	136,682	282,330	295,152	302,941	303,953	-	-	-	-	-	237,838	66,115
2019	75,206	184,846	202,394	200,517	-	-	-	-	-	-	130,939	69,578
2020	77,285	179,674	184,737	-	-	-	-	-	-	-	118,716	66,021
2021	117,288	175,470	-	-	-	-	-	-	-	-	57,654	117,816
2022	99,241	-	-	-	-	-	-	-	-	-	13,651	85,590
Total												455,811

22. Claims development (continued)

	Gross Estimated balance to pay £'000
2017	(2,110)
2018	(42,140)
2019	(7,503)
2020	(200,652)
2021	(117,816)
2022	(85,590)
	<u>(455,811)</u>

Net estimated balance to pay of £85,590,029 will cover UWY 2022 and classes. YoA 2021 and prior are covered by a quota share reinsurance agreement described in Note 6.

The Company has loss reserves for various events and for IBNR. Losses continue to develop, both positively and negatively on these open balances. Whilst the Company has a reasonable degree of confidence as to the ultimate adequacy of its reserves for all events, volatility exists around the ultimate settlement value.

23. Contingent liabilities

As security for the Company's underwriting, a fellow subsidiary undertaking has deposited with Lloyd's letters of credit from Bayern LandesBank in the amount of £51,123,709 and \$78,943,405 (2021 - £51,123,709 and \$78,943,405).

These letters of credit shall remain in force unless cancelled by either party in accordance with the provisions of the letter of credit. In the event of the Company failing to meet its obligation under policies of insurance written on its behalf, Lloyd's may draw down these letters of credit.

24. Controlling party

The Directors regard SCOR SE, incorporated in France, as the ultimate Parent Company and ultimate controlling Company. The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of SCOR SE.

Copies of the financial statements of the immediate and ultimate Parent Companies can be obtained from SCOR SE - UK Branch, 10 Lime Street, London EC3M 7AA.