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CNA / HARDY

Syndicate 382

**Annual Report and Accounts
for the year ended
31 December 2025**

Specialist Insurance Solutions



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Directors and Administration

Managing agent

Hardy (Underwriting Agencies) Limited

Executive directors

C Kearney
J Rehman
L Skeels
D Stevens

Non-executive directors

S Lindquist
M Nadiello (appointed 10 April 2025)
J Possell (appointed 10 April 2025)
S Stone (resigned 10 April 2025)
R Thomson
S Wood
D Worman (resigned 10 April 2025)

Managing agent's registered office

20 Fenchurch Street
London EC3M 3BY

Managing agent's registered number

1264271

Active underwriter

C Magnus

Bankers

Citibank N.A.
Barclays Bank plc

Investment managers

Goldman Sachs Asset Management International

Registered auditor

BDO LLP
Statutory Auditor
London, United Kingdom

Reporting actuaries

KPMG LLP

Strategic report of the Managing Agent

Introduction

The directors of Hardy (Underwriting Agencies) Limited ("HUA") present their strategic report for Syndicate 382 ("the Syndicate") for the year ended 31 December 2025. The audited financial statements are prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulation 2008 ("the Regulations") and applicable Accounting Standards in the United Kingdom, including FRS 102 and FRS 103.

HUA is the managing agent for Syndicate 382 ("the Syndicate") whose principal activity is underwriting general insurance and reinsurance business at Lloyd's of London ("Lloyd's").

HUA is wholly owned by Hardy Underwriting Bermuda Limited ("HUB") a Bermudian holding company. Hardy Underwriting Limited ("HUL"), another wholly owned subsidiary of HUB, is a corporate member at Lloyd's and is the sole provider of underwriting capacity to Syndicate 382.

HUB is wholly owned by The Continental Corporation ("TCC"), a wholly owned subsidiary of CNA Financial Corporation ("CNAF"), which, in turn, is controlled by Loews Corporation ("Loews"). References to "CNA" in this report are to CNAF and its group undertakings.

CNA is the one of the largest commercial property and casualty insurance companies in the United States of America ("U.S."). As of 31 December 2025, it has approximately 6,600 employees and its insurance products include commercial property and casualty coverages, including surety. CNA's products and services are primarily marketed through independent agents, retail and wholesale brokers and managing general underwriters to a wide variety of customers, including small, medium and large businesses, insurance companies, associations, professionals and other groups.

Overview of results

The Syndicate reported a profit of £51.6 million in 2025 compared to a profit of £27.7 million in 2024. The calendar year combined ratio was 92.8% (2024: 96.8%). The profit in the Syndicate was driven by an underwriting profit of £20.2 million (2024: £9.1 million) and investment returns of £32.8 million (2024: £23.4 million).

The Syndicate reported an increase in gross written premiums of 1.8% to £341.5 million for the year from £335.5 million for 2024. Strong retention and new business offset the impact of some downward pressure on rate.

Net written premiums in 2025 of £294.4 million increased from the prior year of £274.4 million. Increased gross written premium and reductions in reinsurance spend were the key drivers behind the increase.

The net loss ratio of 62.2% represented a 2.7% improvement over the prior year ratio of 64.9%, with a lower impact from large loss activity in the year.

The Syndicate shares its operating and management structure with other group companies, CNA Insurance Company Limited ("CICL") and CNA Insurance Company (Europe) S.A. ("CICE"). All three businesses operate under a combined operating platform with certain management and administrative services being provided by a service company, CNA Services (UK) Limited ("CNA Services"), an indirect subsidiary of CNAF. The Syndicate pays CNA Services, which employs all UK staff, a management fee for the provision of management and administration services.

Syndicate operating expenses are made up of commissions paid to brokers and general administrative expenses. In addition, HUA charged the Syndicate a fixed fee of 0.075% of allocated underwriting capacity.

Strategic report of the Managing Agent - continued

The expense ratio for the year of 30.6% represented an improvement compared to the prior year ratio of 31.9%, driven by increased premium levels and lower impact from ceded costs.

The Syndicate transacts insurance business in five main settlement currencies (Pound sterling, Euro, US dollars, Canadian dollars and Japanese yen), and manages the currency mix of its assets to broadly match liabilities and mitigate the economic effects of exchange rate volatility. During the year the Syndicate recorded losses on foreign exchange of £2.7 million (2024: losses of £6.3 million).

Key performance indicators

The Syndicate uses a range of key performance indicators (“KPIs”) to measure performance against its objectives and overall strategy.

The following KPIs are considered most relevant to measuring the Syndicate’s performance in 2025. The loss ratio is derived by taking net claims incurred over net earned premiums. The expense ratio references operating expenses as a percentage of net earned premiums.

	2025 £m	2024 £m
Gross written premiums	341.5	335.5
Net written premiums	294.4	274.4
Profit for the financial year	51.6	27.7
Loss ratio	62.2%	64.9%
Expense ratio	30.6%	31.9%
Combined ratio	92.8%	96.8%

Financial position

Overview of financial position and capital requirements

HUL provides 100% of the underwriting capacity for the Syndicate. The underwriting capacity was £380.0 million for the 2024 and 2025 years of account. For the 2026 year of account, the underwriting capacity will stay at the same level of £380.0 million.

Total capital and reserves have increased by £32.1 million to £103.2 million despite the profit distribution in the year of £19.5 million. Capital coverage of resources over requirements is determined under rules prescribed by Lloyd’s and the Solvency UK regime. Capital resources include the Syndicates’ capital and reserves valued under these rules and capital held in Funds at Lloyd’s (“FAL”). Capital requirements are established by the usage of HUA’s internal model. The capital required to support the Syndicate’s underwriting capacity is 101.5% (2024: 95.5%).

The FAL requirement is partly provided by CICL and by Continental Casualty Company (“CCC”), members of the CNA group. These arrangements have been approved by the relevant regulatory authorities, including the Prudential Regulation Authority (“PRA”) and Lloyd’s.

Investments

To the extent possible, cash flows in excess of operational requirements are re-invested in the Syndicate’s investment portfolio. The Syndicate has in place processes to monitor operating cash flows which ensure that investment returns are maximised whilst maintaining adequate cash resources to meet operating expense and claim requirements.

The Syndicate’s investment guidelines are regularly reviewed and, as part of this process, the duration of the investment portfolio is managed to closely match the duration of the Syndicate’s underlying liabilities. The Syndicate continues to invest primarily in high grade corporate and government bonds in accordance with its stated investment strategy.

Strategic report of the Managing Agent - continued

Business operations

Underwriting staff, management and most support functions are located in the managing agent's head office in London. Additional support services are provided from offices in the UK regions.

The Syndicate's strategy is to underwrite business with a focus on underwriting profit purchasing reinsurance where necessary to facilitate a meaningful line size or to protect against potential accumulations of exposure.

Corporate governance

Ultimate responsibility for the Syndicate's affairs rests with HUA's Board of directors. The Board is responsible for approving the Syndicate's business plan and its strategies with regard to risk management. The Board provides leadership based on a framework of controls and risk management disciplines and sets the Syndicate's risk appetite. The Board also seeks to ensure compliance with all relevant internal and external regulations governing the Syndicate's activities. The Board meets quarterly and consists of executive directors, CNA non-executive directors and independent non-executive directors including an independent Chair.

The Board operates with three principal committees: an Audit Committee, a Risk Committee and an Underwriting Committee. Each committee has clear terms of reference for the matters for which it is responsible and reports to the Board. The Board, Audit Committee and Risk Committee are chaired by an independent non-executive director. The Underwriting Committee is chaired by the Chief Executive Officer. The corporate governance framework is reviewed and approved by the Board at least annually to ensure its continued effectiveness.

The Syndicate is authorised and regulated by the PRA and Lloyd's and is also regulated by the Financial Conduct Authority ("FCA"). The Syndicate works closely with Lloyd's to ensure it is compliant with all legal and regulatory requirements.

The Syndicate is committed to ensuring that its strategy, leadership, decision making and control framework are all central to the reasonable expectations of, and reflect the fair treatment of, its policyholders.

Principal risks and uncertainties

The Syndicate's appetite for accepting and managing risk is defined by the Board.

The Chief Actuary and Risk Officer is responsible for ensuring effective risk management across the Syndicate by providing overall leadership, vision, and direction for enterprise risk management.

The Risk Management Framework ("RMF") is designed to provide a consistent approach to the management of risks, ensuring an agreed and widely understood approach and language (taxonomy) is used in the identification, assessment, management, monitoring and reporting of all risks faced by the Syndicate. Qualitative and quantitative risk assessments are performed to produce a comprehensive picture of risks and exception reporting ensures that significant risks are reported and monitored at the appropriate levels.

Set out below are the principal risks and uncertainties to which the Syndicate is exposed. Information regarding how the Syndicate manages risk, including group risk, is disclosed in Note 4 to these financial statements.

Strategic risk

Strategic risk is the potential impact on earnings or capital from an incorrect strategy being set, improper business decisions, failure to execute plans or strategic ambitions, lack of responsiveness to industry changes and ill-disciplined growth in a soft market.

In addition, the Syndicate considers any form of risk that could affect multiple areas of the business simultaneously to be a strategic combination risk. Annual business plans are agreed by senior management and tracked against actual performance throughout the year.

Strategic report of the Managing Agent - continued

Principal risks and uncertainties - continued

Insurance risk

Insurance risk is the risk associated directly with the Syndicate's underwriting activities. This includes the risk associated with inaccurate or inadequate pricing of insurance policies, inappropriate or poorly controlled underwriting guidelines and authority limits, unexpectedly high frequency, or severity of claims experience, and inadequate or inaccurate loss reserving.

To mitigate these risks, the Syndicate has in place controls and governance processes designed to closely monitor its underwriting activities. These include, but are not limited to, the oversight of the Underwriting Committee, the operation of the underlying working groups, the issuance of underwriting authority limits and guidelines, the extensive use of technical pricing models, and regular underwriting audits.

Financial risk – Credit, Market and Liquidity

Financial risk includes the risks associated with investment activities, credit, liquidity and foreign currency exchange. Investment risk includes the impact of market volatility on asset values associated with interest rate volatility. Other notable exposures are bond default risk (the risk that an issuer of a bond may be unable to make timely principal and interest payments) and reinsurer default risk (the risk that the Syndicate's reinsurers would be unable or unwilling to pay their share of reinsurer liabilities). Either may result in financial loss to the Syndicate.

The Syndicate manages investment risk through an Investment Group, responsible for establishing and maintaining an investment policy in line with the risk appetite of the Syndicate. In addition, the Investment Group is responsible for the management of all investment asset risks, the selection of its investment manager and reviewing investment performance.

Operational risk

Operational risk arises from the risk of losses due to inadequate or failed internal processes, people, systems, service providers or from external events. Risks include those from information security (including cyber) and technology related activities, legal and regulatory, financial reporting, and financial crime as well as those from operations, outsourcing and change. The Syndicate has in place business processes (including business continuity and resilience plans) and relevant internal controls to substantially mitigate operational risk, including a business continuity plan and IT disaster recovery plan.

Emerging risks

Emerging risks are newly developing or changing risks which are difficult to quantify, that could impact the Syndicate's ability to achieve its strategic objectives. Emerging risks can be new risks or evolving familiar risks.

Proactively researching and discussing these risks allows the Syndicate to reduce its exposure to these risks, develop strategies to protect the business and leverage these risks into commercial opportunities.

A framework is in place to identify, assess, mitigate, and monitor emerging risks via a working group of stakeholders across Risk, Claims, Risk Control, Exposure & Catastrophe Management and Underwriting.

Emerging risks are assessed on their velocity and potential impact on the Syndicate's strategy, focusing on potential mitigation actions and recorded in an Emerging Risk Register categorised using the PESTLE (Political, Economic, Social, Technological, Legal and Environmental) framework.

Strategic report of the Managing Agent - continued

Principal risks and uncertainties - continued

Emerging risks - continued

Emerging risks are regularly monitored as part of the quarterly review of all risks faced by the Syndicate. In addition, the Risk Function performs an annual deep dive of emerging risks aimed to identify and assess emerging risks / trends based on their relevance and potential impact on the Syndicate. The Risk Function reviews industry reports to identify emerging trends in the market. These insights are then supplemented with input from business stakeholders through a series of workshops.

Following the annual review, any agreed mitigating actions are monitored to completion. In certain circumstances, scenario testing of selected emerging risks may be performed as part of the ORSA process.

The Risk Committee receives regular updates on material changes and mitigating actions in respect of these identified emerging risks and the ESG Steering Committee regularly reports to the Risk Committee on climate change matters.

Climate change

The Company's Board of Directors ("the Board") is responsible for understanding and assessing the financial risks from climate change that affect the firm. The Board manages these risks through governance and review of the Company's activities led by the Risk Committee. The Risk Committee is in turn supported by an Environmental, Social and Governance ("ESG") Steering Committee which includes representatives from key senior leaders.

Risk management

The Board considers climate risks inherently embedded within all risks managed by the Syndicate, even if not listed explicitly in each risk category in this report. Climate risks are identified and assessed through the Company's Own Risk and Solvency Assessment ("ORSA") which is integrated into the Company's overall RMF. Through the ORSA the company considers the physical, liability and transition risks of climate change and considers scenario analysis based on the PRA's Climate Biennial Exploratory Scenario. In addition, the entity explicitly considers climate change within its Internal Capital Model.

Underwriting

The most significant exposure to climate-related financial risk is within the underwriting portfolio. In response to the increased loss potential arising from climate events, natural catastrophe risk exposure is carefully managed through portfolio management actions and the purchase of reinsurance protection. The Company has also continued to develop its' climate risk appetite and has implemented several actions aimed at managing the risk of climate change whilst continuing to support the needs of its policyholders as they carry out climate transition activities. The Syndicate actively participates in Lloyd's and Lloyd's Market Association activities with regards to climate change.

Investment management

The Syndicate has in place all of the components required to deliver on responsible investment strategies, including appetite, investment expertise, stewardship, ESG integration and reporting. The Company monitors the investment portfolio in the context of MSCI ESG ratings and it disposes of assets that are contrary to its sustainability strategy.

Future developments

The Syndicate aims to provide differentiated products to meet the needs of its targeted customer segments through its distribution channels. Focus is being given to developing the business across its existing products and geographies.

HUA expects competitive conditions persist into 2026. Rate softening remains more pronounced in property and casualty lines, though certain specialist classes continue to show resilience. The Syndicate will maintain disciplined underwriting and prioritise segments where pricing supports technical adequacy and sustainable profitability.

Strategic report of the Managing Agent - continued

Going concern

The Syndicate has risk management disciplines across its operations. In particular, the potential impacts of external conditions are continually assessed and mitigating actions are taken where appropriate. The Syndicate operates with a broad range of brokers, customers and other business contacts in different product lines and geographic areas. As a consequence, the directors believe that the Syndicate is well placed to manage its business risks successfully.

After making all relevant enquiries, the directors have a reasonable expectation that the Syndicate 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 financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in Note 1 to the financial statements.

Managing Agent's report

The directors of HUA, the managing agent of Syndicate 382, present their report and audited financial statements for the year ended 31 December 2025.

Directors

The directors who have held office in HUA since 1 January 2025 and up to the date of signing are as follows:

Executive directors

C Kearney
J Rehman
L Skeels
D Stevens

Non-executive directors

S Lindquist
M Nardiello (appointed 10 April 2025)
J Possell (appointed 10 April 2025)
S Stone (resigned 10 April 2025)
R Thomson
S Wood
D Worman (resigned 10 April 2025)

Results

In 2025 the Syndicate reported a profit of £51.6 million (2024: profit of £27.7 million).

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Syndicate's auditor is unaware; and
- the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Syndicate's auditor is aware of that information.

BDO LLP have expressed their willingness to continue in office as auditor of the Syndicate.

Information included in strategic report

The Syndicate has chosen to set out the following information in the strategic report which would otherwise be contained in the report of the directors of the managing agent:

- information on the financial risk management objectives and policies;
- indication of the exposures to relevant key risks; and
- indication of likely future developments in the business of the Syndicate.

Statement of Managing Agent's responsibilities

HUA is responsible for preparing the Syndicate annual financial statements in accordance with applicable law and UK Generally Accepted Accounting Practice.

The Regulations require HUA to prepare Syndicate annual financial statements as at 31 December each year to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year. In preparing the Syndicate annual financial statements, HUA is required to:

- select suitable accounting policies, which are applied consistently, subject to changes arising on the adoption of new accounting standards in the year;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the annual financial statements on the going concern basis unless it is inappropriate to presume that the Syndicate will continue in business; and
- the preparation and review of the iXBRL tagging that has been applied to the Syndicate financial statements in accordance with the instructions issued by Lloyd's, including designing, implementing and maintaining systems, processes and internal controls to result in tagging that is free from material non-compliance with the instructions issued by Lloyd's, whether due to fraud or error.

The directors are responsible for keeping adequate accounting records which: disclose with reasonable accuracy at any time the financial position of the Syndicate; and enable it to ensure that the Syndicate annual financial statements comply with the Regulations. They are also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for the prevention and detection of fraud.

We confirm that to the best of our knowledge the syndicate accounts, including the iXBRL tagging applied to these accounts, comply with the requirements of the Lloyd's Syndicate Accounts Instructions version 3.1 as modified by the Frequently Asked Questions version 1.1 issued by Lloyd's.

Approval

Approved by the Board of directors and signed on its behalf by:



D Stevens
Director
20 Fenchurch Street,
London EC3M 3BY
25 February 2026

Independent auditor's report to the member of Syndicate 382

Report on the audit of the Syndicate annual financial statements

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (the "LR 2008") and the requirements within sections 1 and 5 of the Lloyd's Syndicate Accounts Instructions Version 3.1 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd's (the "Lloyd's Syndicate Accounts Instructions").

We have audited the financial statements of Syndicate 382 (the 'Syndicate') for the year ended 31 December 2025 which comprise Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Member's Balances and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the LR 2008, the Lloyd's Syndicate Accounts Instructions and other applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

Other matter

We draw attention to the fact that this report may be included within a document to which iXBRL tagging has been applied. This auditors' report provides no assurance over whether the iXBRL tagging has been applied in accordance with the Lloyd's Syndicate Accounts Instructions.

Independent auditor's report to the member Syndicate 382 - continued

The Managing Agent is responsible for the other information. The other information comprises the information included in the Syndicate Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

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

- the information given in the Managing Agent's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Managing Agent's report has been prepared in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

In the light of the knowledge and understanding of the Syndicate and its environment obtained in the course of the audit, we have not identified material misstatements in the Managing Agent's report.

We have nothing to report in respect of the following matters in relation to which the LR 2008 requires us to report to you, if in our opinion:

- adequate accounting records have not been kept on behalf of the Syndicate;
- the financial statements are not in agreement with the accounting records;
- certain disclosures of Managing Agent emoluments and other benefits specified by law are not made;
- we have not received all the information and explanations we require for our audit.

Responsibilities of managing agent

As explained more fully in the Statement of Managing Agent's responsibilities, the Managing Agent is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Managing Agent determines 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 Managing Agent is responsible for assessing the Syndicate'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 Managing Agent either intends to liquidate the Syndicate or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the member Syndicate 382 - continued

Auditor's responsibilities for the audit of the syndicate annual financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Syndicate and the industry in which it operates;
- Discussion with management, those charged with governance and internal audit; and
- Obtaining an understanding of the Syndicate's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be Prudential Regulatory Authority ("PRA") rulebook, Financial Conduct Authority ("FCA") rulebook and those regulations set by the Council of Lloyd's.

The Syndicate is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be United Kingdom Generally Accepted Accounting Practice, LR 2008 and the Lloyd's Syndicate Instructions.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Review of complaints register and risk register.

Independent auditor's report to the member Syndicate 382 - continued

Auditor's responsibilities for the audit of the syndicate annual financial statements - continued

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Syndicate's policies and procedures relating to:
- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Involvement of forensic specialists in the audit to discuss how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of incurred but not reported reserves ("IBNR") and management override of controls.

Our procedures in respect of the above included:

- Assessing the valuation of IBNR by engaging BDO actuaries as auditor's specialists to perform an independent reprojection of a significant proportion of the Syndicate's books of business as well as carry out other procedures over the Syndicate's IBNR;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Reviewing unadjusted audit differences for indications of bias or deliberate misstatement.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

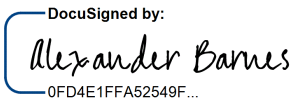
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the member Syndicate 382 - continued

Auditor's responsibilities for the audit of the syndicate annual financial statements - continued

Use of our report

This report is made solely to the Syndicate's members, as a body, in accordance with the LR 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Syndicate and the Syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Alexander Barnes (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street, London, W1U 7EU
25 February 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of profit or loss and other comprehensive income

Technical account – General business

For the year ended 31 December 2025

	Note	2025 £000	2024 £000
Gross premiums written	5	341,520	335,500
Outwards reinsurance premiums		(47,143)	(61,103)
Premiums written, net of reinsurance		294,377	274,397
<i>Changes in unearned premium</i>	16		
Change in the gross provision for unearned premiums		(6,323)	7,550
Change in the provision for unearned premiums, reinsurers' share		(6,175)	5,911
Net change in provisions for unearned premiums		(12,498)	13,461
Earned premiums, net of reinsurance		281,879	287,858
Allocated investment return transferred from the non-technical account	9	32,762	23,434
<i>Claims paid</i>	16		
Gross amount		(141,913)	(163,200)
Reinsurers' share		14,349	14,627
Net claims paid		(127,564)	(148,573)
<i>Change in the provision for claims</i>	16		
Gross amount		(30,531)	(79,917)
Reinsurers' share		(17,206)	41,643
Net change in provisions for claims		(47,737)	(38,274)
Claims incurred, net of reinsurance		(175,301)	(186,847)
Net operating expenses	6	(86,298)	(91,880)
Balance on the technical account – general business		53,042	32,565

Statement of profit or loss and other comprehensive income (continued):

Non-technical account – General business

For the year ended 31 December 2025

	Note	2025 £000	2024 £000
Balance on the technical account – general business		53,042	32,565
Investment income	9	21,736	20,347
Realised gains/(losses) on investments	9	(850)	(1,754)
Unrealised gains/(losses) on investments	9	12,172	5,126
Investment expenses and charges	9	(296)	(285)
Total investment return		32,762	23,434
Allocated investment return transferred to technical account		(32,762)	(23,434)
Loss on foreign exchange		(2,703)	(6,291)
Other income		1,227	1,418
Other expenses		-	-
Profit for the financial year		51,566	27,692
Total comprehensive income for the year		51,566	27,692

The accompanying notes from page 24 to 57 form an integral part of these financial statements.

Balance sheet – Assets

As at 31 December 2025

	Note	2025 £000	2024 £000
Financial investments	10	663,590	583,031
Deposits with ceding undertakings		432	1,702
Investments		664,022	584,733
Provision for unearned premiums		19,936	30,308
Claims outstanding		172,367	195,980
Reinsurers' share of technical provisions	16	192,303	226,288
Debtors arising out of direct insurance operations	11	130,118	125,638
Debtors arising out of reinsurance operations	12	2,725	7,416
Other debtors	13	26,822	26,767
Debtors		159,665	159,821
Cash at bank and in hand		24,905	26,602
Other assets		24,905	26,602
Accrued interest and rent		4,795	4,114
Deferred acquisition costs	14	32,376	33,240
Prepayments and accrued income		37,171	37,354
Total assets		1,078,066	1,034,798

Balance sheet (continued) – Liabilities

As at 31 December 2025

	Note	2025 £000	2024 £000
Members' balances		103,210	71,111
Total capital and reserves		103,210	71,111
Provision for unearned premiums		181,199	181,308
Claims outstanding		724,862	726,275
Technical provisions	16	906,061	907,583
Creditors arising out of direct insurance operations	17	1,250	962
Creditors arising out of reinsurance operations	18	52,937	44,625
Other creditors including taxation and social security	19	12,638	8,313
Creditors		66,825	53,900
Accruals and deferred income		1,970	2,204
Total liabilities		974,856	963,687
Total liabilities, capital and reserves		1,078,066	1,034,798

The Syndicate financial statements were approved by the board of Hardy (Underwriting Agencies) Limited 25 February 2026 and were signed on its behalf by:



David Stevens
Director
25 February 2026

Statement of changes in member's balances

For the year ended 31 December 2025

	2025 £000	2024 £000
Member's balances brought forward at 1 January	71,111	59,463
Total comprehensive income for the year	51,566	27,692
Payments of profit to member's personal reserve funds	(19,467)	(16,044)
Member's balance carried forward at 31 December	103,210	71,111

Statement of cash flows

For the year ended 31 December 2025

	Note	2025 £000	2024 £000 (restated)
Cash flows from operating activities			
Profit/(loss) for the financial year		51,566	27,692
<i>Adjustments:</i>			
Increase/(decrease) in gross technical provisions		(1,522)	76,655
(Increase)/decrease in reinsurers' share of gross technical provisions		38,676	(34,581)
(Increase)/decrease in debtors		(4,480)	(14,623)
Increase/(decrease) in creditors		12,702	7,605
Movement in other assets/liabilities		117	(1,776)
Investment return		(32,762)	(23,434)
Foreign exchange*		28,529	2,583
Net cash flows from operating activities*		92,826	40,121
Cash flows from investing activities			
Purchase of debt instruments*		(151,518)	(89,061)
Sale of debt instruments*		82,331	60,006
Investment income received		21,683	18,593
Other		1,270	(206)
Net cash flows from investing activities*		(46,234)	(10,668)
Cash flows from financing activities			
Distribution of profit		(19,467)	(16,044)
Net cash flows from financing activities		(19,467)	(16,044)
Net increase in cash and cash equivalents*		27,125	13,409
Cash and cash equivalents at the beginning of the year*		91,491	79,471
Foreign exchange on cash and cash equivalents*		(3,530)	(1,389)
Cash and cash equivalents at the end of the year*	20	115,086	91,491

* Refer to Note 3.R (prior period adjustments) for details of the restatement.

Notes to the financial statements

1. Basis of preparation

The Syndicate comprises a group of members of the Society of Lloyd's that underwrites insurance business in the London Market. The address of the Syndicate's managing agent is 20 Fenchurch Street, London, EC3M 3BY.

The Syndicate's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business operations and Future development paragraphs, which form part of the Strategic report.

Basis of accounting

The financial statements are prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulation 2008 and applicable Accounting Standards in the UK, including Financial Reporting Standard 102 ("FRS 102") and Financial Reporting Standard 103 ("FRS 103") and the Lloyd's Syndicate Accounts Instructions Version 3.1 as modified by the Frequently Asked Questions Version 1.1 issued by Lloyd's. The financial statements are prepared under the historical cost accounting rules as modified by the revaluation of investments.

The presentational currency of the Syndicate, which is also the Syndicate's functional currency, is Pound Sterling. See Note 4 for further details on foreign currencies.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The Syndicate has financial resources to meet its financial needs and manages its portfolio of insurance risk. The directors have continued to review the business plans, liquidity and operational resilience of the Syndicate and are satisfied that the Syndicate is well positioned to manage its business risks in the current economic environment.

The 2026 Year of Account has opened and the directors have concluded that the Syndicate has sufficient resources to, and a reasonable expectation that it will, open a 2027 Year of Account. The Syndicate has sufficient capital for each year of account in its FAL. There is no intention to cease underwriting or cease the operations of the Syndicate for the foreseeable future.

Accordingly, the directors of the Managing Agent continue to adopt the going concern basis in preparing the annual report and financial statements.

Prior period restatement

Please see Note 3.R for details around certain restatements within these financial statements.

2. Use of judgements and estimates

Key sources of estimation uncertainty are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Critical accounting judgements and key sources of estimation uncertainty in applying accounting policies are continually evaluated for appropriateness. Actual results may differ from these estimates.

There are no critical accounting judgements other than judgements in relation to key sources of estimation uncertainty.

Estimates

The Syndicate makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Notes to the financial statements – continued

2. Use of judgements and estimates - continued

Gross written premiums – estimated premium income (“EPI”)

Gross written premium (“GWP”) includes a key estimate for pipeline premiums together with adjustments to premiums written in prior accounting periods. GWP includes pipeline premiums calculated using actuarial projection techniques on the key assumption that historical development is representative of future development. In the Syndicate, GWP is initially based on the EPI of each contract, based on information provided by brokers and coverholders, past underwriting experience, the prevailing market conditions and the contractual terms of the policy. EPI is monitored and adjusted by actuarial projection techniques where appropriate. EPI is adjusted as the year of account matures. Premiums are earned on a straight-line basis over the life of each contract. The EPI within GWP relating to the current year of account is £126.2 million (2024: £126.6 million).

Outstanding claims provisions and related reinsurance recoveries

The Syndicate’s estimates for reported and unreported losses and the resulting provisions and related reinsurance recoverables are continually monitored and updated based on the latest available information. Adjustments resulting from updated reviews are reflected in the profit and loss account. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events. The estimation of claims provisions is a complex process, however, and significant uncertainty exists as to the ultimate settlement of these liabilities.

The most critical estimate included within the Syndicate’s balance sheet is the estimate for IBNR – both gross and reinsurers’ share. This estimate is critical as it outlines the current liability for future expenses expected to be incurred in relation to claims and related recoveries from reinsurers. The total estimate as at 31 December 2025 is £456.8 million (2024: £478.5 million) and is included within technical provisions in the balance sheet. The estimate for reinsurers’ share of IBNR is £132.4 million (2024: £158.2 million). The Syndicate’s estimate for unallocated loss adjustment expenses is based on an actuarial study at 31 December 2025 and was £6.3 million (2024: £6.5 million).

A significant portion of the Syndicate’s reserves relate to long-tailed liability classes of business, being those for which claims typically take longer to be reported and settled. This increases the uncertainty of the corresponding reserve estimates. For example, such liabilities are generally impacted more materially by claims inflation, since there is a greater period of time for which such inflationary uncertainty might have an effect.

3. Significant accounting policies

The principal accounting policies are summarised below. They have been applied consistently in dealing with items which are considered material in relation to the Syndicate’s financial statements. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

A. Disclosure exemption

The Syndicate is included in the consolidated financial statements of CNAF, a company incorporated in the United States of America, whose consolidated financial statements are publicly available at <https://investor-relations.cna.com/financial/latest-financials/default.aspx>. Consequently, the Syndicate has taken advantage of the disclosure exemptions available in Section 33 for FRS 102 in respect of transactions with wholly owned subsidiaries.

B. Basis of accounting for underwriting activities

Contracts are classified at inception, for accounting purposes, as insurance contracts. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire.

Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to pay benefits that were significantly greater than the premium received. Such contracts may also transfer financial risk.

Notes to the financial statements – continued

3. Significant accounting policies - continued

C. Premiums written

Premiums written comprise premiums on contracts inception during the financial year as well as adjustments made to premiums written in prior accounting periods. Premiums written on a Losses Occurring During (“LOD”) basis are recognised in the month of inception of the policy. Premiums written on a Risk Attaching During (“RAD”) basis are spread between the inception and expiry date of the policy. Premiums are shown gross of brokerage payable and exclude UK taxes and duties levied on them. In addition, premiums are shown net of premium discounts and certain other deductions. Estimates are made for pipeline premiums, representing amounts due to the Syndicate not yet notified. The amount due, but not paid, is included in insurance debtors in the balance sheet. Note 2 also covers the accounting for EPI.

Outward reinsurance premiums comprise premiums on reinsurance contracts inception during the financial year as well as adjustments made to reinsurance premiums from previous accounting periods. The amount due, but not paid, is included in reinsurance debtors in the balance sheet.

Reinstatement premiums on both inwards and outwards business are accreted to the technical account on a pro-rata basis over the term of the original policy to which they relate.

D. Unearned premiums

The provision for unearned premiums comprises the proportion of gross and ceded written premiums which is estimated to be earned in the following or subsequent financial periods, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

E. Acquisition costs

Acquisition costs incurred in acquiring general insurance contracts are deferred. Acquisition costs comprise the direct expenses of concluding insurance contracts written during the financial year. Deferred acquisition costs represent the proportion of acquisition costs (Gross and Ceded) incurred in respect of unearned premiums at the balance sheet date. The Syndicate defers only those acquisition costs which are directly related to the conclusion of insurance contracts as calculated separately for each class of business.

F. Claims provisions and related reinsurance recoveries

Claims incurred comprise all claim payments and internal and external settlement expense payments made in the financial year and the movement in the provisions for claims outstanding and settlement expenses, including IBNR, net of salvage and subrogation recoveries.

Outward reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inward reinsurance business being reinsured.

Provision is made for undiscounted claims outstanding and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims IBNR at that date. Included in the provision is an estimate of the internal and external costs of handling the claims outstanding. Estimated salvage and other recoveries are deducted from claims outstanding, if material.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Syndicate, where there is more available information about the claim event. In calculating IBNR, the Syndicate uses a variety of estimation techniques. These are largely based on actuarial analysis of historical experience, which assumes the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics, or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

Notes to the financial statements – continued

3. Significant accounting policies - continued

F. Claims provisions and related reinsurance recoveries - continued

- changes in Syndicate processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses, including catastrophes; and
- movements in industry benchmarks.

Large claims are generally assessed separately by each business class, being measured on a case by case basis, to allow for the possible distortive impact of the development and incidence of the large claims.

When calculating the provision for claims outstanding, the Syndicate selects an estimation technique taking into account the individual characteristics of each business class.

Reinsurance recoveries are based upon the provision for claims outstanding, having due regard to collectability. Reinsurance recoveries in respect of estimated IBNR are assumed to be consistent with historical patterns of such recoveries, adjusted to reflect any changes in the nature and extent of the Syndicate's reinsurance programme over time and with consideration given to recoveries implied by the Syndicate's internal model. The recoverability of reinsurance is assessed having regard to market data on the financial strength of each reinsurer.

The Syndicate takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and the directors therefore consider that its provisions for claims outstanding and related reinsurance recoveries are fairly stated. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Any adjustment made to amounts for claims provisions in respect of prior years is included in the Technical account within the financial statements of the period when such adjustment is made.

G. Unexpired risks provision ("URP")

A provision is made where expected claims and expenses on insurance contracts exceed the related unearned premiums, net of related deferred acquisition costs. A URP is offset against surpluses where business classes are managed together. A URP is only made if an aggregate deficit arises. At 31 December 2025, the Syndicate has an unexpired risks provision of £4.5 million (2024: £4.5 million) which is included within the claims outstanding liability on the balance sheet.

H. Foreign currencies

Foreign currency transactions are converted to the presentational and functional currency of the Syndicate (Pound sterling) using the prevailing exchange rate. Assets and liabilities denominated in foreign currency are revalued to functional currency at year end exchange rates. Income statement items denominated in foreign currency are booked using the prior month's closing rate. The resultant differences are recognised as foreign exchange differences in the non-technical account.

I. Liability adequacy test

At each reporting date an assessment is made to determine whether recognised insurance liabilities are adequate. If that assessment shows that the carrying amount of insurance liabilities (less related acquisition costs) is inadequate in the light of estimated future cash flows, the entire deficiency is recognised in the profit and loss account as an impairment of any associated deferred acquisition costs and, where these are fully depleted, via the provision for unexpired risks. The adequacy of the provision for unexpired risks is calculated separately by reference to classes of business that are managed together, after taking into account relevant investment return.

Notes to the financial statements – continued

3. Significant accounting policies - continued

J. Financial assets and liabilities

i. Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the statement of profit or loss and other comprehensive income. Financial assets and liabilities are classified on their initial recognition.

The initial classification of a financial instrument shall take into account contractual terms including those relating to future variations. Once the classification of a financial instrument is determined at initial recognition, re-assessment is only required subsequently when there has been a modification of contractual terms that is relevant to an assessment of the classification.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities and units in unit trusts (including short term investment blended funds) and debt and other fixed income securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Syndicate's investment strategy.

The Syndicate does not hold any non-derivative financial assets or financial liabilities for trading purposes although derivatives (assets or liabilities) held by the Syndicate are categorised as held for trading. Deposits with credit institutions, debtors, and accrued interest are classified as loans and receivables.

ii. Recognition

Financial instruments are recognised when the Syndicate becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Syndicate's contractual rights to the cash flows from the financial assets expire or if the Syndicate 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 expired.

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

iii. Measurement

Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency but excludes interest and dividend income.

Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method, except Syndicate Loans to the Central Fund which are measured at fair value through profit or loss.

iv. Identification and measurement of impairment

At each reporting date the Syndicate 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 recognised on an amortised cost asset 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.

Notes to the financial statements – continued

3. Significant accounting policies - continued

J. Financial assets and liabilities - continued

v. Off-setting

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Syndicate 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.

K. Investment return

Investment income comprises interest and coupon income and realised gains and losses on investments. Interest is recognised on an accrual basis.

Realised gains or losses represent the difference between the net sales proceeds and purchase price.

Interest payable and expenses incurred in the management of investments are accounted for on an accrual basis.

Unrealised gains or losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised gains and losses therefore includes the reversal of previously recognised unrealised gains and losses on investments disposed of in the current year.

All investment return is initially recognised in the non-technical account. It is then transferred to the technical account as it all relates to funds supporting underwriting business

L. Cash and cash equivalents

Cash and cash equivalents represent cash balances, money market deposits and other short-term highly liquid investments purchased within three months of maturity that are subject to an insignificant risk of changes in fair value and are used by the Syndicate in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

M. Taxation

Under Schedule 19 of the Finance Act 1993, managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from Syndicate investment income is recoverable by managing agents and consequently the distribution made to the member is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year have been included in the balance sheet under the heading “other debtors”.

No provision has been made for any other overseas tax payable by members on underwriting results.

Notes to the financial statements – continued

3. Significant accounting policies - continued

N. Deposits with ceding undertakings

Cash deposited with any ceding undertakings to provide liquidity to cover insurance liabilities remain the property of the Syndicate and are valued at fair value.

O. Operating expenses

Expenses incurred by CNA Services jointly are allocated to the Syndicate on bases depending on the amount of work performed, resources used, and the volume of business transacted.

P. Debtors and creditors

Insurance debtors and creditors include amounts due to and from agents, brokers and insurance contract holders. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Insurance debtors are measured at amortised cost less any provision for impairments. Insurance creditors are stated at amortised cost. The Syndicate does not have any debtors directly with policyholders, all transactions occur via an intermediary.

Reinsurance debtors and creditors include amounts due to and from reinsurers. These are classified as debt instruments as they are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Reinsurance debtors are measured at amortised cost less any provision for impairments.

Reinsurance creditors are stated at amortised cost. Reinsurance debtor principally relates to claims recoveries where the underlying claim has been settled and the recovery is due. Reinsurance creditors are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Other debtors principally consist of amounts due from members and sundry debtors and are carried at amortised cost less any impairment losses. Other creditors principally consist of amounts due to related syndicates and other related entities, profit commissions payable and other sundry payables. These are stated at amortised cost determined using the effective interest rate method.

Q. Classification of insurance and reinsurance contracts

Insurance and reinsurance contracts are classified as insurance contracts where they transfer significant insurance risk. If a contract does not transfer significant insurance risk it is classified as a financial instrument. All of the Syndicates written contracts and purchased reinsurance contracts transfer significant insurance risk and therefore are recognised as insurance contracts.

Notes to the financial statements – continued

3. Significant accounting policies - continued

R. Prior period adjustments

Financial investments classification

During the year the classification of money market fund holdings has been reviewed. Amounts previously reported within Participation in investment pools (£67.5 million), Deposits with credit institutions (£8.1 million) and Debt securities and other fixed income securities (£2.8 million) have been determined to be money market funds which should be classified in the category of Shares and other variable yield securities and units in unit trusts under FRS 102. These balances have been reclassified accordingly. In addition, £2.0 million previously reported within Deposits with credit institutions has been determined to meet the definition of Debt securities and other fixed income securities and has also been reclassified.

The prior-year comparatives have been restated to ensure consistency of presentation in accordance with FRS 102. All affected balances continue to be presented within Financial investments on the Balance Sheet. The reclassification impacts only Notes 4 and 10 and has no effect on the primary financial statements.

Statement of Cashflows: Cash equivalents recognition

Following a review of short-term investments, certain balances have been determined to meet the definition of cash equivalents under FRS 102, and the Statement of Cashflows for the year 2024 and Note 20 which provides the analysis of cash and cash equivalents, have been restated to reflect the correct composition of cash and cash equivalents. As a result, the related cash flows have been reclassified from investing activities to cash and cash equivalents in the Statement of Cash Flows for the comparative period.

Accordingly, cash and cash equivalents at 31 December 2024 have been restated to £91.5 million (previously £26.6 million). Cash and cash equivalents at 1 January 2024 have been restated to £79.5 million (previously £26.3 million), to reflect the correct composition of cash equivalents at 31 December 2023.

Within operating activities, the presentation has been enhanced by combining the line item “Other” with “Foreign exchange” to present all foreign exchange gains and losses within a single “Foreign exchange” line item. For 2024 “Other” was reported as £0.2 million and “Foreign exchange” as £13.3 million. The restated amount is £2.6 million. As a result, net cash flows from operating activities have been restated from £24.0 million to £40.1 million.

The reclassification also affects the presentation of investing cash flows. Purchases of debt instruments for 2024 have been restated to £89.1 million (previously £95.7 million) and sales of debt instruments to £60.0 million (previously £70.6 million). Net cash flows from investing activities have been restated to £10.7 million (previously £6.7 million). Foreign exchange movements on cash and cash equivalents have been restated to £1.4 million (previously £1.0 million). The net increase in cash and cash equivalents has been restated to £13.4 million (previously £1.2 million).

Deferred acquisition costs note

The presentation of the prior year movement in deferred acquisition costs in Note 14 has been corrected to show the movement of incurred acquisition costs as £62.3 million gross and £5.2 million ceded (£57.1 million net) from £61.9 million and £14.9 million (£47.0 million net), and the amortisation of deferred acquisition costs as £63.6 million gross and £6.3 million ceded (£57.3 million net) from £63.2 million and £16.0 million (£47.1 million net). The only impact from this correction is to Note 14. There is no impact on the income statement and the balance sheet as a result of this restatement.

Notes to the financial statements – continued

4. Risk and capital management

Introduction and overview

The Syndicate operates an extensive risk management system to manage and monitor its risks within the overall governance framework set by the Board. The narrative below describes how the principal risks of the Syndicate are managed.

Risk management framework

The Syndicate considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective risk management of risk provides an essential contribution towards the achievement of the Syndicate's strategic and operational objectives and goals.

The Board of HUA is responsible for risk management within the Syndicate, and communicates its risk strategy through its risk appetite statements. The Board is also responsible for ensuring that the Syndicate's Internal Model is embedded in the operation of its business and that the model is used to improve both the understanding of risk and the quality of the decision making at all levels across the business.

Risk management is an integral part of the Syndicate's decision-making and its routine management and is incorporated within the strategic and operational planning processes at all levels across the business. Employees are expected to manage risk as defined through their roles. This ensures that an assessment of risk remains central to decision-making.

Capital management

The capital position is managed to take account of the Syndicate's long-term needs and particularly of the underwriting cycle, since the variability of the Syndicate's exposures at different points in the cycle is critical. The Board's strategy is to ensure capital adequacy in accordance with commercial and regulatory requirements.

The Syndicate's corporate member is required to hold capital at Lloyd's which is held in trust in FAL. The amount of capital required to be provided as FAL for the 2025 Year of Account was determined by the Syndicate and Lloyd's on a Solvency UK basis, using an Internal Model.

A. Insurance risk

Insurance risk is the risk associated directly with the Syndicate's underwriting activities. This includes the risk associated with inaccurate or inadequate pricing of insurance policies, inappropriate or poorly controlled underwriting guidelines and authority limits, unexpectedly high frequency, or severity of claims experience, and inadequate or inaccurate loss reserving.

To mitigate these risks, the Syndicate has in place controls and governance processes designed to closely monitor its underwriting activities. These include, but are not limited to, the oversight of the Underwriting Committee, the operation of the underlying working groups, the issuance of underwriting authority limits.

i. Underwriting risk

Underwriting risk represents risk associated with the continuing acceptance of insurance policies by the Syndicate. This relates to the uncertainty as to whether premiums received will be sufficient to cover future incurred losses, including expenses as well as risks associated with potential volatility in claims experience.

Processes used to manage underwriting risk include the setting of underwriting and pricing standards and limits on risk-taking. The Syndicate also monitors and manages its natural catastrophe exposures and uses catastrophe modelling software in order to assess its risk. Where necessary, reinsurance is used to mitigate and transfer risk falling outside risk appetite. Additionally the Syndicate employs a business model that achieves diversification through the spread of business across territories and sectors. The Underwriting Committee is responsible for the management of underwriting risk, reporting to the Board.

Notes to the financial statements – continued

4. Risk and capital management - continued

A. Capital management - continued

ii. Control of aggregating exposures

Within an insurance business, aggregations of risk may arise from a single insurance contract or through a number of related contracts. Whilst some level of claims activity from these aggregations is expected on a regular basis, certain events, or a series of events, may occur that stress the business financially. Examples of such events are damage to property by fire and liability losses. The extent of the impact may also be very dependent on the size and location of the insured events.

Measurement and control of exposures are how volatility within the portfolio is constrained. It goes to the heart of the business' appetite for risk since exposures are contained at a level that represents the extent to which the Syndicate is prepared to bear a net loss. Control of aggregating exposures in vulnerable locations is clearly vital and is the key to maximising the potential for good underwriting profit in loss-free periods without, on the downside, over-exposing capital to the impact of large and costly events. Factors which would impact the assumption of risk in these circumstances include an appropriate pricing of risk, a spread of risk across geographical territories, and the availability, subject to cost, of a suitable reinsurance programme. The Syndicate determines the maximum total exposure levels to a range of events that it is prepared to accept. Beyond this level, no further exposure may be assumed. At any point in time, the current exposure position for the underwriting portfolio is available to underwriters, to enable them to assess the impact of individual risk exposures on the whole account.

The Syndicate monitors and controls exposures to all material types of aggregating risk, including natural catastrophe and man-made perils. For the most material natural catastrophe perils of windstorm, flood and earthquake, the Syndicate uses the AIR catastrophe model to quantify and manage exposures. Reinsurance is purchased to protect against aggregating events, to ensure that the Syndicate's net exposure to aggregating events is within risk appetite. A range of stress and scenario tests are also run during the year to examine the exposure to specific types of events.

iii. Management of reinsurance risks

Treaty reinsurance is purchased to proactively manage the volatility inherent in the business. The Syndicate seeks to balance cost versus protection through outward reinsurance treaty protections.

Reinsurance is used to protect the business against large individual risk losses as well as against catastrophe accumulations of risk. Both proportional and non-proportional reinsurances are employed. Facultative reinsurance may also be used in certain predetermined circumstances for individual risks.

The erosion and ongoing adequacy of the reinsurance programme, as well as the reinsurance credit risk, are also actively monitored.

iv. Reserve risk

Reserve risk is associated with liabilities the Syndicate has from insurance policies issued in the past. This is the risk that technical provisions and related claims handling reserves will be materially inadequate relative to the ultimate cost of settlement.

Reserves for business underwritten in the past are established through actuarial studies of the Syndicate's insurance liabilities. These studies are subject to management review and discussion by the Syndicate's Reserve Committee and Audit Committee. The Syndicate sets its reserves using a variety of established methodologies for all claims liabilities, whether those claims are reported or unreported. Where necessary, policies or parts of the portfolio that give rise to heightened uncertainty are segmented and analysed separately as part of the reserving process.

The drivers of underlying changes in estimates of reserves are identified and analysed. For the current accident year, additional sources of uncertainty, such as changes in pricing levels, catastrophe claims, significant external events, or the mix of business underwritten, are explicitly considered when setting reserves. To monitor the adequacy of previously established reserves, claims experience is reviewed each quarter to identify any deviations against expectations.

Notes to the financial statements – continued

4. Risk and capital management - continued

A. Capital management – continued

iv. Reserve risk - continued

The Claims department is responsible for the setting of individual case reserves. The primary source of information for claims is through the London Market Bureau (Xchanging). Information is also received directly from customers and brokers, which is used to complement the official advice of claims through the Bureau.

Critical to the reserve setting process is the assumption that the past claims development experience can be used to predict the future claims development and hence the ultimate cost of claims. Triangulation statistics that show the historical development of premiums and claims for each class of business and underwriting year are used to assist in the process of determining reserves. Numerous other factors and assumptions are applied to the claims historical progression data to assist in setting these estimates.

The following table presents the profit and loss impact of the sensitivity of the value of insurance liabilities disclosed in the financial statements to potential movements in the assumptions applied within the technical provisions. Given the nature of the business underwritten by the Syndicate, the approach to calculating the technical provisions for each class can vary and as a result the sensitivity performed is to apply a beneficial and adverse risk margin to the total insurance liability. The amount disclosed in the table represents the profit or loss impact of an increase or decrease in the insurance liability as a result of applying the sensitivity. The amount disclosed for the impact on claims outstanding – net of reinsurance represents the impact on the profit and loss for the year.

The factors include changes over time to the business mix and method of acceptance within each class of business, rating and conditions, legislation and court awards, claims inflation and economic conditions. By its nature, the process involves a significant amount of judgement, although every effort is made to ensure that the process and resultant reserves are set on a consistent basis and will be sufficient to meet the cost of claims when they are finally settled.

There is a significant amount of uncertainty in the reserve established, which may prove more or less than adequate. The level of uncertainty varies between classes of business and generally increases for longer tail classes of business. Any change in the estimate of a reserve, or a settlement at a value other than the reserve provided, is recognised in the reporting period in which the change is identified. Given the significant uncertainty in the best estimate reserve established, the booked reserve also includes an additional management margin for prudence. This margin increases the probability that the booked claim reserves will prove adequate. The margin amount is set by the Board and reflects both the degree of uncertainty around the actuarial best estimate and the reserve risk appetite of the Syndicate.

Notes to the financial statements – continued

4. Risk and capital management - continued

A. Capital management – continued

iv. Reserve risk - continued

General insurance business sensitivities as at 31 December 2025	Sensitivity	
	+5.0% £000	-5.0% £000
Claims outstanding – gross of reinsurance	36,243	(36,243)
Claims outstanding – net of reinsurance	27,625	(27,625)

General insurance business sensitivities as at 31 December 2024	Sensitivity	
	+5.0% £000	-5.0% £000
Claims outstanding – gross of reinsurance	36,314	(36,314)
Claims outstanding – net of reinsurance	26,515	(26,515)

B. Financial risk

The focus of financial risk management for the Syndicate is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The goal of the investment management process is to optimise the risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration matching basis.

a. Credit risk

Credit risk is the risk of loss if a counterparty fails to meet its contractual obligations resulting in a financial loss to the Syndicate. The Syndicate is exposed to credit risk primarily through its investment and insurance activities.

The exposure to credit risk from holdings of debt and other fixed income securities, is managed by adherence to the Syndicate's investment guidelines which detail minimum issuer credit quality, duration limits, and the maximum value of individual holdings. The average Standard & Poor's ("S&P") credit rating of the Syndicate's debt and other fixed income securities remained high throughout the year, and at 31 December 2025 was "A" (2024: "A").

The Syndicate is also exposed to credit risk as a result of its regular insurance and reinsurance activity. The areas of key exposure are the reinsurers' share of claims outstanding and debtors arising out of direct and reinsurance operations from intermediaries. Ceded reinsurance is used to mitigate risks arising from inwards business. Ceded reinsurance does not discharge the Syndicate's liability as primary insurer. If a ceded reinsurer fails to pay a claim, the Syndicate remains liable for the payment to the intermediary. Reinsurance coverages are normally placed with reinsurers who are included on the approved reinsurance security listing used by the Syndicate. Generally, these reinsurers will have an S&P credit rating of "A" or better.

With regard to direct insurance and reinsurance receivables, the Syndicate operates processes to review broker security and to monitor arrangements with managing general agents. Receivables consist of payments of premium due from a large number of intermediaries, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk – continued

a. Credit risk - continued

The Syndicate does not have a significant credit risk exposure to any single external counterparty or any group of counterparties. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The concentration of credit risk is substantially unchanged compared to the prior year.

Other financial investments are designated as fair value through profit or loss at inception, and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy. Other financial investments and cash at bank are neither past due nor impaired.

The assets bearing credit risk are summarised below:

Year 2025	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Shares and other variable yield securities and units in unit trusts	1,894	64,242	69,819	-	-	-	135,955
Debt securities and other fixed income securities	26,049	59,443	246,673	109,525	5,162	7,650	454,502
Participation in investment pools	-	-	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-	-	-
Syndicate loans to central fund	-	-	-	-	-	-	-
Other investments	31,343	8,159	7,418	2,976	23,237	-	73,133
Deposits with ceding undertakings	-	-	432	-	-	-	432
Reinsurers' share of claims outstanding	-	213	171,376	-	778	-	172,367
Debtors arising out of direct insurance operations	-	-	-	-	130,118	-	130,118
Debtors arising out of reinsurance operations	-	-	1,777	-	3	-	1,780
Cash at bank and in hand	-	-	24,905	-	-	-	24,905
Other debtors and accrued interest	-	-	24,039	-	-	7,578	31,617
Total	59,286	132,057	546,439	112,501	159,298	15,228	1,024,809

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk – continued

a. Credit risk - continued

Year 2024 (restated)	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Shares and other variable yield securities and units in unit trusts*	-	-	109,892	-	-	-	109,892
Debt securities and other fixed income securities*	137,807	62,317	88,269	97,285	21,401	-	407,079
Participation in investment pools*	-	-	-	-	-	-	-
Loans and deposits with credit institutions*	-	-	-	-	-	-	-
Syndicate loans to central fund	-	-	3,009	-	-	-	3,009
Other investments	28,338	6,833	5,434	3,461	18,985	-	63,051
Deposits with ceding undertakings	-	-	1,702	-	-	-	1,702
Reinsurers' share of claims outstanding	-	242	194,604	-	1,134	-	195,980
Debtors arising out of direct insurance operations	-	-	-	-	125,638	-	125,638
Debtors arising out of reinsurance operations	1	5	4,259	-	24	-	4,289
Cash at bank and in hand	-	-	26,602	-	-	-	26,602
Other debtors and accrued interest	-	-	22,624	-	-	8,257	30,881
Total	166,146	69,397	456,395	100,746	167,182	8,257	968,123

* Refer to Note 3.R (prior period adjustments) for details of the restatement.

The carrying amount of the above assets at the balance sheet date represents the maximum credit risk exposure. At year end, the Syndicate does not hold any investments in wrapped debt or other such fixed income securities. Credit ratings are given for financial assets that are neither past due nor impaired.

Financial assets that are past due or impaired

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due. These 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 assets is presented in the following table.

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk - continued

a. Credit risk – continued

Financial assets that are past due or impaired – continued

	Neither past due nor impaired assets	Past due but not impaired assets	Gross value of impaired assets	Impairment allowance	Total
2025	£000	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts	135,955	-	-	-	135,955
Debt securities and other fixed income securities	454,502	-	-	-	454,502
Participation in investment pools	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-
Syndicate loans to central fund	-	-	-	-	-
Other investments	73,133	-	-	-	73,133
Deposits with ceding undertakings	432	-	-	-	432
Reinsurers' share of claims outstanding	172,367	-	972	(972)	172,367
Debtors arising out of direct insurance operations	130,118	-	1,322	(1,322)	130,118
Debtors arising out of reinsurance operations	1,780	945	646	(646)	2,725
Other debtors and accrued interest	31,617	-	-	-	31,617
Cash at bank and in hand	24,905	-	-	-	24,905
Total	1,024,809	945	2,940	(2,940)	1,025,754

	Neither past due nor impaired assets	Past due but not impaired assets	Gross value of impaired assets	Impairment allowance	Total
2024 (restated)	£000	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts*	109,892	-	-	-	109,892
Debt securities and other fixed income securities*	407,079	-	-	-	407,079
Participation in investment pools*	-	-	-	-	-
Loans and deposits with credit institutions*	-	-	-	-	-
Syndicate loans to central fund	3,009	-	-	-	3,009
Other investments	63,051	-	-	-	63,051
Deposits with ceding undertakings	1,702	-	-	-	1,702
Reinsurers' share of claims outstanding	195,980	-	1,249	(1,249)	195,980
Debtors arising out of direct insurance operations	125,638	-	740	(740)	125,638
Debtors arising out of reinsurance operations	4,289	3,127	4,924	(4,924)	7,416
Other debtors and accrued interest	30,881	-	-	-	30,881
Cash at bank and in hand	26,602	-	-	-	26,602
Total	968,123	3,127	6,913	(6,913)	971,250

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk - continued

a. Credit risk - continued

Financial assets that are past due or impaired – continued

* Refer to Note 3.R (prior period adjustments) for details of the restatement.

The impairment allowance is a general bad debt provision based on historical collection patterns and as such the gross value of impaired assets is shown as the same value as the impairment allowance.

The table below sets out a reconciliation of changes in impairment allowance during the period for each class of financial asset at the balance sheet date:

	1 Jan	New impairment charges added in year	Changes in impairment charges	Released to profit and loss account	Foreign exchange	Others	31 Dec
2025	£000	£000	£000	£000	£000	£000	£000
Reinsurers' share of claims outstanding	1,249	-	-	(277)	-	-	972
Debtors arising out of direct insurance operations	740	681	-	(32)	(67)	-	1,322
Debtors arising out of reinsurance operations	4,924	-	-	(4,278)	-	-	646
Total	6,913	681	-	(4,587)	(67)	-	2,940

	1 Jan	New impairment charges added in year	Changes in impairment charges	Released to profit and loss account	Foreign exchange	Others	31 Dec
2024	£000	£000	£000	£000	£000	£000	£000
Reinsurers' share of claims outstanding	1,249	-	-	-	-	-	1,249
Debtors arising out of direct insurance operations	925	-	-	(185)	-	-	740
Debtors arising out of reinsurance operations	646	4,278	-	-	-	-	4,924
Total	2,820	4,278	-	(185)	-	-	6,913

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk - continued

a. Credit risk - continued

Financial assets that are past due or impaired – continued

The table below sets out the age analysis of financial assets that are past due but not impaired at the balance sheet date:

	Past due but not impaired				Total £000
	0-3 months past due	3-6 months past due	6-12 months past due	Greater than 1 year past due	
	£000	£000	£000	£000	
2025					
Debtors arising out of direct insurance operations	-	-	-	-	-
Debtors arising out of reinsurance operations	273	293	98	281	945
Total	273	293	98	281	945

	Past due but not impaired				Total £000
	0-3 months past due	3-6 months past due	6-12 months past due	Greater than 1 year past due	
	£000	£000	£000	£000	
2024					
Debtors arising out of direct insurance operations	-	-	-	-	-
Debtors arising out of reinsurance operations	673	698	260	1,496	3,127
Total	673	698	260	1,496	3,127

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk - continued

b. Liquidity risk

Liquidity risk is the risk that cash may not be available, or that assets cannot be liquidated at a reasonable price, to pay obligations when they fall due. The Syndicate is exposed to daily calls on its available cash resources, mainly from claims arising through insurance and reinsurance contracts. In respect of business underwritten in certain international regions there is a requirement to collateralise regulated trust funds in terms of gross insurance liabilities. This puts an additional burden on the Syndicate's liquidity.

i. Management of liquidity risk

The Syndicate manages this risk by structuring its working capital to ensure that there are available cash resources or sufficiently liquid investments to meet expected cash flow requirements. The Syndicate's investment guidelines are structured to ensure that Syndicate investments can be liquidated at short notice to meet higher levels of demand in exceptional circumstances.

The Syndicate has no significant concentrations of liabilities that would result in a concentrated cash outflow or any significant concentration of assets that may result in restrictions in liquidating at short notice. Liquid funds and cash flow forecasts are monitored regularly to ensure that the need for sufficient liquidity is balanced against investment return objectives.

ii. Maturity analysis of syndicate liabilities

The table below summarises the maturity profile of the Syndicate's financial and insurance liabilities based on an analysis by estimated timing of the amounts recognised in the balance sheet for insurance liabilities and based on remaining undiscounted contractual obligations for all other liabilities.

Year 2025	Undiscounted net cash flows					Total £000
	No maturity stated £000	0-1 yrs £000	1-3 yrs £000	3-5 yrs £000	>5 yrs £000	
Claims outstanding		278,766	273,512	106,131	66,453	724,862
Creditors		66,825	-	-	-	66,825
Other credit balances		81	-	-	-	81
Total	-	345,672	273,512	106,131	66,453	791,768

Year 2024	Undiscounted net cash flows					Total £000
	No maturity stated £000	0-1 yrs £000	1-3 yrs £000	3-5 yrs £000	>5 yrs £000	
Claims outstanding		279,311	274,045	106,337	66,582	726,275
Creditors		53,900	-	-	-	53,900
Other credit balances		92	-	-	-	92
Total	-	333,303	274,045	106,337	66,582	780,267

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk - continued

c. Market risk

Market risks are principally related to the Syndicate's investment activity, notably its holding of debt and other fixed income investments as well as Shares and other variable yield securities and units in unit trusts. Within this area, the primary risks to which the Syndicate is exposed are currency risk and interest rate risk.

The Syndicate manages these exposures through its Investment Group. The Investment Group is responsible for establishing and maintaining an Investment Policy in line with the risk appetite of the Syndicate. In addition, the Investment Group is responsible for the management of all investment asset risks, the selection of its investment managers and reviewing investment performance.

The Investment Management Function is outsourced to an external fund manager. The Investment Group has established an Asset Allocation Policy which outlines preference to invest primarily in listed debt, other fixed income securities and cash. The policy also stipulates that cash should only be held to meet known and potentially unanticipated cash requirements. Surplus cash should be placed in suitable investments in appropriate listed debt and other fixed income securities.

An investment management agreement has been established with the Investment Group's external fund manager. The agreement includes specific guidelines for each individual portfolio to limit risks arising from duration, currency, liquidity, credit, and concentration exposures. The agreement also limits concentration of exposures to economic sectors and individual securities and provides for minimum standards of creditworthiness. The external fund manager provides quarterly affirmation of compliance with these guidelines. There are no material concentrations in asset holdings. Additionally, there are no material concentrations across risk categories.

iii. Interest rate risk

The Syndicate's exposure to interest rate risk is mainly through its investments in debt and other fixed income securities due to instrument duration and the associated duration of the liabilities arising from insurance activities. The investment portfolio is managed based on the characteristics of the underlying liabilities and the alignment of the duration of the investment portfolio to the duration of the liabilities.

Investment risk includes the impact of market volatility on asset values associated with interest rate volatility.

The investment portfolio is periodically analysed for changes in duration and related price change risk. The evaluation is performed by applying an instantaneous change in yield rates of varying magnitude on a static balance sheet to determine the effect such a change in rates would have on the fair value at risk and the resulting effect on shareholder's' funds.

iv. Currency risk

The Syndicate is primarily exposed to currency risk in respect of assets and liabilities relating to insurance policies denominated in currencies other than Pounds Sterling. The Syndicate looks to maintain an appropriate currency match of assets and liabilities with surplus funds in its investment portfolio being held in line with the currency profile policy for surplus investments.

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk

c. Market risk - continued

iii. Currency risk - continued

The following tables summarise the sterling equivalent net carrying value of financial instruments and monetary insurance balances by currency at 31 December:

	Sterling	US dollar	Euro	Canadian dollar	Australian dollar	Japanese Yen	Other	Total
2025	£000	£000	£000	£000	£000	£000	£000	£000
Investments	80,081	399,349	40,755	80,134	40,949	-	22,754	664,022
Reinsurers' share of technical provisions	111,703	72,215	8,384	-	-	-	1	192,303
Debtors	55,991	71,803	24,104	7,767	-	-	-	159,665
Other assets	4,096	2,790	3,139	115	-	14,430	335	24,905
Prepayments and accrued income	12,458	18,415	2,779	3,100	-	419	-	37,171
Total assets	264,329	564,572	79,161	91,116	40,949	14,849	23,090	1,078,066
Technical provisions	(380,119)	(454,965)	(19,678)	(44,698)	-	(6,601)	-	(906,061)
Creditors	(38,138)	(26,317)	(2,370)	-	-	-	-	(66,825)
Accruals and deferred income	(1,554)	(363)	(18)	(18)	-	(17)	-	(1,970)
Total liabilities	(419,811)	(481,645)	(22,066)	(44,716)	-	(6,618)	-	(974,856)
Total capital and reserves	155,482	(82,927)	(57,095)	(46,400)	(40,949)	(8,231)	(23,090)	(103,210)

	Sterling	US dollar	Euro	Canadian dollar	Australian dollar	Japanese Yen	Other	Total
2024	£000	£000	£000	£000	£000	£000	£000	£000
Investments	77,027	353,339	31,187	67,916	35,217	-	20,047	584,733
Reinsurers' share of technical provisions	98,753	114,519	7,728	5,288	-	-	-	226,288
Debtors	67,067	63,401	19,229	10,123	-	-	1	159,821
Other assets	5,416	6,726	3,333	164	4	10,629	330	26,602
Prepayments and accrued income	11,966	19,523	2,303	2,946	-	616	-	37,354
Total assets	260,229	557,508	63,780	86,437	35,221	11,245	20,378	1,034,798
Technical provisions	(310,366)	(520,338)	(16,161)	(51,486)	-	(9,230)	(2)	(907,583)
Creditors	(50,811)	(2,783)	(54)	(218)	-	-	(34)	(53,900)
Accruals and deferred income	(2,429)	255	(8)	(1)	-	(21)	-	(2,204)
Total liabilities	(363,606)	(522,866)	(16,223)	(51,705)	-	(9,251)	(36)	(963,687)
Total capital and reserves	103,377	(34,642)	(47,557)	(34,732)	(35,221)	(1,994)	(20,342)	(71,111)

Notes to the financial statements – continued

4. Risk and capital management - continued

B. Financial risk

c. Market risk - continued

v. Sensitivity analysis to market risks

The analysis below is performed for reasonably possible movements in market indices on financial instruments with all other variables held constant, showing the impact on the result before tax due to changes in fair value of financial assets and liabilities (whose fair values are recorded in the profit and loss account) and member's balances.

	2025 Impact on results before tax £000	2025 Impact on members' balances £000	2024 Impact on results before tax £000	2024 Impact on members' balances £000
Interest rate risk				
+ 50 basis points shift in yield curves	(6,911)	(6,911)	(5,993)	(5,993)
- 50 basis points shift in yield curves	6,911	6,911	5,993	5,993

A 10% increase (or decrease) in exchange rates and a 50-basis point increase (or 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 analyses do not take into consideration that the Syndicate's financial investments are actively managed. Additionally, the sensitivity analysis is based on the Syndicate's financial position at the reporting date and may vary at the time that any actual market movement occurs. As investment markets move past pre-determined trigger points, action would be taken which would alter the Syndicate's position.

C. Capital management

i. Capital framework at Lloyd's

Lloyd's is a regulated undertaking and subject to supervision by the Prudential Regulatory Authority ("PRA") under the Financial Services and Markets Act 2000, and in accordance with the Solvency UK 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 UK 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 UK and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of the Syndicate is not disclosed in these financial statements.

Notes to the financial statements – continued

4. Risk and capital management - continued

C. Capital management - continued

ii. Lloyd's capital setting process

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 UK 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 UK requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift is currently 35% of the member's SCR 'to ultimate'.

iii. Provision of capital by members

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

Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the balance sheet represent resources available to meet members' and Lloyd's capital requirements.

D. Operational risk

Operational risk arises from the risk of losses due to inadequate or failed internal processes, people, systems, service providers or from external events. Risks include those from information security (including cyber) and technology related activities, legal and regulatory, financial reporting and financial crime as well as those from operations, outsourcing and change. The Syndicate has in place business processes (including business continuity and resilience plans) and relevant internal controls to substantially mitigate operational risk, including a business continuity plan and IT disaster recovery plan.

The Syndicate maintains a comprehensive register of all risks including operational risks, which builds upon the Syndicate's risk taxonomy. The Risk Function facilitates a quarterly Risk and Control Self-Assessment with risk owners, to identify and assess the highest rated risks, and an annual refresh that assesses all risks in the register. The Risk Function reports on key risks at the Risk Committee.

The RMF includes a risk event reporting process. Risk Events are assessed, with support of the Risk Function, and logged by risk or control owners who are also responsible for assessing the nature and quantum of actual or potential losses, and root causes. Control weaknesses/failings identified are considered when quantifying risk unless remedial action has been completed and been shown to be effective. Risk Event reporting is provided regularly to the relevant senior management forum / Committee.

The Syndicate also arranges Corporate Insurances to help protect against specific types of operational financial loss.

Notes to the financial statements – continued

5. Analysis of underwriting result

An analysis of the underwriting result before investment return is presented in the table below:

2025	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
<i>Direct insurance</i>						
Accident and health	147	147	555	23	(2,421)	(1,696)
Marine, aviation, and transport	27,502	26,205	(13,249)	(9,600)	(5,410)	(2,054)
Fire and other damage to property	65,899	67,014	(18,039)	(24,468)	(19,170)	5,337
Third party liability	123,816	119,031	(73,263)	(32,916)	(6,872)	5,980
Credit and suretyship	41	148	11,210	(51)	(2,715)	8,592
Miscellaneous	2	3	3	2	3	11
Total direct insurance	217,407	212,548	(92,783)	(67,010)	(36,585)	16,170
Reinsurance acceptances	124,113	122,649	(79,661)	(25,058)	(13,820)	4,110
Total	341,520	335,197	(172,444)	(92,068)	(50,405)	20,280

2024	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
<i>Direct insurance</i>						
Accident and health	(45)	(46)	728	(3)	838	1,517
Marine, aviation, and transport	43,014	48,302	(44,883)	(11,922)	(494)	(8,997)
Fire and other damage to property	85,385	89,410	(40,237)	(25,735)	(5,671)	17,767
Third party liability	114,847	113,595	(97,976)	(35,832)	4,748	(15,465)
Credit and suretyship	103	340	5,534	(116)	1,676	7,434
Miscellaneous	23	(112)	(1,856)	39	(905)	(2,834)
Total direct insurance	243,327	251,489	(178,690)	(73,569)	192	(578)
Reinsurance acceptances	92,173	91,561	(64,427)	(24,581)	7,156	9,709
Total	335,500	343,050	(243,117)	(98,150)	7,348	9,131

The gross premiums written for direct insurance by location (where the contracts were concluded) is presented in the table below:

	2025 £000	2024 £000
United Kingdom	217,407	243,327
Total gross premiums written	217,407	243,327

Notes to the financial statements – continued

5. Analysis of underwriting result - continued

The below is an additional disclosure for Lloyd's reporting purposes and is included to facilitate the classification of the above segments into the Lloyd's aggregate classes of business:

2025	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Additional analysis						
<i>Fire and damage to property of which is:</i>						
Specialities	212	387	8,654	(662)	(1,877)	6,502
Energy	11,318	11,632	(3,892)	(1,435)	(5,338)	967
<i>Third party liability of which is:</i>						
Energy	3,833	4,775	(2,842)	(517)	(14)	1,402

2024	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Additional analysis						
<i>Fire and damage to property of which is:</i>						
Specialities	(389)	4,743	(1,792)	(1,470)	317	1,798
Energy	12,405	12,259	(1,549)	(2,151)	(4,677)	3,882
<i>Third party liability of which is:</i>						
Energy	757	2,060	(1,782)	(426)	(845)	(993)

Notes to the financial statements – continued

6. Net operating expenses

	2025 £000	2024 £000
Acquisition costs	62,751	62,336
Change in net deferred acquisition costs	(375)	144
Administrative expenses	29,486	34,563
Reinsurance commissions and profit participation	(5,564)	(5,163)
Net operating expenses	86,298	91,880

Administrative expenses include recharges from CNA Services, a related party (see Note 21).

Total commissions for direct insurance business for the year amounted to:

	2025 £000	2024 £000
Total commission for direct insurance business	49,628	46,319

Administrative expenses include:

	2025 £000	2024 £000
Auditors' remuneration:		
fees payable to the Syndicate's auditor for the audit of these financial statements	434	405
fees payable to the Syndicate's auditor and its associates in respect of other services pursuant to legislation	80	71

In addition to the above, £53k was paid to the Syndicate's auditor for the audit of the prior year financial statements.

7. Key management personnel compensation

The directors of Hardy (Underwriting Agencies) Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2025 £000	2024 £000
Directors' emoluments	1,696	1,847

The following directors of HUA who served during the year, listed below, were all employed and remunerated by CCC, part of the CNAF group (see Note 21). It is not practicable to allocate these directors' remuneration between their services across the companies of which they are executives. Therefore their remuneration is included in the financial statements of the individual company which employed and remunerated them, CCC:

S Lindquist, M Nardiello, J Possel, S Stone, and D Worman

The active underwriter received the following aggregate remuneration charged to the Syndicate.

	2025 £000	2024 £000
Emoluments	631	908

Notes to the financial statements – continued

8. Staff numbers and costs

All staff are employed by CNA Services. The average number of persons employed by CNA Services but working for the Syndicate during the year, analysed by category was:

	Number of employees	
	2025	2024
Administration and finance	73	60
Underwriting	35	46
Claims	12	11
Total	120	117

The amounts recharged by CNA Services to the Syndicate in respect of payroll costs were as follows:

	2025 £000	2024 £000
Wages and salaries	14,711	12,532
Social security costs	2,627	2,077
Other pension costs	1,793	1,608
Total	19,131	16,217

9. Investment return

	2025 £000	2024 £000
Interest and similar income		
<i>From financial assets designated at fair value through profit or loss</i>		
Interest and similar income	17,864	15,342
<i>From financial assets at amortised cost</i>		
Interest on cash at bank	3,872	5,005
Other income from investments		
<i>From financial assets designated at fair value through profit or loss</i>		
Gains on the realisation of investments	-	301
Losses on the realisation of investments	(850)	(2,055)
Unrealised gains on investments	12,172	5,126
Investment management expenses	(296)	(285)
Total investment return	32,762	23,434
Transferred to the technical account from the non-technical account	32,762	23,434

Notes to the financial statements – continued

10. Financial investments

	Carrying value		Cost	
	2025 £000	2024 £000 (restated)	2025 £000	2024 £000 (restated)
Shares and other variable yield securities and units in unit trusts*	135,955	109,892	135,955	109,892
Debt securities and other fixed income securities*	454,502	407,079	463,375	407,235
Participation in investment pools*	-	-	-	-
Loans and deposits with credit institutions*	-	-	-	-
Syndicate loans to central fund	-	3,009	-	3,009
Other investments	73,133	63,051	73,133	63,139
Total financial investments	663,590	583,031	672,463	583,275

* Refer to Note 3.R (prior period adjustments) for details of the restatement.

Other investments are made up of Overseas Deposits which are lodged as a condition of conducting underwriting business in certain territories and are presented at market value.

The table below presents an analysis of financial investments by their measurement classification:

	2025 £000	2024 £000 (restated)
Financial assets measured at fair value through profit or loss	590,457	519,980
Financial assets measured at amortised cost	73,133	63,051
Total financial investments	663,590	583,031

The Syndicate classifies its financial instruments held at fair value in its balance sheet using a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Notes to the financial statements – continued

10. Financial investments - continued

Included in the carrying values above are listed investments as follows:

	2025 £000	2024 £000
Listed investments	382,956	350,401

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

2025	Level 1 £000	Level 2 £000	Level 3 £000	Assets held at amortised cost	Total £000
Shares and other variable yield securities and units in unit trusts	-	135,955	-	-	135,955
Debt securities and other fixed income securities	53,045	401,457	-	-	454,502
Participation in investment pools	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-
Syndicate loans to central fund	-	-	-	-	-
Other investments	-	-	-	73,133	73,133
Total	53,045	537,412	-	73,133	663,590

2024 (restated)	Level 1 £000	Level 2 £000	Level 3 £000	Assets held at amortised cost	Total £000
Shares and other variable yield securities and units in unit trusts*	-	109,892	-	-	109,892
Debt securities and other fixed income securities*	33,676	373,403	-	-	407,079
Participation in investment pools*	-	-	-	-	-
Loans and deposits with credit institutions*	-	-	-	-	-
Syndicate loans to central fund	-	-	3,009	-	3,009
Other investments	-	-	-	63,051	63,051
Total	33,676	483,295	3,009	63,051	583,031

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.

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price.

Some government and supranational securities are listed on recognised exchanges and are generally classified as level 1 in the fair value hierarchy. Those that are not listed on a recognised exchange are generally based on composite prices of recent trades in the same instrument and are generally classified as level 2 in the fair value hierarchy.

Notes to the financial statements – continued

10. Financial investments - continued

Corporate bonds, including asset backed securities, that are not listed on a recognised exchange or are traded in an established over-the-counter market are also mainly valued using composite prices. Where prices are based on multiple quotes and those quotes are based on actual recent transactions in the same instrument the securities are classified as level 2, otherwise they are classified as level 3 in the fair value hierarchy.

Management performs an analysis of the prices obtained from pricing vendors to ensure that they are reasonable and produce a reasonable estimate of fair value. Management considers both qualitative and quantitative factors as part of this analysis. Examples of analytical procedures performed include reference to recent transactional activity for similar securities, review of pricing statistics and trends and consideration of recent relevant market events.

At the reporting date Level 1 and Level 2 financial assets and liabilities were valued using valuation techniques based on observable market data.

Syndicate loans were fully repaid in the year. These were provided by the Syndicate to the Lloyd's Central Fund from the 2019 and 2020 years of account. These loans couldn't be traded and were valued using discounted cash flow models taking into account the credit and illiquidity risk of the loans. The Syndicate loans were classified as Level 3 investments due to unobservable inputs and subjectivity used to determine the appropriate credit and illiquidity spreads within the discount rates used in the discounted cash flow models.

11. Debtors arising out of direct insurance operations

	2025 £000	2024 £000
Due within one year	130,118	125,593
Due after one year	-	45
Total	130,118	125,638

12. Debtors arising out of reinsurance operations

	2025 £000	2024 £000
Due within one year	1,123	5,834
Due after one year	1,602	1,582
Total	2,725	7,416

13. Other debtors

	2025 £000	2024 £000
Amounts due from companies in the CNAF group	-	861
Amounts due from member	24,039	22,624
Other	2,783	3,282
Total	26,822	26,767

Group balances are repayable on demand and reflect intra-group recharges.

Notes to the financial statements – continued

14. Deferred acquisition costs

The table below shows changes in deferred acquisition costs assets from the beginning of the period to the end of the period:

	2025			2024		
	Gross £000	Reinsurance £000	Net £000	Gross £000 (restated)	Reinsurance £000 (restated)	Net £000 (restated)
Balance at 1 January	33,240	(2,112)	31,128	34,501	(3,211)	31,290
Incurred acquisition costs*	62,751	(5,564)	57,187	62,336	(5,163)	57,173
Amortisation of deferred acquisition costs*	(62,582)	5,770	(56,812)	(63,587)	6,270	(57,317)
Foreign exchange movements	(1,033)	17	(1,016)	(10)	(8)	(18)
Balance at 31 December	32,376	(1,889)	30,487	33,240	(2,112)	31,128

* Refer to Note 3.R (prior period adjustments) for details of the restatement.

Reinsurance deferred acquisition costs are disclosed within accruals and deferred income.

15. Claims development

The following tables illustrate the development of the estimates of earned ultimate cumulative claims incurred, including claims notified and IBNR, for each successive underwriting year, illustrating how amounts estimated have changed from the first estimates made.

As these tables are on an underwriting year basis, there is an apparent large increase from amounts reported for the end of the underwriting year to one year later as a large proportion of premiums are earned in the year of account's second year of development.

Balances have been translated at exchange rates prevailing at 31 December 2025 in all cases.

Notes to the financial statements – continued

15. Claims development - continued

Gross:

Pure underwriting year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Estimate of gross claims											
at end of underwriting year	84,814	142,249	117,897	62,206	81,148	67,247	103,836	86,277	115,250	101,186	
one year later	182,661	223,903	230,331	151,194	151,165	153,688	190,961	161,110	205,693		
two years later	202,212	256,261	246,913	160,186	144,376	155,108	214,390	178,409			
three years later	203,303	263,671	256,182	169,379	137,766	151,586	202,997				
four years later	208,687	279,137	261,864	165,148	138,260	137,739					
five years later	209,086	287,908	275,122	166,418	139,720						
six years later	208,731	305,406	285,864	174,078							
seven years later	210,923	297,329	284,833								
eight years later	206,739	289,762									
nine years later	203,830										
Estimate of gross claims reserve	203,830	289,762	284,833	174,078	139,720	137,739	202,997	178,409	205,693	101,186	1,918,247
Provision in respect of prior years											27,256
Less gross claims paid	(189,142)	(246,125)	(247,453)	(138,604)	(90,487)	(89,435)	(113,533)	(60,275)	(33,223)	(12,364)	(1,220,641)
Gross claims reserve	14,688	43,637	37,380	35,474	49,233	48,304	89,464	118,134	172,470	88,822	724,862

Net:

Pure underwriting year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Estimate of net claims											
at end of underwriting year	73,478	107,559	102,039	55,999	65,552	58,522	75,838	74,687	89,347	91,237	
one year later	155,489	188,750	194,814	126,787	125,180	122,134	151,615	141,496	167,138		
two years later	173,732	216,922	212,447	125,518	110,863	121,965	166,349	157,568			
three years later	176,694	226,004	215,364	131,573	103,269	115,082	150,751				
four years later	183,669	238,967	219,981	130,518	105,969	110,430					
five years later	181,697	246,200	234,694	127,144	103,172						
six years later	181,522	254,596	244,449	138,147							
seven years later	185,158	245,669	243,543								
eight years later	180,410	250,429									
nine years later	177,858										
Estimate of net claims reserves	177,858	250,429	243,543	138,147	103,172	110,430	150,751	157,568	167,138	91,237	1,590,273
Provision in respect of prior years											16,436
Less net claims paid	(166,928)	(222,526)	(209,315)	(113,819)	(74,135)	(74,696)	(91,941)	(57,011)	(31,494)	(12,349)	(1,054,214)
Net claims reserve	10,930	27,903	34,228	24,328	29,037	35,734	58,810	100,557	135,644	78,888	552,495

Notes to the financial statements – continued

16. 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.

	2025			2024		
	Gross provisions £000	Reinsurance Assets £000	Net £000	Gross provisions £000	Reinsurance Assets £000	Net £000
Claims outstanding						
Balance at 1 January	726,275	(195,980)	530,295	641,906	(153,010)	488,896
Claims paid during the year	(141,913)	14,349	(127,564)	(163,200)	14,627	(148,573)
Expected cost of current year claims	208,520	(27,110)	181,410	259,995	(70,033)	189,962
Change in estimates of prior year provisions	(36,076)	29,967	(6,109)	(16,878)	13,763	(3,115)
Foreign exchange movements	(31,944)	6,407	(25,537)	4,452	(1,327)	3,125
Balance at 31 December	724,862	(172,367)	552,495	726,275	(195,980)	530,295

	2025			2024		
	Gross provisions £000	Reinsurance Assets £000	Net £000	Gross provisions £000	Reinsurance Assets £000	Net £000
Unearned premiums						
Balance at 1 January	181,308	(30,308)	151,000	189,022	(24,444)	164,578
Premiums written during the year	341,520	(47,143)	294,377	335,500	(61,103)	274,397
Premiums earned during the year	(335,197)	53,318	(281,879)	(343,050)	55,192	(287,858)
Foreign exchange movements	(6,432)	4,197	(2,235)	(164)	47	(117)
Balance at 31 December	181,199	(19,936)	161,263	181,308	(30,308)	151,000

Refer to Note 4 for the sensitivity analysis performed over the value of insurance liabilities, disclosed in the financial statements, to potential movements in the assumptions applied within the technical provisions

Notes to the financial statements – continued

17. Creditors arising out of direct insurance operations

	2025 £000	2024 £000
Due within one year	1,250	962
Due after one year	-	-
Total	1,250	962

18. Creditors arising out of reinsurance operations

	2025 £000	2024 £000
Due within one year	52,937	44,625
Due after one year	-	-
Total	52,937	44,625

19. Other creditors

	2025 £000	2024 £000
Profit commissions payable	1,531	964
Amounts due to companies in the CNAF group	10,965	4,153
Other liabilities	142	3,196
Total	12,638	8,313

Group balances are repayable on demand and reflect intra-group recharges (see Note 21).

20. Cash and cash equivalents

	2025 £000	2024 £000 (restated)
Cash at bank and in hand	24,905	26,602
Cash equivalents presented within other financial investments*	90,181	64,889
Total cash and cash equivalents*	115,086	91,491

* Refer to Note 3.R (prior period adjustments) for details of the restatement.

Within cash equivalents presented within other financial investments are money market deposits disclosed within shares and other variable yield securities and units in unit trusts of £84.1 million (2024: £59.9 million) and short term treasury bills within debt securities and other fixed income securities of £6.1 million (2024: £5.0 million).

Notes to the financial statements – continued

21. Related parties

The immediate parent undertaking of HUA is HUB, a company incorporated in Bermuda.

The ultimate parent and controlling party is Loews Corporation, incorporated in the United States of America. Group financial statements for Loews Corporation are available from 667 Madison Avenue, New York, 10065-8087, USA.

CICL and CCC provide HUL with FAL to support the Syndicate's capital requirement to continue underwriting at Lloyd's. HUL pays an annual fee of 3.85% (2024: 3.85%) for the provision of these funds.

During the year CNA Services recharged £28.8 million (2024: £25.5 million) in administrative expenses to the Syndicate. These amounts are included within Note 6. The balance due to CNA Services as at 31 December 2025 was £9.7 million (2024: £3.5 million) and is included within Note 19.

Managing agent fees of £285,000 (2024: £285,000) were paid by the Syndicate to HUA during 2025. The balance payable at 31 December 2025 was £nil (2024: £71,000).

These disclosure requirements are in addition to the requirement to disclose key management personnel compensation. This disclosure is given in note 7.

22. Post balance sheet events

The amounts that are proposed to be transferred to the member is £101.9 million arising from the closure of the 2024 Year of Account. The transfer is expected to occur in May 2026.

23. Foreign exchange rates

The following currency exchange rates have been used for principal foreign currency transactions:

	2025			2024		
	Start of period rate	End of period rate	Average rate	Start of period rate	End of Period rate	Average rate
Sterling	1.00	1.00	1.00	1.00	1.00	1.00
Euro	1.21	1.15	1.17	1.15	1.21	1.18
US dollar	1.25	1.35	1.31	1.27	1.25	1.28
Canadian dollar	1.80	1.85	1.84	1.69	1.80	1.74
Australian dollar	2.02	2.02	2.05	1.87	2.02	1.93
Japanese Yen	196.75	211.17	196.70	179.56	196.75	192.58

24. Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as FAL. These funds are intended primarily to cover circumstances where Syndicate assets prove insufficient to meet participating members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on Prudential Regulatory Authority requirements and resource criteria. The determination of FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the Managing Agent, no amount has been shown in these Financial Statements by way of such capital resources. However, the Managing Agent is able to make a call on the Member's FAL to meet liquidity requirements or to settle losses.

The FAL requirement is provided by a combination of the member as well as by CICL and CCC.