

BRIT SYNDICATES LIMITED
SECTION 172 (1) STATEMENT
31 DECEMBER 2020

Registered No. 00824611

This Section 172 (1) Statement is reproduced from Brit Syndicates Limited's 2020 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 27 April 2021.

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.

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 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 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.

Stakeholder engagement

The Board recognises the importance of engaging with the Company's key stakeholders.

Why we engage	Form of engagement	Impact of engagement
<p>Clients and Intermediaries</p> <p>As a specialty insurer, almost 100% of Brit's business is distributed via intermediaries. Engagement and building strong relationships with our intermediaries is crucial to source business and deliver the best service and products.</p> <p>When a client has a claim, their life or business has been disrupted, or even put in peril, and they expect their insurance to deliver. We have to fulfil that commitment.</p>	<p>Engagement by Brit underwriters takes a number of forms, with the focus on electronic meetings in 2020. To maximise our relationships, Brit has entered into agreements with six of our largest brokers, which gives access to a range of services.</p> <p>When a client has a claim we adopt a proactive approach, engaging directly with them or their intermediary to expedite matters and to ensure their needs are met.</p>	<p>Such engagement allows us to provide a risk service that helps clients prepare for, manage and mitigate risk. They allow us to quickly take advantage of new opportunities and understand and satisfy changing customer needs.</p> <p>Engagement with our clients, intermediaries and service providers reinforces our provision of a risk service. It helps people move on from an event and helps them move forward with confidence.</p>
<p>Reinsurers</p> <p>Brit purchases reinsurance to help manage risk, reduce volatility, enhance earnings, control aggregations and create capital efficiency. We also engage when we make recoveries under the cover we have purchased.</p>	<p>Brit uses its appointed brokers for the majority of reinsurer interactions, allowing us to benefit from their expertise. Brit also engages directly with reinsurers, such as when there is a need to achieve broader strategic aims which would involve more than one broker.</p>	<p>This engagement allows Brit to access up to date market information and to access a broad range of reinsurance counterparties and products, thereby managing its risk appetite effectively. When we make recoveries, such engagement helps to expedite the recovery process.</p>
<p>Investment managers</p> <p>We are responsible for managing the syndicates' assets. We implement our investment strategy using the expertise of investment managers. We engage with them to monitor performance and to ensure guidelines are adhered to.</p>	<p>We have regular discussions with our managers to monitor performance and assess market outlook. We also receive regular reports and have regular ad-hoc calls and meetings. Managers regularly present to the Board and Investment Committee.</p>	<p>Such engagement ensures assets are managed within risk tolerances and guidelines and that any changes are implemented in a timely fashion. Insights from our managers enhance our investment strategy and performance.</p>
<p>Capital providers</p> <p>Working with capital providers within the Brit Group ensures our objectives and strategy are aligned, and that our core philosophies are embedded in our underwriting and claims services.</p> <p>Working with third party capital providers creates the opportunity to increase Brit's proposition to clients and leverages our operational infrastructure resulting in a more efficient model.</p>	<p>There is significant ongoing engagement. BSL executive Directors also sit on other Brit Boards and Brit's Executive Committee. BSL participates in Brit's strategy days.</p> <p>Brit engages with capital providers to understand their appetite and capacity. Brit formally meets each provider regularly to discuss performance, outlook and other relevant matters.</p>	<p>This engagement helps ensure that the strategy of BSL is aligned to and supported by both the wider Brit Group and our ultimate shareholders. The success of Syndicate 2988 is dependent on developing strong relationships with third party capital providers. Such engagement helps facilitate this and helps ensure that our propositions can continuously evolve in line with investor appetite.</p>
<p>Regulators</p> <p>Regulators are key stakeholders for any regulated business and Brit's Board is pro-active in ensuring that Brit meets regulators' expectations around compliance, transparency and aligning the business with regulators' objectives.</p>	<p>Brit engages with its principal regulators through:</p> <ul style="list-style-type: none"> • Regular meetings including at Director level. In 2020, these meetings were held virtually; • Sharing of key business updates and internal documents; 	<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;

	<ul style="list-style-type: none"> • Responding to thematic reviews and information requests; 	<ul style="list-style-type: none"> • Assists Brit to meet the prudential and conduct standards required; • Ensures all staff understand their regulatory responsibilities.
<p>Key suppliers</p> <p>We rely on a number of key suppliers to help us meet the needs of our customers' and those of other stakeholders. On-going engagement helps us ensure that those needs are met and standards are maintained. Such suppliers include Brit Group Services Limited and providers of claims management services.</p>	<p>Brit has a rigorous on-boarding process for new suppliers. Partnerships with critical suppliers are fostered by a range of activities including ongoing dialogue and face to face meetings. We also engage in areas such as technical and product roadmaps, integration planning and disaster recovery.</p>	<p>Such engagement helps us to:</p> <ul style="list-style-type: none"> • Provide a better service to and satisfy stakeholders needs; • Enhance operational processes, leading to efficiencies and increased competitive advantage; • Comply with laws and regulations; • Improve technological resilience; • Ensure supplier robustness and integrity.

Key decisions made by the Directors during the year

2019 Syndicate financial statements and reserving position

The Directors approved the financial statements for the year ended 31 December 2019, on 03 March 2020. 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, thereby protecting the interests of our key stakeholders including our clients, capital providers and employees.

Syndicate 2988 2017 year of account reinsurance to close (RITC)

As part of the 2019 year end process, the Directors approved the RITC for the 2017 year of account for Syndicate 2988. In approving the RITC, the Directors concluded that it was appropriate to close the year of account and that the approach was consistent with both market practice and with Brit's standard reserving approach as set out in Brit's Reserving Methodology. The Directors also confirmed that all members had been treated in a consistent manner.

Ki and Syndicate 1618

During 2020, the Directors made a number of decisions in respect of Ki Syndicate 1618. These decisions included:

- It approval all the necessary agreements to establish Syndicate 1618 under the management of Brit Syndicates Limited. These included agreements with Lloyd's of London and with Ki Financial Limited;
- It approved Syndicate 1618 2021 business plan; and
- It approved the Syndicate 1618 credit facility.

In making these decisions, the Directors considered Brit Syndicates Limited's own position, and the interests of all stakeholders in Syndicate 1618, including capital providers, future clients and Lloyd's of London,

2021 business plan, capital requirements and ORSA

The Directors selected and approved the 2021 Syndicate business plans, for Syndicates 2987, 2988 and 1618. The plan included the underwriting and investment strategy, together with the capital needed to support the plans. 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, capital providers, 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 2021 and the longer term. The Directors also approved the annual 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 2020 and 2019. 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 2020, 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 2020, 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.