

BRIT SYNDICATES LIMITED
SECTION 172 (1) STATEMENT
31 DECEMBER 2024

Registered No. 00824611

This Section 172 (1) Statement is reproduced from Brit Syndicates Limited's 2024 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 29 April 2025.

Introduction

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

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

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

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

Our strategy

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

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

Board information

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

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

Our policies and practices

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

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

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

Training

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

Our culture

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

Our stakeholders

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

Why we engage	Form of engagement	Impact of engagement
<p><i>Clients and Intermediaries</i></p> <p>As a specialty insurer, almost 100% of Brit's business is distributed via intermediaries. Engagement and building strong relationships with them are crucial for us to source business and to deliver the best service and products.</p> <p>Intermediaries also provide a range of services to Brit, for which we remunerate them via brokerage and commissions.</p> <p>When a client has a claim, their life or business has been disrupted, or even put in peril, and they expect their insurance to deliver. At Brit, we see every claim as an opportunity to help our clients move forward.</p>	<p>Brit underwriters engage with intermediaries in a number of ways, including in person and by electronic means.</p> <p>To maximise our intermediary relationships, Brit has entered into Board-approved strategic partnership agreements with seven of our largest brokers, which gives access to a range of services.</p> <p>When a client has a claim we engage directly with them or their intermediary to ensure their needs are met.</p>	<p>Such engagement allows us to provide a risk service that helps clients prepare for, manage and mitigate risk. They allow us to quickly take advantage of new opportunities and understand and satisfy changing customer needs.</p> <p>Engagement with our clients, intermediaries and other service providers reinforces our provision of a risk service. It helps people move on from an event and helps them move forward rapidly with confidence.</p>

<p>Reinsurers</p> <p>Brit purchases reinsurance to help manage risk, reduce volatility, enhance earnings, control aggregations and create capital efficiency.</p> <p>We also engage when we make recoveries.</p>	<p>Brit uses its appointed brokers for the majority of reinsurer interactions, allowing us to benefit from their expertise.</p> <p>Brit also engages directly with reinsurers. These tend to be with our largest reinsurance counterparties.</p>	<p>This engagement allows Brit to access up to date market information and a broad range of reinsurance counterparties and products, thereby managing its risk appetite effectively.</p> <p>When we make recoveries, such engagement helps to expedite the recovery process.</p>
<p>Investment managers</p> <p>We are responsible for managing the syndicates' assets which support our underwriting and ensure that clients' claims can be paid.</p> <p>We implement our investment strategy using the expertise of investment managers and we engage with them to monitor performance, to ensure terms of investment management agreements are met and to gain additional insight.</p>	<p>We have regular discussions with our managers to monitor performance and assess market outlook. We also receive regular written investment reports.</p> <p>We have regular and ad-hoc calls and meetings to review new investment opportunities. We also perform annual due diligence on their operational processes.</p> <p>Investment managers regularly present to the Board and Investment Committee.</p>	<p>Such engagement ensures assets are managed within risk tolerances and guidelines and that any changes are implemented in a timely fashion. Insights from our investment managers enhance our strategy and performance.</p> <p>Engagement also allows us to discuss new opportunities, helps us understand their approach to ESG issues, validates the sustainability of our portfolio and helps us confirm assets are managed robustly and with effective controls in place.</p>
<p>Capital providers</p> <p>Working with third-party capital providers, primarily on Ki and Syndicate 2988, creates the opportunity to increase Brit's footprint and proposition to clients.</p> <p>Engagements with third-party capital providers also supports our growth strategy for those vehicles.</p>	<p>Brit regularly engaged with the third-party shareholders of Ki. It also engages with current and prospective providers ahead of an underwriting year, to market Syndicate 2988, and to understand investor appetite. After an underwriting year incept, Brit formally meets each provider regularly to discuss performance, outlook and any other relevant matter.</p>	<p>The successful implementation of the Ki and Syndicate 2988 strategies is dependent on developing strong relationships with third-party investors. Such engagement helps facilitate this.</p> <p>The insight we gain from interactions and feedback helps us ensure that our propositions can continuously evolve in line with investor appetite.</p>
<p>Regulators</p> <p>Regulators are key stakeholders for any regulated business and BSL's Board is proactive in ensuring that Brit meets regulators' expectations around compliance, transparency and aligning the business with regulators' objectives.</p> <p>Brit engages with regulators to ensure that:</p> <ul style="list-style-type: none"> • We understand their regulatory objectives and 	<p>The company engages with its principal regulators through:</p> <ul style="list-style-type: none"> • Regular meetings including at Director level; • Sharing of key business updates and internal documents; • Responding to thematic reviews and information requests; 	<p>Engagement with regulators:</p> <ul style="list-style-type: none"> • Allows Brit to respond promptly to areas of regulatory focus; • Enables us to contribute to their understanding of the market and best practice; • Assists Brit to meet the prudential and conduct standards required; • Ensures all staff understand their regulatory responsibilities.

<p>how they apply to Brit; and</p> <ul style="list-style-type: none"> Regulators have a proper understanding of Brit's business model, strategy and risk appetite, and how they align to regulatory objectives. 	<ul style="list-style-type: none"> Engaging with Lloyd's across the business including around business planning and compliance; and Ensuring the relevant Boards are kept up-to-date on regulatory matters as communicated by regulators 	
<p>Key suppliers</p> <p>Supply chain integrity is critical as we rely on a number of key suppliers of goods and services to help us meet the needs of our customers and those of other stakeholders.</p> <p>On-going engagement helps us ensure that those needs are met and standards are maintained. Such suppliers include Brit Group Services Limited and providers of claims management services.</p>	<p>Brit determines the risk of the potential engagement by investigating the potential spend value, criticality of the services to be provided. Brit has a rigorous on-boarding process for new suppliers.</p> <p>Brit has strong partnerships with a number of critical suppliers, fostered by a range of activities including ongoing dialogue and face to face meetings. We also engage with key suppliers in areas such as technical and product roadmaps, integration planning and disaster recovery.</p>	<p>Such engagement helps us to:</p> <ul style="list-style-type: none"> Provide a better service to and satisfy stakeholders' needs; Enhance operational processes, leading to efficiencies; Comply with laws and regulations; Improve technological resilience; Ensure supplier robustness and integrity.

Key decisions made by the Directors during the year

Syndicate Business Forecasts (Strategic Planning)

In line with the Lloyd's business timetable, the directors considered and approved the 2025 Syndicate Business Forecasts for Syndicates 2987 and 2988. Those plans embody the four strategic pillars set by the Board (Focus, Capability, Simplification and Culture), which aim to deliver proactive management of the insurance cycle, build on Brit's leadership role within the market, and achieve long-term financial targets. Aligned to that planning methodology, the directors also approved the 2025 Syndicate Business Forecast for Syndicate 1618. The subsequent development and execution of that business forecast during 2025 will however be overseen by Asta Managing Agency Limited, who assumed management of the Syndicate with effect from 01 January 2025 (as detailed below).

Risk Management

During the year, the directors conducted an annual review of the Risk Appetite Frameworks for Syndicates 2987, 2988 and 1618, to ensure continued alignment with strategy. In support of proactive management of the insurance cycle, the directors also approved an ad-hoc amendment to the underwriting appetites for Syndicate 2987 and 2988 in Q4 2024 in response to evolving market conditions.

Separately, via the Own Risk and Solvency Assessment (ORSA) process, the directors conducted a periodic review on the adequacy of capital and risk management processes for each Syndicate, considering their future strategic direction. A best-efforts approach was adopted in forecasting the future strategic direction of Syndicate 1618, appreciating that the subsequent development and execution will be overseen by Asta Managing Agency Limited who assumed management of the Syndicate with effect from 01 January 2025.

Environmental, Social and Governance

In support of the 'Culture' pillar, the Board continues to monitor progress against the ESG strategy, which aims to (1) reduce Brit's environmental footprint, (2) enable the transition to renewable energy, (3) embody responsible product development and (4) foster an inclusive culture for Brit people.

In relation to the latter, the directors approved a new three-year Inclusion and Diversity strategy which aims to further the progress made to date.

Syndicate 1618 Novation

In order to achieve separation between the Brit and Ki businesses, the directors agreed to transfer the management of Syndicate 1618 to Asta Managing Agency Limited with effect from 01 January 2025 ('the novation'). In arriving at that decision, the directors considered the immediate and long-term strategic priorities of the individual businesses, the views of their individual shareholders and stakeholders, and the success of preparatory separation work executed during the course of the year.

Syndicate 2988 RITC

In line with Lloyd's practices, the directors reviewed and approved various matters to bring about the reinsurance to close (RITC) of the 2021 year of account for Syndicate 2988. In approving those matters, the directors were satisfied that: (1) the year of account had sufficiently developed and was exhibiting sufficient certainty to not warranted a further period of run-off and (2) that consistent reserving practices had been deployed year-on-year in calculating the reinsurance premium – preserving equity between members.

Governance

To bring further underwriting expertise to the Board, Ms Hayley Robinson was appointed as a non-executive director and a member of the Audit Committee with effect from 15 April 2024. Upon the resignation of Ms Pinar Yetgin as a director during the year, Ms Robinson was additionally appointed as the Chair of the Risk Oversight Committee on the 27 August 2024. Separately, Ms Andie Welsch was appointed as the Chair of the Investment Committee on 24 January 2024.

An independent, external review of Corporate Governance was conducted between Q4 2023 and Q1 2024 which concluded that the governance arrangements adopted by the company were operating effectively. Notwithstanding those findings, the directors agreed to implement a number of recommendations which aimed to further enhance (1) the formality of NED succession arrangements and (2) the communication of executive risk management activity to the non-executive. The directors tracked those recommendations until completion in full.

In accordance with the strategic pillar of 'Simplification', the directors agreed to adjust the arrangements for quarterly Board and Board committee meetings to create efficiencies and improve the communication between the Board of the Company and the Board of the group holding company, Fairfax UK Holdings Ltd.

Operational Resilience

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

Compliance and Regulatory

During the year, the directors: (1) conducted an annual review of the Compliance Plan and Policy; (2) attested to the sufficiency of the framework established to oversee compliance against the FCA's Consumer Duty regime, and agreed actions to further enhance that framework; (3) reviewed and confirmed that the Company is materially meeting its responsibilities as a Principal to Brit Insurance Services Limited, pursuant to the FCA's Appointed Representative regime and (4) attested to the maturity level of each Syndicate in relation to the Lloyd's Principles.

Reserving

Supported by the Audit Committee, the directors conducted a half yearly review of ultimate reserves and Reserve Risk Margin for Syndicates 2987, 2988 and 1618.

Solvency

Supported by the Audit Committee, the directors conducted a quarterly review of Solvency II Technical Provisions and reviewed the Lloyd's Quarterly and Annual Solvency Returns.

Financial Reporting

Supported by the Audit Committee, the directors approved the following financial statements during the year: (1) the solus accounts and reports for the Company for the year ended 31 December 2023; (2) the Syndicate Accounts for the year ended 31 December 2023 for Syndicates 2987, 2988 and 1618 and (3) the 2021 Underwriting Year Accounts for Syndicate 2988.