

BRIT SYNDICATES LIMITED
SECTION 172 (1) STATEMENT
31 DECEMBER 2019

Registered No. 00824611

This Section 172 (1) Statement is reproduced from Brit Syndicates Limited's 2019 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 3 March 2020.

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. 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 Group'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 including the Group Chief Executive Officer, the Group Chief Financial Officer, the Chief Underwriting Officer, the Chief Operating Officer, the Chief Actuary and Chief Risk Officer and the Group Head of Claims. 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. During 2019, such reports included a 'Thematic Review of Acquisition Costs' and a 'Climate Change Risk Report'.

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 an annual basis, ensuring that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business. These policies help to promote the long-term success of the Company by focusing on areas such as the key operations of the Company.

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

Training

To assist the Directors discharge their responsibilities, they are provided with on-going training and development opportunities. They have received a number of in-depth briefings on specific relevant issues. For the wider workforce, there is a comprehensive staff development programme 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 and in our new brand purpose, launched in October 2019. 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 above, together with why and how we engage with them and the outcomes of that engagement.

Key decisions made by the Directors during the year

2018 Syndicate financial statements and reserving position

The Directors approved the financial statements for the year ended 31 December 2018, on 12 March 2019. As part of this process, the Directors considered and approved the underwriting reserves held by the Syndicates it manages. In considering these key factors and in approving the final reserving position, the Directors were mindful of the importance of maintaining the policy of reserving on a conservative best estimate basis. This policy provides robust security to our policyholders, while ensuring the long-term financial strength of the Syndicates in the long-term, thereby protecting the interests of our key stakeholders including our clients, capital providers and employees.

2020 business plan, capital requirements and ORSA

The Directors selected and approved the 2020 Syndicate business plans. The plan included the Group's underwriting and investment strategy, together with the capital needed to support the plan. The Directors considered the Company's immediate and longer-term strategic priorities, together with the risks facing the business. They also considered the needs and expectations of the Company's shareholder, the interest of its clients and employees, and those of the wider stakeholder group. After due discussion, the Directors concluded that the plans and attaching capital requirements positioned the Company well for 2020 and the longer term. The Directors also approved the annual 'own risk and solvency assessment' (ORSA) of the Lloyd's Syndicates it manages.

Risk Tolerance framework

The Directors considered the risk tolerance and appetite frameworks of the Company and the Syndicates it manages. The Directors looked in detail at aspects of the frameworks and considered their performance during 2019 and 2018. In granting approval, the Directors considered that the frameworks were aligned to the strategic objectives of Brit and those of its wider stakeholder group.

Broker agreements

During 2019, the Directors approved a number of significant broker agreements. The Board assessed their commercial value to Brit, the Syndicates it manages, and our clients, and concluded that entering into them supported the long-term strategy and success of the Company.

Approval of policies

During 2019, the Directors reviewed and approved the Company's key policies, including the whistleblowing Policy and the Fit and Proper Policy. In approving these policies, the Directors considered whether they support the strategic aims of the Company, and whether all relevant considerations were satisfactorily embedded in the key operations of the business. Such integration helps ensure the Group's approved operational practices are clearly articulated to and understood by all relevant employees, ensuring our reputation for high standards of business conduct is maintained. Such practices in turn will help ensure our longer-term strategic aims are delivered, in the interests of all our stakeholders.