

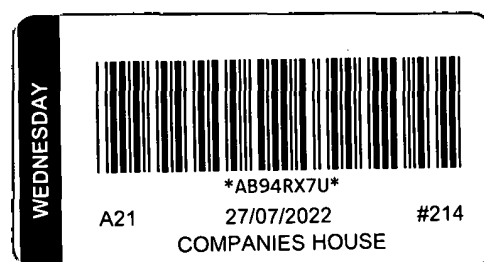
Sirius International Corporate Member Limited

Registered number: 07630350

SIRIUS INTERNATIONAL CORPORATE MEMBER LIMITED –

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2021



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Directors and Administration

The directors of the Company during the year and to the date of this report were:

M Cramér Manhem
R Harman
D Foster
L EK (resigned 30 June 2021)

Company Secretary
Clyde Secretaries Limited
The St Botolph Building
138 Houndsditch
London
EC3A 7AR

Registered office

The St Botolph Building
138 Houndsditch
London
EC3A 7AR

Registered number 07630350

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

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Strategic Report

The Directors of Sirius International Corporate Member Limited (SICM), ("the Company") present their strategic report for the year ended 31 December 2021.

The Company is a corporate member of Lloyd's of London (Lloyd's). The Company underwrites insurance business at Lloyd's by means of its participation in Syndicate 1945, providing 100% of the capital.

Review of the business

The principal activity of Syndicate 1945 continues to be the transaction of general insurance and reinsurance business in the United Kingdom at Lloyd's.

2021 has been an exceptional year for the Company, returning to a calendar year profit of £6.1m (2020 loss of £56.7m) at a combined ratio of 93.5% (2020 160.1% or 100.5% excluding COVID 19 losses). The result is evidence that the remediation work in the Syndicate over recent years is starting to materialise through the calendar year results.

The Syndicate has maintained its overall premium level in 2021 writing gross premium of £110.8m (2020: £108.8m), whilst re-focusing the portfolio to its core A&H, Casualty and Energy classes. Despite the remediation work conducted in prior years, the Syndicate management decided that Property D&F is no longer within the Syndicate's risk appetite and therefore closed the class of business in May 2021. As a result, the gap between the full year plan and the business bound to date for this class, was redistributed to A&H, Energy and Casualty.

The Syndicate remains a market leader in Accident & Health and a price influencer in Casualty. Rate change is improving for all classes but most keenly felt in the Casualty Reinsurance and Energy Liability accounts. This is underpinned by the positive benchmark percentage, with priced loss ratios being better than plan.

The COVID 19 global pandemic continues to create uncertainty across the market however the Syndicate's reserves for these losses have remained robust and stable across the year; a significant portion of which relate to losses attaching to the 2018 and prior underwriting years of account on discontinued Contingency book.

The impact from exiting the European Union has been limited from an underwriting point of view. The majority of the Syndicate's business is US exposed, however for the small number of European exposed risks (affecting Energy, Space and Property), having access to the Lloyd's Insurance Company ensured no business was lost. During the year there have been some operational challenges surrounding the Part VII transfer of relevant EEA business to Lloyd's Insurance Company S.A. (LIC) whereby transactions relating to the Lloyd's Part VII transfer were incorrectly processed through the Syndicate's premium trust funds by third parties. These transactions were immaterial to the Syndicate and were dealt with in accordance with the Lloyd's Part VII dispute process.

The merger between Third Point Reinsurance Ltd. and Sirius International Insurance Group, Ltd was completed on 26 February 2021 and the ultimate parent of the Company became Third Point Reinsurance Ltd. Following the merger Third Point Reinsurance Ltd merged with Sirius Bermuda Insurance Company (Sirius Bermuda) with Sirius Bermuda being the surviving entity. Upon the effectiveness of the merger, Sirius Bermuda changed its name to SiriusPoint Ltd.

On 24th February 2022 Russian forces invaded Ukraine and the emerging crisis is of ever-increasing concern as the conflict and human tragedy escalates. The Company and Syndicate do not have material underwriting exposure in respect of the current conflict areas and have no direct investment exposure to Russia or Ukraine or positions under sanctions. The Directors continue to monitor the situation as it develops.

On 10th March 2022 SiriusPoint Ltd (SiriusPoint) entered into a strategic partnership with Mosaic Insurance Ltd (Mosaic) whereby SiriusPoint will invest in Mosaic to support growth, provide underwriting capacity to Mosaic's syndicated capital program and provide access to global licenses and infrastructure. Subject to Lloyd's and regulatory approvals, SiriusPoint will sell Sirius International Managing Agency Ltd (SIMA) to Mosaic. SIMA will continue to provide services to Syndicate 1945 via a Third Party Syndicate Management Agreement. The Company intends to continue to provide capital support to Syndicate 1945 following the sale of SIMA.

Strategic Report (continued)

Results and performance

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The total comprehensive income for the financial year was a profit of £6.4m (2020: total comprehensive income of a loss of £57.5m). No dividend has been paid or proposed. The balance of accumulated profits was transferred to reserves. During the year the Company has settled the 2018 year of account loss and has injected funds into the Syndicate to reduce the deficit in members' funds.

At 31 December, the net liabilities of the Company were £19.8m (2020: deficit of £34.7m).

The Company's business is derived from that of the Syndicate. These are the classes of business that management use to review the business.

Gross written premium by class of business	2021 £000	2020 £000
Accident and health	38,161	40,935
Contingency	522	(108)
Property	4,836	12,403
Marine	2,460	3,707
Energy	19,572	12,464
Casualty	45,251	39,431
Total	110,802	108,832

The Company's key performance indicators during the year were as follows:

Performance	Syndicate 2021 £000	SICM 2021 £000	Company 2021 £000	Syndicate 2020 £000	SICM 2020 £000	Company 2020 £000
Gross written premium	110,802	-	110,802	108,832	-	108,832
Net earned premium	96,952	-	96,952	95,712	-	95,712
Net claims incurred	(57,530)	-	(57,530)	(121,684)	-	(121,684)
Expenses	(32,441)	(646)	(33,087)	(30,850)	(649)	(31,499)
Underwriting result	6,981	(646)	6,335	(56,822)	(649)	(57,471)
Investment return	(129)	-	(129)	769	12	781
Balance on technical account	6,852	(646)	6,206	(56,053)	(637)	(56,690)
Investment deficit on funds in Syndicate	(4)	-	(4)	-	-	-
Unrealised foreign exchange (loss)/gain	(89)	(2)	(91)	(111)	4	(107)
Profit/(loss) before tax	6,759	(648)	6,111	(56,164)	(633)	(56,797)

Strategic Report (continued)

Results and performance (continued)

	2021	2021	2020	2020
Claims ratio	59.3%	59.3%	127.1%	127.1%
Expense ratio	33.6%	34.2%	32.2%	33.0%

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Combined ratio	92.9%	93.5%	159.3%	160.1%
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The net claims ratio is net claims incurred as a percentage of the net premium earned. The expense ratio is the net operational expense (including foreign exchange (losses)/profits) as a percentage of net premium earned. The combined ratio is the combination of the two.

The reduction in the net claims loss ratio in 2021 to 59.3% (2020: 127.1%) is largely due to COVID-19 losses incurred in 2020 that have not repeated in 2021.

Analysis of result	2021 £000	2020 £000
Balance per technical account	6,206	(56,702)
Investment deficit on funds in Syndicate	(4)	-
Losses on foreign exchange	(91)	(107)
Investment income not transferred to the technical account	-	12
Taxation	-	121
Profit/(loss) for the financial year after taxation and adjustments	6,111	(56,676)
Other comprehensive income – currency translation adjustments	293	(817)
Total comprehensive income/(expense) for the year	6,404	(57,493)

At 31 December 2021, the parent company, SiriusPoint International Insurance Corporation (publ), provided Letters of Credit and cash amounting to US\$275m (2020: US\$250M) in favour of The Society and Council of Lloyd's on behalf of the Company and additional US\$9.5m of Funds in Syndicate. The Company has utilised these assets as Funds at Lloyd's in support of its underwriting membership of Syndicate 1945. In addition, the Company has a £20m loan facility from its parent company to provide working capital for Syndicate 1945.

Section 172 statement

The board members of the Company act in a way that they consider, in good faith, would be most likely to promote the success of the Company for all stakeholders. Stakeholders include: customers; suppliers; employees of other Group entities who provide services to the Company, its managing agent (Sirius International Managing Agency Limited 'SIMA'), and Syndicate (the employees); investors; the regulatory authorities; the wider local community and the environment. Directors are cognisant of the fact that decisions taken in running the business may have long term consequences for some or all of these parties.

The Board determines the strategic objectives and policies of the Company to support the delivery of long term value. The Board is collectively responsible for the success of the company. The Board delegates the day to day operation of the Syndicate to SIMA and supports the Company's relationships with Group and Syndicate stakeholders as set out in the following page:

Strategic Report (continued)

S172 statement (continued)

Colleagues

The employees are engaged in regular staff meetings articulating business performance alongside updates to HR policies and procedures where relevant to current circumstances. Employees are kept involved in company business via regular and frequent communication with executive directors both at departmental level and the company operations working group. In addition, quarterly presentations are made to the staff on the financial results and discussions are had on their implications for ongoing business.

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Shareholder and Group relationships

The Company's board consists of a SiriusPoint Non-Executive Director (one has resigned on 30 June 2021), the SIMA Chief Executive Officer and SIMA Chief Financial Officer. The Company's immediate parent is SiriusPoint International Insurance Corporation (publ), a company incorporated in Sweden. The ultimate parent of the Company is SiriusPoint Limited, domiciled in Bermuda.

Regulators and Lloyd's

SICM is not a regulated entity. Through their work on the regulated entity SIMA, the directors on the SICM Board are individually approved/certified by the Prudential Regulatory Authority (PRA) and/or Financial Conduct Authority (FCA) as applicable and various directors meet with both the PRA and Lloyd's throughout the year.

We have a Code of Business Policy which emphasises our desire for a high standard of business conduct. The Code is a statement of the fundamental principles and key policies and procedures that govern the conduct of the Company's business. We are committed to transacting our business in a way that is compliant with applicable laws, rules and regulations.

Each year, the Board of SIMA have to agree a business plan with Lloyd's for Syndicate 1945 and such Syndicate Business Forecast is monitored by Lloyd's via quarterly reporting performance returns. SIMA have been closely following the developments of the Future at Lloyd's initiative during 2021, including a detailed review of both the Blueprint One and Blueprint Two documentation. The SIMA board are supportive of the key principles of the initiative and agreed that developments should be monitored closely, whilst ensuring SIMA is positioned to actively participate (as SIMA has with electronic placement) with the support of an advancing IT environment and efficient workforce.

Brokers, coverholders and policyholders

SIMA board members participate on various company committees which oversee different elements of the Syndicate's business and ensures, among other things, that customers are being treated fairly. The Company regularly reviews our broker and coverholder trading partners and our major Reinsurance cedent companies to understand their financial strength. In addition, regular coverholder audits are carried out to ensure the terms and conditions are appropriate and are being adhered to.

Suppliers

Terms of engagement with advisors, suppliers and contractors are reviewed annually by the executive board members. Clear and fair guidance and service level agreements are in place and these are amended and adjusted to align with the needs of the business. We manage our operational risk relating to our outsourcing arrangements through the monitoring of defined service level agreements. The Company expects our suppliers to have a clear stance on their impact on the environment including their sustainability policies.

Community and the environment

The owners of our London office at 20 Fenchurch Street secured an 'excellent' BREEAM assessment and employees contribute to sustainability through comprehensive recycling. The risk of rising sea levels as a result of climate change does elevate the risk of flooding in the City of London. The Board has considered whether the cost of the floor space (rent, electricity, air conditioning etc.) is inefficient on both the basis of profitability and contribution to climate change.

Strategic Report (continued)

S172 statement (continued)

Community and the environment (continued)

The Company is continuously developing company culture in respect of climate change and playing our part in global sustainability. Employees and management discuss and ask questions about the impact of both our own policies and our trading partners' policies on our environment.

SiriusPoint recognises that its employees have also a part to play in the local community, staff members are encouraged to participate in the Lloyd's volunteer reader initiative with Tower Hamlets schools. SiriusPoint staff corporate days have been adapted to give time to maintaining local community gardens.

Decision making

The SICM Board approves the Syndicate business plan and deals with the capital issues arising out of this. The Company increased its share capital on 4 March 2021 to support the liquidity requirements of the Syndicate as set out in notes 26 and 27.

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SIMA has a comprehensive board and committee reporting structure with monthly and quarterly updates. These address the needs of a PRA/FCA regulated managing agency and our overall systems of governance satisfy many of the needs of our stakeholders.

The Syndicate underwrote the following classes of business in 2021: Accident and Health, Property, Marine, Energy and Casualty. Despite the remediation work conducted in prior years, SiriusPoint decided that the Property D&F is no longer within the Company's risk appetite and therefore closed the class of business in May 2021. As a result, the gap between the full year plan and the business bound to date for this class, was redistributed to A&H, Energy and Casualty.

The Company will continue to participate and contribute to Lloyd's initiatives.

Future developments

The Syndicate will continue to transact the current classes of general insurance and reinsurance business, and if opportunities arise to write new classes of business, these will be investigated at the appropriate time.

The Syndicate's income to date has been in line with expectations. The current rating environment still provides opportunities for growth over the planning cycle, either organically or by adding new strategies.

The Syndicate's 2022 Business Forecast was submitted to Lloyd's with a planned gross written premium of £112.5m (Gross net written premium: £102.4m). The capacity for the 2022 year of account is £89.0m. Lloyd's has approved the business plan for 2022.

As mentioned in the "Business Review" section of this report, following the merger between Third Point Reinsurance Ltd. and Sirius International Insurance Group the ultimate parent of the company is SiriusPoint Ltd.

There are no changes expected to the Syndicate's planned activities over the next twelve months and the Company intends to continue to provide capital support to Syndicate 1945 for future underwriting years.

Principal Risks and Uncertainties

The principal risks to which the Company is exposed arise from its participation in Syndicate 1945 at Lloyd's. As stated above the Board delegates the day to day operation of the Syndicate to SIMA who set the risk appetite for the Syndicate annually, which is approved by the SIMA Board as part of the Syndicate's business planning and Solvency Capital Requirement ("SCR") process. The SIMA Risk and Capital Committee meets quarterly to oversee the risk management framework. This committee reviews the risk profile and monitors performance against risk appetite using a series of key risk indicators. The principal risks and uncertainties facing the Company are as follows:

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Insurance Risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The SIMA Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business.

The SIMA Underwriting Committee then monitors performance against the business plan regularly through the year. The SIMA Reserving Committee monitors reserve adequacy through quarterly review. An independent firm of actuaries also reviews it annually, which is part of the Statement of Actuarial Opinion (SAO) process.

Credit Risk

Credit risk is the risk of default by one of the direct debtors of the Company being unable to pay their debts when due.

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A key aspect of credit risk is the risk of default by one or more of the Syndicate's reinsurers. The SIMA Board's policy is that the Syndicate will normally only reinsure with businesses rated in the A range (S & P or AM Best) or higher or otherwise requires collateral. SIMA participates in the SiriusPoint Group Security Committee which assesses and is required to approve all new reinsurers before business is placed with them.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Syndicates' liability as primary insurer. If a reinsurer fails to pay a claim, the Syndicate remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by periodically reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. Where ratings are lower than the A range (S & P or AM Best) and in certain other circumstances, deposits from reinsurers may be held as collateral. Concentration risk is reviewed through monitoring aggregations of credit risk by reinsurer. The approval of reinsurers includes establishing limits on exposure to individual counterparties, so that the total credit risk the business can be exposed to is limited and management monitor the counterparty exposure on an ongoing basis.

Market Risk

Market risk is the risk arising from uncertainty of asset prices, interest rates, foreign exchange rates, and other factors related to all financial markets and investment asset management.

The key aspect of market risk for the Syndicate is that it may incur losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. SIMA's policy is to maintain received income or incurred expenditure in the currencies in which they were received or paid. Currency asset and liability matching is explicitly reported to the Investment Committee on a quarterly basis. Any significant surplus or deficit in a currency would be subject to review by the SIMA Investment Committee, and depending on the magnitude of the surplus or deficit, to escalation to the SIMA Board.

It is the policy of the Syndicate that it only invests in assets and instruments the risks of which they can properly identify, measure, monitor, manage and control as well as appropriately take into account in the assessment of their overall solvency needs. The investment objectives are to maintain sufficient credit risk spread within the portfolio and to invest in easily realisable, highly-rated securities.

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Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Market Risk (continued)

SIMA has an investment committee to recommend investment strategy and guidelines. The Syndicate appointed an investment manager with a mandate to actively manage the USD Credit for Reinsurance Trust Fund (CRTF) and USD Lloyd's Dollar Trust Fund (LDTF). Other Syndicate Trust Funds are currently too small to be actively managed but this is kept under management review. In the interim, these funds are invested in the Western Asset Government Reserve Mutual Fund, the Western Asset Liquidity Fund and the Fiera Funds. These are highly liquid, being available for utilisation immediately as required.

Liquidity and Cash Flow Risk

This is the risk that the Company will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. Liquidity and cash flow risk sits primarily in the Syndicate. To mitigate this risk, the SIMA Investment Committee reviews cash flow projections regularly and the investment portfolio is held in cash and readily realisable securities. In addition, the Syndicate has a credit facility with SiriusPoint International as discussed in note 23. Where appropriate, the Investment Committee escalates liquidity risk issues to the SIMA Board. The capital framework at Lloyd's is documented in Note 4.

Operational Risk

This is the risk that errors caused by people, processes, systems and external events lead to losses to the Syndicate. SIMA seeks to manage this risk through the use of detailed procedures manuals and a structured programme of testing of processes and systems by internal audit. Business continuity and disaster recovery plans are in place and are regularly updated and tested.

During 2020, the business continuity plan was tested during the global Corona virus pandemic and was proven to be effective, allowing staff to utilise available technology to work remotely with efficiency. During 2021, the business moved to adopt a hybrid-working model, which optimises the benefits of flexibility with workplace interaction.

During 2021, some transactions relating to the Lloyd's Part VII transfer were incorrectly processed through the syndicate's premium trust funds by third parties. These transactions were immaterial to the syndicate and were dealt with in accordance with the Lloyd's Part VII dispute process.

Regulatory Risk

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. SIMA is required to comply with the requirements of the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US Situs business. SIMA monitors regulatory developments and assesses the impact on agency policy.

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Strategic Report (continued)

Climate Change

During 2021, the SIMA and SICM Boards have considered the impact of climate change on all aspects of the business of the Company and the Syndicate. As a key developing risk identified by the emerging risk process, a range of impacts are considered; including weather-related natural catastrophes, transition risks and SIMA's environmental responsibilities. These risks will continue to be an area of management focus as the plan is implemented and SIMA's approach to managing the risks is embedded throughout the business.

On behalf of the Board



R Harman
Director

6 July 2022

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Report of the Directors

The directors submit their report and the audited financial statements of Sirius International Corporate Member Limited ("the Company") for the year ended 31 December 2021.

Results, dividends and future developments

The results for the year, together with the directors' view on dividends and their expectations of future developments are presented in the Strategic Report.

Dividends

No interim dividend was paid and the directors do not propose to pay a final dividend. No dividend was paid in 2020.

Future Developments

Likely future developments in the business of the Company are discussed in the Strategic Report.

Financial risk management and financial instruments

The Company's financial risk management, and the principle risks and uncertainties facing the business, are discussed in the Strategic Report. Information on the use of financial instruments by the Company and its management of financial risk is set out in note 5.

Investment Policy

The investment policy of the Company is discussed in the Strategic Report.

Directors and Directors' Indemnities

The individuals, who served as directors during the year to 31 December 2021 to the date of signing the financial statements, unless otherwise stated, are listed on Page 2 of this report. None of the directors have any participation in the premium income capacity of the Syndicate.

The directors of the Company are covered by the SiriusPoint Group indemnity provision policy, which was in force during the financial year and at the date of signing the annual financial statements.

Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements, the Syndicate's latest business plan, and the Syndicate's current solvency calculations. In addition, the directors have received confirmation that SiriusPoint International Insurance Corporation (publ) intends to support the Company for at least one year after these financial statements are signed. The directors are therefore satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors have considered the going concern basis of preparation of the Company's financial statements as at 31 December 2021. This included the factors likely to affect its future performance as well as the Company's principal risks and uncertainties, including the potential impact of COVID-19 and the emerging crisis in Ukraine.

The directors believe that the conclusion on the use of the going concern basis of preparation remains unchanged under these reasonably foreseeable, but unlikely, scenarios. Additionally, the directors have also considered those circumstances which may cause the business to cease to function effectively as a going concern.

Report of the Directors (continued)

Going concern (continued)

The directors have concluded that there are no material uncertainties that may cast significant doubt about the Company's financial ability to continue as a going concern and they have a reasonable expectation that the Company have adequate resources to continue in operational

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existence for at least the next 12 months from the date of this report and that therefore it is appropriate to adopt a going concern basis for the preparation of the financial statements.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 and FRS 103, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- So far as each of them is aware, there is no information relevant to the audit of the company's financial statements for the year ended 31 December 2021 of which the auditors are unaware; and
- The director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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Report of the Directors (continued)

Independent Auditors

The shareholders have dispensed with the requirement to hold Annual General Meetings and appoint auditors annually, through an elective resolution. During the year, following a review of the audit provision, PricewaterhouseCoopers LLP were reappointed as the Company's auditor and they have indicated their willingness to continue in office for the next financial year. PricewaterhouseCoopers LLP are the principal auditors for the Sirius group of companies.

On behalf of the Board



R Harman
Director

6 July 2022

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Independent auditors' report to the members of Sirius International Corporate Member Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sirius International Corporate Member Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position - Assets and the Statement of Financial Position - Liabilities as at 31 December 2021; the Income statement: Technical Account - General Business, the Income Statement: Non-Technical Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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Independent auditors' report to the members of Sirius International Corporate Member Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

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Independent auditors' report to the members of Sirius International Corporate Member Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as The Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgmental areas of the Annual Return. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee and management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining an understanding of the end-to-end process of posting journals to the general ledger and the financial reporting processes;
- Performing testing over journals based on defined risk criteria, such as unusual combinations of entries and unusual words, and examining the accounting records and supporting documentation for each journal entry identified for investigation;
- Identifying significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual; and
- Understanding and assessing, with reference to supporting data and, where deemed appropriate, independent auditor reprojections, the significant judgements made by management, in particular in relation to the valuation of claims incurred but not reported and the estimation of premium income, including consideration of potential conditions for increased management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Independent auditors' report to the members of Sirius International Corporate Member Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 July 2022

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Income Statement: Technical Account – General Business

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Earned premiums, net of reinsurance			
Gross premiums written	6	110,802	108,832
Outwards reinsurance premiums		(10,881)	(9,566)
		99,921	99,266
Change in the provision for unearned premiums	17		
Gross amount		(3,389)	(4,754)
Reinsurers' share		420	1,200
		(2,969)	(3,554)
		96,952	95,712
Allocated investment return transferred (to)/from the non-technical account	10	(129)	769
Claims incurred, net of reinsurance			
Claims paid	17		
Gross amount		(64,028)	(72,062)
Reinsurers' share		11,574	12,210
		(52,454)	(59,852)
Change in the provision for claims	17		
Gross amount		2,253	(80,087)
Reinsurers' share		(7,329)	18,255
		(5,076)	(61,832)
Claims incurred, net of reinsurance		(57,530)	(121,684)
Net operating expenses	8	(33,087)	(31,499)
Balance on the technical account – general business		6,206	(56,702)

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Income Statement: Non-Technical Account

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Balance on the technical account – general business		6,206	(56,702)
Investment result:			
Investment income	10	585	937
Unrealised gains on investments	10	94	-
Investment expenses and charges	10	(58)	(32)
Unrealised losses on investments	10	(750)	(124)
Allocated investment return transferred (to)/from technical account	10	129	(769)
Investment deficit on funds in syndicate		(4)	-
Loss on foreign exchange		(91)	(107)
Profit/(loss) for the financial year before taxation		6,111	(56,797)
Tax on (profit)/loss for the financial year	20	-	121
Profit/(loss) for the financial year		6,111	(56,676)

All operations relate to continuing activities.

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Profit/(loss) for the financial year		6,111	(56,676)
Currency translation differences	3	293	(817)
Total comprehensive income/(expense)		6,404	(57,493)

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Statement of Financial Position - Assets

As at 31 December 2021

	Note	2021 £000	2020 £000
Investments			
Other financial investments	11	126,867	138,351
Deposits with ceding undertakings		3,241	229
Reinsurers' share of technical provisions	17		
Provision for unearned premiums		3,500	3,038
Claims outstanding	7	14,918	22,120
		18,418	25,158
Debtor amounts falling due within one year			
Debtors arising out of direct insurance operations	12	11,506	8,907
Debtors arising out of reinsurance operations	13	40,575	35,267
Other debtors	21	5,397	5,416
		57,478	49,590
Other assets	19		
Cash at bank and in hand		13,063	7,198
Overseas deposits		7,155	9,208
		20,218	16,406
Prepayments and accrued income			
Deferred acquisition costs	14	13,408	13,008
Other prepayments and accrued income		1,066	937
		14,474	13,945
Total assets		240,696	243,679

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Statement of Financial Position – Liabilities

As at 31 December 2021

	Note	2021 £000	2020 £000
Capital and reserves			
Called up share capital	27	-	-
Share premium reserve		95,123	86,589
Profit and loss account		(114,882)	(121,286)
		(19,759)	(34,697)
Technical provisions	17		
Provision for unearned premiums		57,244	53,640
Claims outstanding	7	167,230	168,966
		224,474	222,606
Creditors	18		
Within one year			
Creditors arising out of direct insurance operations		1,583	886
Creditors arising out reinsurance operations		10,124	6,542
Other creditors		2,689	7,101
		14,396	14,529
After one year			
Creditors arising out of direct insurance operations	18	27	54
		27	54
Accruals and deferred income		21,558	41,187
Total liabilities and equity		240,696	243,679

The notes on pages 23 to 59 form an integral part of these annual accounts.

The financial statements on pages 18 to 22 were approved by the Board on 6th July 2022 and were signed on its behalf by



D Foster

Director

6 July 2022

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Statement of Changes in Equity

For the year ended 31 December 2021

	Called up share capital	Share premium reserve	Profit and loss account	Total shareholders' deficit
For the year to 31 December 2021	£000	£000	£000	£000
Balance at 1 January 2021	-	86,589	(121,286)	(34,697)
Profit for the financial year	-	-	6,111	6,111
Other comprehensive income	-	-	293	293
Issue of ordinary shares	-	8,534	-	8,534
Balance at 31 December 2021	-	95,123	(114,882)	(19,759)

	Called up share capital	Share premium reserve	Profit and loss account	Total shareholders' deficit
For the year to 31 December 2020	£000	£000	£000	£000
Balance at 1 January 2020	-	-	(63,793)	(63,793)
Loss for the financial year	-	-	(56,676)	(56,676)
Other comprehensive income	-	-	(817)	(817)
Issue of ordinary shares	-	86,589	-	86,589
Balance at 31 December 2020	-	86,589	(121,286)	(34,697)

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Notes to the financial statements for the year ended 31 December 2021

1. General information and statement of compliance

Sirius International Corporate Member Limited (the Company) is a company limited by shares incorporated in the United Kingdom and registered in England. The address of the Company's registered office is The St Botolph Building, 138 Houndsditch, London, EC3A 7AR.

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"), Financial Reporting standard 103 *Insurance contracts* ("FRS 103") and the Companies Act 2006.

2. Basis of preparation

Basis of preparation

The financial statements are presented in Pound Sterling (GBP). Under FRS 102, the US Dollar has been determined as the functional currency of the Company, being the major currency in which business is conducted and costs are incurred. Amounts are presented rounded to the nearest thousands, except where stated.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value through profit or loss. In assessing going concern the directors have taken into account the intention for the Company to participate on the Syndicate's 2022 year of account and its ability to meet the capital requirements set by Lloyd's associated with this participation, including the continued financial support from the parent company, SiriusPoint International Insurance Corp.

Exemption for qualifying entities under FRS102

The company has taken advantage of the exemption under FRS 102 from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary of SiriusPoint Ltd, Bermuda which prepares group consolidated financial statements which are publicly available and include a group consolidated cash flow statement. Accordingly, no cash flow statement is presented.

As the company is a wholly owned subsidiary, whose parent company is SiriusPoint Ltd, Bermuda, the company has taken advantage of the exemption under Financial Reporting Standard 102 from disclosing related party transactions with entities which form part of the SiriusPoint Ltd, group ("SiriusPoint group"). However, the company is required to disclose year end balances. These are disclosed in Notes 23 and 24.

3. Significant accounting policies

The accounting policies, which have been applied consistently in the preparation of these financial statements, are listed in below.

Premiums written

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

Insurance contracts are those contracts that transfer significant risk.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3. Significant accounting policies (continued)

Unearned premiums

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The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial periods, computed separately for each insurance contract. Premiums are earned from the date of attachment of risk over the indemnity period based on the pattern of the risks underwritten. Outwards reinsurance premiums on quota share policies are accounted for in the same accounting periods as the premiums for the related direct or inwards business being reinsured. Excess of loss reinsurance policies are accounted for over their term. The earned proportion of premiums is recognised as income and, for reinsurance ceded, as an expense.

Acquisition costs

Costs incurred in acquiring general insurance contracts are recognised over the period of the insurance contracts to which they relate on the same basis as the earning pattern of the premium. At the balance sheet date, acquisition costs are deferred to the extent that they are attributable to unearned premiums. Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as administrative expenses connected with the processing of proposals and the issuing of policies.

Claims incurred

Claims incurred comprise claims and claims handling expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses. Where applicable, deductions are made for salvage and other recoveries.

Claims outstanding

Outstanding claims include an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end (IBNR). The estimated cost of claims includes expenses to be incurred in settling claims.

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported and making allowance for claims incurred but not reported using statistical techniques of estimation, generally involving projecting from past experience of the development of claims over time, or market benchmarks where there is limited own data. On specific losses/events, a more bespoke approach is undertaken, involving inputs from Underwriting, Claims and Exposure management.

The Company does not discount its liabilities for unpaid claims.

Claims recoveries

The reinsurers' share of incurred claims comprises recoveries on paid gross claims that have been processed and movement in reinsurers' share of gross claims outstanding. Recoveries are calculated based on the reinsurance programmes in place and gross having due regard to collectability. Where applicable, collectability is assessed using the current security rating of the reinsurance companies involved. A number of statistical techniques are used to assist in estimating reinsurance recoveries on gross IBNR claims.

Unexpired risks provision

Provision is made for unexpired risks arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premiums provision in relation to such policies (after the deduction of any deferred acquisition costs). A review is performed by Lloyd's reporting class of business and underwriting year and a provision for unexpired risks is calculated taking into account the expected loss ratio on unexpired premium.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3. Significant accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions. The Syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair

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value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historic cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account.

Transactions in functional currency are translated to the presentational currency using average exchange rates for the period. Assets and liabilities are translated from functional currency to presentational currency at the rates of exchange at the balance sheet date.

Financial assets and liabilities

In applying FRS 102, the Company has chosen to apply the recognition and measurement provisions of FRS 102 chapters 11 and 12.

Recognition

The Company does not hold financial assets or financial liabilities for trading purposes. Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at transaction price.

Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Company 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 purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Company commits itself to purchase or sell the asset.

Classification and measurement

Investments in debt and other fixed income securities are subsequently carried at fair value through profit or loss. Fair value changes are 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.

Debtors including debtors arising out of direct insurance and reinsurance operations, cash at bank and in hand, and creditors including creditors arising out of direct insurance and reinsurance operations are subsequently carried at amortised cost.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3. Significant accounting policies (continued)

Financial assets and liabilities (continued)

Identification and measurement of impairment

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Significant financial assets are

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tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

Off-setting

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

Investment return

Financial investments comprise of US Government Stocks, US Corporate Bonds and funds held in money market funds. Investment income in respect of financial investments consists of interest income and realised investment gains. Investment return comprises of investment income and movements in unrealised gains and losses on financial instruments at fair value through profit or loss, less investment management expenses, interest payable, realised losses and impairment losses.

For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price.

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price. Movements in unrealised investment gains and losses comprise changes during the reporting period in the value of the investments held.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances at bank, LOC collateralisation accounts and funds held in overnight "sweep" accounts with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Company in the management of its short-term commitments.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3. Significant accounting policies (continued)

Deposits with Ceding Undertakings

Deposits with ceding undertakings are measured at cost less allowance for impairment.

Taxation

Taxation in the profit and loss account for the period comprises current and deferred tax recognised in reporting period. UK taxation is based on the underwriting result of the closed syndicate year of account and other income and charges of the period as determined in accordance with the relevant tax legislation.

Where applicable, taxation in the profit and loss account may include adjustments to taxation provision made in previous periods.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

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Current tax is the amount of tax payable in respect of the taxable profit of the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred taxation arises from timing differences between taxable profits and income reported in the financial statements. These occur from the inclusion of income and expenses in tax assessments in periods different from those in which they are reported in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised to the extent that there is a reasonable expectation that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, or used to group relieve profits in other parts of the Sirius group where eligible to do so.

Deferred tax is measured using tax rates and laws that have been enacted or substantially enacted by the period end and that are expected to apply to the reversal of the timing difference.

Pension costs

The Company does not employ any staff directly and does not operate a pension scheme. No pension contributions are charged directly to the Company.

Profit commission

There is no provision in SIMA's managing agency agreement for profit commission.

Related party transactions

The Company discloses transactions with related parties including parties not wholly owned within the Group.

As noted in the paragraph on *exemption for qualifying entities under FRS102* above, the company has taken advantage of the exemption under Financial Reporting Standard 102 from disclosing related party transactions with entities which form part of the SiriusPoint International Insurance Corporation (publ) group.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

4. Use of judgments and estimates

In preparing these financial statements, the directors have made judgements, estimates and assumptions that affect the application of 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. The material judgements and estimates made in preparing these financial statements are described below.

Claims provisions

The measurement of the provision for claims outstanding involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate Managing Agent's in house actuaries. These techniques generally involve projecting from past experience the development of claims over time in view of the likely ultimate claims to be experienced and for more recent underwriting, having regard to variations in business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part from considerations of market benchmarks (especially where the account is relatively new), output from rating and other models of business accepted and assessments of underwriting conditions. On specific losses/events a more bespoke approach is undertaken, involving inputs from Underwriting, Claims and Exposure management. The provision for claims also includes amounts in respect of internal and external claims handling costs.

Areas where there is a relatively higher level of uncertainty at Q4 2021:

Casualty lines of business

Casualty has been underwritten since 2018 (International Casualty from 2020) and the reserves have become more dominant as the reserves on the run-off classes (Marine and Contingency since 2018, Property since mid-2021) continue to reduce. The Casualty business has a long tail and there is only limited claims experience to date.

The key assumption underlying the Casualty reserves is the Initial Expected Loss Ratios ("IELRs"). The IELRs are calibrated by considering planning and pricing loss ratios, premium rate change assumptions, claims inflation assumptions and external benchmarks.

COVID-19

On classes with material Covid-19 exposures, policy/contract level analysis is performed considering likelihood and severity of losses given emerging experience and market insight, with inputs from Underwriting/Claims.

- Accident & Health; due to limited level of information received to date and coupled with uncertainty around application of loss triggers on PA & Travel policies.
- Contingency; claims relating to film and TV productions affected by Covid-19, for which claims costs are yet to be finalised.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

4. Use of judgments and estimates (continued)

Margin

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate, which reduces the possibility of adverse claims development during run-off.

Margin is considered for exceptional reserves (such as large natural catastrophes such as hurricanes and Covid-19) and the main block reserves separately. The Covid-19 margin is set on each class based on considering the level of uncertainty/downside potential for each class (e.g. reviewing the margin as a % of total potential downside or as a % of a pessimistic scenario, these are considered for the Accident & Health Personal Accident & Travel estimates and Contingency Direct & Facultative).

For the main block reserves, the margin is calibrated based on the attritional reserve distribution from the Internal Model. The level of the margin is set to maintain the booked reserves to be in line with the Syndicate's Reserve Risk Appetite.

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in Note 5 and further information about the amounts of claims outstanding is contained in Note 17.

Pipeline premium

The Company makes an estimate of premiums written during the year that have not yet been notified by the end of the financial year ("pipeline premiums"), based on business written but not yet signed. For certain insurance contracts, written premium is initially recognised based on estimates of ultimate premiums. These estimates are derived based on a combination of underwriting information (e.g. contractual terms, coverholder/broker estimates on expected premium etc.) and statistical/projection methods. Where statistical methods are used, the main assumption underlying these estimates is that past premium development can be used to project future premium development. The estimates are judgemental and could result in misstatements of revenue recorded in the financial statements, and are therefore subject to a quarterly review and control process. The pipeline premium included in gross written premium is £43.6 million (2020: £37.5 million).

Deferred Tax Asset

The Company has undergone a number of changes, and as a result management has revised its future plans and forecasts. Due to the inherent uncertainty over the required regulatory approval prior to the implementation of these plans, as well as future financial performance, the Company's ability to meet these plans and forecasts is not certain. As a result, utilisation of the deferred tax asset could differ materially (both higher and lower) from the amount currently recognised. The profits to unwind the deferred tax asset are expected to materialise subsequent to the 2021 financial year. The recognised deferred tax asset is £nil (2020: £nil).

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management

Introduction and overview

The principal risks to which the Company is exposed arise from its participation in Syndicate 1945 at Lloyd's, this note presents information about the nature and extent of insurance and financial risks to which the Syndicate is exposed, the Managing Agent's objectives, policies and processes for measuring and managing insurance and financial risks, and for managing the Syndicate's capital.

Risk management framework

The Board of Directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk management framework. The Board has established a Risk and Capital Committee to oversee the operation of the Syndicate's risk management framework and to review and monitor the management of the risks to which the Syndicate is exposed. Additionally, the Board of SIMA has delegated oversight aspects of insurance risks to the Strategic Underwriting and Reserving Committees, which are responsible for monitoring insurance and reserving risk management policies, and the management of aspects of financial risks to the Investment Committee, which is responsible for developing and monitoring financial risk management policies.

The Risk and Capital Committee reports regularly to the Board of Directors on its activities. Similarly, the Strategic Underwriting, Reserving and Investment Committees report regularly to the Board on their areas of responsibility.

The risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Insurance Risk

The predominant risk to which the Syndicate and hence the Company is exposed is insurance risk which can be split into underwriting and reserving risk.

Management of underwriting risk

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

Contracts can contain a number of features which help to manage the underwriting risk such as the use of deductibles, or capping the maximum permitted loss, or number of claims (subject to local regulatory and legislative requirements).

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

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Concentration of underwriting risk

The Company's exposure to insurance risk is well diversified. The following tables provides an analysis of the geographical breakdown and by class of business, which the directors consider to be the major types of insurance exposures.

Premium by class of business and geographic analysis is shown below: -

Year 2021	Accident & Health	Marine, aviation and transport	Fire and other damage to property	Pecuniary loss	Reinsurance	Total £000
UK	2,688	3,585	1,716	61	17,769	25,819
EU	-	-	-	-	5,060	5,060
US	5,602	7,471	3,577	127	37,034	53,811
Canada	318	424	203	7	2,099	3,051
Other	2,401	3,202	1,533	55	15,870	23,061
Total	11,009	14,682	7,029	250	77,832	110,802

Year 2020	Accident & Health	Marine, aviation and transport	Fire and other damage to property	Pecuniary loss	Reinsurance	Total £000
UK	5,299	5,127	9,001	(9)	46,944	66,362
EU	-	-	-	-	1,851	1,851
US	2,121	2,052	3,602	(3)	18,792	26,564
Canada	154	148	261	-	1,362	1,925
Other	968	937	1,645	(2)	8,582	12,130
Total	8,542	8,264	14,509	(14)	77,531	108,832

Claims liabilities by class of business is shown over the page :-

Notes to the financial statements for the year ended 31 December 2021 (continued)

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5. Risk and capital management (continued)

Concentration of underwriting (continued)

	Gross liabilities £000	2021 Reinsurance of liabilities £000	Net liabilities £000	Gross liabilities £000	2020 Reinsurance of liabilities £000	Net liabilities £000
Accident and health	7,730	(72)	7,658	7,301	(146)	7,155
Marine, aviation and transport	15,796	(4,088)	11,708	11,391	(2,720)	8,671
Fire and other damage to property	13,495	(2,793)	10,702	15,402	(203)	15,199
Pecuniary loss	7,256	(2,426)	4,830	21,566	(11,734)	9,832
Reinsurance	122,953	(5,539)	117,414	113,306	(7,317)	105,989
Total	167,230	(14,918)	152,312	168,966	(22,120)	146,846

The geographical concentration of the outstanding claims liabilities is noted below. This is based on the location of the risk exposure: -

	Gross liabilities £000	2021 Reinsurance of liabilities £000	Net liabilities £000	Gross liabilities £000	2020 Reinsurance of liabilities £000	Net liabilities £000
UK	18,501	(1,965)	16,536	20,850	(3,271)	17,579
EU	2,212	(257)	1,955	2,785	(448)	2,337
US	75,937	(6,557)	69,380	71,303	(9,303)	62,000
Canada	19,713	(1,127)	18,586	10,167	(1,411)	8,756
Other	50,867	(5,012)	45,855	63,861	(7,687)	56,174
Total	167,230	(14,918)	152,312	168,966	(22,120)	146,846

The Company's Realistic Disaster Scenarios (RDS) provides an estimate of the effect on the Company's results on an aggregation of the claims arising from a large range of disasters. This includes those specified by Lloyd's. The table on the following page was taken from July 2021 submission to Lloyd's. It also illustrates the effect of the RDS on the underwriting result.

Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Concentration of insurance risk (continued)

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Event	Industry Loss £Bn	Gross Loss £m	Net loss £m
Florida Windstorm – Miami Dade	96.9	2.3	0.6
Florida Windstorm – Pinellas	99.1	3.7	0.6
Gulf of Mexico Windstorm	87.3	3.7	0.6
Two Events – Event 1 – North East Windstorm	59.9	1.1	0.6
Two Events – Event 1 – Carolinas Windstorm	28.9	2.1	0.6
California Earthquake – Los Angeles	57.7	4.1	2.7
California Earthquake – San Francisco	59.2	5.6	2.7
New Madrid Earthquake	32.6	2.3	2.1

Management of reserving risk

The Reserving Committee oversees the management of reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the review of claims development are all instrumental in mitigating reserving risk.

The Managing Agent's in house actuaries perform a reserving analysis on a quarterly basis, liaising closely with underwriters and claims staff. The aim of this exercise is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The output of the reserving analysis is reviewed annually by external consulting actuaries.

The Reserving Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review, the Reserving Committee makes recommendations to the Managing Agent's Board of Directors of the claims provisions to be established.

In arriving at the level of claims provisions a margin is applied over and above the actuarial best estimate which reduces the possibility of adverse claims development during run-off.

Reserving risk key assumptions

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each underwriting year. Additional qualitative judgements are used to assess the extent to which past trends can be applied in the future. The assumptions used to determine the sensitivity have not changed from the prior year. Additional qualitative judgements are used to assess the extent to which past trends can be applied in the future. The assumptions used to determine the sensitivity have not changed from the prior year on attritional losses and Cat losses (excluding Covid-19). For Covid-19, bespoke approaches have been used to estimate reserves. On classes with material Covid-19 exposure a contract level analysis is performed considering likelihood and severity of losses, as well as pessimistic scenarios given emerging experience and market insight, with inputs from Underwriting and Claims.

Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Sensitivity to reserving risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates of claims incurred but not reported (IBNR). Covid-19 reserves account for approximately one third on the net reserves at 31 December 2021.

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The provision for claims outstanding is the key reserving risk faced by the Company. For the claims provisions excluding Covid-19 (approximately two thirds of the net reserves), the directors consider that a 5% variation in the value of claims outstanding is a realistic spread of the uncertainty. For Covid-19, a 10% variation is selected considering the relative higher level of uncertainty compared with the rest of the provision, noting that the attritional and Covid-19 margin is around 5% and 7.5% of the attritional and Covid-19 best estimates respectively.

Overall, a 7.5% variation in the value of total claims outstanding is considered, the effect this would have on the Company's profit is illustrated in the tables below:

	2021 Gross		2021 Net	
	7.5% increase	7.5% decrease	7.5% increase	7.5% decrease
Accident & Health	(562)	562	(556)	556
Marine, aviation and transport	(1,149)	1,149	(842)	842
Fire and other damage to property	(987)	987	(777)	777
Direct Contingency	(530)	530	(348)	348
Reinsurance	(8,980)	8,980	(8,566)	8,566
Total	(12,208)	12,208	(11,089)	11,089

	2020 Gross		2020 Net	
	7.5% increase	7.5% decrease	7.5% increase	7.5% decrease
Accident & Health	(533)	533	(522)	522
Marine, aviation and transport	(828)	828	(624)	624
Fire and other damage to property	(1,126)	1,126	(1,110)	1,110
Direct Contingency	(1,324)	1,324	(589)	589
Reinsurance	(8,304)	8,304	(7,756)	7,756
Total	(12,115)	12,115	(10,601)	10,601

Financial risk

The focus of financial risk management for the Company is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The investment management objective is to invest conservatively in easily realisable, highly rated securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to discharge a contractual obligation.

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

- Reinsurers' share of insurance liabilities
- Amounts due from reinsurers in respect of settled claims
- Debt securities
- Amounts due from intermediaries
- Cash and cash equivalents
- Other debtors and accrued interest

Management of credit risk

The nature of the Company's exposures to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year. The key aspect of credit risk is the risk of default by one or more of the Syndicate's reinsurers

The Board's policy in respect of credit risk exposure to reinsurers is that the Syndicate will normally only reinsure with businesses rated in the A range or higher. SIMA participates in the SiriusPoint Group Security Committee which assesses and is required to approve all new reinsurers before business is placed with them.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Syndicate's liability as primary insurer. If a reinsurer fails to pay a claim, the Syndicate remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. Where ratings are lower than A range (S & P or AM Best) and in certain other circumstances, deposits from reinsurers may be held as collateral.

Other elements of credit risk are managed by monitoring exposure to individual counterparties and participation in money market funds and collective investment schemes.

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure. The Company does not purchase any credit enhancements (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset). The following table analyses the credit rating by investment grade of financial investments of financial assets that are neither past due, nor impaired.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Exposure to credit risk (continued)

Credit rating for financial assets that are neither past due or impaired							
Year 2021	AAA £000	AA £000	A £000	BBB £000	BBB or less £000	Not rated £000	Total £000
Financial investments							
Shares & other variable yield securities & Unit trusts	5,928	10,451	13,323	-	-	3,672	33,374
Debt securities	45,630	7,310	35,216	3,476	-	153	91,785
Other assets							
Deposits with ceding undertakings	-	-	3,241	-	-	-	3,241
Overseas deposits	3,476	1,065	657	521	1,057	379	7,155
Other investments	-	-	1,708	-	-	-	1,708
Reinsurers' share of claims outstanding	-	-	14,806	-	-	112	14,918
Debtors arising out of reinsurance operations	-	-	3,760	-	-	924	4,684
Cash at bank and in hand	-	-	13,063	-	-	-	13,063
Total	55,034	18,826	85,774	3,997	1,057	5,240	169,928

Credit rating for financial assets that are neither past due or impaired							
Year 2020	AAA £000	AA £000	A £000	BBB £000	BBB or less £000	Not rated £000	Total £000
Financial investments							
Shares & other variable yield securities & Unit trusts	37,503	17,860	24,245	-	-	3,783	83,391
Debt securities	39,451	732	13,415	958	-	-	54,556
Other assets							
Deposits with ceding undertakings	-	-	229	-	-	-	229
Overseas deposits	4,723	836	705	498	1,570	876	9,208
Other investments	-	-	404	-	-	-	404
Reinsurers' share of claims outstanding	-	-	21,958	-	-	162	22,120
Debtors arising out of reinsurance operations	-	-	1,039	-	-	995	2,034
Cash at bank and in hand	-	-	7,198	-	-	-	7,198
Total	81,677	19,428	69,193	1,456	1,570	5,816	179,140

At the end of the year the largest concentration of credit risk to the Company was to the United States Government £28.8m (2020 £29.9m) and Citibank £16.5m (2020: £8.4m). Cash held at Citibank at the end of the year was classified as A rated, in line with the treatment at 2020.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Financial assets that are past due or impaired

The Company has some debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. The Company has no financial assets that are impaired at the reporting date.

In preparation of this analysis, debtors have been individually assessed for impairment by considering information such as the occurrence of significant changes in the counterparty's financial position, patterns of historical payment information and disputes with counterparties. An analysis of the carrying amounts of past due or impaired debtors is presented in the table below.

	Neither past due nor impaired £000	Past due £000	Impaired £000	Total £000
Year 2021				
Shares & other variable yield securities & unit trusts	33,374	-	-	33,374
Debt securities	91,785	-	-	91,785
Overseas deposits	7,155	-	-	7,155
Other Investments	1,708	-	-	1,708
Deposits with ceding undertakings	3,241	-	-	3,241
Reinsurers' share of claims outstanding	14,918	-	-	14,918
Debtors arising out of reinsurance operations	4,684	294	-	4,978
Cash at bank and in hand	13,063	-	-	13,063
Insurance debtors	11,506	-	-	11,506
Other debtors	58,847	-	-	58,847
Total credit risk	240,281	294	-	240,575

	Neither past due nor impaired £000	Past due £000	Impaired £000	Total £000
Year 2020				
Shares & other variable yield securities & unit trusts	83,391	-	-	83,391
Debt securities	54,556	-	-	54,556
Overseas deposits	9,208	-	-	9,208
Other Investments	404	-	-	404
Deposits with ceding undertakings	229	-	-	229
Reinsurers' share of claims outstanding	22,120	-	-	22,120
Debtors arising out of reinsurance operations	2,034	9	-	2,043
Cash at bank and in hand	7,198	-	-	7,198
Insurance debtors	8,907	-	-	8,907
Other debtors	55,502	-	-	55,502
Total credit risk	243,549	9	-	243,558

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Financial assets that are past due or impaired (continued)

Reinsurance recovery amounts which are past due of £294k (2020: £9k) are fully realisable. These amounts are not in dispute, albeit they are up to six months overdue.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities. The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts.

The nature of the exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

Management of liquidity risk

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

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

- Forecasts are prepared and revised on a regular basis to predict cash outflows from insurance contracts over the short, medium and long term
- The Company purchases assets with durations not greater than its estimated insurance contract outflows
- Assets purchased by the Company are required to satisfy specified marketability requirements
- The Company maintains cash and liquid assets to meet daily calls on its insurance contracts
- The Company holds a working capital borrowing facility from SiriusPoint International Insurance Corporation (publ) to enable cash to be raised in a relatively short time-span

The Company regularly reviews its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

The maturity analysis presented in the table on the following page shows the remaining contractual maturities for the Syndicate's insurance contracts. For insurance contracts, the contractual maturity is the estimated date when the gross undiscounted contractually required cash flows will occur. Financial assets have a maturity profile of less than one year.

	Undiscounted net cash flows						Total £000
	Carrying amount £000	Less than 1 Year £000	1-2 years £000	2-5 years £000	5-10 years £000	More than 10 years £000	
Year 2021							
Outstanding claim liabilities	167,230	72,137	49,558	20,017	19,753	5,765	167,230
Other creditors	14,423	14,396	27				14,423
Total	181,653	86,533	49,585	20,017	19,753	5,765	181,653

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Management of liquidity risk (continued)

Year 2020	Carrying amount £000	Undiscounted net cash flows					Total £000
		Less than 1 year £000	1-2 years £000	2-5 years £000	5-10 years £000	More than 10 years £000	
Outstanding claim liabilities	168,966	85,499	57,897	13,882	8,799	2,889	168,966
Other creditors	14,583	14,529	54	-	-	-	14,583
Total	183,549	100,028	57,951	13,882	8,799	2,889	183,549

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The nature of the exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Management of market risks

For each of the major components of market risk, policies and procedures are in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure at the reporting date to each major risk are addressed below.

Interest rate risk

Interest rate risk arises primarily from financial investments, cash and overseas deposits. The risk of changes in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Investment Committee monitors the duration of these assets on a regular basis.

Currency risk

Business is primarily written in Sterling, US Dollar, Australian Dollar, Canadian Dollar and Euro, and is therefore exposed to currency risk arising from fluctuations in the exchange rates of Sterling against these currencies.

The foreign exchange policy is to maintain Syndicate assets in the currency in which the cash flows from liabilities are to be settled in order to hedge the currency risk inherent in these contracts.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Currency risk (continued)

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

Year 2021	UK £ £000	US \$ £000	CAD \$ £000	Euro £000	AUD \$ £000	Other £000	Total £000
Total assets	12,694	193,701	12,412	6,894	13,533	1,462	240,696
Total liabilities	(36,288)	(199,899)	(5,707)	(7,691)	(10,211)	(659)	(260,455)
Net (liabilities)/assets	(23,594)	(6,198)	6,705	(797)	3,322	803	(19,759)

Year 2020	UK £ £000	US \$ £000	CAD \$ £000	Euro £000	AUD \$ £000	Other £000	Total £000
Total assets	11,423	202,925	11,770	3,641	13,794	5	243,558
Total liabilities	(52,347)	(200,087)	(6,618)	(5,665)	(11,477)	(2,182)	(278,376)
(liabilities)/assets	(40,924)	2,838	5,152	(2,024)	2,317	(2,177)	(34,818)

The most significant net liability position arises in sterling, partly due to the need to fund operating expenses in sterling. The small deficits in other currencies arises on claims liabilities and may be managed by a sale of currencies that have a surplus or by utilisation of the Working Capital Facility mentioned in Note 23.

Sensitivity analysis to market risks for financial instruments

An analysis of the sensitivity to interest rate, currency and other price risk is presented in the table below. The table shows the effect on profit or loss of reasonably possible changes in the relevant risk variable, assuming that all other variables remain constant, if that change had occurred at the end of the reporting period and had been applied to the risk exposures at that date.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Sensitivity analysis to market risks for financial instruments (continued)

	2021 Impact on net assets £000	2020 Impact on net assets £000
Interest rate risk		
+ 50 basis points shift in interest rates	(642)	(217)
- 50 basis points shift in interest rates	642	217
Currency risk		
10 percent increase in USD/GBP exchange rate	(582)	(507)
10 percent decrease in USD/GBP exchange rate	582	507
10 percent increase in USD/Euro exchange rate	(80)	(202)
10 percent decrease in USD/Euro exchange rate	80	202
10 percent increase in USD/AUD exchange rate	332	232
10 percent decrease in USD/AUD exchange rate	(332)	(232)

The impact of the reasonably possible changes in the risk variables on retained earnings would be the same, since all changes in recognised assets and liabilities are recognised in profit or loss or other comprehensive income.

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

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

The sensitivity analysis is based on the financial position of the Company and the Syndicate at the reporting date and may vary at the time that any actual market movement occurs.

Capital management

Capital framework at Lloyd's

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

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of Syndicate 1945 is not disclosed in these financial statements.

Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Risk and capital management (continued)

Lloyd's capital setting process

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In order to meet Lloyd's requirements, each syndicate is required to calculate its Solvency Capital Requirement (SCR) for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR 'to ultimate'). The syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one-year time horizon (one-year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicates on which it is participating but not other members' shares. Accordingly, the capital requirements that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the syndicate SCR 'to ultimate'. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss 'to ultimate' for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment (ECA). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2021 was 35% of the member's SCR 'to ultimate'.

Provision of capital by members

Each member may provide capital to meet its Economic Capital Assessment (ECA) either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a syndicate (Funds in Syndicate), or as the member's share of the members' balances on each syndicate on which it participates.

The Company has met its 2022 Funds at Lloyd's requirement to support its underwriting capacity by a combination of Investment holdings and Letters of Credit (LOCs). At 31 December 2021, the Funds at Lloyd's stood at US\$270m, comprising LOCs of US\$105m and Investments of US\$165m. The LOCs are issued by Nordea Bank (US\$80m) and DNB Bank (US\$25m) and there was additional capital held within the Syndicate's premium trust funds of USD9m.

Neither the Letters of Credit nor the collateral held by the Company's bankers in support of these instruments is shown on the Company's balance sheet as they are utilised by Lloyd's of London to provide security for the Company's underwriting.

Accordingly, all of the assets less liabilities of the Syndicate, as represented in the member's balances reported on the statement of the financial position on page 21 represent resources available to meet member's and Lloyd's capital requirements.

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Notes to the financial statements for the year ended 31 December 2020 (continued)

6. Analysis of underwriting result

Year 2021	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000
Direct insurance						
Accident and health	11,009	11,263	(8,281)	(3,840)	(18)	(876)
Marine, aviation and transport	14,682	11,851	(8,286)	(2,445)	(3,614)	(2,494)
Fire and other damage to property	7,029	8,453	(6,195)	(2,260)	1,755	1,753
Pecuniary loss	250	250	6,973	(43)	(4,291)	2,889
Reinsurance	77,832	75,596	(45,986)	(24,619)	(48)	4,943
Total	110,802	107,413	(61,775)	(33,207)	(6,216)	6,215

Year 2020	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Total £000
Direct Insurance						
Accident and health	8,542	11,193	(7,267)	(3,572)	(95)	259
Marine, aviation and transport	8,264	7,475	(3,891)	(1,819)	(1,422)	343
Fire and other damage to property	14,509	13,901	(10,495)	(3,879)	(1,103)	(1,576)
Pecuniary loss	(14)	309	(40,361)	(70)	19,750	(20,372)
Reinsurance	77,531	71,200	(90,135)	(22,159)	4,969	(36,125)
Total	108,832	104,078	(152,149)	(31,499)	22,099	(57,471)

Current year underwriting results for the Part VII transfer of EU business to Lloyd's Insurance Company Limited (LIC) have been reported in the Inwards Reinsurance class of business which is consistent with the presentation in the Income Statement: Technical Account – General Business.

The Syndicate recognised a loss of £4.2m in the year on buying reinsurance (2020: profit of £23.8m).

The gross premiums written by business origin are presented in the table below:

	2021 £000	2020 £000
United Kingdom	25,819	66,362
Other European Union Member States	5,060	1,851
US	53,811	26,564
Other countries	26,112	14,055
Total gross premiums written	110,802	108,832

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Notes to the financial statements for the year ended 31 December 2021 (continued)

7. Claims outstanding

The tables below show the movements on claims reserves brought forward.

2021	Gross £000	Reinsurers' share £000	Net £000
At 1 January 2021	168,966	(22,120)	146,846
Claims incurred in current underwriting year	32,123	(1,887)	30,236
Claims incurred in prior underwriting years	29,652	(2,358)	27,294
Claims paid during the year	(64,028)	11,574	(52,454)
Foreign exchange	517	(127)	390
At 31 December 2021	167,230	(14,918)	152,312

2020	Gross £000	Reinsurers' share £000	Net £000
At 1 January 2020	96,577	(5,568)	91,009
Claims incurred in current underwriting year	46,731	(2,068)	44,663
Claims incurred in prior underwriting years	105,418	(28,397)	77,021
Claims paid during the year	(72,062)	12,210	(59,852)
Foreign exchange	(7,698)	1,703	(5,995)
At 31 December 2020	168,966	(22,120)	146,846

8. Net operating expenses

The Syndicate is charged a managing agency fee at a rate of 0.63% of stamp capacity (2020:0.66%). In addition, all necessary expenses incurred in the administration of the Syndicate were charged to the Syndicate.

	2021 £000	2020 £000
Acquisition costs:		
Brokerage and commissions	24,674	23,748
Other acquisitions costs	1,712	1,632
	26,386	25,380
Change in deferred acquisition costs	(373)	(859)
Administrative expenses	7,647	7,357
Members' standard personal expenses	1,420	1,346
Reinsurance commissions and profit participation	(1,993)	(1,725)
Net operating expenses	33,087	31,499

Total commissions for direct insurance business for the year amounted to £6.4m (2020: £7.0m).

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Notes to the financial statements for the year ended 31 December 2021 (continued)

8. Net operating expenses (continued)

Administrative expenses (including other administrative expenses included in the non-technical account) include:

	2021 £000	2020 £000
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of these financial statements	13	15
Fees payable to the Company's auditors for the audit of the Syndicate 1945 financial statements	232	123
Fees payable to the Company's auditors in respect of the audit of Sirius International Insurance Group Limited	-	20
Fees payable to the company's auditors in respect of other audit assurance services for the Syndicate	70	193
	315	351

9. Directors, employees and management personnel compensation

The Company has no employees. However, the Company used the services of employees of SiriusPoint International Insurance Corporation (publ) during 2021. The directors received no emoluments for their services to the Company.

Staff and directors' costs on behalf of the Company are borne by another group undertaking, and no recharges were made to the Company for the year ended 31 December 2021 (2020: £nil). Staff and directors' costs in respect of work done on behalf of the Syndicate are part of the fee charged by SiriusPoint International Insurance Corporation (publ) to the Syndicate but, as disclosed in the Syndicate's Annual Report and Accounts, they are not separately identifiable within the overall fee. The directors have estimated the emoluments received that relate to their services to the Company and the Syndicate, which are included in the tables below.

	2021 £000	2020 £000
Aggregate emoluments and other benefits	927	862
Pension contributions	83	76
Total	1,010	938

The highest paid director received the following remuneration for services provided to the Syndicate.

	2021 £000	2020 £000
Aggregate emoluments and other benefits	226	223
Pension contributions	19	19
Total	245	242

No other compensation was payable to key management personnel.

Notes to the financial statements for the year ended 31 December 2021 (continued)

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10. Investment return

The investment return transferred from the technical account to the non-technical account comprises the following:

	2021 £000	2020 £000
Investment income:		
Interest	1,144	799
Realised gains	199	127
Unrealised gains	94	-
Investment expenses and charges:		
Investment management expenses	(58)	(32)
Losses on the realisation of investments	(724)	-
Unrealised losses	(788)	(125)
Total transferred (from)/to the technical account	(133)	769
Additional income:		
Interest	-	12
Total investment return	(133)	781

The total income, expenses, net gains or losses, including changes in fair value, recognised on all financial assets and financial liabilities comprises the following:

	2021 £000	2020 £000
Financial assets at fair value through profit or loss	(154)	529
Interest income	79	284
Investment management expenses, excluding interest	(58)	(32)
Total investment return	(133)	781

The table over the page presents the average amounts of funds in the year per currency and analyses by major currency the average investment yields in the year.

Notes to the financial statements for the year ended 31 December 2021 (continued)

10. Investment return (continued)

	2021	2020
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	£000	£000
Average amount of funds available for investment during the year		
Sterling	5,776	2,393
Euro	2,172	778
US dollar	127,735	83,768
Canadian dollar	9,685	9,019
Other	10,315	12,865
Total funds available for investment, in sterling	155,683	108,823
Annual investment yield		
Sterling	0.88%	1.42%
Euro	0.00%	0.00%
US dollar	(0.11)%	0.33%
Canadian dollar	0.04%	1.18%
Other	0.07%	2.73%
Total annual investment yield, in sterling	(0.05)%	0.71%

11. Other financial investments

	Carrying value 2021 £000	Cost 2021 £000	Listed 2021 £000
Financial assets measured at fair value through profit or loss			
Shares and other variable yield securities and units in unit trusts	33,374	33,374	33,374
Debt securities and other fixed income securities:			
Government and supranational securities	91,785	92,577	91,785
Deposits with credit institutions	1,708	1,708	1,708
Total financial investments	126,867	127,659	126,867

Notes to the financial statements for the year ended 31 December 2020 (continued)

11. Other financial investments (continued)

	Carrying value 2020 £000	Cost 2020 £000	Listed 2020 £000
Financial assets measured at fair value through profit or loss			
Shares and other variable yield securities and units in unit trusts	83,392	83,392	83,392
Debt securities and other fixed income securities:			
Government and supranational securities	54,555	54,475	54,555

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Deposits with credit institutions	404	404	404
Total financial investments	138,351	138,271	138,351

The Syndicate classifies its financial instruments held at fair value in its balance sheet using a fair value hierarchy, as follows:

- Level 1 – The fair value is based on the unadjusted quoted prices in an active market, for identical assets or liabilities that the Syndicate can access at the measurement date.
- Level 2 – Inputs to level 2 fair values are inputs other than quoted prices included in level 1 that are observable for the asset or liabilities, either directly or indirectly.
- Level 3 – Level 3 financial instruments are financial assets and liabilities for which the values are based on prices or valuation techniques that requires inputs that are both unobservable, and significant, to the fair value measurement.

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

2021	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	10,494	21,352	1,528	33,374
Debt securities and other fixed income securities	26,453	65,332	-	91,785
Loans and deposits with credit institutions	1,708	-	-	1,708
Total	38,655	86,684	1,528	126,867

2020	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	9,021	72,842	1,528	83,391
Debt securities and other fixed income securities	29,989	24,567	-	54,556
Loans and deposits with credit institutions	404	-	-	404
Total	39,414	97,409	1,528	138,351

Notes to the financial statements for the year ended 31 December 2021 (continued)

11. Other financial investments (continued)

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

Units in unit trusts and other variable yield securities are held in money market funds. These shares and other variable yield securities and units in unit trusts are generally categorised as level 1 in the fair value hierarchy except where they are not actively traded, in which case they are generally measured on prices of recent transactions in the same instrument. The Company has no exposure to hedge funds.

Debt securities comprise of United States Government Treasury Notes and corporate bonds. These are actively traded and are valued using quoted prices provided by external pricing vendor.

At the reporting date all debt instruments assets were valued using valuation techniques based on observable market data.

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12. Debtors arising out of direct insurance operations

	2021 £000	2020 £000
Amounts due from intermediaries	11,506	8,907
Due within one year	11,506	8,907

13. Debtors arising out of reinsurance operations

	2021 £000	2020 £000
Due from ceding insurers and intermediaries	35,597	33,225
Due from reinsurers and intermediaries	4,978	2,042
Due within one year	40,575	35,267

Notes to the financial statements for the year ended 31 December 2021 (continued)

14. Deferred acquisition costs

The table below shows changes in deferred acquisition costs assets during the year.

	2021 £000	2020 £000
Balance at 1 January	13,008	12,299
Incurred costs deferred	26,386	25,380
Amortisation	(26,013)	(24,521)
Effect of movements in exchange rates	27	(150)
Balance at 31 December	13,408	13,008

15. Year of account development

The result development by year of account is:

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Year of account	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	Total £000
2011	(2,278)	(230)	164	-	-	-	-	-	-	-	-	(2,344)
2012	-	(5,037)	270	6,564	-	-	-	-	-	-	-	1,797
2013	-	-	(4,514)	4,545	4,402	-	-	-	-	-	-	4,433
2014	-	-	-	(5,886)	419	14,301	-	-	-	-	-	8,834
2015	-	-	-	-	(8,762)	(4,181)	3,191	-	-	-	-	(9,752)
2016	-	-	-	-	-	(21,207)	(4,784)	(3,217)	-	-	-	(29,208)
2017	-	-	-	-	-	-	(43,574)	1,109	1,038	-	-	(41,427)
2018	-	-	-	-	-	-	-	(12,265)	(10,518)	(26,180)	-	(48,963)
2019	-	-	-	-	-	-	-	-	(5,484)	(3,041)	7,530	(995)
2020	-	-	-	-	-	-	-	-	-	(23,549)	5,945	(17,604)
2021	-	-	-	-	-	-	-	-	-	-	(6,671)	(6,671)
Calendar year's result	(2,278)	(5,267)	(4,080)	5,223	(3,941)	(11,087)	(45,167)	(14,373)	(14,964)	(52,770)	6,804	(141,900)

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Notes to the financial statements for the year ended 31 December 2021 (continued)

16. Claims development

Claims development is shown in the tables below, both gross and net of reinsurance ceded, on an underwriting year basis. Balances have been translated at exchange rates prevailing at 31 December 2021 in all cases.

Pure underwriting year - gross	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	Total £000
Estimate of Incurred Gross claims												
At end of underwriting year	907	18,664	26,272	26,723	31,288	50,902	69,625	33,767	24,758	45,328	32,485	360,719
One year later	4,803	31,500	40,553	51,080	68,467	98,474	97,999	83,726	65,515	78,735	-	620,852
Two years later	4,120	25,469	36,973	44,329	72,104	107,311	104,210	134,353	69,463	-	-	598,332
Three years later	3,482	25,178	33,865	41,223	70,285	104,168	102,208	127,680	-	-	-	508,089
Four years later	3,235	24,953	33,152	41,442	71,170	114,535	100,970	-	-	-	-	389,457
Five years later	3,183	24,902	33,347	41,510	70,726	115,240	-	-	-	-	-	288,908
Six years later	3,010	24,901	33,144	41,697	70,881	-	-	-	-	-	-	173,633
Seven years later	3,008	24,891	33,206	41,692	-	-	-	-	-	-	-	102,797
Eight years later	2,989	24,900	33,107	-	-	-	-	-	-	-	-	60,996
Nine years later	3,003	24,899	-	-	-	-	-	-	-	-	-	27,902
Ten years later	3,003	-	-	-	-	-	-	-	-	-	-	3,003
Gross claims paid	3,003	24,883	32,563	41,548	69,778	103,654	95,813	100,147	30,348	26,533	2,655	530,925
Claims Outstanding per the Balance Sheet	-	16	544	144	1,103	11,586	5,157	27,533	39,115	52,202	29,830	167,230

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Notes to the financial statements for the year ended 31 December 2021 (continued)

16. Claims development (continued)

Pure underwriting year - net	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	Total £000
Estimate of Incurred Gross claims												
At end of underwriting year	907	18,664	25,788	25,631	29,939	47,675	60,058	32,215	23,388	43,317	30,473	338,055
One year later	4,803	31,500	40,058	47,906	62,806	87,963	89,725	78,646	63,246	72,542		579,195
Two years later	4,120	25,469	36,658	41,961	67,007	96,451	96,228	105,864	68,160	-		541,918
Three years later	3,482	25,178	33,503	39,266	64,739	93,418	94,470	100,274	-	-		454,330
Four years later	3,235	24,953	32,805	39,352	65,110	101,084	93,191	-	-	-		359,730
Five years later	3,183	24,902	33,000	39,419	64,697	101,563	-	-	-	-		266,764
Six years later	3,010	24,901	32,796	39,606	64,834	-	-	-	-	-		165,147
Seven years later	3,008	24,891	32,858	39,601	-	-	-	-	-	-		100,358
Eight years later	2,989	24,900	32,759	-	-	-	-	-	-	-		60,648
Nine years later	3,003	24,899	-	-	-	-	-	-	-	-		27,902
Ten years later	3,003											3,003
Gross claims paid	3,003	24,883	32,215	39,457	63,733	92,863	88,169	77,317	29,805	24,952	2,590	478,987
Claims Outstanding per the Balance Sheet	-	16	544	144	1,101	8,700	5,022	22,957	38,355	47,590	27,883	152,312

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Notes to the financial statements for the year ended 31 December 2021 (continued)

17. Technical Provisions

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

	2021			2020		
	Gross provisions £000	Reinsurance assets £000	Net £000	Gross provisions restated £000	Reinsurance assets £000	Net restated £000
Incurred claims outstanding:						
Claims notified	54,152	(9,497)	44,655	47,507	(3,477)	44,030
Claims incurred but not reported	114,814	(12,623)	102,191	49,070	(2,091)	46,979
Balance at 1 January	168,966	(22,120)	146,846	96,577	(5,568)	91,009
Change in prior year provisions	(31,711)	9,147	(22,564)	(36,123)	16,187	(19,936)
Expected cost of current year claims	93,486	(13,392)	80,094	188,272	(46,652)	141,620
Claims paid during the year	(64,028)	11,574	(52,454)	(72,062)	12,210	(59,852)
Effect of movements in exchange rates	517	(127)	390	(7,698)	1,703	(5,995)
Balance at 31 December	167,230	(14,918)	152,312	168,966	(22,120)	146,846
Claims notified	55,415	(5,134)	50,281	54,152	(9,497)	44,655
Claims incurred but not reported	111,815	(9,784)	102,031	114,814	(12,623)	102,191
Balance at 31 December	167,230	(14,918)	152,312	168,966	(22,120)	146,846
Unearned premiums						
Balance at 1 January	53,640	(3,038)	50,602	49,476	(1,937)	47,539
Premiums written during the year	110,802	(10,881)	99,921	108,832	(9,566)	99,266
Premiums earned during the year	(107,413)	10,461	(96,952)	(113,586)	10,766	(102,820)
Effect of movements in exchange rate	215	(42)	173	8,918	(2,301)	6,617
Balance at 31 December	57,244	(3,500)	53,744	53,640	(3,038)	50,602

The unexpired risk provision at 31 December 2021 was £nil (2020 £1.94m) and is included in gross claims outstanding.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

18. Financial liabilities

Within one year	2021 £000	2020 £000
Creditors arising out of direct insurance	1,583	886
Creditors arising out of reinsurance operations	10,124	6,542
Other creditors	2,689	7,101
Total financial liabilities at amortised cost	14,396	14,529
After one year	2021 £000	2020 £000
Creditors arising out of direct insurance	27	54
Total financial liabilities at amortised cost	27	54

Other creditors include £2.7m (2020: £4.4m) due to SiriusPoint International Insurance Corporation (publ) and £3k (2020: £4.4m) due to Sirius International Managing Agency Limited.

19. Other assets

	2021 £000	2020 £000
Cash at bank and in hand	13,063	7,198
Deposits with credit institutions	23,623	64,912
Total Other assets	36,686	72,110

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

Notes to the financial statements for the year ended 31 December 2021 (continued)

20. Tax on profit/(loss) for the financial year

- a) Tax on (profit)/loss

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	2021 £000	2020 £000
UK corporation tax on profit		
UK corporation tax on profit for the year	-	-
UK corporation tax – prior year adjustment to current tax	-	121
Total Corporation tax on result	-	121
Deferred tax		
Origination and reversal of timing differences	(1,671)	10,187
Future deferred tax on losses not yet recognised	(5,220)	(11,455)
Write-off of deferred tax previously recognised	-	-
Effect of changes in tax rate – current year provision	12	-
Effect of changes in tax rates on brought forward provisions	6,879	1,289
Transfer from deferred tax – prior year adjustment	-	(21)
Transfer from deferred tax – current year provision	-	-
Total deferred tax credit for the year	-	-
Tax on (profit)/loss on ordinary activities	-	121

b) Factors affecting the tax charge

Differences between the tax assessed on the profit/loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%) are reconciled in the table below:

	2021 £000	2020 £000
Profit/(loss) for the year before taxation	6,111	(56,797)
Profit/loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020 – 19%)	(1,161)	10,791
Effects of:		
Deferred tax not recognised in respect of tax losses	(5,220)	(11,455)
Permanent differences	(510)	(605)
Effect of changes in current year provision	12	-
Effect of changes in tax rates on brought forward provisions	6,879	1,289
Adjustments in respect of prior years	-	101
Total tax (charge)/credit for the year	-	121

Unrelieved tax losses and other deferred tax assets are generally 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. In the absence of such evidence, Management have considered prudent not to recognise a deferred tax asset.

Notes to the financial statements for the year ended 31 December 2021 (continued)

20. Tax on profit/(loss) for the financial year (continued)

In addition to the recognised deferred tax asset of £nil (2020: £nil) is an amount £27,004k (2020: £22,429k) that has not been recognised in respect of gross underwriting losses and tax losses carried forward of £108,016k (2020: £118,046k). The unrecognised tax asset in respect of excess double tax relief carried forward is £1,286k (2020: £400k).

c) Deferred tax

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	2021 £000	2020 £000
Provision at the beginning of the period	-	-
Total deferred tax asset	-	-
Provision at the beginning of the year	-	-
Amounts utilised in respect of prior years	-	(21)
Functional currency adjustment – on opening balance	-	-
Functional currency adjustment – on movement	-	-
Effect of changes in tax rate – current year provision	12	-
Effect of changes in tax rates on brought forward provisions	6,879	1,289
Current year movement	(1,671)	10,187
Write-off of deferred tax previously recognised	-	-
Future deferred tax on losses not yet recognised	(5,220)	(11,455)
Deferred tax recognised on currency translation differences	-	-
Provision at the end of the year	-	-

Factors that may affect future tax charges

In the March Budget of 2021 the Government announced that the corporation tax rate will rise from 19% to 25% with effect from 2023. This change was substantively enacted on 24 May 2021.

21. Other debtors

	2021 £000	2020 £000
Receivable from SiriusPoint International Insurance Corporation	126	515
Claims Floats	5,097	4,520
Taxes	164	357
Premium Deposit	10	24
Total other debtors	5,397	5,416

Notes to the financial statements for the year ended 31 December 2021 (continued)

22. Ultimate Parent Company and Controlling Party

The Company's immediate parent is SiriusPoint International Corporation (publ), a company incorporated in Sweden, a wholly owned subsidiary of SiriusPoint Ltd, domiciled in Bermuda.

The results of Sirius International Corporate Member Limited for the year to 31 December 2021 are consolidated within the financial statements of SiriusPoint Ltd, which is the smallest and largest entity that these financial statements are consolidated into. Copies of the audited financial statements of SiriusPoint Ltd can be obtained by application to Company's registered office at Point Building, 3 Waterloo Lane, Pembroke DO HM 08, Bermuda.

At the beginning of 2021 the ultimate parent of SICM was China Minsheng Investment Group Corp Ltd which is domiciled in the People's Republic of China. On the 26 February 2021, following the merger of Sirius International Insurance Group, Ltd with Third Point Reinsurance Ltd, to form SiriusPoint, SiriusPoint Ltd became the ultimate parent of SICM.

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23. Amounts owed to parent company

A working capital facility of £20m (2020: £20m) is provided by the parent company, SiriusPoint International Insurance Corporation (publ), to ensure that Syndicate 1945 has access to adequate working capital. At year-end the amount owed was nil (£0.0m) under this facility (2020: £3.7m) as the outstanding amount was repaid during the year.

Amounts may be drawn under the facility in any settlement currency of the syndicate, and drawn down amounts attract interest at 2.5% over the appropriate central bank rate. The facility has no fixed repayment terms. Interest on the drawn balance in 2021 before repayment amounted to £0.07m (2020: £0.14m). In addition to drawn down amounts under the working capital facility, the Company is indebted to its parent for operating expenses paid on its behalf.

24. Other Related parties

For the year to 31 December 2021 managing agent fees of £0.6m were paid to SIMA (2020: £0.6m) by the Syndicate. No service charges were paid to SIMA in the year.

SiriusPoint International Insurance Corporation (SINT), the parent company of both SIMA and Sirlus International Corporate Member Limited (SICM), provided management services to the Syndicate in 2021, the amount recharged was £7.2m (2020: £6.8m) of the amounts recharged to the Syndicate in 2021 and prior years, a balance of £20.5m was outstanding at the end of the year (2020: £40.21m). In addition, expenses of £0.5m were paid by SINT on behalf of the Syndicate and recovered (2020: £0.09m). Syndicate 1945 is also accounted for through the Sirius VAT group, and VAT of £0.12m was recovered on behalf of the Syndicate during the year (2020: £0.12m).

Copies of the audited financial statements of the Managing Agency, the Corporate Member and SiriusPoint International Insurance Corporation (publ) can be obtained by application to the Corporate Member's registered office listed on page 2.

The drawdown facility provided to the Syndicate by SINT remains in place, and permits drawdowns in any settlement currency. The Syndicate repaid the balance during the year (2020: repayments of £2.39m) so that at the end of the year the amount owed was nil (2020: £3.66m). Interest on the drawn balance in 2021 before repayment amounted to £0.07m (2020: £0.14m).

Notes to the financial statements for the year ended 31 December 2021 (continued)

24. Other Related parties (continued)

The sole capital provider for the Syndicate is Sirius International Corporate Member Limited, a wholly owned subsidiary of SINT.

SiriusPoint America, a wholly-owned subsidiary of SINT, cedes business to Syndicate 1945. During 2021, premium ceded amounted to £0.5m with related brokerage and commissions of £0.3m and claims incurred of £1.1m (2020 premium £0.8m, brokerage and commissions £0.4m and claims £4.4m). The underwriting balance is £3.4m payable (2020: £nil receivable).

SiriusPoint International Insurance Corporation reinsures Syndicate 1945. During 2021, premiums ceded under these reinsurance contracts amounted to £2.5m with related ceding commission of £0.48m and claims recoverable were £0.39m (2020 premiums £1.74m, ceding commission £0.17m and recoveries £nil). The outstanding underwriting balance is £2.5m payable. (2020: £1.7m payable).

The Syndicate ceded business to Alstead Reinsurance Limited, a fellow subsidiary of Sirius International Insurance Group Ltd. Ceded premiums amounted to £0.01m (2020: £0.12m) with related brokerage and commissions of £nil (2020: £0.13m) and claims of £0.95m (2020: £0.30m). The outstanding underwriting balance is £0.11m (2020: £0.07m).

25. Lloyd's Part VII transfer

During the prior year 2020, the Syndicate, as comprised for each of the relevant years of account between 2011 and April 2019 (or October 2020 in the case of German reinsurance), transferred all relevant policies (and related liabilities) underwritten by them or those years of account to Lloyd's Insurance Company S.A. ('LIC'), in accordance with Part VII of the Financial Services and Markets Act 2000. All relevant policies are all EEA and Monegasque risks incepted at Lloyd's between 1993 and 12 April for direct business and 29 October 2020 for

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Inwards German reinsurance business not already written into LIC. On the same date, the Syndicate entered into a 100% Quota Share Reinsurance Agreement whereby LIC reinsured all risks on the same policies back to the relevant open years of account of the Syndicate which wrote the transferring policies and/or inherited liabilities on transferring policies through Reinsurance to Close of earlier years of account. The intent of the transfer is to leave the Syndicate in the same economic position as it was prior to the transfer and policy holders should not be impacted by the transfer.

Following the sanction of the scheme by the High Court on 25 November 2020, the scheme took effect on 30 December 2020 and the Members and former Members of the Syndicate transferred the impacted EEA policies and related liabilities to LIC, together with cash of \$1,706,863.86 (£1,249,717.28). On the same date, under the Reinsurance Agreement, Lloyd's Brussels reinsured the same risks back, together with an equal amount of cash of \$1,706,863.86 (£1,249,717.28).

The combined effect of the two transactions had no economic impact for the Syndicate, and accordingly there is no impact on the Syndicate's income statement and no net impact on the balance sheet. No adjustment has been made in the segmental note for transactions that occurred in respect of the transferred business up to the date of the transfer, which is consistent with the income statement presentation. There were no outstanding debtor and creditor balances in respect of the transferred business. Consequently, no reclassification of debtor and creditor balances that were previously classified as arising out of direct reinsurance operations have been reclassified as arising out of reinsurance operations.

The previous year underwriting results for the transferred policies were reported in the same classes of business as in prior years, as the effective date of the transfer was 30 December 2020, and in line with Society of Lloyd's guidance no movements were processed on these policies on 31 December 2020. From 2021 onwards, results relating to these risks are reported under the Inwards Reinsurance class of business, reflecting the new contractual arrangement with LIC.

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Notes to the financial statements for the year ended 31 December 2021 (continued)

25. Lloyd's Part VII transfer (continued)

The effect of the transaction on the primary statements at 31 December 2021 is shown below for each stage of the transaction:

<i>E'000s</i>	<i>Stage 1- Part VII transfer to LIC</i>	<i>Stage 2-100% RI from LIC</i>	<i>Stage 4- transfer of rights to sundry assets</i>	<i>TOTAL</i>	<i>Stage 3- transfer of cash to float accounts at 04.01.21</i>
Income statement					
Gross written premium	(1,250)	1,250	-	-	-
Balance sheet					
Cash	(1,250)	1,250	-	-	(490)
Deposits with ceding undertakings	-	-	-	-	490
Other creditors	-	-	-	-	-

The table above shows the effect of Stage 1 (cash transfer in respect of liability transfer to LIC treated as negative written premium), Stage 2 (reinsurance premium paid to Syndicate for assumed reinsurance) and Stage 4 (transfer of rights relating to recovery of loss funds third party coverholder to LIC). Note, the Syndicate has no unearned premium or premium debtors on any transferring business and therefore there are no accounting entries relating to these.

As shown to the right of the table above (Stage 3), on 4th January 2021 funds in the following amounts were transferred from the Syndicate's bank accounts to settlement float accounts held with Lloyd's Insurance Company: EUR 496k, USD 48k, GBP 7k, CAD 3k. These funds will be used to pay claims falling due on transferred business and will be topped up periodically as required.

26. Post balance sheet events

On 24th February 2022 Russian forces invaded Ukraine and the emerging crisis is of ever-increasing concern as the conflict and human tragedy escalates. The Company and Syndicate do not have material underwriting exposure in respect of the current conflict areas and have no direct investment exposure to Russia or Ukraine or positions under sanctions. The Directors continue to monitor the situation as it develops.

On 10th March 2022 SiriusPoint Ltd (SiriusPoint) entered into a strategic partnership with Mosaic Insurance Ltd (Mosaic) whereby SiriusPoint will invest in Mosaic to support growth, provide underwriting capacity to Mosaic's syndicated capital program and provide access to global licenses and infrastructure. Subject to Lloyd's and regulatory approvals, SiriusPoint will sell Sirius International Managing Agency Ltd (SIMA) to Mosaic. SIMA will continue to provide services to Syndicate 1945 via a Third Party Syndicate Management Agreement.

27. Called up Share capital

There is a single class of Ordinary Shares of £1 each. There are 4 (2020: 3) ordinary shares allotted and paid at 31 December 2021 amounting to nominal value of £4 (2020: £3).

The ordinary shareholder represents 100% of the economic rights of the Company. Any profits available for distribution may be distributed to the holder of the Ordinary Shares.