

Markel International Holdings Limited

Annual Report and Consolidated Financial Statements for the year ended 31 December 2022

Registered Number 11314497



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MARKEL

Markel International Holdings Limited
Annual Report and Consolidated Financial Statements
for the year ended 31 December 2022

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Directors and Administration

Board of Directors

Andrew J Davies
Nicholas J S Line
Richard R Whitt III (resigned 31 December 2022)
Simon Wilson

Company Secretary

Lara S Teesdale

Registered office

20 Fenchurch Street
London
EC3M 3AZ

Investment manager

Markel Gayner Asset Management Corporation

Bankers

Banco GNB Sudameris S.A.
Bank of New York
Barclays Bank plc
Citibank N.A.
National Westminster Bank plc
Royal Bank of Canada
Royal Trust
UBS Group AG
BlackRock, Inc.
The Goldman Sachs Group, Inc.
JPMorgan Chase & Co.

Registered number

The Company's registered number is 11314497 (England and Wales).

Registered Auditor

KPMG LLP, London

Lawyers

Norton Rose Fulbright LLP, London

Strategic Report

The Directors submit their Strategic Report for Markel International Holdings Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2022.

Review of the business

The Company was incorporated on 17 April 2018. The Company is a UK based intermediate holding company fully owned by Markel International Holdings (Delaware) Limited ("MIHD"). The Company intends to continue as a holding company. Its ultimate holding company is Markel Group Inc. ("Markel"), which is incorporated in Virginia, in the United States and is listed on the New York Stock Exchange. Markel's international operating division, ("MINT"), consists of the underwriting units specified in the Business Profiles and Units, set out on page 3, which are managed from London. The business is written through Markel International Insurance Company Limited ("MIICL"), Markel Syndicate 3000 as well as other Markel entities.

The Company previously took advantage of the exemption under s401 of the Companies Act 2006 to not produce consolidated financial statements. For the year end 31st December 2022, the Company has decided to waive the exemption and therefore these are the first set of financial statements produced on a consolidated basis. Unaudited prior-year consolidated numbers have been included as comparatives.

The principal operating activity of the Group is underwriting of insurance and reinsurance business and the principal operating subsidiaries are listed below:

MIICL transacts general insurance from its offices in London and other UK locations and its branch operation in Switzerland, in addition to overseas operations in Dubai. Caunce O'Hara & Company Limited and Markel (UK) Limited also underwrite on behalf of MIICL through their UK branch network. MIICL holds Surplus Lines Licences and is an accredited reinsurer in most US States. It is also able to write general insurance in a number of other overseas territories.

Markel Capital Limited ("MCAP") carries out the business of underwriting insurance and reinsurance business at Lloyd's on a limited liability basis by virtue of its participation on Markel Syndicate 3000 ("the Syndicate") managed by a fellow subsidiary of the Group, Markel Syndicate Management Limited ("MSM"), and its participation on the syndicate managed by Asta Managing Agency Limited ("Asta") on its 2022 Year of Account ("YOA"). Since the 2002 YOA, MCAP has provided 100% of the capital for the Syndicate. The table below sets out the Company's capacity on the Syndicate for the last three years:

£m	YOA 2022	YOA 2021	YOA 2020
Markel Syndicate 3000	500	486	475

MCAP entered into a quota share reinsurance agreement with Markel Bermuda Limited ("MBL") to cede 80% of its participation on the Syndicate's 2016 to 2022 YOA, effective from 1 January of each respective year. Following the closure of the Syndicate's 2020 YOA MBL shall pay the Company its 80% share of the loss in accordance with the agreement which will be settled during 2023. During the year MBL settled its share of the loss on the 2019 YOA following its closure at 31 December 2021.

MCAP provided capital by way of Funds at Lloyds ("FAL") for Volante Capital Holdings (Bermuda) Ltd for Syndicate 1699, managed by Asta for its 2022 YOA. MCAP acts as a corporate member and has a 25.75% participation on the 2022 YOA which took effect from 1st January 2022. Volante is backed by Nephila Capital. During 2018 Markel acquired 100% of the equity of Nephila Holding Ltd.

MCAP entered into a quota share reinsurance agreement with Horseshoe Re Limited to cede 100% of its participation on Syndicate 1699's 2022 YOA, effective from 1 January 2022.

The Group also has a number of other regulated companies. Markel Protection Limited provides claims run-off services. Markel Law LLP is a legal services practice. Galleon Marine Insurance Agency Limited is an underwriting agency, acting as a financial intermediary, focused on liability insurance for marine professionals and logistics providers. Caunce O'Hara & Company Limited is an insurance broker, providing business insurance protection for freelance professionals and self-employed small business owners. FSB Insurance Service Limited is part owned by the National Federation of Self Employed & Small Businesses Limited ("the FSB"), and is a joint venture relationship of which the Group owns 70% of the company. It is a general insurance broker providing an insurance advice line to the members of the FSB. During 2023 the Group has reduced its ownership of FSB to 51%.

Markel Consultancy Services Ltd is an additional trading entity that provides taxation advice and consultancy services to SMEs, and claims run-off services.

The Group also includes a number of Service Companies in the UK, India, Dubai, Singapore, Labuan and Hong Kong, where the principal activity is the payment of costs associated with the other entities of the Group.

Business profile and units

The Group operates eight underwriting units, namely Marine and Energy; Professional and Financial Risk; Equine and Livestock; Cyber; Trade Credit, Political Risk and Surety; Reinsurance; Markel Specialty; and National Markets.

Marine and Energy

Marine coverage includes primary and excess coverage for liability, hull and war, terrorism, specie and cargo risks worldwide, handling a comprehensive range of risks for multinational companies, national industries and private individuals. The liability account offers a range of traditional marine liability cover as well as ports and terminals, marine trades, and energy offshore and onshore coverages. The hull and war account offers a full range of products on a worldwide basis including marine war, specialist tonnage, builders risks, mortgagees interest and port risks. The terrorism account provides protection against losses directly caused by acts of war, terrorism and political violence, and losses sustained in the aftermath of an active assailant or hostage event. The specie account includes a range of cover for fine art, specie, jewellers' block, and cash in transit, on a worldwide basis. The cargo account comprises a broad portfolio of transit and storage risk covering most industries on a global basis.

Energy offers coverage on a worldwide basis for all aspects of upstream, downstream and midstream oil and gas activities. Coverage includes business interruption or loss of production income, construction of energy related structures, control of wells and physical damage to installations. The Group also offers coverage for renewable energy sources including coverage for the full life-cycle of onshore and offshore wind farms and solar photovoltaic installations, from procurement to construction to the completed operations.

Professional and Financial Risks

The Professional and Financial Risks team provides cover on a worldwide basis. This team underwrites professional indemnity, entertainment, financial institutions insurance, commercial directors' and officers' liability ("D&O"), financial technology cover, technology and media cover and warranty and indemnity.

The professional indemnity account services most core, regulated and miscellaneous professions which include architects and engineers, insurance brokers, recruitment agents and more. The entertainment team writes a broad book of film and media insurance. Advertising agents' insurance, commercial producers' insurance and film production insurance are the mainstays of the book. It also offers both employers' and public liability for companies involved in film shoots. Financial institutions insurance can provide cover on a stand-alone basis or as a blended package to include bankers blanket bond, professional indemnity and D&O,

depending on the client's requirements. The cover is provided on a worldwide basis. Commercial D&O offer market leading products which provide a wide range of coverage to ensure protection for directors and officers of companies of all types and sizes. It covers companies in the FTSE 100 and the financial services sector along with non-financial industries as well. Financial technology provides cover for a range of fintech companies, including those offering digital banking, money transfer, trading, investments, lending, account information services, and payment initiation services. The modular policies give clients the flexibility to choose the covers that suit them, including professional liability, D&O liability, theft and cyber liability, and loss. Technology and media provides modular cover for clients in the technology and telecommunications field, specialising in media, film, television, patent/intellectual property insurance, as well as information technology, telecommunications and cyber/privacy risks. Warranty and indemnity provides cover to clients in mergers and acquisitions, including both funds and corporations. It covers transactions across most sectors and specialise in professional services, financial institutions, technology, media, consumer and energy.

Equine and Livestock

The equine account offers a wide portfolio of products including bloodstock and equine liability to suit a broad range of risks, from large stud farms to individual horses. The livestock account provides a wide range of cover including farm combined, mortality, disease and business interruption across farm, zoo and other animal interests.

Cyber

The Market Cyber 360 policy is a standalone primary cyber insurance product. Key coverages include privacy breach notification, extortion costs cover, regulatory investigations and fines, cyber and privacy liability, and E-media.

Trade Credit, Political Risk and Surety

The trade credit, political risk and surety teams have extensive experience and knowledge of commercial counterparty and country risks across a wide variety of trade sectors and markets, providing support with traditional and bespoke surety solutions for our clients.

The trade credit team specializes in insurance solutions with a focus on risk management, providing insurance coverage to help protect businesses. Coverage includes prepayment cover, insolvency and default, trade finance solutions, captive reinsurance, syndicated co-insurance solutions and financial institutions. The political risk team works with clients to manage their cross-border portfolios and overseas investments with tailored, specialist policies. The key clients include financial institutions, corporates, exporters, and traders. The account has a broad range of coverage including insolvency or default by either a public or privately owned entity, licence cancellation, aircraft and vessel repossession, mortgage rights insurance and currency inconvertibility and exchange transfer. The surety account provides a range of bonds and guarantees that support clients with their contractual obligations. They support clients with traditional and bespoke surety solutions. While embedded within construction, surety bonds can be utilized across a wide variety of trade sector and international markets. Bonds and guarantees can provide capital-efficient solutions and assist with working capital management.

Reinsurance

This unit includes accident and health treaty, international casualty treaty and specialty treaty business.

The accident and health treaty account offers catastrophe reinsurance covering personal accident, life, medical and workers compensation. In most countries, full terrorism coverage can also be provided, in addition to traditional exposures.

The casualty treaty team underwrites a diversified account of liability business, including general, professional, transactional, environmental, healthcare and automobile liability. Specialty treaty reinsurance

provides accident and health, agriculture, aviation and space, credit, marine and energy, mortgage, political risk and ancillary perils, surety, terrorism, workers compensation and whole account coverage.

Markel Specialty

Markel Specialty is focused on large accounts and complex risks, providing casualty, professional and management liability, marine and property coverage for both privately-held companies and publicly-traded companies.

National Markets

The UK National Markets unit offers a full range of professional liability products, including professional indemnity, directors' and officers' liability and employment practices liability. In addition, coverage is provided for small to medium-sized commercial property risks on both a stand-alone and package basis. The branch offices provide insureds and brokers with direct access to decision-making underwriters who possess specialised knowledge of their local markets. The unit also underwrites certain niche liability products such as coverages for social welfare organisations. It also sells and underwrites insurance products which provide protection against legal expenses and other professional fees incurred by clients as a result of legal actions and HMRC investigations.

In Canada, Markel Canada Limited ("Markel Canada"), a wholly owned subsidiary of Markel, underwrites a diverse portfolio of property and casualty coverages for Canadian domiciled insureds, which is placed through Syndicate 3000. Markel Canada provides casualty, environmental liability, professional and financial risks, Markel connect, property package, life sciences liability, security and protection industry liability, Markel care and Markel play.

Results and performance

The results of the Group for the year, as set out on pages 23 to 25 show a loss on ordinary activities before taxation of \$133m (2021, profit of \$143m). Shareholder's funds as at 31 December 2022 were \$704m (2021, \$778m).

The Group reported an underlying underwriting profit of \$19m for the year (2021, profit of \$68m). This represents a combined ratio of 98.1% (2021, 91.5%). The underwriting result has been adversely impacted by \$21m of losses in relation to the Ukraine and Russia conflict, and \$1m of losses in relation to Hurricane Ian in 2022. While none of these catastrophe losses individually or in total exceeded the Group's risk appetite for market events of this size, they contributed 2.3% to the combined ratio.

These losses were offset by a release from prior year reserves of \$81.0m (2021, \$62.7m). Included within this is an additional \$32m of reserve strengthening in response to the high inflation environment currently experienced. This overall release is a result of more favourable claims development than originally anticipated.

Gross written premiums of \$1,952m for the year represent an increase on prior year of 26.3%, driven by strong rate increases as well as new business.

The loss on investments of \$186m (2021, gain of \$71m) comprises unrealised losses on the equity portfolio of \$227m, due to current equity market conditions, partially offset by investment income of \$35m and net realised gains of \$6m.

Key Performance Indicators

Income Statement		2021 \$m	2022 \$m
Gross written premiums		1,546	1,952
Net written premiums		852	1,083
Retention rate	(1)	55.1%	55.5%
Net earned premiums		804	980
Underwriting result		68	19
Net loss and LAE ratio	(2)	50.7%	62.9%
Net expense ratio	(3)	40.8%	35.2%
Combined ratio		91.5%	98.1%
Investment return		71	(186)
Investment yield		2.4%	(5.1)%
Profit/(loss) on ordinary activities	(4)	143	(133)
Statement of Financial Position		2021 \$m	2022 \$m
Financial investments		2,996	3,099
Reinsurers' share of claims outstanding		1,254	1,204
Gross claims outstanding		3,103	3,282
Net claims outstanding		1,849	2,078
Shareholder's Equity		778	704

(1) retention rate is calculated as net written premiums / gross written premiums

(2) net loss and LAE ratio is calculated as net claims incurred / net earned premiums

(3) net expense ratio is calculated as net operating expenses / net earned premiums

(4) profit/(loss) on ordinary activities is equal to profit before taxation for all years

Financial success is measured by growth in shareholder's equity over time subject to the payment of dividends. This reflects the impact of both underwriting and investment performance and is consistent with Markel's key financial goal of building shareholder value. Underwriting performance is measured by underwriting result and combined ratio, whilst investment performance is measured by total investment return.

Business environment and future developments

With disciplined underwriting and its strong financial condition the Group is in an excellent position to capitalise on opportunities as they arise. The Group will continue to apply Markel's underwriting discipline of underwriting for profit rather than volume and, accordingly, will decline business where the rates are not acceptable. The Group will continue to look to develop new lines of business and markets, within the parameters of the overall underwriting strategy.

The Group has reacted to the current high inflation environment by strengthening its loss reserves.

The Group invests in high-quality corporate, government and municipal bonds, as well as a diverse equity portfolio and plans to continue this investment strategy in 2023.

Going concern

The Directors do not expect to change or cease operations in the foreseeable future. MIHL has provided a guarantee to a number of subsidiaries, listed in note 16, in respect of the financial year 1 January 2022 to 31 December 2022. This guarantee has the effect that:

1. The parent guarantees all outstanding liabilities to which the subsidiary companies are subject at the end of the financial year to which the guarantee relates, until they are satisfied in full; and
2. The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

Based on the Company's operational resilience and financial resources, the Directors have reasonable expectation that the Company will be able to meet its liabilities as they fall due.

The Group's primary sources of income are MIICL and the Syndicate. The Directors have continued to review the capital position, business plans, liquidity and operational resilience of these entities. The capital and liquidity position is subject to internal stress testing and the entities have also taken several underwriting actions on its future business. Within the Syndicate, the 2023 year of account has been established at an increased stamp capacity and the Directors expect to establish a 2024 year of account, and are not aware of any reason why this will not be possible. They have also concluded that the Syndicate's financial position means that this is realistic. Where there are any short term liquidity requirements there is support from Markel and during 2022, Markel Group Inc. made available a loan facility to Syndicate 3000.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors have identified no material uncertainties that cast doubt about the ability of the Company to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

Principal risks and uncertainties

The Company's main risk exposure is to financial risk through its investment in its subsidiary company, Markel Capital Holdings Limited ("MCH"). The impact of the investment in subsidiaries is set out in note 16 to these consolidated financial statements. The Company entrusts the Board of Directors, and associated governance committees, of each of the subsidiaries of MCH with the management of the Groups key risks. Risks are grouped under the following categories:

- Underwriting Risk
- Reserving Risk
- Asset Risk
- Credit Risk
- Liquidity Risk
- Capital Risk
- Operational Risk

There are currently 30 risks in the risk register that are applicable to the insurance operations of the Group. A formal review by the Risk and Capital Committee and the Board of Directors ("the Board") occurs at least annually to ensure that the risk register identifies all the risks to which the Group is exposed. Key controls are identified to mitigate each risk and quarterly confirmation is sought from the owners of these controls that they are in place and are operating effectively. The risk and capital management note (note 3 of these Financial Statements) provides a detailed explanation of the above risk categories.

The risk arising from inflation and the economy's and insurance industry's response to it form a key consideration going forward. Inflation risks in the current environment are influenced by both short-to-mid term trends (e.g. state of the economy, geopolitical events and cybercriminal activity), as well as by long term trends (e.g. social/excess inflation, other frequency events such as impact of new technology, safety improvements and other severity effects such as repair cost changes out of line with RPI/CPI). We have considered recent trends in inflation throughout our strategic planning and business management activities. The impacts of inflation on the current year of account as well as on subsequent years are continuously assessed and considered, with actions and measures presented to Risk & Capital Committee but equally to key committees regarding Claims, Reserving and Finance.

The Risk and Capital Committee meets quarterly to consider Key Risk Indicators and any risk issues that have arisen. These are summarised in the Chief Risk Officer's quarterly report to the Boards of MIICL and MSM.

An Own Risk and Solvency Assessment report is produced, at least annually, which is a forward looking assessment of the risk profile and adequacy of the Company's capital to meet solvency needs over the business planning time horizon. The Company is in compliance with Solvency II. The Company has approval from the PRA to use an internal model to calculate the Solvency Capital Requirement under Solvency II.

The risks arising from climate change, and society's response to it, are multifaceted, occur over an extended time horizon and are dependent on the severity of the changes in the climate. These risks continue to develop and the relative impact will be dependent on a number of aspects such as industry changes, policy changes and the speed with which those changes are implemented. The Boards of MIICL and MSM has ultimate responsibility for the Company's environmental, social and governance ('ESG') strategy which includes consideration of climate risks. The Company is working as part of the overall Markel Group to develop our approach to ESG, and is implementing a plan for managing the financial risks arising from climate change in line with PRA requirements. Climate change and its associated potential risks are regularly reviewed by the Risk & Capital Committee and risks are addressed within the underwriting, risk, finance and audit functions of the Company, although ESG activity is not segregated from the other work of these functions, but rather embedded in their operations.

Section 172(1) statement

The Directors of the Company have a duty under section 172 of the Companies Act 2006 to act in the way which they consider, 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 to have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The summary below sets out how the Company has had regard to these matters in its position as a UK holding company of a Group (the **Group**) which includes a regulated insurance entity, Lloyd's corporate members, and a group service company.

Element of s172 Companies Act	Decisions/interactions
<p>The likely consequences of a decision in the long term</p>	<p>The Group receives regular reports from Management on the Group's operating and financial performance which help it to shape decisions for the long term. Management reporting assists the Group to make decisions about the allocation of capital and ensuring adequate reserving for payment of future claims.</p> <p>The relevant Boards within the Group annually review and approve business plans, including but not limited to the SBF (Lloyd's business plan) in respect of Markel Syndicate 3000, and the annual business plan for Markel International Insurance Company Limited, and oversee the plans' implementation throughout the year.</p> <p>The Group has a clear governance structure, with eight Board Committees reporting to the Boards of Markel Syndicate Management Limited ("MSM") and Markel International Insurance Company Limited ("MIICL"). These Committees oversee MSM and MIICL's governance and include an Audit Committee, Risk & Capital Committee, Reserving Committee, Nominations Committee, and Remuneration Committee (among others). MSM and MIICL Board and Committee meetings are held on a quarterly basis. An external Board Effectiveness Review is commissioned every three years.</p> <p>MIICL and MSM fall within the Senior Manager and Certification Regime, with Senior Managers responsible for the performance of key parts of the business. Senior Managers attend quarterly Board meetings to report on progress, and any concerns, in their areas of business.</p> <p>The Risk Management Framework provides key risk reporting to the Risk & Capital Committee on a quarterly basis, having regard to current and future risks.</p> <p>The MIICL and MSM Boards have been actively engaged in the Company's response to various key risks during the year, including the Russia/Ukraine conflict; and economic and social inflation. Each of these decisions is made with the long term success of the business in mind, and with a focus on the impact to customers, shareholders and other stakeholders.</p> <p>The Group also includes a number of other regulated and non-regulated entities, each with their own directors and governance structures. The Boards of each of those entities have regard to relevant matters, including those discussed above and below, when making decisions.</p>

The interests of the Company's employees	<p>Markel employees are critical to the Group's success. The Group encourages and fosters a diverse and inclusive environment, enshrined within the 'Markel Style' which is a statement of Markel's core values underpinning how we do business, influence our behaviour, and govern our actions. The Group's 'Style in Action' programme represents our commitment to bringing the Markel Style to life. The Style in Action programme encompasses the following employee-led networks. The programme aims to address employee feedback, encourage engagement across the business, and enhance employees' wellbeing at work.</p> <p>Community The Community network organised various social events for employees. It was also instrumental in enhancing the 'Markel Match' charity programme. The Markel Match supports staff who have charities close to their heart by matching their individual donations and fundraising efforts. In 2022 the scheme increased to match charitable donations on a 3:1 basis, up to a maximum of £1,000 per employee per calendar year. Any donation a staff member makes up to £1,000 will be trebled and their chosen charities could benefit from a Markel donation of up to £3,000.</p> <p>Diversity and Inclusion The Inclusion Network promoted events in respect of International Women's Day and International Men's Day, Pride Month, Black History Month and various cultural celebrations. Markel is also a global sponsor of the annual London Market 'Dive In' Festival, which promotes diversity and inclusion in insurance. In 2022, Markel took part in the Lloyd's Culture survey which represents a key part of Lloyd's commitment to building an inclusive and high-performance culture across the market.</p> <p>Wellbeing During 2022, the Wellbeing network ran various campaigns including Mental Health Awareness Week and Nutrition and Hydration Week. The network also ran First Aider at Work training for its wellbeing champions.</p> <p>Recognition The Recognition network launched a refreshed loyal service programme, a webinar on the psychology and benefits of recognition, and continued to support projects such as the annual Employee Appreciation Day and the Markel Style Award.</p> <p>Employee engagement is critical to the Group's continued success and resilience. A thorough remuneration review process is undertaken on an annual basis, and an employee engagement survey is conducted every two years, with a pulse survey in the intervening year. The Group communicates with employees through monthly email newsletters covering matters including strategy, business performance, divisional performance, culture and events in the business. Quarterly town hall briefing are held for all employees to attend. All employees have access to regular training opportunities, both virtual and in person.</p> <p>The Group receives quarterly updates on matters relating to employees, including employee engagement and wellbeing.</p>
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<p>The need of the Company to foster business relationships with customers, suppliers and others</p>	<p>Customers</p> <p>The Group's customers are concerned with receiving quality products and services, and for the Group to deal diligently and effectively with claims. The Group seeks to be a market leader in each of these pursuits and to understand its customers' needs.</p> <p>The Group is focussed on targeting growth opportunities where it can best add value to its customers, and on maintaining adequate solvency to ensure policyholder protection.</p> <p>The Group has a highly trained and qualified team of claims specialists with in-depth experience across all lines of business, and draws on the expertise of external lawyers, loss adjusters and other professionals where necessary, to ensure we deal diligently and effectively with claims.</p> <p>In 2022, the MIICL, MSM and other regulated Boards within the Group received regular updates about the progress of the Consumer Duty project. The Consumer Duty introduces a new Consumer Principle which requires firms to act to deliver good outcomes for retail customers. It requires firms to deliver a higher standard of customer care and protection, and to go further to equip consumers to make effective decisions in their best interests. The Group believes the Consumer Duty is critical to delivering good outcomes for customers and is closely following the progress of the project.</p> <p>Suppliers</p> <p>The Group has a procurement team who monitors entry into key supply contracts. Performance against KPIs is monitored by business leads.</p> <p>The Group is committed to ensuring that slavery and human trafficking is not taking place in our supply chains or any part of our business. We publish an annual Modern Slavery Statement on our website which sets out our controls in respect of the risk of slavery and human trafficking.</p> <p>The MIICL and MSM Outsourcing Committee oversees those Companies' adherence to regulatory outsourcing requirements, and oversees the performance of key outsourced services. Key focus areas for the Group's Operations and IT teams in 2022 were Operational Resilience and Business Continuity.</p> <p>Partners</p> <p>The Group is committed to maintaining high standards of business conduct. All partnerships are carefully considered before being entered into, and there is regular engagement and assessment of KPIs.</p> <p>The Group's partners might include Appointed Representatives or Delegated Authorities, which are monitored by the Compliance and Delegated Authorities teams. The Group also has a Distribution Strategies team that fosters and monitors relationships with brokers.</p>
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<p>The impact of the Company's operations on the community and the environment</p>	<p>The Group has a strong commitment to charities, the local community and the environment.</p> <p>Employees are encouraged to be directly involved in supporting local community projects and charitable causes, and the Group assists with fund-raising and arranges for matching of donations or sponsorship via the Markel Match Programme mentioned earlier. In addition, all employees are allocated three volunteer days per year.</p> <p>During 2022, the Style in Action Community network led several community engagement initiatives, including a partnership with the Brokerage, a social mobility charity; and a partnership with an international children's charity. The Community Network continues to focus on reviewing existing charity, sustainability and social initiatives and identifying future priorities.</p> <p>The Group aims to minimise environmental impact by only using necessary consumables, and recycling where possible. Environmental performance is reviewed periodically. More information is provided in the 'Carbon Policy' statement set out in this report.</p> <p>The Group has established a working group to consider the impact of environmental, social and governance matters on the business.</p>
<p>The desirability of the Company maintaining a reputation for high standards of business conduct</p>	<p>The Group is committed to maintaining a reputation for high standards of business conduct. The Group's governance and risk management structures support this commitment.</p> <p>The Group's Compliance team actively monitors, and regularly reports to the relevant Boards on matters including conduct risk, sanctions, fraud, money laundering, bribery and corruption. The Group issues training and policies on these matters to all employees on an annual basis.</p> <p>The Compliance team also monitors the Group's compliance with regulatory requirements including Consumer Duty, the Senior Managers and Certification Regime, and the Lloyd's Principles for Doing Business.</p> <p>The Group are concerned with Operational Resilience and Cyber Security, on which the relevant Boards also receive regular updates from the IT and Operations teams.</p> <p>The Group has a responsibility to engage with regulators in all jurisdictions where we operate. The Group's Risk Management and Compliance teams lead relationships with regulators, including the PRA, FCA, Lloyd's, and local regulators in other jurisdictions. The Group maintains regular dialogue with regulators through both formal and informal meetings.</p>

The need to act fairly as between members of the Company	<p>Markel International Holdings (Delaware) Limited ("MIHDL") is the Company's immediate shareholder. MIHDL is concerned with a broad range of issues including, but not limited to, the financial and operating performance of the Group, strategic execution and capital allocation. The opinions of the MIHDL Board are taken into account when shaping the Group strategy, operational performance and capital structure.</p> <p>In addition, the Group enjoys a close working relationship with its ultimate holding company, Markel Group Inc., a company listed on the New York Stock Exchange.</p>
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By order of the Board,



Andrew J Davies

Director

London

28 September 2023

Registered number 11314497

Directors' Report

The Directors submit the Annual Report and Financial Statements of the Company for the year ended 31 December 2022.

Future developments

Likely future developments in the business of the Company are discussed in the Strategic Report beginning on page 2.

Dividends

No dividends were paid during the year (2021, \$100m).

Directors

The Directors of the Company who served during 2022 and up to the date of this report were as follows:

Andrew J Davies
Nicholas J S Line
Richard R Whitt III (resigned 31 December 2022)
Simon Wilson

Markel maintains liability insurance cover on behalf of the Directors and named Officers of the Company and its subsidiaries. None of the Directors had a beneficial interest in the shares or debentures of any of the UK companies in the Markel Group.

Financial instruments and risk management

Information on the use of financial instruments by the Group and its management of the associated financial risk is disclosed in note 3 to these Financial Statements. In particular the Group's exposures to price risk, credit risk and liquidity risk are separately disclosed in that note. The Group's exposure to cash flow risk is addressed under the headings of 'Market risk', 'Credit risk' and 'Liquidity risk'.

Employees

The Company is committed to policies which provide fair selection and advancement based on objective assessment of ability and experience free from discrimination on any grounds. Efforts are made through consultative bodies, departmental communication channels, including team briefing, presentations by senior management and circulation of regular email updates to keep staff well informed about the affairs of their company. Participation in share schemes is available and encourages involvement in the Markel performance. It has always been the policy of the Company to encourage the employment, training and advancement of disabled persons.

Corporate Governance

For details of the Company's Corporate Governance arrangements please refer to www.markel.com

Political donations

No political donations were made in the year (2021, Nil).

Streamlined Energy and Carbon Statement: greenhouse gas emissions and energy consumption

The Company has used the main requirements of the Greenhouse Gas (GHG) Protocol Corporate Standard as a basis to report energy consumption and GHG emissions. Data was gathered at site level to compile the carbon footprint. Emissions disclosed relate to activities for which the company is responsible within the UK only, and includes where applicable: combustion of gas from building operations where metered information is available and fuels for business travel; and emissions from the purchase of electricity by the company for its own use.

DEFRA UK Government Conversion Factors for GHG Company Reporting have been used to convert activity data into tonnes of carbon dioxide equivalent (tCO₂e) emissions. Actual data was prioritised for reporting, however in instances where this was not available, consumption data was estimated by apportioning building level consumption data based on the company's leased floor area and the Better Buildings Partnership (BBP) 2020 Real Estate Environmental Benchmark (REEB) intensities, or directly substituting actual data for known periods. Milage data was used to convert business travel into both GHG emissions and energy consumption equivalent (kWh).

In 2022, The Company was responsible for a total of 2,193,445 kWh energy consumption in its buildings and from fuel purchased for business travel. Of this, 100% was consumed within the UK, and approximately 8% is estimated as 'actual' data was unavailable for all of 2022.

This Streamlined Energy and Carbon Reporting (SECR) statement gives Markel International Holdings Limited's annual energy consumption and GHG emissions for the financial year 1st January 2022 to the 31st December 2022 and comparative previous year of 2021.

GHG Table 1: Markel International Holdings Limited's Underlying Energy Consumption

Energy Consumption Source (kWh)	2022	2021
Natural Gas	515,436	839,281
Electricity	1,474,608	1,734,201
Business Travel	203,402	63,492
Total Energy	2,193,445	2,636,973

GHG Table 2: Markel International Holdings Limited's GHG Emissions

GHG Emissions Scopes (tCO ₂ e)	2022	2021
Scope 1 - Direct combustion of fuel from operation of properties (no business travel in company-owned vehicles)	94	154
Scope 2 - Electricity purchased for landlord shared services and own use	285	368
Scopes 1 + 2 - Mandatory carbon footprint disclosure	379	522
Scope 3 - Category 4: Fuel and Energy Related Activities (Transmission & Distribution losses only)	26	33
Scope 3 - Category 6: Business Travel (employee owned and rented vehicles only)	50	16
Scopes 1 + 2 + 3 - Voluntary carbon footprint disclosure	456	570

In 2022, Scope 1 and 2 emissions have decreased by 17% when compared against 2021 emissions. This is primarily driven by the benchmarks used to estimate the gas and electricity for eight assets in 2021, whereas only three assets in 2022 have relied on consumption estimates. Furthermore, the lease ended for one asset in 2021 and another was unoccupied, although the lease has been retained throughout 2022. This means there were fewer applicable buildings occupied in 2022, which has also contributed to a reduction in absolute energy consumption and GHG emissions. The largest increase in GHG emissions between 2021 and 2022 resulted from fuel purchased for business travel. Restrictions were mandated by the UK government throughout 2021 to limit the impacts of the COVID-19 pandemic, and as these have been lifted in 2022, business travel has subsequently increase to accommodate 'business as usual' operations.

Emissions Intensity Ratio

Markel International Holdings Limited has chosen its intensity ratios as GHG emissions per full time employee (FTE), as this measure is recommended for all companies per the SECR guidance. A 30% decrease in GHG emissions per full time employee has been observed in 2022, partially due to a 13% increase in the number of full time employees compared to 2021. However, the dominant cause of this intensity reduction is the decrease in consumption observed in 2022, due to the large proportion of estimated data in 2021.

Energy Efficiency Actions in 2022

Markel International Holdings Limited undertook several energy efficiency actions in 2022. In September, an electric vehicle scheme was launched for staff to purchase via a salary sacrifice. The increase of electric vehicles amongst staff will help to reduce the emissions associated with business travel. At 20 Fenchurch Street a 13% reduction in energy consumption compared to 2021 was achieved, this was mainly through adjusting the BMS/HVAC systems, which has the greatest impact in reducing natural gas usage. In addition, Markel International Holdings Limited also participated in Project Go Dark, an energy reduction initiative in collaboration with the landlord of 20 Fenchurch Street, to support reducing out-of-hours lighting usage and the associated light pollution this causes. Finally, two offices were consolidated into one building in Rugby; this decrease in floor area indirectly led to an overall decrease in absolute energy consumption.

Carbon policy

As set out in the 'Markel Style' the Company has a commitment to its communities which we recognise includes environmental responsibilities. Our goal is to minimise our environmental impact whilst still adhering to our other company principles as expressed in the 'Markel Style' and our company profile.

Through the development of best practices in our business, the Company aims to use no more consumables than are necessary and recycle the maximum of those we do use. The Directors also believe that embedding environmental awareness throughout the organisation will be best achieved through a continuous programme of employee education.

Events since the reporting date

On 14th March 2023, the Company's subsidiaries entered into a Loss Portfolio Transfer transaction with Marco Capital regarding the Group's portfolio of UK Motor insurance claims. This is not expected to have a material impact on the consolidated results of the Company.

Disclosure of information to the Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and KPMG LLP will, therefore, continue in office.

By order of the Board,

A handwritten signature in black ink, appearing to read 'A. Davies', with a horizontal line extending from the end.

Andrew J Davies

Director
London

28 September 2023

Registered number 11314497

Statement of Directors' Responsibilities

in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent Company 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 they have elected to prepare the Group and parent Company Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard ("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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

By order of the Board,



Andrew J Davies

Director

London

28 September 2023

Registered number 11314497

Independent Auditor's Report to the members of Markel International Holdings Limited

Opinion

We have audited the financial statements of Markel International Holdings Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Income Statement (Technical Account), the Consolidated Income Statement (Non-Technical Account), the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Company Statement of Financial Position and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and the legal, risk and compliance functions, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board, audit committee, and other relevant committee meeting minutes;
- Considering remuneration incentive schemes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of gross and net claims outstanding - IBNR. On this audit we do not believe there is a fraud risk related to revenue recognition because of limited estimation involved in accruing premium income.

We did not identify any additional fraud risks.

We performed the following procedures, including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to cash accounts or journals posted by individuals who typically do not make journal entries, including post-closing and period end journals; and
- Using our actuarial specialists to assess the appropriateness and consistency of the methods and assumptions used to estimate the valuation of gross and net claims outstanding IBNR for 90% of the reserving classes and assessing the result of bias in Valuation of claims outstanding (IBNR).

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Group's component are regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and

taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's components license to operate. We identified the following areas as those most likely to have such an effect; anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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. We have nothing to report in these respects.

Other matter - prior period consolidated financial statements

We note that the company did not previously prepare consolidated financial statements. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within the consolidated financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 18, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Timothy Butchart
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28 September 2023

Consolidated Income Statement: Technical Account

for the year ended 31 December 2022

		2022		2021	
	Notes	\$m	\$m	\$m	\$m
Earned premiums, net of reinsurance	-				
Gross written premiums	4	1,952		1,546	
Outward reinsurance premiums		<u>(869)</u>		<u>(694)</u>	
Net written premiums			1,083		852
Change in the gross provision for unearned premiums	23	(189)		(69)	
Change in the provision for unearned premiums reinsurers' share	23	<u>86</u>		<u>21</u>	
Change in the provision for net unearned premiums			<u>(103)</u>		<u>(48)</u>
Net Earned Premiums			980		804
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(795)		(888)	
Reinsurers' share		<u>510</u>		<u>554</u>	
Net paid claims		(285)		(334)	
Change in the provision for claims					
Gross amount	23	(324)		(25)	
Reinsurers' share	23	<u>(7)</u>		<u>(49)</u>	
Net change in provision		(331)		(74)	
Net claims incurred			(616)		(408)
Net operating expenses	6		(345)		(328)
Balance on the technical account			19		68

The notes on pages 31 to 64 form part of these Financial Statements.

Consolidated Income Statement: Non-Technical Account for the year ended 31 December 2022

	Notes	2022 \$m	2021 \$m
Balance on the technical account		19	68
Investment income	7	52	41
Investment expenses and charges	8	(11)	(15)
Unrealised (losses)/gains on investments	9	(227)	45
Other income	10	83	90
Other operating expenses and charges	11	(74)	(84)
Net foreign exchange gains/(losses)		25	(2)
Profit on ordinary activities before taxation	12	(133)	143
Taxation on profit on ordinary activities	13	34	(24)
Profit for the year		(99)	119

The notes on pages 31 to 64 form part of these Financial Statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

	Notes	2022 \$m	2021 \$m
Profit for the year		(99)	119
Remeasurement of net defined pension asset	26	33	12
Movement on deferred tax relating to pension scheme	26	(8)	(4)
Total Comprehensive Income for the year		(74)	127

The notes on pages 31 to 64 form part of these Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

2022	Non-Controlling Interest \$m	Comprehensive Income \$m	Total \$m
At beginning of year	(1)	779	778
Total comprehensive income for the year	-	(74)	(74)
At end of year	(1)	705	704

2021	Non-Controlling Interest \$m	Comprehensive Income \$m	Total \$m
At beginning of year	(1)	752	751
Total comprehensive income for the year	-	127	127
Dividends paid	-	(100)	(100)
At end of year	(1)	779	778

The notes on pages 31 to 64 form part of these Financial Statements

Consolidated Statement of Financial Position: Assets

as at 31 December 2022

	Notes	2022 \$m	2021 \$m
Investments			
Other financial investments	16	1,869	1,921
Cash and cash equivalents	16	1,230	1,075
		3,099	2,996
Reinsurers' share of technical provisions			
Provisions for unearned premiums	23	335	258
Claims outstanding	23	1,204	1,254
		1,539	1,512
Pension asset	26	63	33
Debtors			
Debtors arising out of direct insurance operations	17	572	552
Debtors arising out of reinsurance operations	17	260	164
Other debtors including taxation	19	39	53
		871	769
Tangible and intangible assets			
Tangible assets	20	21	27
Intangible assets	21	5	6
		26	33
Prepayments and accrued income			
Accrued interest		12	11
Deferred acquisition costs	23	96	69
		108	80
Total Assets		5,706	5,423

The notes on pages 31 to 64 form part of these Financial Statements.

Consolidated Statement of Financial Position: Liabilities as at 31 December 2022

	Notes	2022 \$m	2021 \$m
Capital and reserves			
Non-controlling interest		(1)	(1)
Profit and loss account		705	779
Shareholder's funds attributable to equity interests		704	778
Technical provisions			
Provisions for unearned premiums	23	770	613
Claims outstanding	23	3,282	3,103
		4,052	3,716
Creditors			
Creditors arising out of direct insurance operations	24	177	143
Creditors arising out of reinsurance operations	24	666	569
Deferred taxation liability	18	53	24
Other creditors including taxation and social security	25	54	193
		950	929
Total Liabilities and Shareholder's Funds		5,706	5,423

The notes on pages 31 to 64 form part of these Financial Statements.

Approved by the Board of Directors on 28 September 2023 and signed on behalf of the Company by Andrew Davies, Company Director.



Andrew J Davies
Director
London

28 September 2023

Consolidated Cash Flow Statement

as at 31 December 2022

	Notes	2022 \$m	2021 \$m
Cash flows from operating activities			
(Loss)/profit on ordinary activities after tax		(99)	119
Adjustments for:			
Depreciation, amortisation and impairment		7	3
Increase in gross claims outstanding		324	25
Increase in gross unearned premium		189	69
Decrease in reinsurers' share of claims outstanding		7	49
(Increase) in reinsurers' share of unearned premium		(86)	(21)
(Increase)/decrease in accrued interest		(1)	1
(Increase) in deferred acquisition costs		(32)	(4)
(Increase) in trade and other debtors		(102)	(233)
Increase in trade and other creditors		63	288
Increase/(decrease) in deferred tax		29	(34)
Investment return		175	(86)
Tax paid		(3)	(29)
Interest paid		(4)	(8)
Foreign exchange		(31)	36
Net cash flow from operating activities		436	175
Cash flows from investing activities			
(Purchases)/proceeds from sale of fixed assets		(2)	-
Purchases of financial investments		(993)	(1,662)
Proceeds from sales of financial investments		796	1,496
Interest received		55	50
Dividend received		-	-
Net cash from investing activities		(144)	(116)
Cash flows from financing activities			
Dividend paid		-	(100)
Loan facility from ultimate parent		(70)	-
Net cash from financing activities		(70)	(100)
Net increase/(decrease) in cash and cash equivalents		222	(41)
Cash and cash equivalents at 1 January		1,075	1,132
Effect of exchange rate fluctuations on cash and cash equivalents		(67)	(16)
Cash and cash equivalents at 31 December		1,230	1,075

The notes on pages 31 to 64 form part of these Financial Statements

Company Statement of Financial Position

as at 31 December 2022

	Notes	2022 \$m	2021 \$m
Assets			
Fixed Assets			
Investments in group undertakings and participating interests	16	615	615
Current Assets			
Debtors		1	1
Total assets less current liabilities		616	616
Capital and Reserves			
Called up share capital	22	-	-
Profit and loss account		616	616
Shareholder's funds		616	616

The notes on pages 31 to 64 form part of these Financial Statements.

Notes to the Financial Statements

1 Basis of Preparation

The Financial Statements have been prepared in compliance with Financial Reporting Standard ("FRS") 102, being the Financial Reporting Standard applicable in the UK and Republic of Ireland, and FRS 103 Insurance Contracts.

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated income statement from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement.

The notes to these consolidated financial statements are based on Group numbers unless otherwise stated. The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Cash Flow Statement and related notes;
- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Key Management Personnel compensation; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules.

These Financial Statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

Going Concern

The Directors do not expect to change or cease operations in the foreseeable future. MIHL has provided a guarantee to a number of subsidiaries, listed in note 16, in respect of the financial year 1 January 2022 to 31 December 2022. This guarantee has the effect that:

1. The parent guarantees all outstanding liabilities to which the subsidiary companies are subject at the end of the financial year to which the guarantee relates, until they are satisfied in full; and
2. The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

Based on the Company's operational resilience and financial resources, the Directors have reasonable expectation that the Company will be able to meet its liabilities as they fall due.

The Group's primary sources of income are MIICL and the Syndicate. The Directors have continued to review the capital position, business plans, liquidity and operational resilience of these entities. The capital and liquidity position is subject to internal stress testing and the entities have also taken several underwriting actions on its future business. Within the Syndicate, the 2023 year of account has been established at an increased stamp capacity and the Directors expect to establish a 2024 year of account, and are not aware of any reason why this will not be possible. They have also

concluded that the Syndicate's financial position means that this is realistic. Where there are any short term liquidity requirements there is support from Markel and during 2022, Markel Group Inc. made available a loan facility to Syndicate 3000.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors have identified no material uncertainties that cast doubt about the ability of the Company to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

2 Accounting policies

A summary of the more material accounting policies that have been applied consistently is set out below.

a) Use of judgements and estimates

In preparing these Financial Statements, the Directors of the Company have made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Further detail on the use of judgements and estimates is detailed in the underwriting result policy.

b) Fixed assets and depreciation

Depreciation is calculated to write off the original cost of fixed assets on a straight line basis over their estimated useful lives which are considered to be:

Leasehold Improvements	Between 2 and 20 years
Plant and Equipment	Between 3 and 5 years
Motor Vehicles	3 years

c) Intangible assets and goodwill

Intangible assets

Intangible assets are being amortised over 10 years, being the estimated useful life. The Group tests intangible assets annually for impairment, or more frequently, if there are indications it might be impaired.

Goodwill

The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is accounted for as goodwill and amortised through the Statement of Comprehensive Income in equal instalments over its estimated useful life of sixteen years. The Group tests goodwill annually for impairments or more frequently if there are indications that goodwill may be impaired. Provision is made for any impairment.

Brands and customer lists

Brands and Customer lists are measured at purchase cost less any provision for impairment and are amortised on a straight line basis over their estimated useful life as follows:

Brands and Customer lists	10 years
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d) Operating leases

Annual rentals relating to operating leases are charged to operating profit on a straight line basis over the lease term.

e) Share-based payments

The fair value of shares awarded, as measured at grant date, is recognised as an expense within the

corresponding credit being recorded in a capital contribution reserve within net equity. The total amount to be expensed is determined by reference to the fair value of the awards granted.

f) Underwriting result

The underwriting result is determined using an annual basis of accounting, whereby the incurred cost of claims, commission and expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- i) Written premiums relate to business inception during the year, together with any difference between booked premiums for prior years and those previously accrued, and include estimates of premiums not yet due or notified to the Group. Premiums are shown gross of brokerage payable and excludes taxes and duties levied on them.
- ii) Unearned premiums represent the proportion of premiums written in the year that relates to unexpired terms of policies in force at the reporting date, calculated on the basis of established earnings patterns or time apportionment/straight line as appropriate. In the opinion of the Directors, the resulting provision is not materially different from one based on the pattern of incidence of risk.
- iii) Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards reinsurance business being reinsured.
- iv) Acquisition costs, which represent commission and underwriters' staff costs related to the production of business, are deferred and amortised over the period in which the related premiums are earned.
- v) Provision for unexpired risks is made where claims and related expenses likely to arise after the end of the financial year in respect of contracts concluded before that date are expected to exceed the unearned premiums receivable, less the related deferred acquisition costs, under these contracts. Provision for unexpired risks is calculated separately by class and includes an allowance for investment return. Unexpired risk surpluses and deficits are offset where, in the opinion of the Directors, the business classes concerned are managed together, and in such cases a provision for unexpired risks is made only where there is an aggregate deficit.
- vi) Claims incurred comprise claims and claims handling expenses paid in the year and the change in provisions for outstanding claims, including provisions for claims incurred but not reported and claims handling expenses. The adequacy of the outstanding claims provisions is assessed by reference to projections of the ultimate development of claims in respect of each underwriting year. Management continually attempts to improve its loss estimation process by refining its ability to analyse loss development patterns, claims payments and other information, but many reasons remain for potential adverse development of estimated ultimate liabilities. The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgements. As part of the reserving process, the Group reviews historical data and considers the impact of various factors such as trends in claim frequency and severity, changes in operations, emerging economic and social trends, inflation and changes in regulatory and litigation environments. Significant delays occur in notifying certain claims and a large measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent development. The Group maintains reserves on a pricing basis, with an additional reserving margin. Pricing basis represents the actuarial reserving "best estimate". The reserving margin reflects the Markel reserving philosophy of holding reserves that are more likely to be redundant than deficient.

The two most critical assumptions as regards these claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the models used for current business are fair reflections of the likely level of ultimate claims to be incurred. However, the Group believes the process of evaluating past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. The estimation process has required reviewing risks and events which are expected to trigger future reported claims, assumptions on when government restrictions would end and assessing the potential financial loss of insureds. This has required underwriter, claims and actuarial experience in conjunction with external legal opinion and management's professional judgement. Management currently believes the Group's gross and net reserves are adequate. There is no precise method, however, for evaluating the impact of any significant factor on the adequacy of reserves, and actual results are likely to differ from original estimates.

The provisions for claims outstanding, and related reinsurance recoveries, are discounted for PPO and Asbestos claims, due to the long period from incident to claims settlement and where there exists a suitable claims payment pattern from which to calculate the discount. The discount rate used is based upon an investment return expected to be earned by financial assets which are appropriate in value and duration to match the provisions for insurance contract liabilities being discounted during the period expected before the final settlement of such claims.

Management has considered environmental and latent injury claims and claims expenses in establishing the Group's reserve for claims outstanding. The Group continues to be advised of claims asserting injuries from hazardous materials and alleged damages to cover various clean-up costs affecting policies written in prior years. Coverage and claim settlement issues, such as determining that coverage exists and defining an occurrence, may cause the actual loss development to show more variation than the rest of the Group's book of business. Traditional reserving techniques cannot be used to estimate asbestos-related and environmental pollution claims and so the uncertainty about the ultimate cost of these types of claims is greater than the uncertainty relating to standard lines of business. The Group believes it has made reasonable provisions for claims, although the ultimate liability may be more or less than held reserves. The Group believes that future losses associated with these claims will not have a material adverse effect on its financial position. Still, there is no assurance that such losses will not materially affect the Group's results of operations for any period.

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

- vii) Underwriting acquisition costs, general overheads and other expenses are charged as incurred to the Income Statement: Technical Account, net of the change in deferred acquisition costs.

g) Financial assets and liabilities

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the Income Statement. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the

Group's investment strategy. Investments in fixed income securities are designated at amortised cost.

Recognition

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

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

Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency, but excludes interest and dividend income. Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method.

Investment Returns

Investment income comprises interest and dividends receivable for the year before investment expenses. Dividends receivable are stated after adding back any withholding taxation deducted at source. Investment expenses are charged to the Income Statement: Non-Technical Account on an incurred basis.

Realised gains or losses represent the difference between net sales proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the current value of investments at the reporting date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

Dividends receivable are accounted for by reference to the date on which the price of the investment is quoted ex-dividend.

The investment return is initially recorded in the Income Statement: Non-Technical Account. A transfer is made from the Income Statement: Non-Technical account to the Income Statement: Technical Account to reflect the investment return on funds supporting underwriting business.

Cash and cash equivalents

The Group considers all financial investments with original maturities of three months or less to be cash and cash equivalents. Deposits with credit institutions are comprised of cash balances, certificates of deposit and call deposits. Money market funds are cash equivalents. Cash and cash equivalents are subject to an insignificant risk of changes in fair value and are used by the Group in management of its short-term commitments. Cash and cash equivalents are carried at cost in the Statement of Financial Position.

Investment in group undertakings

Investments in subsidiaries are stated at the lower of cost and net realisable value. Any impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if the subsequent increase in fair value can be related objectively to an event after the impairment loss was recognised. The reversal is recognised in the Statement of Comprehensive Income.

h) Financial Investments

Financial investments are stated at market value based on bid price and deposits with credit institutions are stated at cost. Financial investments recorded at market value will fall into one of the three levels in the fair value hierarchy as follows:

- i) Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- ii) Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the significant inputs into the assumptions are market observable.
- iii) Included in the level 3 category, are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, significant unobservable inputs reflect the Groups own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group's own data.

i) Pension costs

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Group's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability/asset arising from employee service rendered during the period, net interest on net defined benefit liability/asset, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the Income Statement: Technical Account.

Remeasurement of the net defined benefit liability/asset is recognised in the Statement of Comprehensive Income in the period in which it occurs.

j) **Foreign currency translation**

The Company and the Group's functional currency and presentational currency is US dollars. Transactions denominated in currencies other than the functional currency are recorded in the functional currency at the exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

Non-monetary assets and liabilities denominated in a foreign currency, measured at fair value, are translated into the functional currency at the date when the fair value was determined.

Exchange differences are recorded in the Income Statement: Non-Technical Account.

k) **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement: Non-Technical Account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the reporting date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3 Risk and capital management

Financial risk management objectives

The Group is exposed to financial risks primarily through its financial assets, reinsurance assets and policyholder liabilities. The Group's risks are recorded on a Risk Register and managed through the Risk Management Framework. Solvency II principles are used to manage the Group's capital requirements and to ensure that it has the financial strength to support the growth of the business and meet the requirements of policyholders, regulators and rating agencies.

The key financial and insurance risks assessed are Underwriting Risk, Reserving Risk, Asset Risk, Credit Risk, Liquidity Risk, Capital Risk and Operational Risk.

a) Underwriting Risk

Underwriting Risk is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the acceptance of business.

All underwriting at the Group is governed by the "Underwriting Policy" which sets out the imperatives for underwriting. The first core principle within the Underwriting Policy is related to underwriting profitable business and is "The aim of all underwriting decisions is to achieve the target combined ratio for each class in a spirit of honesty and integrity". The Group's fundamental objective is to underwrite profitably on a gross basis and to achieve target combined ratios. A combined ratio is the ultimate loss ratio plus expense ratio. This measure of underwriting performance excludes any benefit from investment return and focuses attention on premium charged, coverage granted, commissions and other deductions and all direct and indirect expenses.

Risk appetites are agreed annually by the Board to limit underwriting concentration. Adherence to these is monitored at the Risk & Capital Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

The Group sets prudent maximum line-sizes. All underwriters have written underwriting authorities and there are peer reviews/review processes in place to ensure that business underwritten does not exceed authority or is outside the business plan. Risks exceeding 18 months are not permitted to be written without prior, written approval, although certain general exceptions are made. For example, in respect of Marine Construction risks (where matching reinsurance exists) this has been agreed in advance as part of the Group's underwriting strategy. Compliance with line-size and policy duration is monitored.

Technical pricing has been developed for many classes, and rate movements have been monitored since 2002.

There are independent reviews of underwriting.

A key method of monitoring the Group's aggregate exposures is the production of a quarterly "Aggregations pack" which sets out our exposures to various elemental and non elemental perils. For example, for natural catastrophe risk we monitor and report the Group's exposure, both gross and net, to each material region/peril. Units are given aggregate limits for catastrophe business in each zone and adherence to these is monitored within the pack. Natural catastrophe and non-natural catastrophe exposures form part of Risk Management's quarterly assessment of risk to the Risk & Capital Committee and to the Board.

b) Reserving Risk

Reserving Risk is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the quantification of those liabilities.

Risk appetites are agreed annually by the Board to reduce the likelihood of the reserves being deficient. Adherence to these is monitored at the Risk & Capital Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

Claims handling guidelines for MIHL are set out in MINT's approach to claims, including:

- Claims diaries – claims adjusters must ensure that they diarise relevant dates when necessary. There are rules regarding which types of claims are subject to diary management, and targets set are monitored on a monthly basis.
- Panel of third party advisors – a panel of approved third party advisors (Attorneys and Adjusters) has been established. Third party advisors can only be appointed with sign off from a Claims Manager.
- Claims peer review audits – each underwriting unit is subject to a periodic claims audit of selected claims files for identifying strengths and weaknesses in the handling of claims. Senior independent claims personnel are responsible for the qualitative review of the handling of files.

An Actuarial reserving exercise occurs quarterly for the reserving basis, and bi-annually for the pricing basis. This involves internal review within the Actuarial department and discussions with relevant underwriters and claims staff, including consideration of the impact of factors such as trends in claims frequency and severity as well as inflation. Pricing basis represents the actuarial reserving "best estimate". The reserving basis reflects the Markel reserving philosophy of holding reserves that are more likely to be redundant than deficient. Combined Ratio packs are produced which contain gross and net projections for all classes of business written at MINT. The packs are discussed in detail at quarterly "Combined Ratio Meetings", which are attended by the Executive Management, the Divisional Managing Director/Branch Managing Director from each unit and the relevant Actuaries.

c) Asset Risk

Asset Risk is the risk of loss resulting from adverse financial market movements including interest rates or exchange rates.

Risk appetites are agreed annually by the Board to limit investment concentration. Adherence to these is monitored at the Risk & Capital Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

The Group's investment manager, Markel Gayner Asset Management Corporation ("MGAM") produces a quarterly Investment Report which is reviewed quarterly by Markel's investment committee. The Group's Finance Director participates in this meeting. A quarterly investment report is produced for the Group's Board.

The principal market risks and how exposure to these risks is managed are as follows:

Interest rate risk: The Group works to manage the impact of interest rate fluctuations on the fixed maturity portfolio. The effective duration of the fixed maturity profile is managed with consideration given to the estimated duration of policyholder liabilities. As the Group's fixed income securities are measured at amortised cost the impact of interest rate movements on this portfolio is negligible.

Equity price risk: The Group sets limits on the amount of equities that can be held with any one issuer. The overall equity portfolio is also monitored to ensure that equity risk does not exceed the Group's risk appetite.

The table below sets out the Group's sensitivity to stock market price movements.

Price risk	2022 \$m	2021 \$m
Impact on result of 5% increase in stock market prices	25	24
Impact on result of 5% decrease in stock market prices	(25)	(24)
Impact on net assets of 5% increase in stock market prices	19	18
Impact on net assets of 5% decrease in stock market prices	(19)	(18)

Foreign exchange risk: Foreign exchange risk is managed primarily by matching assets and liabilities in each foreign currency as closely as possible. To assist in the matching of assets and liabilities in foreign currencies the Group may purchase foreign exchange forward contracts or buy and sell foreign currencies in the open market. No foreign exchange forward contracts have been entered into during the year.

The table below details the matching of material currencies on the Statement of Financial Position. The currencies are reported in converted US dollars.

2022 Currency Code	GBP'm	USD'm	EUR'm	CAD'm	AUD'm	JPY'm	Other'm	Total'm
Investments	775	1,568	107	402	72	7	168	3,099
Reinsurers' share of technical provisions	129	1,293	21	44	35	1	16	1,539
Insurance and reinsurance receivables	181	572	3	32	9	(2)	37	832
Other assets	278	(34)	17	14	6	1	(46)	236
Total assets	1,363	3,399	148	492	122	7	175	5,706
Technical provisions	(1,004)	(2,289)	(122)	(392)	(110)	(30)	(105)	(4,052)
Insurance and reinsurance payables	(93)	(720)	(6)	(9)	(15)	-	-	(843)
Other creditors	(127)	(129)	(5)	(3)	-	-	157	(107)
Total liabilities	(1,224)	(3,138)	(133)	(404)	(125)	(30)	52	(5,002)

2021 Currency Code	GBP'm	USD'm	EUR'm	CAD'm	AUD'm	JPY'm	Other'm	Total'm
Investments	745	1,507	128	373	70	5	168	2,996
Reinsurers' share of technical provisions	127	1,279	34	25	29	1	17	1,512
Insurance and reinsurance receivables	193	418	1	32	12	(1)	22	677
Other assets	219	(36)	23	16	4	1	(28)	199
Total assets	1,284	3,168	186	446	115	6	179	5,384
Technical provisions	(1,044)	(1,888)	(204)	(338)	(110)	(16)	(116)	(3,716)
Insurance and reinsurance payables	(46)	(622)	(2)	(2)	1	1	(1)	(671)
Other creditors	(139)	(103)	(6)	(4)	-	-	33	(219)
Total liabilities	(1,229)	(2,613)	(212)	(344)	(109)	(15)	(84)	(4,606)

d) Credit Risk

Credit Risk is the risk of loss arising from the inability of a counterparty to fulfil its payment obligations. Key areas where the Group is exposed to credit risk are:

- Amounts recoverable from reinsurers
- Amounts due from insurance intermediaries and insurance contract holders
- Amounts due from corporate bond issuers

The Group's fixed income securities portfolio is monitored to ensure credit risk does not exceed the Group's risk appetite. In addition, the Group places limits on exposures to a single counterparty or concentrations of exposures to a specific counterparty. The Group does not hold any financial investments that are past due or impaired as at 31 December 2022.

The Board sets risk appetites for the amount of exposure it is prepared to accept in respect of reinsurers and brokers. These are monitored through reports to Risk & Capital Committee and any exceptions are reported to the Board.

The Group takes a proactive approach to the collection of reinsurance recoveries, including the pursuit of commutations. New reinsurers may be required to post collateral depending on their size, rating and potential debt to the Group. If a reinsurer is not willing to post collateral then their line size may be reduced to an acceptable level in accordance with their applicable rating and capital.

The table below provides details of the credit rating by asset class.

2022	AAA \$m	AA \$m	A \$m	BBB \$m	BB or less \$m	Not rated \$m	Total \$m
Shares and other variable yield securities and unit trusts	-	-	-	-	-	490	490
Debt securities	261	758	162	-	-	84	1,265
Short term investments	-	-	114	-	-	-	114
Money market funds	198	-	199	-	-	-	397
Overseas funds	49	13	11	8	39	39	159
Deposits with credit institutions	-	6	641	27	-	-	674
Reinsurers' share of claims outstanding	2	298	885	-	-	19	1,204
Reinsurance debtors	1	121	130	-	-	8	260
Total credit risk	511	1,196	2,142	35	39	640	4,563

2021	AAA \$m	AA \$m	A \$m	BBB \$m	BB or less \$m	Not rated \$m	Total \$m
Shares and other variable yield securities and unit trusts	-	-	-	-	-	484	484
Debt securities	277	793	225	-	-	100	1,395
Short term investments	-	-	42	-	-	-	42
Money market funds	115	124	4	-	-	-	243
Overseas funds	67	6	10	9	45	43	180
Deposits with credit institutions	24	-	619	9	-	-	652
Reinsurers' share of claims outstanding	11	248	972	-	-	23	1,254
Reinsurance debtors	3	83	73	-	-	5	164
Total credit risk	497	1,254	1,945	18	45	655	4,414

Assets not contained in the above table include: reinsurers' share of unearned premium, debtors

arising out of direct insurance operations, deferred acquisition costs and other debtors. These assets have been excluded from the table as credit ratings are not readily ascertainable.

e) Liquidity Risk

Liquidity Risk is the risk that sufficient liquid financial resources are not maintained to meet liabilities as they fall due. The Group monitors the projected settlement of liabilities and, in conjunction with MGAM, sets guidelines on the composition of the portfolio in order to manage this risk.

The bulk of liabilities are held at MIICL and MCAP. The average duration of liabilities at MIICL is 3.7 years, and at MCAP is 4.8 years (2021, 4.0 years at MIICL, and 4.9 years at MCAP). The duration of the Group's investment portfolio is managed to match the expected cash outflows on liabilities.

The liquidity position is monitored quarterly against the risk appetite, and each year liquidity stress tests are undertaken to consider possible liquidity pressures which could arise following a significant natural catastrophe, including trust fund requirements. These tests are considered by the Risk & Capital Committee in order to determine that liquidity risk has been mitigated to a satisfactory level.

The table below provides details of debt securities by effective maturity date.

	1 year or less \$m	1-5 years \$m	5-10 years \$m	10-20 years \$m	20+ years \$m	Total \$m
2022 Total	169	615	285	145	51	1,265
2021 Total	104	618	381	207	85	1,395

f) Capital Risk

Capital risk is the risk of failing to hold sufficient capital to meet regulatory or rating agency requirements, inefficient allocation of capital, or failure to obtain adequate return on capital.

There is a quarterly process whereby the capital team model held capital against the requirements for the Group and report the results to the Risk & Capital Committee. There is also a margin of capital which is held in excess of the requirements and regular engagement with the regulators and rating agencies.

Capital management

The main regulated undertakings in the Group are MIICL and MCAP. MIICL is subject to supervision by the PRA under the Financial Services and Markets Act 2000 and in accordance with the Solvency II regulations.

For MCAP, The Society of Lloyd's is a regulated undertaking and subject to supervision by the Prudential Regulatory Authority ("PRA") under the Financial Services and Markets Act 2000, and in accordance with Solvency II Framework. Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's would comply with the Solvency II requirements, and beyond that to meet its own financial strength, licence and ratings objectives. **Every member is required to hold capital at Lloyd's, which is held in trust and known as FAL. These funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. The Managing Agent is able to make a call on the members' FAL to meet liquidity requirements or to settle losses.**

The Group actively manages capital to ensure that it can continually meet its regulatory capital requirements while also maintaining sufficient capital to retain financial strength. Management monitor the performance of all aspects of the business to ensure profitability is managed against

risks and that the financial and capital position of the Group is not compromised.

g) Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Key controls that mitigate each risk on our risk register have been identified together with an appropriate control owner. Each quarter the control owner is required to confirm that the controls they are responsible for have been in place and operating effectively during the previous quarter. Controls relating to the production of financial information, which is governed by the Sarbanes Oxley Act, applicable to the Group due to being a subsidiary of a US parent company, are tested annually by our Internal Audit team. Senior managers are also required to answer a quarterly questionnaire designed to identify whether there are any changes to processes, or any events which might impact Markel's Financial Statements. Each quarter's confirmation process is summarised by Risk Management in a memo to the President, the Finance Director, the Chief Operating Officer and the Chief Underwriting Officer.

An Incident Log (including Operational Losses and Near Misses) has been compiled. This records and quantifies losses and "near misses" arising from or exacerbated by failure of people, processes and systems as well as those caused by external (non-insurance) events, and assists in identifying Risk Events, Key Risk Indicators and also controls which would mitigate a recurrence of such losses.

The Chief Risk Officer reports on a number of areas of Operational Risk at the quarterly Risk & Capital Committee and material issues are summarised to the Board.

Group risk falls under Operational Risk and is the risk that actions or events within one part of Markel adversely affect the Group.

It is considered that being part of a larger, experienced insurance group, with considerable financial resources and sound reputation, is a strength. MINT has a number of controls, such as internal committees that consider the interests of the Group and other MINT legal entities and endeavour to communicate the MINT perspective to Markel, with whom an excellent relationship is enjoyed.

The risk of the Group being part of MINT is also considered. The policy is always to consider the interests of the Group, and this single risk strategy, risk management approach, operational procedures and standards are effective in ensuring that each entity is treated equitably.

4 Analysis of underwriting result

a) Analysis of business by class

	Gross Written Premiums \$m	Gross Earned Premiums \$m	Gross Claims Incurred \$m	Gross Operating Expenses \$m	Reinsurance Balance \$m	Total \$m
2022						
Direct Insurance						
Marine, aviation and transport	482	447	(471)	(116)	76	(64)
Accident and Health	3	3	6	(1)	-	8
Fire and other damage to property	120	113	(57)	(41)	(19)	(4)
Third party liability	751	688	(404)	(221)	(20)	43
Miscellaneous	199	174	(88)	(44)	(42)	-
Total Direct	1,555	1,425	(1,014)	(423)	(5)	(17)
Reinsurance	397	338	(105)	(122)	(75)	36
Total	1,952	1,763	(1,119)	(545)	(80)	19
	Gross Written Premiums \$m	Gross Earned Premiums \$m	Gross Claims Incurred \$m	Gross Operating Expenses \$m	Reinsurance Balance \$m	Total \$m
2021						
Direct Insurance						
Marine, aviation and transport	356	335	(341)	(87)	99	6
Accident and Health	11	13	(25)	(5)	6	(11)
Fire and other damage to property	121	112	(48)	(41)	(1)	22
Third party liability	614	570	(260)	(212)	(51)	47
Miscellaneous	174	151	(84)	(45)	(26)	(4)
Total Direct	1,276	1,181	(758)	(390)	27	60
Reinsurance	270	296	(155)	(108)	(25)	8
Total	1,546	1,477	(913)	(498)	2	68

b) Analysis of premium by geographic area by destination:

	Gross Written Premiums	
	2022 \$m	2021 \$m
United States	406	325
United Kingdom	754	595
Europe (excluding UK)	103	72
Rest of the world	507	393
Canada	182	161
Total	1,952	1,546

Analysis of premium by origin:

	Gross Written Premiums		Profit Before Taxation	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
United Kingdom				
Direct	746	618	118	96
United States				
Direct	131	105	(51)	(11)
Europe (excluding UK)				
Direct	68	41	(5)	(8)
Rest of World				
Direct	1	1	-	1
Lloyd's				
Direct	609	511	(79)	(18)
	1,555	1,276	(17)	60
Reinsurance			36	8
Investment return			(186)	71
Other income			83	90
Other operating expenses and charges			(74)	(84)
Foreign exchange gains/(losses)			25	(2)
Profit on ordinary activities before taxation			(133)	143

Direct insurance written in the United States comprises Excess and Surplus Lines business written in those states where the Company is an authorised insurer.

5 Movement in prior year's provision for claims outstanding

The Company experienced a net favourable loss development in the year of \$81m (2021, \$166m).

6 Net operating expenses

	2022 \$m	2021 \$m
Acquisition costs	375	293
Change in deferred acquisition costs	(32)	(4)
Administrative expenses	202	209
Gross operating expenses	545	498
Reinsurance commissions and profit participation	(200)	(170)
Net operating expenses	345	328

Included in administrative expenses is auditors remuneration of \$1.9m for the audit of the Group and \$0.3m for the audit of the Company (2021, was \$0.0m for both the Group and the Company, as this is the first year of consolidation).

Total commissions for direct insurance accounted for during the year amounted to \$302m (2021, \$244m).

7 Investment income

	2022 \$m	2021 \$m
Income from investments	45	38
Gains on the realisation of investments	7	3
Total	52	41

8 Investment expenses and charges

	2022 \$m	2021 \$m
Investment management expenses, including interest	7	8
Amortisation of fixed interest securities	3	4
Losses on the realisation of investments	1	3
Total	11	15

9 Investment return

	2022 \$m	2021 \$m
Investment income	52	41
Investment expenses and charges	(11)	(15)
Unrealised (losses)/gains on investments	(227)	45
Return on investments	(186)	71

10 Other income

	2022 \$m	2021 \$m
Consultancy income	14	16
Deferred income	1	1
Service fee revenue	68	73
Total other income	83	90

11 Other operating expenses and charges

	2022 \$m	2021 \$m
Amortisation of goodwill and intangibles	1	1
Impairment of goodwill and intangibles	1	2
Service fee expense	68	73
Debt interest	4	8
Total other operating expenses and charges	74	84

12 Profit on ordinary activities before taxation

	2022 \$m	2021 \$m
Profit on ordinary activities before taxation is stated after charging:		
Rentals under operating leases - land and buildings	9	10
Depreciation	5	5

13 Taxation

a) Analysis of charge for the year

Total taxation charge in the Income Statement: Non-Technical Account.

	2022 \$m	2021 \$m
Current Taxation		
Current tax charge/(credit) on profit/(loss) for the period - UK corporation tax	(2)	33
Current tax charge/(credit) on profit/(loss) for the period - Foreign corporation tax	3	(4)
Current tax charge/(credit) on profit/(loss) for the period - US corporation tax	20	(25)
Current tax credit on profit for the period - US corporation tax settled by Markel Group Inc. under the tax sharing agreement	(20)	25
Adjustment in respect of prior periods	2	-
Total current tax charge	3	29
Deferred Taxation		
Origination and reversal of timing differences	(31)	(5)
Adjustment in respect of prior periods	-	-
Rate change	(6)	-
Deferred tax charge on profit for the period - US corporation tax	(25)	76
Deferred tax credit on profit for the period - US corporation tax settled by Markel Group Inc. under the tax sharing agreement	25	(76)
Total deferred tax credit	(37)	(5)
Taxation charge on profit on ordinary activities	(34)	24

b) Factors affecting the taxation charge for the year

The taxation charge assessed for the year is lower (2021, lower) than the standard rate of corporation taxation in the UK of 19.00% (2021, 19.00%). The differences are explained below:

	2022 \$m	2021 \$m
Profit on ordinary activities before taxation	(133)	143
Profit on ordinary activities multiplied by standard effective rate of corporation taxation in the UK of 19.00% (2021, 19.00%)	(25)	27
Effects of		
Dividend income not taxable	(1)	(20)
US corporation tax	20	(25)
US corporation tax settled by Markel Group Inc. under the tax sharing agreement	(20)	25
Other permanent differences	3	2
Prior year adjustment	2	
Tax rate differential	(5)	(1)
Rate change	(6)	-
Foreign tax credits deferred	(2)	(1)
Lloyd's syndicate underwriting activity taxable on a year of account declaration basis*	-	(2)
Other	-	-
Total tax charge for the year	(34)	5

* Lloyd's syndicate underwriting activity will be subject to FX rate differentials between current and deferred tax

Deferred tax balances are expected to reverse withing the next 12 months in line with FRS102 29.27.

The Company has made an election in accordance with IRS code §953(d) to be treated as a US company for US tax purposes effective as of 1 January 2018. The current statutory tax rate for US corporate income tax purposes is 21%. The Company has entered into a tax sharing agreement with Markel, under which Markel has agreed to bear the net US tax expense generated by the Company, effective as of 1 January 2018.

14 Directors' remuneration

The Directors' remuneration is paid by Markel International Services Limited ("MISL") to Directors for their services in relation to the companies in the Group. The following remuneration was their calculated apportionment to both the Group and the Company:

	2022 Group \$	2021 Group \$	2022 Company \$	2021 Company \$
Aggregate remuneration	4,253,105	5,060,976	10,084	11,747

Highest paid Director				
	2022 Group \$m	2021 Group \$m	2022 Company \$m	2021 Company \$m
Aggregate remuneration	1,073,556	1,252,644	3,329	3,706

15 Staff numbers and costs

The Company had no employees during the year.

Staff costs during the year (including Directors)	2022 \$m	2021 \$m
Wages and salaries	146	139
Social security costs	16	16
Other pension costs	12	12
Share-based payments	6	7
Total	180	174

The average number of employees within the Group, including Directors, in each month in the financial year was 1,002 (2021, 905).

16 Investments

Investments in group undertakings and participating interests	2022 \$m	2021 \$m
Opening balance	615	615
Closing balance	615	615

Details of the investments in which the Company holds more than 5% of the nominal value of any class of share capital, direct or indirect, are shown below. There have been no impairments identified during the year.

Subsidiary Undertakings & Registered Office (Registered office is 20 Fenchurch Street, London, EC3M 3AZ unless otherwise stated)	Country of Registration	Holding	Principal activity
Markel Capital Holdings Limited (MCH)	UK	100% Ordinary Share	Holding Company
Markel Capital Limited	UK	100% Ordinary Share ¹	General Insurance
Markel International Insurance Company (MIICL)	UK	100% Ordinary Share ¹	General Insurance
Markel International Labuan Limited <i>Brumby Centre, Lot 42, Jalan Muhibbah 87000 Labuan F.T. Malaysia</i>	Malaysia	100% Ordinary Share ²	Insurance Agent Service Company
Markel International Singapore PTE Limited <i>138 Market Street, #04-02, 048946, Singapore</i>	Singapore	100% Ordinary Share ²	Insurance Agent Service Company
Terra Nova Pension Trustee Limited	UK	100% Ordinary Share ²	Pension Trustee
Markel International Hong Kong Limited <i>Office Number 4511 45/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong</i>	Hong Kong	100% Ordinary Share ²	Insurance Agency
Markel Equine SAS <i>La Ferme de l'Eglise, 14130 Pierrefitte en Auge, France</i>	France	100% Ordinary Share ²	Managing General Agent
Alterra Capital UK Limited (ACUL)	UK	100% Ordinary Share ¹	Holding Company

Exali AG <i>Franz-Kobinger Strasse 9, 86157, Augsburg, Germany</i>	Germany	51% Ordinary Share	1	Insurance Intermediary
Markel International (Dubai) Limited <i>Precinct Building 2, Level 3, Dubai International Financial Center (DIFC), PO Box 506914, Dubai, United Arab Emirates</i>	United Arab Emirates	100% Ordinary Share	1	Insurance Agent Service Company
Markel Servicios S.A <i>San Martín 602, 4011000, Buenos Aires, Argentina</i>	Argentina	100% Ordinary Share	1	Business Services
Galleon Marine Insurance Agency Limited	UK	100% Ordinary Share		Insurance Intermediary
Markel Services India Private Limited (MSIPL) <i>303 Great Eastern Gardens, Kanjur Marg (West) Mumbai, 400098</i>	India	99.99% Ordinary Share	1	Insurance Agent Service Company
FSB Insurance Service Limited	UK	70% Ordinary Share	1	Insurance Intermediary
Purbeck UK Limited <i>20-22 Wenlock Road, London, N1 7GU</i>	UK	10% Ordinary Share	1	General Insurance
Caunce O'Hara Limited	UK	100% Ordinary Share	1	Commercial Insurance Broker
Caunce O'Hara & Company Limited	UK	100% Ordinary Share	1	Commercial Insurance Broker
Abbey Protection Limited (APL)	UK	100% Ordinary Share	1	Holding Company
Markel Syndicate Management Limited (MSM)	UK	100% Ordinary Share		Lloyd's Managing Agent
MISL (Delaware) Limited (MISLDL) <i>1209 Orange Street, Wilmington, Delaware, 19801, USA</i>	United States of America	100% ordinary Share		Holding Company
Markel Underwriting Services Limited	UK	100% Ordinary Share		Group Expense Services
Alterra at Lloyds's Limited (AAL)	UK	100% Ordinary Share	1	Holding Company
Alterra Corporate Capital 2 Limited	UK	100% Ordinary Share	1	General Insurance
Alterra Corporate Capital 3 Limited	UK	100% Ordinary Share	1	General Insurance
Alterra Corporate Capital 4 Limited	UK	100% Ordinary Share	1	General Insurance
Alterra Corporate Capital 5 Limited	UK	100% Ordinary Share	1	General Insurance
Alterra Corporate Capital 6 Limited	UK	100% Ordinary Share	1	General Insurance
Markel Protection Limited (MPL)	UK	100% Ordinary Share		General Insurance
ACCTX UK Limited	UK	100% Ordinary Share	1	Dormant
Markel Consultancy Services Limited (MCSL)	UK	100% Ordinary Share	1	Tax Consultancy Services
Accountax Law Limited	UK	100% Ordinary Share	1	Dormant
Markel Law LLP <i>82 King Street, Manchester, M2 4WQ</i>	UK	100% Ordinary Share	1	Legal Services
ACCTX Consulting Limited (ACL)	UK	100% Ordinary Share	1	Dormant
Markel International Services Limited	UK	100% Ordinary Share	1	Group Expense Services

1 held by MCH
2 held by MICH
3 held by MSM
4 held by ACUL

5 held by APL
6 held by ACL
7 held by MFL
8 held by MSLD

Janjer Limited, EC Insurance Company Limited, Markel Europe Limited, and Effective Tax Solutions Limited

were dissolved during the year.

Parent undertaking declaration of guarantee under Section 479C of the Companies Act 2006

Markel International Holdings Limited has provided a guarantee to the Markel entities listed below (subsidiary companies), in respect of the financial year 1 January 2022 to 31 December 2022.

This guarantee has the effect that:

1. The parent guarantees all outstanding liabilities to which the subsidiary companies are subject at the end of the financial year to which the guarantee relates, until they are satisfied in full; and
2. the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

The guarantee enables the below companies to obtain an exemption from the Companies Act 2006 audit requirements for their individual accounts, by virtue of Section 479C of the Act.

Company name	Company number
Markel Capital Holdings Limited	06722095
Markel International Services Limited	00932977
Markel (UK) Limited	02430992
Counce O'Hara & Company Limited	03676983
Counce O'Hara Limited	08426762
Abbey Protection Limited	06352358
Markel Protection Limited	04959808
Markel Consultancy Services Limited	08246256
Alterra Capital UK Limited	05800142
Markel Law LLP	OC325244
Alterra at Lloyd's Limited	03304600
Markel Underwriting Services Limited	03668339

Other listed financial investments

	Market Value		Cost	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Shares and other variable yield securities and units in unit trusts	490	484	307	184
Debt securities and other fixed income securities	1,265	1,395	1,384	1,365
Short term investments (debt securities and commercial paper)	114	42	114	42
Total	1,869	1,921	1,805	1,591

2022	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Shares and other variable yield securities and units in unit trusts	489	1	-	490
Short term investments	39	75	-	114
Debt securities and other fixed income securities	445	820	-	1,265
Total	973	896	-	1,869

2021	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Shares and other variable yield securities and units in unit trusts	483	1	-	484
Short term investments	42	-	-	42
Debt securities and other fixed income securities	134	1,261	-	1,395
Total	659	1,262	-	1,921

Cash and Cash Equivalents

	2022 \$m	2021 \$m
Money market funds	397	243
Overseas funds	159	180
Deposits with credit institutions	674	652
Total	1,230	1,075

Included within Cash and Cash Equivalents are restricted assets of \$390m (2021, \$312m)

17 Debtors arising out of direct insurance operations and reinsurance operations

	Direct Insurance Operations		Reinsurance Operations	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Amounts owed by fellow Market subsidiaries	41	52	16	2
Amounts owed by intermediaries	531	500	244	162
Total	572	552	260	164

18 Deferred taxation

The provision for deferred taxation has been made on a full provision basis. The deferred taxation asset comprises amounts arising on:

	2022 \$m	2021 \$m
Difference between accumulated depreciation and capital allowances	(1)	(1)
Pension	(16)	(8)
Share based payment costs deductible in future periods	3	2
Underwriting results not taxable until declared	46	40
Foreign tax credit carried forward	5	-
UK tax losses carried forward	4	-
Revaluation of bonds to fair market value	11	(9)
Other timing differences	-	-
Total asset	52	24

The movement in the deferred taxation liability during the year is as follows:

	Deferred Tax Asset 2022 \$m	Pension Tax Liability 2022 \$m	Total 2022 \$m	Total 2021 \$m
At beginning of year	32	(8)	24	23
Income Statement credit - current	30	1	31	5
Income Statement credit - prior and rate change	6	-	6	-
Movement in Statement of Comprehensive Income	-	(8)	(8)	(4)
At end of year	68	(15)	53	24

From 1 April 2023 the corporation tax rate has increased to 25%. Deferred taxation in respect of timing differences expected to reverse after 1 April 2023 has been calculated at a deferred tax rate of 25% (2021, 25%). Where the reversal period was identified as being prior to 1 April 2023 a deferred tax rate of 19% has been used.

19 Other debtors

	2022 \$m	2021 \$m
Amounts owed by fellow Markel subsidiaries	11	12
Current taxation	16	-
Other debtors	12	41
Total	39	53

20 Tangible Assets

	Motor Vehicles \$m	IT Equipment \$m	Leasehold Improvements \$m	Total Tangible Assets \$m
Cost				
At beginning of year	-	41	31	72
Foreign exchange on opening balance	-	(5)	(3)	(8)
Additions in the year	-	2	-	2
Disposals in the year	-	-	-	-
At the end of the year	-	38	28	66
Accumulated depreciation				
At the beginning of the year	-	(32)	(13)	(45)
Foreign exchange on opening balance	-	4	1	5
Charge for the year	-	(4)	(1)	(5)
At the end of the year	-	(32)	(13)	(45)
Net book value				
At 31 December 2022	-	6	15	21
At 31 December 2021	-	9	18	27

21 Intangible assets

	Goodwill \$m	Brand and Customer Lists \$m	Total Intangible Assets \$m
Cost			
At 31 December 2021	12	11	23
Foreign exchange on opening balance	(1)	(1)	(2)
At 31 December 2022	11	10	21
Amortisation and impairment losses			
At 31 December 2021	(11)	(6)	(17)
Impairment loss	-	-	-
Charge for the year	-	(1)	(1)
Foreign exchange on opening balance	1	1	2
At 31 December 2022	(10)	(6)	(16)
Net book value			
At 31 December 2022	1	4	5
At 31 December 2021	1	5	6

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

22 Share capital and reserves

The share capital of the Company is as follows:

Called up, allotted and fully paid	2022 \$	2021 \$
1 ordinary shares of \$1.00, at end of year	1	1

23 Technical provisions

The Group has considered long-tail claims, including environmental and latent injury claims, in establishing the liability for claims outstanding. The Group believes it has established adequate provisions for such claims, although the ultimate liability may be more or less than the reserves actually held by the Group, and considers that were future losses associated with those claims to arise, they would not have a material adverse impact on the financial position of the Group.

	2022			2021		
Provision for claims outstanding	Gross \$m	Reinsurance \$m	Net \$m	Gross \$m	Reinsurance \$m	Net \$m
At 1 January	3,103	(1,254)	1,849	3,108	(1,306)	1,802
Movement in provision	324	7	331	25	49	74
Movement due to foreign exchange	(145)	43	(102)	(30)	3	(27)
Total movement in reserves	179	50	229	(5)	52	47
At 31 December	3,282	(1,204)	2,078	3,103	(1,254)	1,849

	2022			2021		
Provision for unearned premiums	Gross \$m	Reinsurance \$m	Net \$m	Gross \$m	Reinsurance \$m	Net \$m
At 1 January	613	(258)	355	545	(239)	306
Movement in provision	189	(86)	103	69	(21)	48
Movement due to foreign exchange	(32)	9	(23)	(1)	2	1
Total movement in reserves	157	(77)	80	68	(19)	49
At 31 December	770	(335)	435	613	(258)	355

	2022 \$m	2021 \$m
Deferred acquisition costs		
At 1 January	69	66
Change in deferred acquisition costs	32	4
Movement due to foreign exchange	(5)	(1)
At 31 December	96	69

The following gross and net loss tables have been revalued to reflect the current year end rates of exchange.

Gross outstanding claims provision as at 31 December 2022

Before the effect of reinsurance, the loss development table is:

Underwriting year	Prior years	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Estimate of cumulative claims incurred												
At end of underwriting year		292	349	298	319	782	507	405	434	472	588	
One year later		698	682	618	645	1,166	836	1,110	880	900		
Two years later		639	664	587	648	1,126	884	1,026	829			
Three years later		556	616	586	600	1,118	850	1,033				
Four years later		574	612	558	594	1,105	907					
Five years later		535	597	603	633	1,096						
Six years later		527	603	573	655							
Seven years later		526	649	555								
Eight years later		517	622									
Nine years later		494										
Cumulative paid claims												
At end of underwriting year		(22)	(5)	(23)	(40)	(96)	(36)	(43)	(49)	(32)	(40)	
One year later		(157)	(132)	(137)	(169)	(424)	(238)	(274)	(230)	(167)		
Two years later		(265)	(242)	(249)	(309)	(647)	(427)	(534)	(365)			
Three years later		(307)	(330)	(316)	(384)	(789)	(547)	(668)				
Four years later		(333)	(377)	(367)	(434)	(856)	(633)					
Five years later		(363)	(450)	(424)	(464)	(922)						
Six years later		(392)	(478)	(451)	(517)							
Seven years later		(411)	(485)	(477)								
Eight years later		(438)	(497)									
Nine years later		(447)										
Total outstanding claims provision per the Statement of Financial Position	336	47	125	78	138	174	274	365	464	733	548	3,282

Net outstanding claims provision as at 31 December 2022

After the effect of reinsurance, the loss development table is:

Underwriting year	Prior years											Total
	\$m	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	\$m
Estimate of cumulative claims incurred												
At end of underwriting year		265	269	252	151	334	211	208	206	251	311	
One year later		507	530	505	267	510	321	512	381	531		
Two years later		489	494	425	235	434	325	418	334			
Three years later		419	452	438	413	393	299	405				
Four years later		448	452	401	416	375	336					
Five years later		404	449	439	466	377						
Six years later		407	453	404	469							
Seven years later		411	494	410								
Eight years later		398	468									
Nine years later		375										
Cumulative paid claims												
At end of underwriting year		(16)	(3)	(22)	(17)	(51)	(15)	(17)	(23)	(22)	(29)	
One year later		(118)	(99)	(131)	(45)	(194)	(90)	(122)	(92)	(90)		
Two years later		(207)	(190)	(233)	(97)	(269)	(155)	(210)	(150)			
Three years later		(241)	(252)	(288)	(261)	(169)	(81)	(111)				
Four years later		(262)	(288)	(324)	(299)	(230)	(137)					
Five years later		(286)	(337)	(354)	(328)	(262)						
Six years later		(305)	(363)	(379)	(368)							
Seven years later		(322)	(365)	(397)								
Eight years later		(338)	(374)									
Nine years later		(346)										
Total outstanding claims provision per the Statement of Financial Position												
	326	29	94	13	101	115	199	294	184	441	282	2,078

Upon closure of each underwriting year subject to the 80% quota share with MBL, the balance due is settled via a cash payment which is reflected in the net cumulative paid claims per above.

24 Creditors arising out of direct insurance operations and reinsurance operations

	Direct Insurance Operations		Reinsurance Operations	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Amounts owed to other Market subsidiaries	12	14	552	489
Amounts owed to intermediaries	165	129	114	80
Total	177	143	666	569

25 Other creditors, including taxation and social security

	2022 \$m	2021 \$m
Current taxation	-	24
Other creditors	54	99
Notes Payable	-	70
Total	54	193

Notes payable was a loan with Market Group Inc., and was fully repaid during the year.

Balances payable to other creditors fall due for payment within one year of the reporting date.

26 Pension Scheme

The Group contributes to a pension scheme (the "Terra Nova Insurance Company Limited Pension and Life Assurance Scheme") providing benefits based on final pensionable pay. On 11 November 2008 an agreement was signed resulting in a bulk transfer of assets and liabilities (amounting to £11.5m) from the Lloyd's Superannuation Fund ("LSF") into the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme ("the Scheme"). With effect from that date, the Scheme was divided into two legally segregated sections: the "TN Fund" and the new "LSF Fund".

The contributions to this defined benefit scheme are determined by the Group with agreement of the Trustee and in conjunction with an independent qualified actuary.

The contribution to the Scheme for the period was \$0.4m (2021, \$0.0m). The assets of the Scheme are held separately from those of the Group, being invested in listed United Kingdom and overseas equities, fixed interest securities and cash deposits. An escrow agreement has been put in place which requires the Group to make additional contributions to the LSF Fund should MIICL's AM Best credit rating fall below A-.

A full actuarial valuation was carried out at 30 September 2021, which showed that the market value of the Scheme's assets was £177.3m. This actuarial valuation determined that the assets of the scheme at the valuation date represented 113% of the accrued liabilities based on the projected final pensionable salaries. This was equivalent to a surplus of £23.9m.

The Group will meet the cost of any augmentations to members' benefits as they fall due and the Group will meet the administrative expenses of operating the Scheme and the Pension Protection Fund Levy. The Scheme is closed to new members.

On 1 April 2012, the Group closed the Scheme to future service accrual. Those employees affected were invited to join the Markel International Pension Scheme. In accordance with paragraph 28.22 of FRS102, the Group is of the view that it is able to recognise a Scheme surplus as a defined benefit plan asset as it believes it will be able to recover the surplus in line with paragraphs 11(b) and 12 of IFRIC 14, via a gradual settlement of liabilities. At 31 December 2022 there was a gross surplus of \$63m (\$47m net of deferred tax liability) on the Scheme that has been recognised in the accounts.

An independent actuarial FRS102 valuation of both the TN Fund and the LSF Fund was carried out as at 31 December 2022 using the projected unit method.

The principal assumptions used by the actuary were:

	2022	2021
Discount rate	5.00%	1.80%
Inflation assumption (RPI)	3.20%	3.35%
Deferred pension revaluation (CPI)	2.50%	2.65%
Salary increase assumption	3.25%	3.40%
Main pension increase assumption (RPI max 5% p.a.)	3.00%	3.20%

The assumed life expectancies on retirement at age 65 are:

	LSF Fund 2022	TN Fund 2022	LSF Fund 2021	TN Fund 2021
Current pensioners:				
Men	24.0	24.5	24.5	25.1
Women	25.9	26.6	25.3	26.8
Future pensioners:				
Men	24.9	25.4	26.2	26.7
Women	26.6	27.1	28.0	28.5

The assets in the Scheme were:

	LSF Fund 2022 \$m	TN Fund 2022 \$m	LSF Fund 2021 \$m	TN Fund 2021 \$m
Equities	13	60	17	82
Debt securities	17	61	10	58
Corporate bonds	-	-	15	37
Other	4	15	5	19
Cash	-	1	-	-
Total market value of assets	34	137	47	196
Actuarial value of liability	(22)	(86)	(43)	(167)
Surplus in the Scheme	12	51	4	29
Related deferred tax liability	(3)	(13)	(1)	(7)
Net Pension Asset	9	38	3	22

The equity and bond investments which are held in Scheme assets are quoted and are valued at the current bid price.

Reconciliation of present value of Scheme liabilities	Total 2022 \$m	LSF Fund 2022 \$m	TN Fund 2022 \$m	Total 2021 \$m	LSF Fund 2021 \$m	TN Fund 2021 \$m
At beginning of year	210	43	167	221	45	176
Movement due to foreign exchange	(23)	(4)	(19)	(2)	(1)	(1)
Revalued opening position	187	39	148	219	44	175
Current service cost	-	-	-	-	-	-
Interest cost	4	1	3	3	1	2
Benefits paid	(5)	(1)	(4)	(7)	(1)	(6)
Actuarial gain	(78)	(17)	(61)	(5)	(1)	(4)
At end of year	108	22	86	210	43	167

Reconciliation of fair value of Scheme assets	Total 2022 \$m	LSF Fund 2022 \$m	TN Fund 2022 \$m	Total 2021 \$m	LSF Fund 2021 \$m	TN Fund 2021 \$m
At beginning of year	243	47	196	242	45	197
Movement due to foreign exchange	(27)	(5)	(22)	(2)	-	(2)
Revalued opening position	216	42	174	240	45	195
Income on plan assets	4	1	3	4	1	3
Employer contributions	-	-	-	-	-	-
Benefits paid	(5)	(1)	(4)	(8)	(1)	(7)
Actuarial (loss)/gain	(44)	(8)	(36)	7	2	5
At end of year	171	34	137	243	47	196

Scheme assets do not include any of the Company's own financial instruments or any property occupied by the Company.

The income on plan assets is determined by considering returns available on the assets underlying the current investment policy. Yields on fixed interest investments are based on discount rate. Return on equities reflect the long term real rates of return experienced in the market. The actual return on Scheme assets in the year was a loss of \$40.8m (2021, gain of \$10.3m)

Movement in surplus during the year	Total 2022 \$m	LSF Fund 2022 \$m	TN Fund 2022 \$m	Total 2021 \$m	LSF Fund 2021 \$m	TN Fund 2021 \$m
Surplus in the Scheme at the beginning of the year	33	4	29	22	1	21
Movement due to foreign exchange	(4)	(1)	(3)	-	-	-
Revalued opening position	30	4	26	22	1	21
Movement in the year:						
Employer contributions	-	-	-	-	-	-
Current service costs	-	-	-	-	-	-
Net return on assets	-	-	-	-	-	-
Actuarial gain	33	8	25	11	3	8
Surplus in the Scheme at the end of year	63	12	51	33	4	29
Related deferred tax liability	(16)	(3)	(13)	(8)	(1)	(7)
Net Pension Asset	47	9	38	25	3	22

The actuarial gain recognised on the pension scheme is \$39.5m (2021, gain of \$15.6m). The movement on deferred tax relating to the pension asset is a credit of \$8.4m (2021, credit of \$4.3m).

Analysis of amount recognised in Statement of Comprehensive Income	Total 2022 \$m	LSF Fund 2022 \$m	TN Fund 2022 \$m	Total 2021 \$m	LSF Fund 2021 \$m	TN Fund 2021 \$m
Return on plan assets excluding interest income	(44)	(8)	(36)	7	2	5
Changes in assumptions underlying the Scheme liabilities	78	17	61	5	1	4
Gain recognised in Statement of Comprehensive Income	33	8	25	12	3	9

The cumulative amount of gain recognised in the Statement of Comprehensive Income is \$27.8m (2021, loss of \$5.7m).

Analysis of net return on Pension Scheme	2022 \$m	2021 \$m
Income on plan assets	4	3
Interest on pension liabilities	(3)	(3)
Net return	1	-

The movement in the deferred taxation liability on the Pension Scheme during the year is as follows:

	2022 \$m	2021 \$m
At beginning of year	(8)	(4)
Income Statement tax charge	1	-
Tax credit taken to Statement of Comprehensive Income	(8)	(4)
At end of year	(15)	(8)

An indication of the sensitivity of the pension asset to changes in the most material assumptions is included in the table below. The sensitivity is based on one item changing while all other items are held constant.

	2022 Total \$m	2022 LSF Fund \$m	2022 TN Fund \$m	2021 Total \$m	2021 LSF Fund \$m	2021 TN Fund \$m
Surplus in the scheme at the end of the year	63	12	51	25	3	22
minus 0.25% discount rate	59	11	48	22	2	20
plus 0.25% discount rate	67	13	54	44	6	38
minus 0.25% inflation rate	67	13	54	40	5	35
plus 0.25% inflation rate	61	11	50	27	3	24
Mortality - 1 year age rating	60	11	49	26	3	23

27 Funds at Lloyd's

The amount of funds supporting the Syndicate's underwriting at Lloyd's are set out below:

	2022 £m	2021 £m
Valuation of assets held within security arrangements:		
Investments	725	760
Overall premium limit permitted	500	486
Overall premium limit allocated	500	486

The amount of funds supporting Syndicate 1699 underwriting at Lloyd's is set out below:

	2022 £m
Valuation of assets held within security arrangements:	
Investments	15
Overall premium limit permitted	130
Overall premium limit allocated	33

These funds were provided on the 31st December 2021.

28 Funds subject to Lloyd's premium trust funds

All assets and liabilities within the Statement of Financial Position are subject to Lloyd's Premium Trust Funds, apart from those arising within the Company itself, as identified below:

	2022 \$m	2021 \$m
Shares and other variable yield securities and units in unit trusts	29	35
Debt securities and other fixed income securities	54	-
Cash and cash equivalents	33	35
Other assets	144	124

Funds held under Lloyds Premium Trust Funds are held in trust for the benefit of policyholders and may only be used for the settlement of claims and underwriting expenses until such time as Lloyd's authorises a release of profit or surplus from the Premium Trust Funds.

29 Contingencies and capital commitments

The Group, as the leaseholder, had the following commitments to pay rentals, analysed according to the period in which the lease expires:

	2022 \$m	2021 \$m
Expiring within one year	9	10
Expiring between one and five years	31	36
Expiring after more than five years	43	54
	83	100

The Group has outstanding liabilities, covered by certain invested assets, in respect of outstanding letters of credit amounting to \$10.4m (2021, \$10.4m).

Certain investments are deposited in the UK and overseas, in accordance with local laws and regulations, as security for policyholders.

An escrow agreement was put in place in connection with the LSF Fund section of the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme, whereby the Group is required to make additional contributions to the LSF Fund Section should the AM best credit rating of MIICL fall below A-.

At 31 December 2022, the Group had placed deposits at Lloyd's with a carrying value of \$20.0m in support of the Group's underwriting activities on Syndicate 1699 in relation to its participation on the 2022 YOA.

30 Related party information

MIICL underwrites a reinsurance contract with the Syndicate to cover Marine & Energy classes. The contract was priced based on MINT's expected loss over the prior 20 year period, weighted for re-underwriting and normalised CAT (actual CAT experience replaced with RMS/AAL results). External benchmark pricing was also used as a comparison, and a layer option proposed to sit beneath the existing externally placed Marine & Energy reinsurance. The pricing was further inflated to assume a 90% ultimate loss ratio. The final agreed structure of \$7.5m xs \$2.5m excess of loss ("XOL") renewed 1st January 2022 on a Losses Occurring During basis to match the overlying contract with 12 free reinstatements.

MIICL also underwrites an additional contract with the Syndicate to cover Trade Credit & Political Risk classes. The contract was priced based on MINT's expected loss over the prior 12 year period. External benchmark pricing was also used as a comparison, with a layer option proposed to align with a new external MINT multi-class reinsurance placement, and beneath the existing externally placed Trade Credit, Political Risk and Surety reinsurance, and placed 80% due to an external quota share of 20%. The pricing was further inflated to assume a 90% ultimate loss ratio. The final agreed structure of \$7.5m xs \$2.5m XOL inception 1st January 2022 on a Risks Attaching basis to match the overlying contract with 12 free reinstatements.

MIICL has a 80% whole account quota share arrangement with Markel Bermuda Limited ("MBL"), covering MIICL's Specialty business.

MCAP entered into a quota share reinsurance agreement with MBL to cede 80% of its participation on the Syndicate's 2016 to 2022 YOA, effective from 1 January of each respective year. Following the closure of the Syndicate's 2020 YOA MBL shall pay MCAP its 80% share of the loss in accordance with the agreement which will be settled during 2023. During the year MBL settled its share of the

loss on the 2019 YOA following its closure at 31 December 2021.

MCAP provided capital by way of Funds at Lloyds ("FAL") for Volante Capital Holdings (Bermuda) Ltd ("Volante") for Syndicate 1699, managed by Asta for its 2022 YOA. MCAP acts as a corporate member and has a 25.75% participation on the 2022 YOA which took effect from 1st January 2022. Volante is backed by Nephila Capital. During 2018 Markel Group acquired 100% of the equity of Nephila Holding Ltd. Markel Group is the ultimate parent company of Nephila Holding Ltd.

MCAP entered into a quota share reinsurance agreement with Horseshoe Re Limited to cede 100% of its participation on Syndicate 1699's 2022 YOA, effective from 1 January 2022.

MISL acts as the service company for payment of all expenses, and recharges costs to other companies in the Group and Markel Group. The Group also receives recharges from Markel Services Inc ("MSI") in respect of shared services provided from the US.

31 Ultimate holding company

The Company's immediate parent company is Markel International Holdings (Delaware) Limited. The Company's ultimate holding company is Markel Group Inc., which is incorporated in the USA. Copies of the ultimate holding company's consolidated Financial Statements may be obtained from 4521 Highwoods Parkway, Glen Allen, Virginia 23060, USA. The website address is www.markelcorp.com.

32 Events since the reporting date

On 14th March 2023, the Company's subsidiaries entered into a Loss Portfolio Transfer transaction with Marco Capital regarding the Group's portfolio of UK Motor insurance claims. This is not expected to have a material impact on the consolidated results of the Company.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKEL INTERNATIONAL HOLDINGS LIMITED

Opinion

We have audited the original parent Company and revised Group financial statements ("the revised financial statements") of Markel International Holdings Limited (the "Company") for the year ended 31 December 2022 which comprise the Consolidated Income Statement (Technical Account), the Consolidated Income Statement (Non-Technical Account), the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Company Statement of Financial Position and related notes, including the accounting policies in note 2.

In our opinion:

- the revised Group financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the Group's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the original parent Company financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the parent Company's affairs as at 31 December 2022;
- the revised Group and original parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland seen as at the date the original financial statements were approved;
- the revised Group financial statements have been prepared in accordance with the Companies Act 2006 as it has effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 ("the Regulations"); and
- the original Group financial statements for the year ended 31 December 2022 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in the supplementary note.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – revision of note 16 of the Financial Statements

We draw attention to the disclosures made in the supplementary note concerning the need to revise note 16 of the financial statements as the original audited financial statements for the financial year ended 31 December 2022 included reference to section 479C of the Companies Act 2006 but omitted to include reference to section 479A of the Companies Act 2006. This disclosure is required under section 479A(2)(d) of the Companies Act 2006, within the consolidated accounts of the parent undertaking, in order that its subsidiaries may take advantage of the exemption from audit.

The revised financial statements replace the original financial statements approved by the directors on 28 September 2023 and consist of the attached supplementary note together with the original financial statements which were circulated to members on 28 September 2023. They have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 ("the Regulations") and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved on 28 September 2023. Our previous report was signed on

that date. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report. Our opinion is not modified in respect of this matter.

Going concern

The directors have prepared the revised financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the original financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and the legal, risk and compliance functions, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board, audit committee, and other relevant committee meeting minutes;
- Considering remuneration incentive schemes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of gross and net claims outstanding - IBNR. On this audit we do not believe there is a fraud risk related to revenue recognition because of limited estimation involved in accruing premium income.

We did not identify any additional fraud risks.

We performed the following procedures, including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to cash accounts or journals posted by individuals who typically do not make journal entries, including post-closing and period end journals; and
- Using our actuarial specialists to assess the appropriateness and consistency of the methods and assumptions used to estimate the valuation of gross and net claims outstanding IBNR for 90% of the reserving classes and assessing the result of bias in Valuation of claims outstanding (IBNR)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As some of the Group's components are regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's components license to operate. We identified the following areas as those most likely to have such an effect; anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the revision of the group financial statements matter discussed in the supplementary note we assessed disclosures against the requirements of Companies (Revision of Defective Accounts and Reports) Regulations 2008.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the revised financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing noncompliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the revised financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the revised financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 parent company 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.

We have nothing to report in these respects.

Other matter - prior period consolidated financial statements

We note that the company did not previously prepare consolidated financial statements. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within the consolidated financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

The directors are responsible for the preparation of the revised financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of revised financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Under section 454 of the Companies Act 2006 the directors have the authority to revise financial statements if they do not comply with the Act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. These require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the revised financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the revised financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The audit of revised financial statements also includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

The purpose of our audit work and to whom we owe our responsibilities

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 and as required by paragraph 7 of the Regulations. 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 such 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.



Timothy Butchart (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28 November 2023

Markel International Holdings Limited

Registered Number 11314497

Annual Report and Consolidated Financial Statements for the year ended 31 December 2022

This document constitutes a supplementary note for the purposes of section 454 of the Companies Act 2006 and the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

Supplementary note to the revised financial statements

This supplementary note revises, in certain respects, the original financial statements for the year ended 31 December 2022 and is to be treated as forming part of those financial statements.

The financial statements have been revised as at the date on which the original financial statements were approved by the board of directors and not as at the date of the revisions and accordingly do not deal with events between those dates. The original financial statements failed to comply with the Companies Act 2006 in as much as the Company had not made reference to section 479A of the Companies Act in relation to its subsidiary companies being exempt from audit.

The following supplementary note is in addition to, and therefore revises, note 16 of Company financial statements and replaces the "*Parent undertaking declaration of guarantee under Section 479C of the Companies Act 2006*" disclosure in the original financial statements.

Revision to note 16 of the Company financial statements:

Audit Exemption under Section 479A of the Companies Act 2006

For the year ending 31 December 2022, the following Markel International Holdings Limited subsidiary companies were entitled to exemption from audit of their individual accounts under section 479A of the Companies Act 2006 relating to subsidiary companies.

In accordance with Section 479A of the Companies Act:

1. All members of the subsidiary companies listed below have agreed to the exemption in respect of the financial year 1 January 2022 to 31 December 2022;
2. The parent company (Markel International Holdings Limited) has provided a guarantee in respect of the financial year 1 January 2022 to 31 December 2022, for each of the below companies, under Section 479C of the Companies Act 2006. This guarantee has the effect that:
 - The parent guarantees all outstanding liabilities to which the subsidiary companies are subject at the end of the financial year to which the guarantee relates, until they are satisfied in full; and
 - the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

Company name	Company number
Markel Capital Holdings Limited	06722095
Markel International Services Limited	00932977
Markel (UK) Limited	02430992
Caunce O'Hara & Company Limited	03676983
Caunce O'Hara Limited	08426762
Abbey Protection Limited	06352358
Markel Protection Limited	04959808
Markel Consultancy Services Limited	08246256
Alterra Capital UK Limited	05800142
Markel Law LLP	OC325244
Alterra at Lloyd's Limited	03304600
Markel Underwriting Services Limited	03668339

This supplementary note to the revised annual report and consolidated financial statements of Market International Holdings Limited (Registered Number 11314497) has been approved by the Board and is signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Andrew J Davies', with a stylized flourish at the end.

Andrew J Davies

Director

London

28 November 2023