

BRIT SYNDICATES LIMITED  
SECTION 172 (1) STATEMENT  
31 DECEMBER 2023

**Registered No. 00824611**

***This Section 172 (1) Statement is reproduced from Brit Syndicates Limited's 2023 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 30 April 2024.***

### ***Introduction***

As Directors of Brit Syndicates Limited, our key responsibility is to promote the success of the Company. This principle is embodied in our terms of reference and is the cornerstone of our discussions and our decision making.

Each Director is cognisant that in discharging this key responsibility, they must have regard to matters set out in s172(1) (a-f) of the Companies Act 2006. The Directors of Brit Syndicates Limited consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company.

### ***The Board's approach to section 172(1) and decision making***

The Board's terms of reference, which are reviewed annually, clearly articulate the Board's responsibilities, the role of the Chair and matters reserved for the Board. They also set out which of the Board's powers and responsibilities may be delegated to other committees and the governance mechanisms by which the Board monitors those committees' activities and performance. The Chair ensures that these terms of reference are adhered to and, by doing so, ensures that Directors have due regard for all appropriate factors during the decision-making process.

### ***Our strategy***

The Board is responsible for a number of key strategic decisions. The Company's strategy and business plans, and for those of the syndicates it manages, are approved annually by the Board. The Board assesses how the strategy underpins long term value creation. Such matters are discussed at the Brit's annual strategy day, in which the Directors of the Company participate. On-going performance is discussed and monitored at Board meetings.

The Directors' assessment of long-term value creation also considers the Company's and syndicates' resilience. They determine and monitor underwriting, reserving, business, operational, credit, market and liquidity risk appetites and tolerances. They ensure the Company has an effective risk management framework in place, approve the annual 'Own Risk and Solvency Assessment' (ORSA) of the Lloyd's Syndicates it manages.

### ***Board information***

The Board receives regular information on a range of relevant topics and receives information on other areas as requested by the Directors from time to time.

The Board receives regular formal updates on the operations and performance of the Company and the syndicates it manages, from senior officers of the Brit Limited Group including the Group Chief Executive Officer, the Group Chief Financial Officer, the Chief Underwriting Officer, the Chief Actuary and Chief Risk Officer and the Group Head of Claims and Operations. In addition, the Board receives and considers a number of annual reports, such as the Whistleblowing Annual Report. From time to time the Board also receives detailed reports on specific areas for it to consider.

### ***Our policies and practices***

All relevant factors are appropriately addressed by the Board when considering matters reserved for it, as set out in its terms of reference. The Board also ensures that appropriate consideration is given to relevant factors by the committees to which it delegates responsibilities. The Board reviews the terms of reference of such committees on an annual basis and receives regular updates and reports from those committees' chairs.

The Board also reviews the Company's key policies on a regular basis, ensuring that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business. These policies help to promote the long-term success of the Company by focusing on areas such as the key operations of the Company.

The Board reviews its key stakeholder map on an annual basis. New key stakeholder relationships are identified through information received and considered by the Board on a regular basis, or through the Board's consideration and approval of substantial contracts and commitments.

## **Training**

To assist the Directors discharge their responsibilities, they are provided with on-going training and development opportunities. They have received a number of in-depth briefings on specific relevant issues. For the wider workforce, there is a comprehensive staff development program tailored to meet individual needs. Elements of this training are mandatory, with all staff required to successfully complete e-learning modules on key areas such as money laundering, bribery and corruption, data protection, fraud and cyber risk.

## **Our culture**

Building and maintaining the Company's reputation and its high standards of business conduct are essential to the future success of the Company. This is embedded in our culture. Our brand purpose informs everything we do, from how we communicate, to how we develop and deliver our services, to how we work together. The Company also maintains a Code of Conduct setting out the standard we expect from all of our staff. This is regularly reviewed and updated, and compliance is attested to by each employee on an annual basis.

## **Our stakeholders**

The Board recognises the importance of engaging with its broader stakeholder base. Key stakeholders are set out below, together with why and how we engage with them and the outcomes of that engagement.

The Board recognises the importance of engaging with the Company's key stakeholders. As Managing Agent of Syndicates 2987, 2988 and 1618, the Company's stakeholders align to those of the underlying syndicates.

<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<p><b>Clients and Intermediaries</b></p> <p>As a specialty insurer, almost 100% of Brit's business is distributed via intermediaries. Engagement and building strong relationships with our intermediaries is crucial to source business and deliver the best service and products.</p> <p>When a client has a claim, their life or business has been disrupted, or even put in peril, and they expect their insurance to deliver. We have to fulfil that commitment.</p>	<p>Engagement by Brit underwriters takes a number of forms, with a mix of electronic and in person meetings in 2023.</p> <p>To maximise our relationships, Brit has entered into agreements with seven of our largest brokers, which gives access to a range of services.</p> <p>When a client has a claim, we adopt a proactive approach, engaging directly with them or their intermediary to expedite matters and to ensure their needs are met.</p>	<p>Such engagement allows us to provide a risk service that helps clients prepare for, manage and mitigate risk. They allow us to quickly take advantage of new opportunities and understand and satisfy changing customer needs.</p> <p>Engagement with our clients, intermediaries and other service providers reinforces our provision of a risk service. It helps people move on from an event and helps them move forward rapidly with confidence.</p>
<p><b>Reinsurers</b></p> <p>Brit purchases reinsurance to help manage risk, reduce volatility, enhance earnings, control aggregations and create capital efficiency. We also engage when we make recoveries under the cover we have purchased.</p>	<p>Brit uses its appointed brokers for the majority of reinsurer interactions, allowing us to benefit from their expertise. Brit also engages directly with reinsurers, such as when there is a need to achieve broader strategic aims which would involve more than one broker.</p>	<p>This engagement allows Brit to access up to date market information and to access a broad range of reinsurance counterparties and products, thereby managing its risk appetite effectively. When we make recoveries, such engagement helps to expedite the recovery process.</p>

<p><b>Investment managers</b></p> <p>We are responsible for managing the syndicates' assets. We implement our investment strategy using the expertise of investment managers. We engage with them to monitor performance and to ensure assets are managed within the restrictions set out in investment management agreements (IMAs).</p>	<p>We have regular discussions with our managers to monitor performance and assess market outlook. We also receive regular reports and have regular ad-hoc calls and meetings. Managers regularly present to the Board and Investment Committee.</p> <p>We also perform annual due diligence meetings to review the operational aspects of the investment managers' processes.</p>	<p>Such engagement ensures assets are managed within risk tolerances and guidelines and that any changes are implemented in a timely fashion. Insights from our managers enhance our investment strategy and performance.</p> <p>Engagement also allows us to assess investment managers' ESG related skills, which helps implement our own ESG investment strategy.</p>
<p><b>Capital providers</b></p> <p>Working with capital providers within Brit ensures our objectives and strategy are aligned, and that our core philosophies are embedded in our underwriting and claims services.</p> <p>Working with third party capital providers creates the opportunity to increase Brit's proposition to clients and leverages our operational infrastructure resulting in a more efficient model.</p>	<p>There is significant ongoing engagement. BSL executive Directors also sit on other Brit Boards and Brit's Executive Committee. BSL participates in Brit's strategy days.</p> <p>Brit engages with capital providers to understand their appetite and capacity. Brit formally meets each provider regularly to discuss performance, outlook and other relevant matters.</p>	<p>This engagement helps ensure that the strategy of BSL is aligned to and supported by both the wider Brit Group and our ultimate shareholders.</p> <p>The success of Ki Syndicate 1618 and Syndicate 2988 is dependent on developing strong relationships with third party capital providers. Such engagement helps facilitate this and helps ensure that our propositions can continuously evolve in line with investor appetite.</p>
<p><b>Regulators</b></p> <p>Regulators are key stakeholders for any regulated business and BSL's Board is proactive in ensuring that Brit meets regulators' expectations around compliance, transparency and aligning the business with regulators' objectives.</p>	<p>The company engages with its principal regulators through:</p> <ul style="list-style-type: none"> <li>• Regular meetings including at Director level;</li> <li>• Sharing of key business updates and internal documents;</li> </ul> <p>Responding to thematic reviews and information requests;</p>	<p>Engagement with regulators:</p> <ul style="list-style-type: none"> <li>• Allows Brit to respond promptly to areas of regulatory focus;</li> <li>• Enables us to contribute to their understanding of the market and best practice;</li> <li>• Assists Brit to meet the prudential and conduct standards required;</li> <li>• Ensures all staff understand their regulatory responsibilities.</li> </ul>
<p><b>Key suppliers</b></p> <p>We rely on a number of key suppliers to help us meet the needs of our customers' and those of other stakeholders. On-going engagement helps us ensure that those needs are met and standards are maintained. Such suppliers include Brit Group Services Limited and providers of claims management services.</p>	<p>Brit has a rigorous on-boarding process for new suppliers. Partnerships with critical suppliers are fostered by a range of activities including ongoing dialogue and face to face meetings. We also engage in areas such as technical and product roadmaps, integration planning and disaster recovery.</p>	<p>Such engagement helps us to:</p> <ul style="list-style-type: none"> <li>• Provide a better service to and satisfy stakeholders' needs;</li> <li>• Enhance operational processes, leading to efficiencies;</li> <li>• Comply with laws and regulations;</li> <li>• Improve technological resilience;</li> </ul>

		<ul style="list-style-type: none"> <li>• Ensure supplier robustness and integrity.</li> </ul>
--	--	---

**Key decisions made by the Directors during the year**

<p><b>2024 Business Planning and Capital</b> The Directors reviewed and approved the 2024 Syndicate Business Plans for Syndicates 2987, 2988 and 1618, together with the capital required to support those plans.</p> <p>In relation to Syndicate 2987, that plan proposes low growth in capacity (at comparable FX rates) over the prior year. As with previous years, the portfolio will be actively managed to achieve opportunistic growth and the remediation of weaker performing classes of business.</p> <p>In relation to Syndicate 2988, capacity is planned to reduce (at comparable FX rates) over the prior year – reflecting, in part, the decision to cease writing US Property business. Whilst that business segment continues to be attractive, the decision aims to achieve more stable returns for investors by reducing exposure to natural catastrophe events.</p> <p>In relation to Syndicate 1618, the rate of capacity growth compared to prior years is expected to slow as the portfolio stabilises. Following the development of the Ki business model, the 2024 plan also reflects the writing of all Syndicate business via a delegated Service Company Agreement with Ki Digital Services Limited.</p>
<p><b>ESG Strategy</b> The Directors reviewed and approved refinements to the ESG strategy to focus on the four core pillars that guide the company’s efforts to ensure the long-term sustainability of the business. Those pillars are: Reducing our Brit Environmental Footprint, Enabling the Transition, Responsible Product Development and an Inclusive Culture for our people.</p>
<p><b>Strategic Broker Agreements</b> During the year, the Directors approved a number of significant broker agreements – having regard to their individual commercial value and alignment to the long-term strategic objectives of the Syndicates.</p>
<p><b>Solvency II Technical Provisions and Solvency Capital Returns</b> Again, having regards to the policy to prepare reserves on a best estimate basis, the Directors reviewed and approved on a quarterly basis the technical provisions prepared on a Solvency II basis. Related to that process the Directors also reviewed and approved (or ratified where appropriate) the quarterly and annual solvency returns to be submitted to the Corporation of Lloyd’s.</p>
<p><b>Solvency II Technical Provisions and Solvency Capital Returns</b> Again, having regards to the policy to prepare reserves on a best estimate basis, the Directors reviewed and approved on a quarterly basis the technical provisions prepared on a Solvency II basis. Related to that process the Directors also reviewed and approved (or ratified where appropriate) the quarterly and annual solvency returns to be submitted to the Corporation of Lloyd’s.</p>
<p><b>Risk Management</b> The Directors reviewed and approved the risk management framework and the key outcomes from the annual ORSA process for each Syndicate. In reviewing those items, the Directors considered the need to maintain alignment of the risk management framework to the strategic objectives of the Syndicates.</p>
<p><b>Syndicate 2988 Reinsurance to Close (RITC)</b> In line with Lloyd’s practices, the Directors reviewed and approved various matters to bring about RITC of the 2020 year of account for Syndicate 2988. In approving those matters, the directors believed that the level of uncertainty was insufficient to undermine the integrity of the reinsurance premium and that the procedures adopted to derive that premium achieved equity between members.</p>
<p><b>Governance</b> To ensure the continual effectiveness of the company’s governance arrangements, the Directors refreshed the Terms of Reference for the Board and Board Committees and performed periodic reviews of various policies, including the Whistleblowing Policy.</p>

**Operational Resilience**

The Directors assessed the ongoing operational resilience of the business. In accordance with PRA and FCA requirements, that assessment included a review of (1) the Operational Resilience Self-Assessment; (2) the population of Important Business Services and their associated Impact Tolerances and (3) the need for any further investment in operational resilience at that moment in time.

**Compliance and Regulatory**

During the year, the Board: (1) conducted an annual review of the compliance plan and policy; (2) approved a population of metrics to further monitor conduct risk within the business (and thus assist with their annual attestation of compliance against the FCA's Consumer Duty regime); (3) reviewed an annual self-assessment of the Company in its capacity as Principle to Brit Insurance Services Limited, pursuant to the FCA's Appointed Representative regime and (4) attested to the maturity level of each Syndicate in relation to the Lloyd's Principles.

**Cash Call**

To preserve liquidity in Syndicate 2987, the Directors issued a cash call on Brit UW Limited (BUWL), equal to the 2020 year of account surplus due to the corporate member.