Accounts disclaimer

Important information about Syndicate Reports and Accounts Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification. The syndicate reports and accounts set forth in this section of the Lloyd’s website, which have been filed with Lloyd’s in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd’s, and Lloyd’s has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd’s or membership on any syndicate of Lloyd’s, and no offer to join Lloyd’s or any syndicate is being made hereby. Members of Lloyd’s are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate’s performance in any subsequent syndicate year. You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgment and agreement, by which they will also be bound

Report and Accounts 31 December 2025

0318

Cincinnati Global
Syndicate 0318

CINCINNATI
GLOBAL UNDERWRITING
AGENCY LTD.

Cincinnati Global Syndicate 0318 has traded at Lloyd's for over forty years. In that time the Syndicate has grown and evolved to meet the changing demands of its clients and is well positioned to take advantage of the opportunities seen in today's increasingly volatile marketplace. Over time, the Syndicate has built up longstanding relationships with, and offered continuity to, its brokers, clients and capital providers alike. The combination of its experienced team of underwriting, claims and support personnel, and the ability to make the best use of increasingly sophisticated statistical techniques in support of its decisions, maximises the offering it presents to each of its counterparties.

2025 Annual accounts

2023 Underwriting year of account

CINCINNATI
GLOBAL UNDERWRITING
AGENCY LTD.

2025 calendar year

£316.0m (2024: £301.4m)
gross premiums written

£17.0m (2024: £14.9m)
annual investment return

£66.2m (2024: £72.0m profit for the year)
profit for year

£375m (2024: £375m)
2025 capacity

79.4% (2024: 74.8%)[1]
Combined ratio including Managing Agency fee and profit commissions

Note:
1 The combined ratio is net claims incurred (inclusive of IBNR) and net operating expenses (excluding profit/loss on exchange) expressed as a percentage of net earned premiums.

Financial periods

	Profit and loss	Balance sheet
Current period	1 January 2025 to 31 December 2025	1 January 2025 to 31 December 2025
Prior period	1 January 2024 to 31 December 2024	1 January 2024 to 31 December 2024

The periods covered in these financial statements are detailed above.

Directors and administration

MANAGING AGENCY:
DIRECTORS AND ADMINISTRATION

Cincinnati Global Underwriting Agency Limited is the Lloyd's Managing Agent for Cincinnati Global Syndicate 0318 and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Directors:

T.C. Cracas	*(non-executive)*
D.C. Eales	
M.A. Langston	
R.A. Pexton	*(non-executive chairman)*
G.M. Tuck	
G.A.M. Bonvarlet	*(non-executive)*
R.B. Scott	*(non-executive)*

Company secretary

R. Allibone

The registered office of Cincinnati Global Underwriting Agency Limited is 51 Lime Street, London EC3M 7DQ. The registered number of Cincinnati Global Underwriting Agency Limited is 4039137.

Syndicate
Active underwriter

N.M. Chalk

Bankers

Citibank, N.A.
Royal Bank of Canada
Lloyds Banking Group Plc

Investment manager

Amundi (UK) Ltd

Actuary

Deloitte MSC Limited

Independent auditor

Deloitte LLP
1 New Street Square
London, EC4A 3HQ
United Kingdom

Introduction

The directors of the Managing Agent present their Managing Agent's report for the year ended 31 December 2025.

This annual report is prepared using the annual basis of accounting as required by Statutory Instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. However, since the Syndicate benefits from a capital base that includes traditional names, as well as corporate members, where possible and appropriate, we have endeavoured to explain the events of the calendar year in the context of the applicable underlying years of account.

Managing Agents are also required to prepare a Managing Agent's report, financial statements and related notes, and supporting disclosure for members participating on the 2023 underwriting year of account, which closed at 31 December 2025. These are incorporated into this document on pages 73 to 100.

Result for the 2025 Calendar Year

For the year ended 31 December 2025, Syndicate 0318 has generated an overall profit of £66.2m compared to a profit of £72.0m in 2024, and a combined ratio of 79.4% (2024: 74.8%).

An analysis of the contribution to the overall result made by the individual underwriting years of account is as follows:

	2023 and Prior Years of Account £000	2024 Year of Account £000	2025 Year of Account £000	2025 Calendar Year Combined £000	2024 Calendar Year Combined £000
Gross Earned Premiums	24,028	121,513	151,041	296,582	272,935
Reinsurer's Share	(3,565)	(9,183)	(29,890)	(42,638)	(45,871)
Net Earned Premiums	20,463	112,330	121,151	253,944	227,063
Gross Claims Paid	(46,248)	(45,024)	(8,204)	(99,476)	(92,473)
Reinsurer's Share	6,833	1,785	818	9,436	21,777
Net Claims Paid	(39,415)	(43,239)	(7,386)	(90,040)	(70,696)
Change in provision for gross claims	43,050	2,862	(49,938)	(4,026)	14,984
Change in provision for reinsurer's share	(8,334)	(37)	2,030	(6,341)	(22,480)
Change in provision for net claims	34,716	2,825	(47,908)	(10,367)	(7,496)
Net Operating Expenses	(10,729)	(42,178)	(48,274)	(101,182)	(91,606)
Balance on Technical Account	5,035	29,738	17,583	52,355	57,265
Net Investment Income	9,399	6,080	1,488	16,967	14,925
Profit on exchange	(2,234)	(627)	(279)	(3,139)	(177)
Profit for the financial year	12,200	35,191	18,792	66,183	72,013
Other comprehensive income – currency translation	(5,279)	(1,290)	(418)	(6,987)	2,529
Total comprehensive income	6,921	33,901	18,374	59,196	74,542

Principal Activities

The principal activity of Syndicate 0318 is the transaction of general insurance and reinsurance business written in the United Kingdom at Lloyd's. The Syndicate has a core Property account which is complimented by Specialty lines of business, which provide the Syndicate with the opportunity for growth as well as diversification within the portfolio. The Property account covers worldwide risks with a concentration of insureds' domiciled in the US. This account is subdivided into risks accepted under direct and facultative policies, and business written under binding authorities. The Syndicate's Specialty lines are Construction, Contingency, Credit and Political Risk (CPRI), International Treaty, Marine Cargo, Political Violence, Specie, CSU Producer Resources Inc (CSUPR), and Consortia.

The CSUPR initiative has been developed with the Managing Agency's ultimate parent company, Cincinnati Financial Corporation "CFC", and allows the Syndicate to introduce business into the Lloyd's Market from CFC's agency network. The Consortia arrangements allow the Syndicate to access lines of business where it doesn't have dedicated underwriting expertise.

Business review – financial

The business review provides a commentary on the financial and non-financial performance of the Syndicate in 2025. The review discusses the business written and earned, as well as the rating environment. We have also provided an overview of the Syndicate's claims experience, including the performance and adequacy of technical provisions. The effect of non-underwriting transactions including operating expenses, rate of exchange movements, and returns from cash and investments are also detailed. Where appropriate, we have detailed the contribution to the result of each individual underwriting year. The Syndicate's key performance indicators are summarised in the table below:

KPI	2025	2024
Gross premiums written	£316.0m	£301.4m
Reinsurance premiums ceded	£43.2m	£47.9m
Profit for the year	£66.2m	£72.0m
Gross loss ratio[1]	34.9%	24.8%
Net loss ratio[2]	39.5%	34.4%
Operating expense ratio[3]	39.8%	40.4%
Combined ratio	79.4%	74.8%
Annual investment return	£17.0m	£14.9m
Syndicate capacity	£375m	£375m

Notes:

1 Gross loss ratio expresses gross incurred claims (including IBNR) as a percentage of gross earned premiums.

2 Net loss ratio expresses net incurred claims (including IBNR) as a percentage of net earned premiums.

3 Operating expense ratio expresses net operating expenses as a percentage of net earned premiums.

Underwriting and reinsurance

The rating environment continued to be positive in the year, although we saw a reduction in rates from the peak of the cycle. Property risks written on a direct and facultative basis came under most pressure, both in terms of pricing and competition. However, the rate reductions were broadly in line with our expectations, although, the competition for business was more intense than we had anticipated. This was particularly true in the early part of the year. Across the other lines of business in the portfolio, rates were marginally down overall from 2024.

The Syndicate continued in its strategy to diversify the portfolio and added a Marine Cargo account during the year. The Construction and International Treaty books of business which commenced in 2024, also benefitted from a full year of underwriting. The growth in Specialty lines was the driver to the increase in gross written premiums during the year.

After adjusting for effects of rates of exchange, gross written premiums have increased by £22.4m.

The effect of foreign exchange of the change in the amount of premium written in the year, compared the comparative period is shown in the table below. The average rate of exchange for US dollars, used to retranslate the profit and loss account was 1.32 for the year ended 31 December 2025 compared to 1.28 for the comparative period. The impact of the change in average rate of Canadian dollars is immaterial.

	£000s
Gross premiums written 2024	301,406
(Decrease) in premium income from rate of exchange	(7,786)
Increase in premiums in the year	22,367
Gross premiums written in 2025	315,987

Gross earned premiums for the year are £296.6m, which is higher than £272.9m earned in 2024. This is following a similar trend to the increase in gross written premiums.

The composition of the account continues to be weighted to Property lines but has become more evenly spread as Direct and Facultative business has seen an increase in competition during the year. The Syndicate has benefited from maturity in its Construction, and Treaty Reinsurance lines of business, whilst there has been expansion in Contingency and CPRI. The Syndicate has also been able to add products to its CSUPR and Consortia classes.

These factors have all contributed to the increase in gross written premiums for Specialty lines in the year.

Gross premiums written	2025 %	2024 %
Property – Direct and Facultative	33.9	45.8
Property – Binding Authority	15.2	18.1
Consortia	10.0	8.0
Contingency	8.3	5.9
Credit and Political Risk	7.5	5.4
Construction	5.9	3.1
Specie	5.7	5.8
CSUPR	4.8	3.7
Marine Cargo	3.5	–
Political Violence	3.0	3.7
Treaty Reinsurance	2.2	0.5
	100%	100%

The reinsurance premiums ceded in the year have decreased to £43.2m from £47.9m in 2024. The Syndicate was able to get better value in the year on its main Property programme.

The reinsurance premium earned in the year of £42.6m (£45.9m 2024) is marginally below the reinsurance written. The main programme is purchased to cover losses occurring during the year, with earnings patterns weighted towards the windstorm season, hence a large proportion of the programme is earned at 31 December.

Technical Result

The calendar year technical result before investment return comprises profits and losses on the open and closing years of account. It has been another very good year for the business, with the Syndicate again reporting some of its best returns. The Property account has contributed a large proportion of the profit for the year, and we have also had a positive contribution from Specialty lines of business.

The claims experience has been very good for the year across all loss types, and although the Property book incurred losses from the California Wildfires, and Hurricane Melissa, catastrophe losses were lower than business plan expectations.

The prior years reserves have proved robust and provided a release in the period.

Contribution of 2025 year of account to the calendar year result

The 2025 year of account has contributed a £17.6m profit for the calendar year, before investment income, and currency exchange gains and losses. The year has benefitted from a positive rating environment as well as low loss experience over the period.

This has produced a relatively high technical surplus at this stage of progression.

Major losses (including IBNR) in the calendar year, affecting the 2025 year of account are summarised in the table below.

Loss	Gross and net £m
Hurricane Melissa	5.7
	5.7

The Syndicate continues to earn its acquisition costs in line with gross earned premium, whilst administrative expenses, and Names expenses are earned as they are incurred. Managing agents profit commissions are earned in line with cumulative profits to a year of account, after allowances for the potential impact of deficit clauses within the Agency Agreement.

Net operating expenses are £48.3m, which is a increase from the £38.9m charged to the 2024 underwriting year at the same stage. The increase has been mostly driven by higher profit commissions accrued, as well as higher brokerage and commissions on the increase in premiums written in the year.

The investment return for the year is £1.5m, owing to positive yields.

Losses on exchange, and currency retranslation losses in the year stands at an overall loss of £0.7m for the 2025 underwriting year.

Members' balances stand at a surplus of £18.4m.

Contribution of 2024 year of account to the calendar year result

The 2024 year of account has contributed a £29.7m profit for the calendar year, before investment income, and currency exchange gains and losses. The year has had positive releases from prior accident years as well as positive loss experience from claims in the current accident year, with moderate amounts of exposure to natural catastrophe losses.

Major losses (including IBNR) in the calendar year, affecting the 2024 year of account are summarised in the table below:

Loss	Gross and net £m
California Wildfires	7.8
Hurricane Melissa	1.9
	9.7

Net operating expenses are £42.2m, against a comparative figure of £41.5m in calendar year 2024. The growth in Specialty lines on the 2024 underwriting year has resulted in higher amounts of brokerage, although profit commissions accrued are slightly lower than the comparative period.

The investment return for the calendar year attributable to the 2024 underwriting year of account of £6.1m.

Losses on exchange, and currency retranslation losses have produced an overall loss of £1.9m, owing to a weakening of the US dollar since the comparative period.

Members' balances currently stand at an overall surplus of £40.8m, after standard personal expenses. We are forecasting a profit in the range of 10.7 – 15.7% of Capacity upon closure of the 2024 year of account.

Contribution of 2023 year of account to the calendar year result

The 2023 year of account has contributed a profit for the calendar year, before investment income, and currency exchange of £5m. There has been an improvement of £6.0m on closed year reserves in the year.

Whilst the claims set at the previous year end have developed favourably during the year, the year incurred losses from the Californian Wildfire losses in January 2025, which affected the unexpired risks on Property Binders. The loss to the year is estimated at £9.7m. A loss of this size is extremely usual at this stage of progression, but the Wildfires caused severe damage in a geographical area where real estate values can be high.

Net operating expenses are £10.7m. Most of this movement is generated from brokerage on premiums written under binding authorities earned in the year and profit commissions accrued.

The investment return for the year is £9.4m.

Losses on exchange, and currency retranslation losses in the year have produced an overall loss of £7.5m, owing to a weakening of the US dollar since the comparative period.

The 2023 year of account has closed at a profit of £74.5m, and a result to a traditional name of 24.9% of Capacity.

Operating Expenses

	2023 and Prior Years of Account £000	2024 Year of Account £000	2025 Year of Account £000	2025 Calendar Year Combined £000	2024 Calendar Year Combined £000
Acquisition Costs (Brokerage)	(8,136)	(28,976)	(22,576)	(59,688)	(51,976)
Acquisition Costs (Other)	(628)	(4,024)	(10,597)	(15,249)	(11,959)
Administrative Expenses	(234)	(703)	(3,749)	(4,686)	(3,853)
Standard Personal Expenses	–	–	(6,759)	(6,759)	(5,182)
Managing Agents Profit Commissions	(1,731)	(8,475)	(4,594)	(14,800)	(18,636)
Net Operating Expenses	(10,729)	(42,178)	(48,275)	(101,182)	(91,606)

As in previous years, acquisition costs (brokerage) represent the largest single expense item in 2025. Other operating expenses under the control of the Managing Agency have increased in the year owing to additional staff and resources required to expand the business, as well as from general inflationary increases. The increase Syndicate's premium income has also led to increases in standard personal expenses.

The Syndicate has accrued profit commission on the 2025, 2024, and 2023 years of account in the calendar year. This is lower than the comparative period, owing to a decrease in profits in the current period.

Profit and loss on exchange and currency translation differences

The aggregate loss on exchange for the year is £10.1m, compared to a gain of £2.4m in 2024. This has largely arisen from currency translation differences from conversion of the opening balances and calendar year result from average to closing rates of exchange. The loss from retranslating from a US functional currency to a Sterling presentational currency is detailed in currency translation differences. The Syndicate has also realised profits and losses on exchange from transactions in the year, as well as having open currency positions at the year end. The table below provides a breakdown of the profit and loss on exchange during the year.

Profit and loss on exchange and currency translation	2023 and Prior Years of Account £000	2024 Year of Account £000	2025 Year of Account £000	Total £000
Loss on currency translation of opening balances and calendar year profits	(1,528)	(204)	(255)	(1,987)
Loss on other transactions in the year	(706)	(423)	(23)	(1,152)
Other comprehensive income – currency translation	(5,279)	(1,290)	(418)	(6,987)
Loss on exchange and currency translation	(7,513)	(1,917)	(696)	(10,126)

Investment Performance

		2025 '000	%	2024 '000	%
Average Amount of Syndicate Funds		£356,011		£319,196	
Investment Return (excluding investment manager's fees)		£17,299	4.86%	£15,126	4.7%
By Currency:					
Sterling:	Average Funds	£11,445		£13,080	
	Investment Return*	£2	0.02%	£153	1.17%
US Dollar:	Average Funds	US$432,544		US$371,206	
	Investment Return	US$21,757	5.03%	US$17,901	4.82%
Canadian Dollar:	Average Funds	Can$£31,092		Can$28,193	
	Investment Return	Can$887	2.85%	Can$1,246	4.42%

*Includes investment manager's fees of £331,718 (2024: £275,793).

Average amount of Syndicate Funds converted at average rates of exchange.

Investment Policy

In 2025 Syndicate 318 delivered strong returns across its three USD accounts, despite a backdrop of persistent geopolitical tensions.

The portfolios are primarily invested in investment grade fixed income securities which benefitted from a starting point of historically high yields, and from the Federal Reserve cutting interest rates as the labour market softened. In the second half of the year, the Federal Reserve cut rates 3 times to a range of 3.5-3.75%. The FOMC took a “risk management” approach as they assessed risks to unemployment picking up, and less upside to inflation which had been a key concern post-Liberation day. US economic growth has proved resilient, despite trade tensions and a record government shutdown which ended in November.

The largest allocation in the portfolios is corporate bonds which benefitted from solid fundamentals, together with a strong market technical of yield-driven demand which led to spreads tightening. Earlier in the year there was a sell-off in corporate bond spreads after “Liberation Day” tariffs were threatened, but ultimately were implemented at a lower level than anticipated. Spreads subsequently tightened throughout the year back to historically tight levels.

The past 3 years have seen the best investment performance for the Syndicate in over a decade and 2025 was the second highest over this period. The aggregate portfolio returned 5.16% (0.37% above benchmark), in gross terms. The outlook remains strong for 2026 which is expected to be carry driven again. Portfolios are close to neutral duration versus liabilities and defensively positioned within credit to allow flexibility should spreads widen.

Business review – non-financial

In reviewing the performance of the business in the year, we have also assessed non-financial metrics for underwriting, claims, human resources, and Solvency UK. We have identified the following criteria as important measures of performance for these areas. These are detailed in the section below.

Underwriting non-financial indicators

The Syndicate views the proportion of the business that it leads and renews as important non-financial measurements of its performance. The amount of business that the Syndicate is the lead underwriter on provides a useful measure of market position in relation to its peers, although for some lines of business it is not practical for the Syndicate to be a lead market. The level of renewal business by the Syndicate is a good indicator of the continuity of the respective books of business, as well as retention of clients. These are detailed for 2025 in the table below:

	Property – Direct and Facultative	Property – Binding Authorities	CPRI	Political violence	Specie	Contin-gency	CSUPR	Consortia	Construc-tion	Marine
Proportion of business written where the Syndicate is the lead underwriter	48%	26%	26%	1%	24%	50%	100%	13%	27%	14%
Proportion of business written which is a renewal to the Syndicate	82%	94%	12%	66%	81%	54%	93%	49%	4%	–

The proportions of written business lead and renewed by the Syndicate are broadly consistent with last year.

The Board values experience in its underwriters. The table below details the experience of the Syndicate's senior underwriters in terms of the numbers of years they have worked at the Syndicate and the number of years they have been active in the Lloyd's market.

Name	Position	Years at Syndicate	Years in the Insurance Market
Nick Chalk	*Active Underwriter*	26	30
Steve Anderson	*Head of Delegated Underwriting*	17	37
Simon Pope	*Head of Property Underwriting – Direct and Facultative*	23	25
Francis Hernandez	*Head of Contingency*	5	38
James Steele-Perkins	*Head of Credit & Political Risk*	6	28
Ian Seakens	*Head of Specie*	5	40
Tom Gardner	*Head of War, Terrorism and Political Violence*	6	13
Alex Coulton	*Head of Construction*	2	11
James Braddock	*Head of Treaty Reinsurance*	2	40
James Hyett	*Head of Marine*	1	25

Note – Years of service have been rounded to the nearest full year.

Claims handling non-financial indicators

As part of the evaluation of the Syndicate's claims handling performance, various measurements are monitored on a quarterly basis. Management view responding to claims notifications, adjusting and settling them on a timely basis as key to the Syndicate's servicing of claims. It also places great importance on the accuracy of its case reserving within a prescribed range. The table below illustrates some of the KPIs used by the Board.

Claims Measurement	Average score in 2025	Average score in 2024
Percentage of claims responded to within target response time*	89.1%	86.9%
Reserving accuracy percentage from first advice to final settlement	118.0%	95.0%

*Target response time is measured as within 4 workings days of ECF Presentation date.

Within the calendar year the Syndicate started using internal metrics so comparative values have been adjusted to reflect this.

Management are satisfied that the Syndicate provides a comprehensive claims service to its policyholders, but will endevour to improve the performance against KPIs.

Human resources non-financial indicators

The Board view retention of staff, and vocational training as key to the long term success of the Syndicate. The staff turnover for the Syndicate has been historically low, and the average length of service for employees tends to be longer than market sector average. Cincinnati Global Underwriting Agency Limited (CGUAL) also remains committed to staff training, with a number of employees studying for professional qualifications in disciplines including accountancy, actuarial, insurance and law.

The health, safety, and welfare of our employees, and the people they have contact with, is of paramount importance to us. The People and Culture Working Group has been set up to ensure the continued wellbeing of our employees.

Principle Risks and Uncertainties

The Syndicate is exposed to a variety of risks when undertaking the activities associated with the running of the business. The Board has policies and procedures in place to identify and manage the risks to the Syndicate. The key risks to the Syndicate are: Insurance risk, Concentration risk, Financial risk, Credit risk, Liquidity risk, Market risk, Interest rate risk, Currency risk, and Operational risk.

Definitions of these risks and further explanation on how they affect the Syndicate are detailed in Note 4 on page 39.

Corporate Governance and Risk Management

Reporting to the Board are a number of Committees each with written terms of reference which consider, monitor and report on aspects of the Managing Agency's business. The Board retains overall responsibility for the Syndicate's business.

The Managing Agency maintains a risk framework for the identification, assessment, management and monitoring of the risks to which it is exposed across all aspects of its day-to-day business operations, and it maintains a risk register based on the output of this framework. The risk framework encompasses all core risk areas in the business. Various controls operate in respect of these risk areas, and their performance and continued suitability are monitored via the Risk Function and are overseen by the relevant sub-committee, or the board and through the use of key risk and control indicators.

Audit Committee

The Audit Committee has the delegated authority of the Board to consider all aspects and matters pertaining to the internal and external audit of the Managing Agency and the managed Syndicate. This includes an assessment of the performance, effectiveness and suitability of these functions. All members of this committee are independent non-executive directors.

Risk and Compliance Committee

The Risk and Compliance Committee has the delegated authority of the Board to consider all aspects and matters pertaining to the identification, assessment, monitoring and mitigation of risk within the Managing Agency and the managed Syndicate. This includes an assessment of the performance, effectiveness and suitability of the risk management function and the risk framework. The Committee is responsible for the consideration of operational risk issues and maintains the Managing Agency's risk register, environmental, social and governance issues as well as all compliance matters affecting the Managing Agency, and the Syndicate are also reviewed by the Committee.

Executive Committee

The Executive Committee has the delegated authority of the Board to consider matters defined by the Board or any matters that do not require consideration by the full Board. In general, the committee considers the more day-to-day administrative and operational issues relating to the Managing Agency and the managed Syndicate.

Investment Committee

The Investment Committee has the delegated authority of the Board to recommend, monitor and oversee the appropriateness of the investment policy, investment guidelines and performance measures for the managed Syndicate; for assessing the performance, effectiveness and continued suitability of the investment managers; and for ensuring compliance with relevant rules and regulations. The Investment Committee has specific responsibility for the consideration of the market, liquidity and concentration risk relating to the investment of the managed Syndicate's assets.

The Committee also assesses the suitability of the portfolio from a prudent principle, and an environmental, social, and governance perspective.

Claims Committee

The Claims Committee has responsibility for reviewing and monitoring all aspects of the managed Syndicate's claims performance and claims service delivery.

Reserving Committee

The Reserving Committee assists the Board in reviewing and approving the quarterly reserves of the Syndicate for UK GAAP and Solvency UK.

Underwriting Committee

The Underwriting Committee has the delegated authority of the Board to consider, monitor and review all aspects of the underwriting and reinsurance strategy, management and performance of the managed Syndicate. This includes environmental, social, and governance considerations, particularly around policies with exposure to fossil fuels. The Underwriting Committee considers insurance and reinsurance risks.

Remuneration Committee

The Remuneration Committee has the delegated authority of the Board to support and assist the Agency in its objective to determine and oversee the appropriateness of the policy and framework which can attract and retain the right talents. As such, the Remuneration Committee oversees the determination of the remuneration, benefits and bonus arrangements of the senior executives and officers of the Managing Agency and the managed Syndicate, for the review and approval of the general level of remuneration and benefits for other staff and for ensuring that remuneration arrangements are consistent with principles of sound risk management and corporate governance.

Product Oversight and Governance Committee

The Product Oversight and Governance (POG) committee has the delegated authority of the Board to provide guidance and critical assessment of conduct risk issues thereby ensuring compliance with Lloyd's and the FCA's principles concerning conduct, and to assist the Board in this regard. As such, the POG supports the Board in establishing a positive corporate culture in respect of Conduct Risk which ensures that customers are treated fairly at all times.

People and Culture Working Group

The People and Culture Working Group reports directly to the Board. Its goal is to promote the development of our employees, and ensure their continued wellbeing.

Future Developments

The Board is committed to growing and developing the business profitability in the coming year, whilst managing changes in the market cycle. The Syndicate continues to be in the market for high calibre teams and individuals who can help the business grow and expand profitability, and add to the culture of the business.

Directors

The directors and officers of the Managing Agent who held office up to the date of the signing of the balance sheet were as follows:

Directors:

T.C. Cracas	*(non-executive)*
D.C. Eales	
M.A. Langston	
R.A. Pexton	*(non-executive chairman)*
G.M. Tuck	
G.A.M. Bonvarlet	*(non-executive)*
R.B. Scott	*(non-executive)*

Company secretary

R. Allibone

Syndicate annual general meeting

As permitted under the Syndicate Meetings (Amendment No.1) Byelaw (No.18 of 2000) CGUAL does not propose holding a Syndicate Annual General Meeting of the members of the Syndicate. Members may object to this proposal within 21 days of the issue of these accounts. Any such objection should be addressed to G. M. Tuck, Chief Finance Officer, at the registered office of Cincinnati Global Underwriting Agency Limited.

Auditor

Deloitte LLP were appointed on the 31 July 2019.

Pursuant to Section 14(2) of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Statement as to disclosure of information to auditors

The directors of the Managing Agent at the date of this report have individually taken all the necessary steps to make themselves aware, as directors, of any relevant audit information and to establish that the Syndicate auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the Syndicate auditors are unaware. The directors are satisfied with the Syndicate's ability to continue being a going concern in the future.

G. M. Tuck
Chief Finance Officer

Cincinnati Global Underwriting Agency Limited
51 Lime Street
London EC3M 7DQ

Approved by the Board of Cincinnati Global Underwriting Agency Limited on 17 February 2026

Statement of managing agent's responsibilities for the year ended 31 December 2025

The directors of the Managing Agent are responsible for preparing the Syndicate annual accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive Lloyd's Syndicate and Aggregate Accounts Regulations 2008 requires the directors of the managing agent to prepare their Syndicates' annual accounts for each financial year. Under that law they have elected to prepare the annual accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 the directors of the managing agent must not approve the annual accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Syndicate and of the profit or loss of the Syndicate for that period. In preparing these financial statements, the directors of the managing agent are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and 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 annual accounts;
- Assess the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so.

The directors of the managing agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the financial statements comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors of the managing agent are responsible for the maintenance and integrity of the Syndicate and financial information included on the Syndicate's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of the managing agent are responsible for the preparation and review of the iXBRL tagging that has been applied to the Syndicate Accounts 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.

G. M. Tuck
Chief Finance Officer (on behalf of the board)

Cincinnati Global Underwriting Agency Limited
51 Lime Street
London EC3M 7DQ

Approved by the Board of Cincinnati Global Underwriting Agency Limited on 17 February 2026

Report on the audit of the syndicate annual financial statements

Opinion

In our opinion the syndicate annual financial statements of Syndicate 0318 (the 'syndicate'):

- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and sections 1 and 5 of the 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 syndicate annual financial statements which comprise:

- the statement of profit or loss and comprehensive income;
- the balance sheet;
- the statement of changes in members' balances;
- the statement of cash flows; and
- the related notes 1 to 26.

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 UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and the Syndicate Accounts Instructions. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the syndicate annual financial statements section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate annual financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 in operations for a period of at least twelve months from when the syndicate 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 information

The other information comprises the information included in the annual report, other than the syndicate annual financial statements and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate annual 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 syndicate annual 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 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.

Responsibilities of managing agent

As explained more fully in the managing agent's responsibilities statement, the managing agent is responsible for the preparation of the syndicate annual 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 syndicate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate annual financial statements, the managing agent is responsible for assessing the syndicate's ability to continue in operation, disclosing, as applicable, matters related to the syndicate's ability to continue in operation and to use the going concern basis of accounting unless the managing agent intends to cease the syndicate's operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the syndicate annual 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 syndicate annual financial statements.

A further description of our responsibilities for the audit of the syndicate annual financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered 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.

We considered the nature of the syndicate and its control environment, and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the syndicate operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), the Lloyd's Syndicate Accounts Instructions; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency UK.

We discussed among the audit engagement team including relevant internal specialists such as actuarial and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the valuation of the gross claims incurred but not reported ("IBNR") balance, specifically around assumptions for certain classes of business.

Our procedures performed to address it are described below:

- Evaluated the design and implementation of internal controls around the reserving cycle. We have tested the controls over data, model, assumptions, methodology and results as per ISA 540 (Revised);

- Performed attribute testing on the data used in the IBNR calculations. We selected a sample of items and traced selections to underlying syndicate records to ensure the data is complete and accurate;

- Reviewed the margin on a year-on-year basis to determine the consistency of the margin;

- Involved our actuarial specialists to develop independent estimates of a portion of the technical provisions.;

- Performed benchmarking of the major catastrophe events from across the industry based on market data and compared incurred to ultimate ratios by event using data as at 31 December 2025;

- Performed a sample test over the major catastrophe events to test the the appropriateness of the valuation of IBNR; and

- Performed a 'stand back' assessment to consider all the evidence received from audit procedures performed and conclude if there is any evidence of overall management bias.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- enquiring of management and internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Lloyd’s, the FCA and the PRA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd’s Syndicate Accounts Instructions

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 applicable legal requirements.

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 any material misstatements in the managing agent’s report.

Matters on which we are required to report by exception

Under The Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or

- the syndicate annual financial statements are not in agreement with the accounting records; or

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Syndicate Accounts Instructions Version 3.1, these financial statements will form part of the Electronic Format Annual Syndicate Accounts filed with the Council of Lloyd's and published on the Lloyd's website. This auditors' report provides no assurance over whether the Electronic Format Annual Syndicate Accounts have been prepared in compliance with Section 2 of the Syndicate Accounts Instructions Version 3.1. We have been engaged to provide assurance on whether the Electronic Format Annual Syndicate Accounts has been prepared in compliance with Section 2 of the Syndicate Accounts Instructions Version 3.1 and will privately report to the directors of the managing agent and the Council of Lloyd's on this.

Ben Newton, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 February 2026

Statement of profit or loss and total comprehensive income for the year ended 31 December 2025

Technical account – general business

	Note	2025 £000	2025 £000	2024 £000	2024 £000
Gross premiums written	5	315,987		301,406	
Outward reinsurance premiums		(43,237)		(47,890)	
Premiums written, net of reinsurance			272,750		253,516
Changes in unearned premium	17				
Change in the gross provision for unearned premiums		(19,405)		(28,472)	
Change in the provision for unearned premiums reinsurers' share		599		2,019	
Net change in provisions for unearned premiums			(18,806)		(26,453)
Earned premiums, net of reinsurance			253,944		227,063
Allocated investment return transferred from the non-technical account	9		16,967		14,925
Other technical income, net of reinsurance			–		–
Claims paid	17				
Gross amount		(99,476)		(92,473)	
Reinsurers' share		9,436		21,777	
Net claims paid		(90,040)		(70,696)	
Change in the provision for claims	17				
Gross amount		(4,026)		14,984	
Reinsurers' share		(6,341)		(22,480)	
Net change in provisions for claims		(10,367)		(7,496)	
Claims incurred, net of reinsurance			(100,407)		(78,192)
Net operating expenses	6		(101,182)		(91,606)
Balance on the technical account – for general business			69,322		72,190

All items relate only to continuing operations.

The accompanying notes from pages 28 to 71 form an integral part of these financial statements.

Non-technical account

	Note	2025 £000	2024 £000
Balance on the technical account – general business		69,322	72,190
Investment income	9	13,737	12,216
Realised gains on investments	9	1,508	3,864
Unrealised gains/(losses) on investments	9	2,054	(878)
Investment expenses and charges	9	(332)	(277)
Total investment return		16,967	14,925
Allocated investment return transferred to general business technical account		(16,967)	(14,925)
Loss on foreign exchange		(3,139)	(177)
Profit for the financial year		66,183	72,013
Other comprehensive income			
Currency translation (losses)/gains		(6,987)	2,529
Total comprehensive income for the year		59,196	74,542

The accompanying notes from pages 28 to 71 form an integral part of these financial statements.

Balance sheet as at 31 December 2025

	Note	2025 £000	2025 £000	2024 £000	2024 £000
Assets					
Financial investments	11	374,352		354,700	
Deposits with ceding undertakings		34		154	
Investments			374,386		354,854
Provision for unearned premiums		10,397		10,476	
Claims outstanding		14,153		21,860	
Reinsurers' share of technical provisions	17		24,550		32,336
Debtors arising out of direct insurance operations	12	87,970		81,775	
Debtors arising out of reinsurance operations	13	5,280		9,566	
Other debtors	14	918		2,051	
Debtors			94,168		93,392
Cash at bank and in hand	21		7,064		2,702
Other assets			7,064		2,702
Deferred acquisition costs	15	39,890		35,671	
Other prepayments and accrued income		1,689		1,649	
Prepayments and accrued income			41,579		37,320
Total assets			541,747		520,604

The accompanying notes from pages 28 to 71 form an integral part of these financial statements.

	Note	2025 £000	2025 £000	2024 £000	2024 £000
Liabilities					
Members' balances			133,247		124,191
Total capital and reserves			133,247		124,191
Provision for unearned premiums		157,888		146,734	
Claims outstanding		195,723		204,176	
Technical provisions	17		353,611		350,910
Creditors arising out of direct insurance operations	18	557		1,281	
Creditors arising out of reinsurance operations	19	11,771		11,146	
Other creditors including taxation and social security	20	9,144		1,933	
Creditors			21,472		14,360
Accruals and deferred income			33,417		31,143
Total liabilities			408,500		396,413
Total liabilities, capital and reserves			541,747		520,604

The financial statements on pages 22 to 71 were approved by the Board of Cincinnati Global Underwriting Agency Limited on 17 February 2026 and were signed on its behalf by

D. C. Eales
Chief Executive Officer

G. M. Tuck
Chief Finance Officer

19 February 2026

The accompanying notes from pages 28 to 71 form an integral part of these financial statements.

Statement of changes in members' balances for the year ended 31 December 2025

	2025 £000	2024 £000
Members' balances brought forward at 1 January	124,191	72,924
Total comprehensive income for the year	59,196	74,542
Members' agents fees	(146)	(148)
Payments of profits to members' personal reserve fund	(49,994)	(23,127)
Members' balances carried forward at 31 December	133,247	124,191

Members participate on Syndicates by reference to years of account (YoA) and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year.

The accompanying notes from pages 28 to 71 form an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2025

	Note	2025 £000	2024 £000
Cash flows from operating activities			
Profit for the financial year		66,183	72,013
Adjustments:			
Increase in gross technical provisions		2,701	16,956
Decrease in reinsurers' share of gross technical provisions		7,786	20,154
(Increase) in debtors		(816)	(11,076)
Increase/(decrease) in creditors		7,112	(8,121)
Movement in other liabilities		2,274	12,826
Investment return		(16,967)	(14,925)
Foreign exchange (losses)/gains		(6,987)	2,529
Other		16,737	(12,397)
Net cash flows from operating activities		78,023	77,959
Cash flows from investing activities			
Purchase of equity and debt instruments		(172,843)	(313,202)
Sale of equity and debt instruments		132,355	243,361
Investment income received		16,967	14,925
Net cash flows from investing activities		(23,521)	(54,916)
Cash flows from financing activities			
Distribution of profit		(50,140)	(23,275)
Net cash flows from financing activities		(50,140)	(23,275)
Net increase/(decrease) in cash and cash equivalents		4,362	(232)
Cash and cash equivalents at the beginning of the year	22	2,702	2,934
Foreign exchange on cash and cash equivalents		–	–
Cash and cash equivalents at the end of the year	22	7,064	2,702

The accompanying notes from pages 28 to 71 form an integral part of these financial statements.

1

(a) Basis of preparation

Syndicate 0318 ('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 Cincinnati Global Underwriting Agency Limited, 51 Lime Street, London EC3M 7DQ. Cincinnati Global Underwriting Agency Limited is registered in England and Wales.

The financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and applicable Accounting Standards in the United Kingdom and the Republic of Ireland, including Financial Reporting Standard 102 (FRS 102). FRS 102 requires the application of Financial Reporting Standard 103 (FRS 103) in relation to insurance contracts, and the Lloyd's Syndicate Accounts Instructions Version 3.1 as modified by the Frequently Asked Questions Version 1.0 issued by Lloyd's.

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and available for sale that are measured at fair value.

The financial statements are presented in Great British Pounds, the functional currency of the Syndicate is US Dollars. The presentational currency is different from the functional currency of the Syndicate because the Syndicate has elected to use a presentational currency aligned with the presentational currency of its corporate member.

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

(b) 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 Syndicate 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 Funds at Lloyd's (FAL). There is no intention to cease underwriting or cease the operations of the Syndicate.

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

2 Use of judgements and estimates

In preparing these financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Critical accounting judgements

In the course of preparing the financial statements no judgements have been made in the process of applying the Syndicate's accounting policies, other than those involving estimations that have had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are considered to be claims liabilities and unearned premiums. Note 4 gives further sensitivity analysis into the impact of these risks.

Estimation of claims

The measurement of the provision for claims outstanding involves estimates and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the balance sheet date, whether reported or not. This is a complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, professional expertise is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Managing Agent's in-house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time given the likely ultimate claims to be experienced and for more recent underwriting, having regard to variations in business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating, and other models of business accepted and assessments of underwriting conditions.

2 Use of judgments and estimates *continued*

In arriving at the level of claims provisions, a Board approved margin is applied over and above the actuarial best estimate.

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in note 4.

Estimation of premiums

The measurement of premiums written in the year involves estimates on the amounts of premiums written but not signed to the Syndicate until after the balance sheet date.

The estimation of unearned premiums, includes estimates made on the allocation of premiums between accounting periods based on the profile of the underlying risks associated with the policy, and accordingly how the premium is recognised as earned.

3 Significant accounting policies

The following significant accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's financial statements.

(a) Premiums written

Gross premiums written reflect direct and inwards reinsurance business written during the period, gross of commission payable to intermediaries, and exclude any taxes or duties based on premiums. Premiums written include estimates for 'pipeline' premiums representing amounts due to the Syndicate and adjustments to estimates of premiums written in previous periods.

Estimated premium income in respect of facility contracts, for example binding authorities and line slips, are deemed to be written in a manner that reflects the expected profile of the underlying business which has been written. Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured. The earned proportion of premiums is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period based on the pattern of the risks underwritten.

(b) Unearned premiums

The provision for unearned premiums comprises the proportion of gross premiums written 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.

(c) Acquisition costs

Costs incurred in acquiring general insurance contracts are deferred. Acquisition costs include direct costs such as brokerage and commission, and indirect costs such as expenses connected with the processing of proposals and the issuing of policies. The deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the balance sheet date.

3 Significant accounting policies *continued*

(d) Reinsurance

The Syndicate assumes and cedes reinsurance in the normal course of business. Premiums and claims on reinsurance assumed are recognised in the technical account along the same basis as direct business, taking into account the product classification. Reinsurance premiums ceded and reinsurance recoveries on claims incurred are included in the respective expense and income accounts. Premiums ceded and claims reimbursed are presented on a gross basis in the technical account and statement of financial position as appropriate.

Reinsurance outwards premiums are earned according to the nature of the cover. 'Losses occurring during' policies are earned evenly over the policy period. 'Risks attaching' and 'Quota Share' policies are expensed on the same basis as the inwards business being protected.

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.

(e) Claims provisions and related reinsurance recoveries

Claims incurred comprise claims and claims handling expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses. The Syndicate does not discount its liability for outstanding claims nor the reinsurance share of outstanding claims.

Outstanding claims include an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end (IBNR). Salvage and subrogation and other recoveries are deducted from the provision for outstanding claims, where a realistic estimate can be made and there is certainty around the receipt. The liability for outstanding claims is estimated using the input of assessments for individual cases reported to the Syndicate and widely accepted actuarial techniques for the claims incurred but not reported (IBNR). The techniques generally use projections, based on past experience of the development of claims over time, to form a view on the likely ultimate claims to be experienced and an estimate of the expected ultimate cost of more complex claims that may be affected by external factors, for example, court decisions.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical techniques are used to assist in making these estimates.

3 Significant accounting policies *continued*

(e) Claims provisions and related reinsurance recoveries *continued*

Reinsurance assets are assessed for impairment at each balance sheet date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Syndicate may not recover all amounts due, and that event has a reliably measurable impact on the amount that the Syndicate will receive from the reinsurer. Impairment losses are recognised in profit or loss in the period in which the impairment loss is recognised.

A specific provision is made against amounts from reinsurers, by applying default rates to recoveries. These default rates are based on credit ratings by accredited rating agencies.

(f) Unexpired risks provision

Provision is made for unexpired risks arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premiums provision in relation to such policies (after the deduction of any deferred acquisition costs). The provision for unexpired risks is calculated by reference to classes of business which are managed together.

(g) Foreign currencies

Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions. The Syndicate's monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. For the purposes of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

Differences arising on translation of foreign currency amounts relating to the insurance operations of the Syndicate are included in the non-technical account. Differences arising on translation from the functional currency to the presentational currency are recognised in other comprehensive income.

(h) Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the UK)/Chapters 11 and 12 of FRS 102.

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.

3 Significant accounting policies *continued*

(h) Financial assets and liabilities *continued*

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, units in unit trusts, 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. Other financial assets, principally certain debt and other fixed-income securities are classified as available for sale.

The Syndicate does not hold any non-derivative financial assets or financial liabilities for trading.

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.

Regular way 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

A financial asset or financial liability is measured initially at fair value plus any transaction costs that are directly attributable to its acquisition or issue.

Financial assets are measured at fair value with fair value changes recognised immediately in profit or loss.

3 Significant accounting policies *continued*

(h) Financial assets and liabilities *continued*

Financial assets classified as available for sale are initially recognised at fair value, which typically equates to the cost, plus transaction costs directly attributable to its acquisition. After initial measurement, these assets are subsequently measured at fair value. Interest earned whilst holding available for sale financial assets is reported as interest income. Impairment losses and foreign exchange gains or losses are reported in profit and loss for the financial year. Other fair value changes are recognised in other comprehensive income.

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.

(i) Investment return

Investment return comprises investment income and movements in unrealised gains and losses on financial instruments at fair value through profit or loss, less investment management expenses, interest expense. The Syndicate does not have a legal right to set off any of the assets and liabilities held in the balance sheet. Investment income comprises interest income and dividends receivable.

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. For the purpose of separately presenting investment income and unrealised gains and losses for financial assets at fair value through profit or loss, interest income is calculated using the effective interest method excluding transaction costs that are expensed when incurred. For investments at fair value through profit or loss, realised gains and losses represent the difference between the net proceeds on disposal and the purchase price.

Unrealised investment gains and losses represent the difference between the fair value at the balance sheet date and the fair value at the previous balance sheet date, or purchase price if acquired during the year. Movements in unrealised investment gains and losses comprise the increase/decrease in the reporting period in the value of the investments held at the reporting date and the reversal of unrealised investment gains and losses recognised in earlier reporting periods in respect of investment disposals of the current period.

3 Significant accounting policies *continued*

(i) Investment return *continued*

Investment return is initially recorded in the non-technical account. The return is transferred in full to the general business technical account to reflect the investment return on funds supporting underwriting business.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date 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 fair value in the statement of financial position.

Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) 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 members or their members' agents 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.

(l) Pension costs

Cincinnati Global Underwriting Agency Limited operates a defined contribution scheme. Pension contributions relating to Managing agent staff who act on behalf of the Syndicate are charged to the Syndicate as incurred and are included within net operating expenses.

(m) Profit commission

Profit commission is charged by the managing agent at a rate of 20% of the cumulative GAAP profit for a year of account basis subject to the operation of a 2 year deficit clause. This is accrued by the Syndicate as incurred but does not become payable until after the appropriate year of account closes, normally at 36 months.

(n) Deposits with ceding undertakings

Deposits with ceding undertakings are funds held by Lloyd's Europe on behalf of the Syndicate to settle Part VII claims. These funds are held at fair value in the balance sheet.

3 Significant accounting policies *continued*

(o) Other prepayment and accrued income

Prepayments are reported at fair value and are recognised in the financial statements when a payment is made for goods and services in the current period, but the economic benefit will not be derived by the Syndicate until future periods.

Accrued income is reported at fair value and is recognised in the financial statements when the economic benefit from an asset has been derived by the Syndicate in the current period, but the associated income will not be received until future periods.

(p) RITC and Portfolio Transfer Policy

Reinsurance to close premium received

The reinsurance to close premium received was closed into the 2023 year of account at 31 December 2025.

The reinsurance to close premium payable is determined by reference to the outstanding technical provisions (including those for outstanding claims, unearned premiums, net of deferred acquisition costs, and unexpired risks) relating to the closed year and all previous closed years reinsured therein. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year (and previous closed years reinsured therein) to the members of the successor year of account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

The provision for claims comprises amounts set aside for claims notified and claims incurred but not yet reported (“IBNR”).

The amount included in respect of IBNR is based on statistical techniques and underwriting estimates applied by the Managing Agent’s management and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting years, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs.

The reinsurers’ share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. The Syndicate uses a number of statistical techniques to assist in making these estimates.

(p) RITC and Portfolio Transfer Policy *continued*

Reinsurance to close premium received *continued*

Accordingly, the most critical assumption as regards claims provisions is that the past is a reasonable predictor of the likely level of claims development.

It is considered that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available. However, the quantum of final settlements will vary as a result of subsequent information and events, and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Reinsurance to close premium payable

The reinsurance to close premium paid was closed into the 2024 year of account at 31 December 2025.

The reinsurance to close premium is determined by reference to the outstanding technical provisions (including those for outstanding claims, unearned premiums, net of deferred acquisition costs, and unexpired risks) relating to the closed year and to all previous closed years reinsured therein. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year (and previous closed years reinsured therein) to the members of the successor year of account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

The provision for claims comprises amounts set aside for claims notified and claims IBNR.

The amount included in respect of IBNR is based on statistical techniques and underwriting estimates applied by the Managing Agent's management and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting years, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. The Syndicate uses a number of statistical techniques to assist in making these estimates.

(p) RITC and Portfolio Transfer Policy *continued*

Reinsurance to close premium payable *continued*

Accordingly the most critical assumption as regards claims provisions is that the past is a reasonable predictor of the likely level of claims development.

It is considered that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

Portfolio Transfers

All portfolio transfers made to and from the Syndicate are transacted on an arm's length basis. The use of judgements and estimates, and the application of accounting policies to the underlying assets and liabilities in any portfolio transfer are consistent with those applied elsewhere in the Syndicate.

(q) Deposits received from reinsurers

Deposits received from reinsurers includes other amounts received in advance from reinsurers against future claims under the Syndicate's reinsurance arrangements. These funds are held at amortised cost in the balance sheet.

(r) Operating expenses

Where expenses are incurred by the Managing Agent for the administration of the Syndicate, these expenses are apportioned appropriately based on type of expense. Expenses that are incurred jointly are apportioned between the Managing Agent and the Syndicate on bases depending on the amount of work performed, resources used, and the volume of business transacted.

(s) Reinsurers' commission and profit participation

Reinsurers' commissions and profit participations, which include reinsurance profit commission and overriding commission, are treated as a contribution to expenses.

(t) Debtors and creditors

Insurance debtors and creditors include amounts due to and from agents, brokers and insurance contract holders. Insurance debtors and creditors are measured at fair value. The Syndicate does not have any debtors directly with policyholders, all transactions occur via an intermediary.

3 Significant accounting policies *continued*

(t) Debtors and creditors *continued*

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 premiums 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 fair value.

Other creditors principally consist of amounts due to other related entities, profit commissions payable and other sundry payables. These are stated at fair value.

(u) 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.

(v) Operating lease rentals

Amounts recharged by the Managing Agent include costs arising from the use of assets in the period. These rental costs are expensed in full in the period to which the charge relates.

4 Risk and capital management

Introduction and overview

This note presents information about the nature and extent of insurance and financial risks to which the Syndicate is exposed, the Managing Agent's objectives, policies and processes for measuring and managing insurance and financial risks, and for managing the Syndicate's capital.

Risk management framework

The Board of Directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk management framework. The Board has established a Risk and Compliance Committee to oversee the operation of the Syndicate's risk management framework and to review and monitor the management of the risks to which the Syndicate is exposed. The Risk and Compliance Committee has delegated oversight of the management of aspects of financial risks to the Investment Committee, which is responsible for developing and monitoring financial risk management policies. The Underwriting Committee monitors the Syndicate's premium income, pricing, and terms and conditions.

4 Risk and capital management *continued*

Risk management framework *continued*

The Risk and Compliance Committee, Underwriting Committee, Reserving Committee, Audit Committee and the Investment Committee report regularly to the Board of Directors on their activities.

The risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Insurance Risk

Management of insurance risk

A key component of the management of underwriting risk for the Syndicate is a disciplined underwriting strategy that is focused on writing quality business and not writing for volume. Product pricing is designed to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Syndicate's total exposure to specific risks together with limits on geographical and industry exposures. The aim is to ensure a well diversified book is maintained with no excessive exposure in any one geographical region.

Contracts can contain a number of features which help to manage the underwriting risk, such as the use of deductibles, or capping the maximum permitted loss, or number of claims (subject to local regulatory and legislative requirements).

The Syndicate makes use of reinsurance to mitigate the risk of incurring significant losses linked to one event, including excess of loss and catastrophe reinsurance. Where an individual exposure is deemed surplus to the Syndicate's appetite, additional facultative reinsurance is also purchased. The Syndicate also purchases quota share and excess of loss reinsurance at selected sub account levels.

The Reserving Committee oversees the management of reserving risk. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the review of claims development are all instrumental in mitigating reserving risk.

The Managing Agent's in-house actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters, exposure managers, claims and reinsurance technicians. This exercise aims to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections. The output of the reserving analysis is reviewed annually by external consulting actuaries.

The Reserving Committee performs a comprehensive review of the projections, both gross and net of reinsurance. Following this review, the Reserving Committee makes recommendations to the Managing Agent's Board of Directors of the claims provisions to be established.

4 Risk and capital management *continued*

Concentration of insurance risk

The Syndicate's exposure to insurance risk is fairly well diversified, although does have a concentration in the US. The following table provides an analysis of the geographical breakdown of its written premiums by class of business.

2025

	Accident and Health £000	Motor £000	Marine, aviation and transport £000	Fire and other damage to property £000	Credit and suretyship £000	Legal expenses £000	Third party liability £000	Total £000
UK	–	–	740	5,138	13,769	13,268	2,977	35,892
US	(125)	(123)	6,803	164,607	16,781	–	3,210	191,153
Other Europe	–	–	1,426	9,026	10,152	–	8,716	29,320
Canada	–	–	1,025	12,227	650	–	4	13,906
Rest of World	–	–	4,018	32,202	9,342	–	154	45,716
Total	(125)	(123)	14,012	223,200	50,694	13,268	15,061	315,987

2024

	Accident and Health £000	Motor £000	Marine, aviation and transport £000	Fire and other damage to property £000	Credit and suretyship £000	Legal expenses £000	Third party liability £000	Total £000
UK	–	–	128	5,951	6,761	8,905	3,962	25,707
US	1,489	(185)	586	186,455	13,552	–	–	201,897
Other Europe	–	–	680	4,748	5,575	–	7,606	18,609
Canada	–	–	303	9,893	135	–	–	10,331
Rest of World	–	–	1,377	35,778	7,658	–	49	44,862
Total	1,489	(185)	3,074	242,825	33,681	8,905	11,617	301,406

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. For claims liabilities it can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates of claims incurred but not reported (IBNR). A five percent increase or decrease in the ultimate cost of settling claims arising is considered to be not unreasonable at the reporting date.

4 Risk and capital management *continued*

The following table presents the sensitivity of the value of insurance liabilities disclosed in the accounts 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.

	Sensitivity	
	5 percent increase £000	5 percent decrease £000
General insurance business sensitivities as at 31 December 2025		
Claims outstanding – gross of reinsurance	9,786	(9,786)
Claims outstanding – net of reinsurance	9,078	(9,078)

	Sensitivity	
	5 percent increase £000	5 percent decrease £000
General insurance business sensitivities as at 31 December 2024		
Claims outstanding – gross of reinsurance	10,209	(10,209)
Claims outstanding – net of reinsurance	9,116	(9,116)

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, while ensuring that the assets and liabilities are managed on a cash flow and duration basis.

4 Risk and capital management *continued*

Credit risk

Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to discharge a contractual obligation.

The Syndicate is exposed to credit risk in respect of the following:

- debt securities and derivative financial instruments;
- reinsurers' share of insurance liabilities;
- amounts due from intermediaries;
- amounts due from reinsurers in respect of settled claims;
- cash and cash equivalents; and
- other debtors and accrued interest.

The nature of the Syndicate's exposures to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

Management of credit risk

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. Financial assets are graded according to current credit ratings issued by rating agencies such as Standard and Poor's. The Syndicate has a policy of investing mainly in higher graded securities. The performance of these investments are reviewed regularly by the investment committee.

The Syndicate limits the amount of cash and cash equivalents that can be deposited with a single counterparty, and maintains an authorised list of acceptable cash counterparties.

The Syndicate's exposure to intermediaries and reinsurance counterparties is monitored by the individual business units as part of their credit control processes.

All intermediaries must meet minimum requirements established by the Syndicate. The credit ratings and payment histories of intermediaries are monitored regularly.

The Syndicate assesses the creditworthiness of all reinsurers by reviewing public rating information and by internal investigations. The impact of reinsurer default is regularly assessed and managed accordingly.

4 Risk and capital management *continued*

Exposure to credit risk

The carrying amount of financial assets and reinsurance assets represents the maximum credit risk exposure. The Syndicate does not hold any collateral as security or purchase any credit enhancements (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).

The following table analyses the credit rating by investment grade of financial investments, reinsurers' share of technical provisions, debtors arising out of direct insurance and reinsurance operations, cash at bank and in hand, and other debtors that are neither past due, nor impaired.

2025	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Debt securities and other fixed income securities	38,883	130,277	119,303	23,095	12,996	–	324,554
Shares and other variable yield securities and units in unit trusts	18,023	23,397	–	–	–	–	41,420
Deposits with ceding undertakings	34	–	–	–	–	–	34
Syndicate loans to central fund	–	–	–	–	–	–	–
Reinsurers' share claims outstanding	–	9,555	4,598	–	–	–	14,153
Debtors arising out of direct insurance operations	–	–	–	–	–	45,059	45,059
Debtors arising out of reinsurance operations	–	2,258	1,925	–	–	1,097	5,280
Other debtors and accrued interest	–	–	–	–	–	918	918
Cash at bank and in hand	–	–	7,064	–	–	–	7,064
Other investments	2,227	850	750	311	252	3,988	8,378
Total	59,167	166,337	133,640	23,406	13,248	51,062	446,860

Please note debtors arising out of direct insurance operations only includes current debtors not past due nor impaired.

4 Risk and capital management *continued*

2024	AAA £000	AA £000	A £000	BBB £000	Other £000	Not rated £000	Total £000
Debt securities and other fixed income securities	31,793	129,205	115,577	27,629	1,720	–	305,924
Shares and other variable yield securities and units in unit trusts	17,152	20,774	–	–	–	–	37,926
Deposits with ceding undertakings	154	–	–	–	–	–	154
Syndicate loans to central fund	–	–	–	–	–	2,091	2,091
Reinsurers' share claims outstanding	–	11,996	8,425	–	(17)	1,456	21,860
Debtors arising out of direct insurance operations	–	–	–	–	–	48,493	48,493
Debtors arising out of reinsurance operations	–	3,812	3,220	–	32	2,502	9,566
Other debtors and accrued interest	–	–	–	–	–	2,051	2,051
Cash at bank and in hand	–	–	2,702	–	–	–	2,702
Other investments	2,550	517	547	424	1,273	3,448	8,759
Total	51,649	166,304	130,471	28,053	3,008	60,041	439,526

Please note debtors arising out of direct insurance operations only includes current debtors not past due nor impaired.

4 Risk and capital management *continued*

Financial assets that are past due or impaired

The Syndicate has debtors arising from direct insurance and reinsurance operations that are past due but not impaired at the reporting date. The Syndicate does not consider these debtors to be impaired on the basis of stage of collection of amounts owed to the Syndicate.

An analysis of the carrying amounts of past due or impaired debtors is presented in the table below.

2025	Neither past due nor impaired assets £000	Past due but not impaired assets £000	Gross value of impaired assets £000	Impairment allowance £000	Total £000
Debt securities	324,554	–	–	–	324,554
Deposits with cediting undertakings	34	–	–	–	34
Shares and other variable yield securities and units in unit trusts	41,420	–	–	–	41,420
Reinsurer' share of claims outstanding	14,153	–	–	–	14,153
Debtors arising out of direct insurance operations	45,059	42,911	–	–	87,970
Debtors arising out of reinsurance operations	5,280	–	–	–	5,280
Other debtors and accrued interest	918	–	–	–	918
Cash at bank and in hand	7,064	–	–	–	7,064
Other investments	8,378	–	–	–	8,378
Total	446,860	42,911	–	–	489,771

4 Risk and capital management *continued*

2024	Neither past due nor impaired assets £000	Past due but not impaired assets £000	Gross value of impaired assets £000	Impairment allowance £000	Total £000
Debt securities	305,924	–	–	–	305,924
Deposits with ceding undertakings	154	–	–	–	154
Shares and other variable yield securities and units in unit trusts	40,017	–	–	–	40,017
Reinsurer' share of claims outstanding	21,860	–	–	–	21,860
Debtors arising out of direct insurance operations	48,493	33,282	–	–	81,775
Debtors arising out of reinsurance operations	9,566	–	–	–	9,566
Other debtors and accrued interest	2,051	–	–	–	2,051
Cash at bank and in hand	2,702	–	–	–	2,702
Other investments	8,759	–	–	–	8,759
Total	439,526	33,282	–	–	472,808

4 Risk and capital management *continued*

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

2025	0-3 months £000	3-6 months £000	6-12 months £000	> 12 months £000	Total £000
Debtors arising out of direct insurance operations	22,582	9,918	7,919	2,492	42,911

2024	0-3 months £000	3-6 months £000	6-12 months £000	> 12 months £000	Total £000
Debtors arising out of direct insurance operations	18,193	8,366	6,536	187	33,282

Liquidity risk

Liquidity risk is the risk that the Syndicate will encounter difficulty in meeting obligations arising from its insurance contracts and financial liabilities. The Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts.

The nature of the Syndicate's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

Management of liquidity risk

The Syndicate's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Syndicate's reputation.

The Syndicate's approach to managing its liquidity risk is as follows:

- Forecasts are prepared and revised regularly to predict cash outflows from insurance contracts over the short, medium and long term;
- The Syndicate purchases assets with aggregate durations not greater than its estimated insurance contract outflows;
- Assets purchased by the Syndicate are required to satisfy specified marketability requirements;
- The Syndicate maintains cash and liquid assets to meet daily calls on its insurance contracts; and
- The Syndicate regularly updates its contingency funding plans to ensure that adequate liquid financial resources are in place to meet obligations as they fall due in the event of reasonably foreseeable abnormal circumstances.

4 Risk and capital management *continued*

The maturity analysis presented in the table below shows the remaining contractual maturities for the Syndicate's insurance contracts and financial instruments. For insurance contracts, the contractual maturity date is the estimated date when the gross undiscounted contractually required cash flows will occur. For financial assets and liabilities, it is the earliest date on which the gross undiscounted cash flows (including contractual interest payments) could be paid assuming conditions are consistent with those at the reporting date.

2025	No maturity stated £000	0-1 yr £000	1-3 yrs £000	3-5 yrs £000	> 5 yrs £000	Total £000
Claims oustanding	–	81,859	87,168	19,839	6,857	195,723
Creditors	9,144	12,328	–	–	–	21,472
Total	9,144	94,187	87,168	19,839	6,857	217,195

2024	No maturity stated £000	0-1 yr £000	1-3 yrs £000	3-5 yrs £000	> 5 yrs £000	Total £000
Claims oustanding	–	81,878	92,735	22,485	7,078	204,176
Creditors	1,933	12,427	–	–	–	14,360
Total	1,933	94,305	92,735	22,485	7,078	218,536

Total cash flows detailed in the tables above for investments are the sum of all future interest receipts and repayment of principal at maturity of the underlying securities. The carrying amount is the current market value for the securities and includes accrued interest at the balance sheet date.

Cash can be realised through the sale of the Syndicate's investments in debt securities, the majority of which are actively traded. The disclosure does not take account of premiums received from new business written which can be used to pay claims arising.

4 Risk and capital management *continued*

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Syndicate exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

Management of market risks

For each of the major components of market risk, the Syndicate has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of market risk and the exposure of the Syndicate at the reporting date to each major risk is addressed as follows:

Interest rate risk

Interest rate risk arises primarily from the Syndicate's financial investments, cash and overseas deposits. The risk of changes in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Investment Committee monitors the duration of these assets on a regular basis, except for the overseas deposits.

4 Risk and capital management *continued*

Currency risk

The Syndicate writes business primarily in Sterling, US dollar and Canadian dollar and is therefore exposed to currency risk arising from fluctuations in the exchange rates.

The foreign exchange policy is to maintain assets in the currency in which the cash flows from liabilities are to be settled in order to hedge the currency risk inherent in these contracts. In addition, the Syndicate will from time to time enter into currency forward contracts to hedge positions. At 31 December 2025, there were no forward contracts in place (31 December 2024 £Nil).

The table below summarises the carrying value of the Syndicate's assets and liabilities, at the reporting date.

2025	Sterling £000	US dollar £000	Euro £000	Canadian dollar £000	Australian dollar £000	Japanese Yen £000	Other £000	Total £000
Investments	32	350,123	–	19,187	1,200	–	3,844	374,386
Reinsurers' share of technical provisions	3,751	20,713	–	86	–	–	–	24,550
Debtors	32,043	57,694	–	4,431	–	–	–	94,168
Other assets	7,064	–	–	–	–	–	–	7,064
Prepayments and accrued income	17,102	22,708	–	1,769	–	–	–	41,579
Total assets	59,992	451,238	–	25,473	1,200	–	3,844	541,747
Technical provisions	(84,203)	(253,931)	–	(15,477)	–	–	–	(353,611)
Creditors	(11,439)	(9,996)	–	(37)	–	–	–	(21,472)
Accruals and deferred income	(33,417)	–	–	–	–	–	–	(33,417)
Total liabilities	(129,059)	(263,927)	–	(15,514)	–	–	–	(408,500)
Total capital and reserves	69,067	(187,311)	–	(9,959)	(1,200)	–	(3,844)	(133,247)

4 Risk and capital management *continued*

2024	Sterling £000	US dollar £000	Euro £000	Canadian dollar £000	Australian dollar £000	Japanese Yen £000	Other £000	Total £000
Investments	2,197	328,810	–	17,887	1,355	–	4,605	354,854
Reinsurers' share of technical provisions	2,609	29,582	–	145	–	–	–	32,336
Debtors	23,866	65,660	–	3,866	–	–	–	93,392
Other assets	2,702	–	–	–	–	–	–	2,702
Prepayments and accrued income	14,481	21,621	–	1,218	–	–	–	37,320
Total assets	45,855	445,673	–	23,116	1,355	–	4,605	520,604
Technical provisions	(61,333)	(276,853)	–	(12,724)	–	–	–	(350,910)
Creditors	(3,663)	(10,613)	–	(84)	–	–	–	(14,360)
Accruals and deferred income	(31,143)	–	–	–	–	–	–	(31,143)
Total liabilities	(96,139)	(287,466)	–	(12,808)	–	–	–	(396,413)
Total capital and reserves	50,284	(158,207)	–	(10,308)	(1,355)	–	(4,605)	(124,191)

Equity price risk

The Syndicate does not hold any equities which are subject to equity price risk.

Sensitivity analysis to market risks for financial instruments

An analysis of the Syndicate's sensitivity to interest rate, currency and other price risk is presented in the table overleaf. The table shows the effect on profit or loss of reasonably possible changes in the relevant risk variable, assuming that all other variables remain constant, if that change had occurred at the end of the reporting period and had been applied to the risk exposures at that date.

4 Risk and capital management *continued*

	2025 Impact on results before tax for the year £000	2025 Impact on members' balances £000	2024 Impact on results before tax for the year £000	2024 Impact on members' balances £000
Interest rate risk				
+ 50 basis points shift in yield curves	(2,525)	(2,525)	(2,447)	(2,447)
– 50 basis points shift in yield curves	2,525	2,525	2,447	2,447
Currency risk				
10 percent increase in GBP/US dollar exchange rate	(18,731)	(18,731)	(15,821)	(15,821)
10 percent decrease in GBP/US dollar exchange rate	18,731	18,731	15,821	15,821

The impact of the reasonably possible changes in the risk variables on Members' balances would be the same, since the Syndicate recognises all changes in recognised assets and liabilities in profit or loss.

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 not considered to be unreasonable changes in the 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 analysis does 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.

Capital management

Capital framework at Lloyd's

The Society of 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 financial strength, licence and ratings objectives.

4 Risk and capital management *continued*

Although, as described below, Lloyd's capital setting processes use capital obligations set at Syndicate level as a starting point, the requirement to meet Solvency UK and Lloyd's capital requirements apply only at overall and member level respectively, not at Syndicate level. Accordingly, the capital requirement in respect of Syndicate 0318 is not disclosed in these financial statements.

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 comprises one or more underwriting members of Lloyd's. Each member is liable for its 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 operate on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate's 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 and not a Solvency UK requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2026 was maintained at 35% of the member's SCR 'to ultimate'.

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 (funds at Lloyd's), assets held and managed within a Syndicate (funds in Syndicate), or as the member's share of the members' balances on each Syndicate on which it participates. Syndicate 0318 is not a wholly aligned Syndicate, and not permitted to hold funds in Syndicate.

Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the balance sheet on page 25, represent resources available to meet members' and Lloyd's capital requirements.

5 Analysis of underwriting result

An analysis of the underwriting result before investment return is set out below:

2025	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Direct insurance:						
Accident and Health	(273)	939	(830)	(495)	–	(386)
Motor (other classes)	(123)	(76)	116	55	(1)	94
Marine aviation and transport	10,469	5,647	(1,970)	(1,702)	(273)	1,702
Fire and other damage to property	175,018	173,437	(50,016)	(55,015)	(25,398)	43,008
Credit and suretyship	50,694	35,323	(10,330)	(13,447)	(6,433)	5,113
Third party liability	15,061	17,416	(10,475)	(8,440)	446	(1,053)
Legal expenses	13,268	11,511	(6,909)	(5,505)	–	(903)
Total direct insurance	264,114	244,197	(80,414)	(84,549)	(31,659)	47,575
Reinsurance acceptances	51,873	52,385	(23,088)	(16,633)	(7,884)	4,780
Total	315,987	296,582	(103,502)	(101,182)	(39,543)	52,355

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						
Fire and damage to property of which is:						
Specialities	10,157	10,065	(678)	(3,193)	(1,565)	4,629
Energy	960	951	(544)	(302)	(128)	(23)
Third party liability of which is:						
Energy	–	–	–	–	–	–

5 Analysis of underwriting result *continued*

2024	Gross premiums written £000	Gross premiums earned £000	Gross claims incurred £000	Gross operating expenses £000	Reinsurance balance £000	Underwriting result £000
Direct insurance:						
Accident and health	1,489	428	(131)	(156)	–	142
Motor (other classes)	(185)	34	29	(37)	59	86
Marine aviation and transport	1,709	1,366	(1,744)	(603)	(680)	(1,661)
Fire and other damage to property	194,771	181,573	(52,891)	(58,066)	(31,778)	38,838
Credit and suretyship	33,681	25,374	(7,730)	(10,351)	(4,940)	2,353
Third party liability	11,617	7,744	(6,368)	(3,455)	(435)	(2,514)
Legal expenses	8,905	5,809	(241)	(2,650)	–	2,918
Total direct insurance	251,987	222,329	(69,076)	(75,318)	(37,774)	40,161
Reinsurance acceptances	49,419	50,605	(8,413)	(16,288)	(8,800)	17,104
Total	301,406	272,934	(77,489)	(91,606)	(46,574)	57,265

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						
Additional analysis						
Fire and damage to property of which is:						
Specialities	17,098	10,505	(611)	(4,992)	(1,838)	3,064
Energy	779	992	(500)	(295)	(174)	24
Third party liability of which is:						
Energy	–	–	–	–	–	–

All premiums were written in the UK. All net assets and profits are derived from UK business.

No gains or losses were recognised in profit or loss during the year on buying reinsurance (2024: £nil).

The gross premiums written for direct insurance by destination of risk is presented in the table below:

Geographical analysis by risk location

	2025 Gross premiums written £000	2024 Gross premiums written £000
United Kingdom	34,060	24,908
European union member states	22,576	16,264
US	173,433	184,058
Rest of the world	34,044	26,757
Total gross premiums written	264,114	251,987

6 Net operating expenses

	2025 £000	2024 £000
Acquisition costs	80,766	72,836
Change in deferred acquisition costs	(5,829)	(8,901)
Administrative expenses	4,687	3,854
Members' standard personal expenses	21,558	23,817
Reinsurance commissions and profit participation		
Net operating expenses	101,182	91,606

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

	2025 £000	2024 £000
Total commission for direct insurance business	50,769	43,482

Administrative expenses include:

	2025 £000	2024 £000
Auditors' remuneration:		
– fees payable to the Syndicate auditor for the audit of these financial statements	252	247
– fees payable to the Syndicate's auditor and its associates in respect of other services persuant to legislation	349	203
	601	450

7 Key management personnel compensation

The directors of Cincinnati Global Underwriting Agency Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2025 £000	2024 £000
Directors' fees	681	663
	681	663

The active underwriter received the following aggregate remuneration charged to the Syndicate and is not included within directors' emoluments above. Pension contributions, or equivalents taken in cash are included in emoluments.

	2025 £000	2024 £000
Emoluments	462	397
	462	397

8 Staff numbers and costs

All staff are employed by the intermediate parent company of Cincinnati Global Underwriting Agency.

The average number of employees employed by the intermediate parent company of Cincinnati Global Underwriting Agency but working for the Syndicate during the year was as follows:

	2025 No	2024 No
Administration and finance	39	35
Underwriting	43	38
Claims	12	13
	94	86

The following amounts were recharged by the managing agency to the Syndicate in respect of payroll costs:

	2025 £000	2024 £000
Wages and salaries	12,459	10,720
Social security costs	1,711	1,329
Other pension costs	1,071	959
	15,241	13,008

9 Investment return

The investment return transferred from the non-technical account to the technical account comprises the following:

	2025 £000	2024 £000
Interest and similar income:		
From financial instruments designated at fair value through profit and loss		
Interest and similar income	181	237
Dividend income	11,755	9,596
Interest on cash at bank	1,801	2,383
Other interest from investments:		
From financial instruments designated at fair value through profit and loss		
Gains on the realisation of investments	1,527	3,864
Losses on the realisation of investments	–	–
Unrealised gains on investments	2,054	101
Unrealised losses on investments	(19)	(979)
Investment management expenses	(332)	(277)
Total investment return	16,967	14,925
Transferred to the technical account from the non technical account	16,967	14,925

The investment return was wholly allocated to the technical account.

10 Distribution and open years of account

A distribution of US$100.5m to members will be proposed in relation to the closing year of account 2023 (2024: US$62.5m in relation to the closing year of account 2022).

The table below shows the current accident year result of the years of account remaining open after the three-year period.

	2025 £000	2024 £000
2025	18,374	
2024	33,901	6,826
2023	6,921	39,870
2022		27,810
	59,196	74,542

11 Financial investments

	Carrying value		Cost	
	2025 £000	2024 £000	2025 £000	2024 £000
Shares and other variable yield securities and units in unit trusts	41,420	37,926	41,420	37,926
Debt securities and other fixed income securities	324,554	305,924	317,983	301,123
Other investments	8,378	8,759	8,378	8,759
Syndicate loan to central fund	–	2,091	–	2,091
Total financial investments	374,352	354,700	367,781	349,899

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

	2025 £	2024 £
Listed investments	324,554	305,924

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

	2025 £	2024 £
Financial assets measured at fair value through profit or loss	374,352	354,700
Financial assets measured at fair value as available for sale	–	–
Financial assets measured at amortised costs	–	–
Total financial investments	374,352	354,700

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.

11 Financial investments *continued*

- **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.

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 £000	Total £000
Shares and other variable yield securities and units in unit trusts	15,657	25,763	–	–	41,420
Debt securities and other fixed income securities	112,330	212,224	–	–	324,554
Deposits with credit institutions	2,685	5,693	–	–	8,378
Syndicate loan to central fund	–	–	–	–	–
Total	130,672	243,680	–	–	374,352

2024	Level 1 £000	Level 2 £000	Level 3 £000	Assets held at amortised cost £000	Total £000
Shares and other variable yield securities and units in unit trusts	14,989	22,937	–	–	37,926
Debt securities and other fixed income securities	107,678	198,246	–	–	305,924
Deposits with credit institutions	2,807	5,952	–	–	8,759
Syndicate loan to central fund	–	–	2,091	–	2,091
Total	125,474	227,135	2,091	–	354,700

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.

11 Financial investments *continued*

Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. Units in unit trusts and OEICs are valued using the latest unit price or share price provided by the unit trust or OEIC managers. Shares and other variable securities and units in unit trusts are generally categorised as level 1 in the fair value hierarchy except where they are not actively traded, in which case they are generally measured at prices of recent transactions in the same instrument. The Syndicate has no exposure to hedge funds.

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.

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. All of the investments categorised as Level 3 are fair valued based on the inputs to the valuation technique used.

12 Debtors arising out of direct insurance operations

	2025 £000	2024 £000
Due within one year	87,970	81,775
Total	87,970	81,775

13 Debtors arising out of reinsurance operations

	2025 £000	2024 £000
Due within one year	5,280	9,566
Total	5,280	9,566

14 Other debtors

	2025 £000	2024 £000
Other	918	2,051
Total	918	2,051

15 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	Reinsurance £000	Net £000
Balance at 1 January	35,671	–	35,671	26,482	–	26,482
Incurred deferred acquisition costs	40,383	–	40,383	35,223	–	35,223
Amortisation deferred acquisition costs	(34,554)	–	(34,554)	(26,322)	–	(26,322)
Foreign exchange movements	(1,610)	–	(1,610)	288	–	288
Balance at 31 December	39,890	–	39,890	35,671	–	35,671

16 Claims development

The following tables illustrate the development of, both gross of the estimates of earned ultimate cumulative claims incurred, including claims notified and net of reinsurance ceded, 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.

Pure underwriting year	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
Estimate of ultimate gross claims (earned basis) at end of underwriting year	65,778	178,625	95,311	40,410	67,042	66,640	90,760	50,262	63,437	55,876	
one year later	145,302	258,200	146,547	109,915	127,184	116,045	127,953	88,986	102,204		
two years later	141,052	259,680	141,096	101,691	129,130	104,699	118,859	98,059			
three years later	139,401	255,651	137,805	101,201	130,283	99,529	113,323				
four years later	139,450	250,107	136,236	100,585	126,909	94,587					
five years later	138,684	249,304	135,579	98,447	122,960						
six years later	139,939	249,414	132,833	95,921							
seven years later	139,866	247,333	129,125								
eight years later	138,809	245,180									
nine years later	136,083										
Estimate of gross claims reserve	136,083	245,180	129,125	95,921	122,960	94,587	113,323	98,059	102,204	55,876	1,193,317
Provision in respect of prior years											7,917
Less gross claims paid	(132,429)	(242,175)	(124,473)	(88,698)	(115,180)	(84,617)	(97,465)	(60,261)	(53,480)	(6,732)	
Gross claims reserves	3,653	3,004	4,652	7,223	7,780	9,970	15,858	37,797	48,742	49,144	195,723

16 Claims development *continued*

Pure underwriting year	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
Estimate of ultimate net claims at end of underwriting year	64,680	104,115	89,912	39,354	64,533	55,586	65,131	48,007	61,185	53,711	
one year later	129,222	177,199	133,345	104,497	102,106	90,167	107,951	85,648	98,550		
two years later	123,811	175,398	126,427	95,435	101,128	84,291	102,489	94,627			
three years later	121,952	170,306	125,225	93,787	100,079	79,387	99,227				
four years later	121,901	164,067	122,539	93,828	95,989	75,099					
five years later	121,239	163,110	121,980	92,050	92,276						
six years later	122,282	163,669	119,789	89,726							
seven years later	122,242	161,378	116,899								
eight years later	121,119	159,269									
nine years later	118,413										
Estimate of net claims reserve	118,413	159,269	116,899	89,726	92,276	75,099	99,227	94,627	98,550	53,711	997,796
Provision in respect of prior years											6,918
Less net claims paid	(114,759)	(156,391)	(112,796)	(82,677)	(87,026)	(67,890)	(85,840)	(57,778)	(51,419)	(6,569)	
Net claims reserves	3,654	2,877	4,103	7,049	5,250	7,209	13,387	36,848	47,131	47,142	181,570

17 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 Gross provisions £000	2025 Reinsurance assets £000	2025 Net £000	2024 Gross provisions £000	2024 Reinsurance assets £000	2024 Net £000
Claims outstanding:						
Balance at 1 January	204,176	(21,860)	182,316	217,138	(44,186)	172,952
Claims paid during the year	(99,476)	9,437	(90,039)	(92,473)	21,777	(70,696)
Expected cost of current year claims	184,453	(12,786)	171,667	181,878	(24,515)	157,363
Change in estimates of prior year provisions	(80,951)	9,690	(71,261)	(104,389)	25,218	(79,171)
Foreign exchange movements	(12,479)	1,366	(11,113)	2,022	(153)	1,868
Balance at 31 December	195,723	(14,153)	181,570	204,176	(21,860)	182,316
Unearned premiums						
Balance at 1 January	146,734	(10,476)	136,258	116,816	(8,304)	108,512
Premiums written during the year	315,987	(43,237)	272,750	301,406	(47,890)	253,516
Premiums earned during the year	(296,582)	42,638	(253,944)	(272,934)	45,871	(227,063)
Foreign exchange movements	(8,251)	678	(7,573)	1,446	(153)	1,293
Balance at 31 December	157,888	(10,397)	147,491	146,734	(10,476)	136,258

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

18 Creditors arising out of direct insurance operations

	2025 £000	2024 £000
Due within one year	557	1,281
Total	557	1,281

19 Creditors arising out of reinsurance operations

	2025 £000	2024 £000
Due within one year	11,771	11,146
Total	11,771	11,146

20 Other creditors

	2025 £000	2024 £000
Other related party balances (non Syndicate)	8,165	1,499
Other liabilities	979	434
Total	9,144	1,933

21 Cash and cash equivalents

	2025 £000	2024 £000
Cash at bank and in hand	7,064	2,702
Total cash and cash equivalents	7,064	2,702

Only deposits with credit institutions with maturities of three months or less that are used by the Syndicate in the management of its short term commitments are included in cash and cash equivalents.

22 Analysis of net debt

	At 1 January 2025 £000	Cash flows £000	At 31 December 2025 £000
Cash at bank and in hand	2,702	4,362	7,064
Total	2,702	4,362	7,064

23 Related parties

Cincinnati Global Underwriting Agency Limited – Ultimate holding company

At 31 December 2025, the ultimate parent company of Cincinnati Global Underwriting Agency Limited ("CGUAL") is Cincinnati Financial Corporation ("CFC"). CFC is incorporated in the United States of America, and acquired the entire issued share capital of Cincinnati Global Underwriting Limited ("CGUL"), and its subsidiaries on 20 February 2019. CGUL is the intermediate holding company of CGUAL, and Cincinnati Global Dedicated No 2 Limited.

Group accounts for CFC are available from the Company Secretary of CGUAL, 51 Lime Street, London EC3M 7DQ, or at https://investors.cinfin.com/annual-reports-and-proxy-statements.

For the 2024, 2025 and 2026 years of account, the CFC participation on Syndicate 0318 is as follows as at 31 December 2025:

Year of account	Participation £000	% of capacity
2024	384,136	92.84%
2025	384,136	92.84%
2026	384,136	92.84%

Cincinnati Financial Corporation ("CFC")

Amounts recharged to the Syndicate from CFC were £215,822 in the year (2024: £243,470). This is in respect of catastrophe modelling software, internal audit and recording of investments.

23 Related parties *continued*

Cincinnati Global Underwriting Services Limited (formerly Beaufort Underwriting Services Limited)

Cincinnati Global Underwriting Services Limited ("CGUSL") acts solely as a service company for the introduction of contingency risks into Syndicate 0318. Prior to 31 December 2009, Cincinnati Global Underwriting Services Limited accepted UK/Eire commercial, homeowners' property and liability and aviation risks to Syndicate 0318. CGUSL is an appointed representative of CGUAL under the requirements of the Financial Conduct Authority. During the year, there were no cash transactions between CGUSL and the Syndicate, or any amounts due to or from the Syndicate at 31 December 2025 in respect of CGUSL.

Cincinnati Global Underwriting Agency Limited

Amounts payable to CGUAL at 31 December 2025 totalled £8,164,609 (2024: £1,499,193). These amounts are included in "Other creditors".

Managing Agent's Fees

In the calendar year £2,437,500 (2024: £2,437,289) has been paid by the Syndicate to CGUAL. In aggregate, total fees payable to CGUAL in respect of services provided to the Syndicate for the three open years amounted to £6,816,592 (2024: £5,885,372).

Profit Commissions

Profit commission of £1,730,371 is due in respect of the 2023 year of account (2022: £6,952,554).
Profit commission of £8,475,348 has been accrued on the 2024 year of account (2023: £9,967,610).
Profit commission of £4,593,211 has been accrued on the 2025 year of account (2024: £1,715,310).
The 2024 year of account will normally close at 31 December 2026 and the 2025 year of account at 31 December 2027.

Recharge from CGUAL

Expenses totalling £23,921,475 (2024: £19,390,047) were recharged to the Syndicate by CGUAL. Where expenses were incurred jointly by the Managing Agent and the Syndicate, they were apportioned as follows:

Salaries and related costs	– according to the time individuals spent on Syndicate matters
Accommodation costs	– according to the number of personnel
Other costs	– as appropriate

The reinsurance premium paid to close the 2023 year of account at 31 December 2025 was agreed by the Board of the Managing Agency on the 3 February 2026. Consequently, the technical provisions at 31 December 2025 have been presented in the balance sheet under the headings "reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the account" and "reinsurance to close premiums payable to close the account – gross amount" in accordance with the format prescribed by the Syndicate Accounting Byelaw.

23 Related parties *continued*

Cincinnati Insurance Company

Cincinnati Insurance Company ("CIC") is a fellow subsidiary and related party to Cincinnati Financial Corporation. CIC is an insurance company, and is incorporated in the United States of America. CIC provided claims handling services to the Syndicate in the year, on several delegated authorities in the US. The total fees paid to CIC by Syndicate 0318 in the year ended 31 December 2025 amounted to US$115,288. CIC also provided reinsurance contracts to the Syndicate with premiums ceded totalling £0.6m in the calendar year.

CSUPR

CGUAL has an agreement with CIC whereby the Syndicate underwrites various classes of business brokered by CSU Producer Resources, a wholly owned subsidiary of Cincinnati Financial Corporation. In the calendar year 2025 brokerage of US$4,956,397 was ceded on a written total of US$19,840,729.

24 Post balance sheet events

A total of US$100.5m will be transferred to members' personal reserve funds on 9 April 2026 in respect of the profit on the 2023 year of account.

25 Foreign exchange rates

	2025 Start of period rate	2025 End of period rate	2025 Average rate	2024 Start of period rate	2024 End of period rate	2024 Average rate
US dollar	1.25	1.35	1.32	1.27	1.25	1.28
Canadian dollar	1.80	1.84	1.84	1.68	1.80	1.75
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
Australian dollar	2.02	2.02	2.04	1.87	2.02	1.94
Japanese yen	196.90	210.82	197.23	179.75	196.90	193.53

26 Funds at Lloyd's

Every member is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's ('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.

2023 Underwriting Year of Account

Financial highlights

0318

2023 underwriting account

£299m
Syndicate capacity

£290.2m
gross premiums written (including brokerage)

£74.5m
profit for closed year (before non-standard personal expenses)

76.4%
combined ratio

25.7%
profit as a percentage of gross premiums

24.9%
profit as a percentage of capacity

Note:

- The combined ratio is net claims incurred (inclusive of IBNR) and net operating expenses (excluding profit/loss on exchange) expressed as a percentage of net earned premiums.

2023 Underwriting Year of Account

Managing agent's report

The Managing Agent presents its report on the 2023 Year of Account (YoA) of Syndicate 0318 closed at 31 December 2025 together with an overview of the 2024 YoA to be closed 31 December 2026 and the 2025 YoA to be closed at 31 December 2027.

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no.8 of 2005). It accompanies the annual accounts prepared on an annual accounting basis as required by Statutory Instruments (No. 1950 of 2008), the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) regulations.

Detailed underwriting account descriptions as well as future trading prospects are covered in the Report of the directors of the Managing Agent.

Directors

The following individuals served on the board at various periods up to the point of closure of the 2023 year of account.

Directors:

T.C. Cracas	*(non-executive)*
D.C. Eales	
M.A. Langston	
R.A. Pexton	*(non-executive chairman)*
G.M. Tuck	
G.A.M. Bonvarlet	*(non-executive)*
R.B. Scott	*(non-executive)*

Company Secretary:

S. Kaur *(appointed 1 January 2022, resigned 29 December 2023)*
R. Allibone *(appointed 22 February 2024)*

2023 Year of Account

We are delighted to report that the 2023 year of account has closed on a three-year accounting basis with a profit after personal expenses of £74.5m, which equates to 24.9% expressed as a percentage of capacity for a traditional name. The results on an annual accounting basis are shown in the main body of the report and accounts; this commentary is applicable to the closing and open years on a conventional year of account basis only.

The Syndicate's capacity for the 2023 year of account was £299m, which was an increase from £231.7m for the 2022 year of account, owing to the increase in planned premium income in the Syndicate Business Forecast. The Syndicate's largest line of business continued to be International and US Property, but the Syndicate continued in its diversification into Specialty lines. We also added further facilities to our Consortia arrangements.

The rating environment continued to be extremely positive in the market across almost all lines of business.

Gross Premiums including brokerage at closing rates of exchange are £290m, and premiums ceded to reinsurers were £45m.

The breakdown of premiums split by lines of business appears in the table below:

Gross written premiums	2023 YoA %
Property – Direct and Facultative	52.9%
Property – Binding Authorities	16.2%
Consortia	10.0%
Contingency	6.7%
Specie	5.1%
Credit and Political Risk	4.2%
Political Violence	3.0%
CSPUR	1.9%
	100%

The loss experience was very good for the year across all loss types. The 2023 YoA has had catastrophe exposure, but this was below business plan expectations. The most notable loss to the year was from the California Wildfires, which occurred in January 2025, which affected our business written under Property Binding Authorities. There was exposure to other catastrophe events, although this was relatively small in comparison to some of the historic catastrophe losses.

The major losses of note to the 2023 year of account are listed below:

Loss	Gross/Net £m
California Wildfires	9.5
Wildfires in Hawaii (Maui)	5.4
Taiwan Earthquake	2.0
Hurricane Milton	1.9
Hurricane Helene	1.4
Hurricane Beryl	1.4
Hurricane Idalia	1.0
	22.6

Prior year surplus

The reserves established at last year end in respect of 2022 year of account and prior years have developed favourably during 2025. This has resulted in a release of £6.1m which has improved the overall result.

Operating Expenses and Investment Return

The net operating expenses were generally in line with expectations, although there are higher than planned profit commissions owing of the exceptional performance of the year. The year of accounts has also benefited from solid interest rates and investment yields across the period which has generated a very good returns on cash and investments.

2024 Year of Account

The Syndicate capacity for the 2024 year of account is £374.9m. The current estimate of gross premium income for the year is £286.6m. The 2024 YoA has benefitted from a good rating environment, although the Syndicate did see an increase in competition and rating pressures for Direct and Facultative Property risks. The Syndicate continued to expand its Specialty lines, and added Construction, and Treaty Reinsurance books of business to the portfolio.

Although, the year has had some relatively notable exposure to Hurricanes Helene and Milton, as well as the California Wildfires, we still anticipate the year to close at a healthy profit.

Members' balances currently stand at an overall surplus of £40.8m, after standard personal expenses. We are forecasting a profit in the range of 10.4% - 15.4% upon closure of the 2024 year of account.

2025 Year of Account

The Syndicate's capacity for year of account is £375m. The current estimate of gross premium income for the year is £334.8m. The growth of premium income from Specialty lines of business has more than offset the decrease in income in the Direct and Facultative Property book. The addition of a Marine Cargo account has also added to top line growth, as well as providing further diversification to the portfolio.

The only loss of note to date which affected the 2025 year of account was Hurricane Melissa, which was a small to medium sized windstorm loss.

Members' balances stand at an overall surplus of £18.4m. The current expectation of management is that the year will close at a profit.

Statement as to disclosure of information to auditors

G. M. Tuck
Chief Finance Officer

Cincinnati Global Underwriting Agency Limited
51 Lime Street
London EC3M 7DQ

19 February 2026

Statement of managing agent's responsibilities

The directors of the managing agent are responsible for preparing the Syndicate underwriting year accounts in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw. They have elected to prepare the accounts in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 the directors of the managing agent must not approve the underwriting year accounts unless they are satisfied that they give a true and fair view of the result of the underwriting year at closure. In preparing these accounts, the directors of the managing agent are required to:

- Select suitable accounting policies and then apply them consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable between the members of the Syndicate affected is used;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Assess the Syndicate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to cease trading, or have no realistic alternative but to do so. As explained in note 1 the directors of the managing agent do not believe that it is appropriate to prepare the underwriting year accounts on a going concern basis.

The directors of the managing agent are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the underwriting year accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board

G. M. Tuck
Chief Finance Officer

19 February 2026

Independent auditor's report to the Members of Syndicate 0318 – 2023 closed year of account

Report on the audit of the syndicate underwriting year accounts for the 2023 closed year of account for the three years ended 31 December 2025

Opinion

In our opinion the syndicate underwriting year accounts of Syndicate 0318 (the 'syndicate'):

- give a true and fair view of the profit for the 2023 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) and sections 4 and 5 of the 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 syndicate underwriting year accounts which comprise:

- the statement of profit or loss;
- the balance sheet;
- the statement of members' balances;
- the statement of cash flows; and
- the related notes 1 to 16.

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 UK and Republic of Ireland", the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law and the Syndicate Accounts Instructions. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the syndicate underwriting year accounts section of our report.

We are independent of the syndicate in accordance with the ethical requirements that are relevant to our audit of the syndicate underwriting year accounts in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the annual report, other than the syndicate underwriting year accounts and our auditor's report thereon. The managing agent is responsible for the other information contained within the annual report. Our opinion on the syndicate underwriting year accounts does not cover the other information and 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 syndicate underwriting year accounts 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 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.

Responsibilities of managing agent

As explained more fully in the managing agent's responsibilities statement, the managing agent is responsible for the preparation of the syndicate underwriting year accounts under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), and for being satisfied that they give a true and fair view of the result, and for such internal control as the managing agent determines is necessary to enable the preparation of syndicate underwriting year accounts that are free from material misstatement, whether due to fraud or error.

In preparing the syndicate underwriting accounts, the managing agent is responsible for assessing the syndicate's ability to realise its assets and discharge its liabilities in the normal course of business, disclosing, as applicable, any matters that impact its ability to do so.

Auditor's responsibilities for the audit of the syndicate underwriting year accounts

Our objectives are to obtain reasonable assurance about whether the syndicate underwriting year accounts 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 syndicate underwriting year accounts.

A further description of our responsibilities for the audit of the syndicate underwriting year accounts is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered 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.

We considered the nature of the syndicate and its control environment, and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the syndicate operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the underwriting year accounts. These included the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) and the Lloyd's Syndicate Accounts Instructions; and

- do not have a direct effect on the underwriting year accounts but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included the requirements of Solvency UK.

Independent auditor's report to the Members of Syndicate 0318 – 2023 closed year of account *continued*

We discussed among the audit engagement team including relevant internal specialists such as actuarial and IT, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the underwriting year accounts.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the valuation of the gross claims incurred but not reported ("IBNR") balance, specifically around assumptions for certain classes of business. Our specific procedures performed to address it are described below:

- Evaluated the design and implementation of internal controls around the reserving cycle. We have tested the controls over data, model, assumptions, methodology and results as per ISA 540 (Revised);
- Performed attribute testing on the data used in the IBNR calculations. We selected a sample of items and traced selections to underlying Syndicate records to ensure the data is complete and accurate;
- Reviewed the margin on a year-on-year basis to determine the consistency of the margin;
- Involved our actuarial specialists to develop independent estimates of a portion of the technical provisions.
- Performed benchmarking of the major catastrophe events from across the industry based on market data and compared incurred to ultimate ratios by event using data as at 31 December 2025;
- Performed a sample test over the major catastrophe events to test the the appropriateness of the valuation of IBNR; and
- Performed a 'stand back' assessment to consider all the evidence received from audit procedures performed and conclude if there is any evidence of overall management bias.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing underwriting year accounts disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the underwriting year accounts;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reportsand reviewing correspondence with Lloyd's, the FCA and the PRA.

Report on other legal and regulatory requirements

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

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 syndicate underwriting year accounts are prepared is consistent with the syndicate underwriting year accounts; 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 any material misstatements in the managing agent's report.

Matters on which we are required to report by exception

Under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and Lloyd's Syndicate Accounting Byelaw (no.8 of 2005) we are required to report in respect of the following matters if, in our opinion:

- the managing agent in respect of the syndicate has not kept adequate or proper accounting records; or

- the syndicate underwriting year accounts are not in agreement with the accounting records or

- we have not received all the information and explanations we require for our audit; or

- the syndicate underwriting year accounts are not in compliance with the requirements of paragraph 5 of Schedule 1 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ben Newton, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 February 2026

2023 Underwriting Year of Account

Statement of profit or loss: Technical account – general business for the 2023 closed year of account for the three years ended 31 December 2025

Technical account – general business

	Note	£000	£000
Earned premiums, net of reinsurance			
Gross premiums written	4	290,231	
Outward reinsurance premiums		(45,011)	
			245,220
Reinsurance to close premiums received, net of reinsurance	4/15		74,483
Allocated investment return transferred from the non-technical account			16,551
Other technical income, net of reinsurance			–
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(83,806)	
Reinsurers' share		8,753	
		(75,053)	
Reinsurance to close premium payable, net of reinsurance	5	(92,703)	
			(167,756)
Net operating expenses	7		(94,027)
Balance on the technical account – for general business			74,471

The underwriting year has closed: all items therefore relate to discontinued operations.

The accompanying notes from pages 88 to 100 form an integral part of these financial statements.

Non-technical account

	£000
Balance on the general business technical account	74,471
Income from investments	13,029
Realised gains on investments	2,491
Unrealised gains on investments	1,654
Realised losses on investments	–
Unrealised losses on investments	(402)
Investment expenses and charges	(221)
Allocated investment return transferred to general business technical account	(16,551)
Profit on exchange	61
Profit for the closed year of account	74,532

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts.

Total comprehensive income for the year is £74,532,238.

The accompanying notes from pages 88 to 100 form an integral part of these financial statements.

2023 Underwriting Year of Account

Balance sheet as at 31 December 2025

	Note	£000	£000
Assets			
Investments			
Other financial investments	8/16	167,117	
Deposits with ceded undertakings	8/16	33	
			167,150
Debtors			
Debtors arising out of direct insurance operations	9	9,855	
Debtors arising out of reinsurance operations	10	3,373	
Other debtors		350	
			13,578
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable to close the account	5		10,559
Other assets			
Cash at bank and in hand	16		7,064
Prepayments and accured income			109
Total assets			198,460

The accompanying notes from pages 88 to 100 form an integral part of these financial statements.

	Note	£000	£000
Liabilities			
Capital and reserves			
Amounts due to members			74,407
Reinsurance to close premiums payable to close the account – gross amount	5		103,262
Creditors			
Creditors arising out of direct insurance operations	11	139	
Creditors arising out of reinsurance operations	12	1,180	
Other creditors including taxation and social security		839	
			2,158
Accruals and deferred income			18,633
Total liabilities			198,460

The financial statements on pages 82 to 100 were approved by the Board of Cincinnati Global Underwriting Agency Limited on 17 February 2026 and were signed on its behalf by

D. C. Eales
Chief Executive Officer

G. M. Tuck
Chief Finance Officer

19 February 2026

The accompanying notes from pages 88 to 100 form an integral part of these financial statements.

2023 Underwriting Year of Account

Statement of members' balances for the 36 months ended 31 December 2025

	£000
Members' balances brought forward at 1 January	–
Profit for closed year of account	74,532
Open year cash calls made	–
Members' agents fees	(125)
Members' balances carried forward at 31 December 2025	74,407

The accompanying notes from pages 88 to 100 form an integral part of these financial statements.

Statement of cash flows for the 36 months ended 31 December 2025

	Note	£000
Closed year cash flow		
Cash flows from operating activities		
Profit for the year		74,532
Unrealised losses on investments		(1,252)
Net realised foreign exchange gains		4,827
Non cash consideration received as part of RITC received	15	(126,662)
RITC premium payable net of reinsurance	5	92,703
Increase in debtors, subrogation and salvage and prepayments		(3,552)
Increase in creditors		5,146
Net cash inflow from operating activities		45,742
Cash flows from investing activities:		
Acquisitions of other financial instruments		138,188
Proceeds from sale of other financial instruments		(176,741)
Net cash outflow from investing activities		(38,553)
Cash flow from financing activities:		
Members' agents' fees paid on behalf of members		(125)
Net cash outflow from financing activities		(125)
Net increase in cash and cash equivalents		7,064
Cash and cash equivalents at 1 January		–
Cash and cash equivalents at 31 December	16	7,064

The accompanying notes from pages 88 to 100 form an integral part of these financial statements.

Notes to the accounts for the 36 months ended 31 December 2025

1

(a) Basis of preparation

The Syndicate underwriting year accounts have been prepared under the Insurance Accounts Directive ("Lloyd's Syndicates and Aggregate Accounts") Regulations 2008 ("the Lloyd's Regulations") the Syndicate Accounting Byelaw, and Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), and Financial Reporting Standard 103 Insurance Contracts ("FRS 103").

Whilst the directors of the managing agent have a reasonable expectation that the Syndicate has adequate resources to continue in operational existence for the foreseeable future, these financial statements represent the participation of members in the 2023 year of account, which closed on 31 December 2025. The accumulated profit of the 2023 year of account will be distributed shortly after publication of these accounts. Therefore the 2023 year of account is not continuing to trade and, accordingly the directors have not adopted the going concern basis in the preparation of these accounts. This has no effect on the amounts reported in the accounts as the 2023 year of account will be closed by payment of a reinsurance to close premium, as outlined in note 5 below, which is consistent with the normal course of business for a Lloyd's Syndicate and with the approach we have applied to earlier underwriting years.

In preparing these financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Refer to note 2 in the annual accounts for the treatment of estimates.

As each Syndicate year of account is a separate annual venture, there are no comparative figures.

(b) Going concern

The Board of CGUAL has a reasonable expectation that the Syndicate has adequate resources to continue underwriting for the foreseeable future, and with the Syndicate's ability to continue being a going concern in the future.

2 Accounting policies

(a) Underwriting transactions

The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three years, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

2 Accounting policies *continued*

(b) Reinsurance to close premium received

The reinsurance to close premium received was closed into the 2023 year of account at 31 December 2024.

The reinsurance to close premium is determined by reference to the outstanding technical provisions (including those for outstanding claims, unearned premiums, net of deferred acquisition costs, and unexpired risks) relating to the closed year and all previous closed years reinsured therein. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year (and previous closed years reinsured therein) to the members of the successor year of account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

The provision for claims comprises amounts set aside for claims notified and claims incurred but not yet reported ("IBNR").

The amount included in respect of IBNR is based on statistical techniques and underwriting judgements applied by the Managing Agent's management and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting years, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. The Syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly, the most critical assumption as regards claims provisions is that the past is a reasonable predictor of the likely level of claims development.

It is considered that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available. However, ultimate liability will vary as a result of subsequent information and events, and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

2 Accounting policies *continued*

(c) Premiums written and earned

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Commission and brokerage are charged to the year of account to which the relevant policy is allocated. Policies written under binding authorities, lineslips or consortium arrangements are allocated to the year of account into which the arrangement incepts. Additional and return premiums follow the year of account of the original premium. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due but not yet notified to the Syndicate year of account.

Written premium is earned according to the risk profile of the policy.

Outwards reinsurance premiums ceded are attributed to the same year as the original risk being protected.

(d) Claims paid

Gross claims paid are allocated to the same year of account as that to which the corresponding premiums are allocated and include internal and external claims settlement expenses. Reinsurance recoveries are allocated to the year of account to which the claim was charged.

(e) Reinsurance to close premium payable

The reinsurance to close premium paid was closed into the 2024 year of account at 31 December 2025.

The reinsurance to close premium is determined by reference to the outstanding technical provisions (including those for outstanding claims, unearned premiums, net of deferred acquisition costs, and unexpired risks) relating to the closed year and to all previous closed years reinsured therein. Although this estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the premium so determined. The reinsurance to close premium transfers the liability in respect of all claims, reinsurance premiums, return premiums and other payments in respect of the closing year (and previous closed years reinsured therein) to the members of the successor year of account and gives them the benefit of refunds, recoveries, premiums due and other income in respect of those years in so far as they have not been credited in these accounts.

The provision for claims comprises amounts set aside for claims notified and claims IBNR.

2 Accounting policies *continued*

(e) Reinsurance to close premium payable *continued*

The amount included in respect of IBNR is based on statistical techniques and underwriting estimates applied by the Managing Agent's management and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting years, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of internal and external claims handling costs.

The reinsurers' share of provisions for claims is based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. The Syndicate uses a number of statistical techniques to assist in making these estimates.

Accordingly the most critical assumption as regards claims provisions is that the past is a reasonable predictor of the likely level of claims development.

It is considered that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

(f) Acquisition costs

Acquisition costs, comprising commission and other internal and external costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

(g) Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

2 Accounting policies *continued*

(g) Financial assets and liabilities *continued*

Classification

The accounting classification of financial assets and liabilities determines how 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. Subsequent reclassifications are permitted only in restricted circumstances.

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, units in unit trusts, 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 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.

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 expire.

Regular way 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.

Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

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.

2 Accounting policies *continued*

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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss recognised reduces the carrying amount of the impaired asset directly. 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.

Off-setting

Financial assets and financial liabilities are set off 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.

(h) Investment return

Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges. Investment return arising in each calendar year on all the Syndicate’s investments is allocated to open years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their

2 Accounting policies *continued*

(h) Investment return *continued*

purchase price or, if they have been previously valued, their valuation at the end of the previous calendar year, together with the reversal of unrealised gains and losses recognised in earlier calendar years in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting underwriting business. All investment return is considered to arise on such funds.

(i) Net operating expenses

Where expenses are incurred by the Managing Agent or on behalf of the Managing Agent in relation to the administration of the Syndicate, the amounts in question are apportioned using varying methods depending on the expense type. Expenses which are incurred jointly for the Managing Agent and Syndicate are apportioned depending on the amount of work performed, resources used and the volume of business transacted. Net operating expenses are allocated to the year of account for which they are incurred.

The parent company of the Managing Agent operates a defined contribution pension scheme. It recharges salaries and related costs to the Syndicate which includes an element for pension costs. These pension costs are recognised in full in the period to which the recharge relates.

Amounts recharged by the Managing Agent include costs arising from the use of assets in the period. These rental costs are expensed in full in the period to which the recharge relates.

(j) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances held in the current accounts at the year end, and are used by the Syndicate in the management of its short term commitments.

(k) 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 income tax deducted from Syndicate investment income is recoverable by Managing Agents and consequently the distribution made to members or their Members’ Agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their tax liabilities with HM Revenue & Customs.

2 Accounting policies *continued*

(k) Taxation *continued*

No provision has been made for any United States Federal Income Tax or any overseas tax payable on the underwriting results or investment earnings.

Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

(l) Basis of currency translation

Transactions in US dollars and Canadian dollars are translated at the rate of exchange at the balance sheet date. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Assets and liabilities are re-translated into Sterling at the rate of exchange at the balance sheet date.

Differences arising on the re-translation of foreign currency amounts are included in the non-technical account.

3 Risk and capital management

The board of directors of the Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk and capital management. An overview of the Managing Agent's risk management structure is detailed on page 12, and more detailed definitions of the key risks and further explanation on how they affect the Syndicate are detailed in notes on page 39.

Effective from 1 January 2026, the RITC process means that the Insurance, Financial, Credit, Liquidity, Market and Capital risks are transferred to the accepting 2024 Year of Account of the Syndicate. Accordingly, these Underwriting Year accounts do not have any associated disclosures as required by section 34 of FRS 102.

Full disclosures relating to these risks are provided in the main Annual Accounts of the Syndicate.

4 Analysis of underwriting result

	Gross premium written £000	Gross claims incurred £000	Net operating expenses £000	Reinsurance balance £000	Total £000
Marine aviation and transport	1,418	854	(311)	(115)	1,846
Fire and other damage to property	187,541	(55,578)	(62,207)	(27,155)	42,601
Other Motor	46	(17)	(24)	–	5
Credit and suretyship	10,676	(1,175)	(3,212)	(1,190)	5,099
Miscellaneous financial loss	17,154	(5,071)	(6,597)	(4,368)	1,118
Third party liability	16,128	(2,851)	(7,702)	(43)	5,532
Reinsurance acceptances	149,209	(123,230)	(13,974)	(10,286)	1,719
Total	382,172	(187,068)	(94,027)	(43,157)	57,920

All premiums were written in the UK. All net assets and profit are derived from UK business.

Total gross premium written and earned arise from gross premiums written on the underwriting year of account, and the reinsurance to close premium accepted from the 2022 and prior years of account. The gross premiums written include £91,937,425 of reinsurance acceptances from the 2021 and prior years reinsurance to close premium. Reinsurance balances include £17,454,485 of reinsurance recoverable from the 2022 and prior years reinsurance to close premium.

Geographical analysis by destination

	Gross premiums written £000
UK	114,713
US	192,733
Other	74,726
Total	382,172

5 Reinsurance to close premium payable net of reinsurance

	Reported £000	IBNR £000	Total £000
Gross outstandings	50,970	52,292	103,262
Reinsurance recoveries anticipated	(5,030)	(5,529)	(10,559)
Net	45,940	46,763	92,703

6 Analysis of result by year of account

	2022 & prior years of account £000	2023 pure year of account £000	Total £000
Technical account balance before allocated investment return and net operating expenses	6,045	145,902	151,947
Brokerage and commission on gross premium	–	(56,249)	(56,249)
Acquisition costs – other	–	(11,808)	(11,808)
	6,045	77,845	83,890

7 Net operating expenses

	£000
Acquisition costs – brokerage	56,249
Acquisition costs – other	11,808
Administrative expenses	25,970
	94,027

The closed year profit is stated after charging:

	£000
Auditor remuneration	
Fees payable to the Syndicate auditor for the audit of these financial statements	252
Fees payable to the Syndicate's auditor and its associates in respect of other services persuant to legislation	114
	366

8 Financial investments

	Market value £000	Cost £000
Holdings in collective investment schemes	27,247	27,247
Debt securities and other fixed income securities	136,609	133,842
Overseas deposits as investments	3,261	3,261
Deposits with ceded undertakings	33	33
Total investments	167,150	164,383

9 Debtors arising out of direct insurance operations

	£000
Due within one year	9,855
	9,855

10 Debtors arising out of reinsurance operations

	£000
Due within one year	3,373
	3,373

11 Creditors arising out of direct insurance operations

	£000
Due within one year	139
	139

12 Creditors arising out of reinsurance operations

	£000
Due within one year	1,180
	1,180

13 Post balance sheet events

The reinsurance premium paid to close the 2023 year of account at 31 December 2025 was agreed by the Board of the Managing Agency on the 3 February 2026. Consequently the technical provisions at 31 December 2025 have been presented in the balance sheet under the headings "reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account" and "reinsurance to close premium payable to close the account – gross amount" in accordance with the format prescribed by the Syndicate Accounting Byelaw.

A total of $100.5m will be transferred to members' personal reserve funds on 9 April 2026 in respect of the 2023 year of account.

14 Related parties

Cincinnati Global Underwriting Agency Limited – Ultimate holding company

At 31 December 2025, the ultimate parent company of Cincinnati Global Underwriting Agency Limited ("CGUAL") is Cincinnati Financial Corporation ("CFC"). CFC is incorporated in the United States of America, and acquired the entire issued share capital of Cincinnati Global Underwriting Limited ("CGUL"), and its subsidiaries on 20 February 2019. CGUL is the intermediate holding company of CGUAL, and Cincinnati Global Dedicated No 2 Limited.

Group accounts for CFC are available from the Company Secretary of CGUAL, 51 Lime Street, London EC3M 7DQ, or at https://investors.cinfin.com/annual-reports-and-proxy-statements.

For the 2024, 2025 and 2026 years of account, the CFC participation on Syndicate 0318 is as follows:

Year of account	Participation £m	% of capacity
2023	277.5	92.9
2024	348.1	92.8
2025	348.1	92.8
2026	348.1	92.8

Cincinnati Global Underwriting Services Limited (formerly Beaufort Underwriting Services Limited)

Cincinnati Global Underwriting Services Limited ("CGUSL") acted solely as a service company for the introduction of UK/Eire commercial, homeowners' property and liability and aviation risks to Syndicate 0318. CGUSL is an appointed representative of CGUAL. During the year, there were no cash transactions between CGUSL and the Syndicate, or any amounts due to or from the Syndicate at 31 December 2025 in respect of CGUSL.

The Syndicate ceased accepting new or renewal business via CGUSL on 31 December 2009.

Cincinnati Global Underwriting Agency Limited

Total fees payable to CGUAL in respect of services provided to the Syndicate and chargeable to the 2023 year of account amounted to £1,941,803.

Profit commission of £18,633,060 has been accrued in respect of the 2023 year of account. Expenses totalling £18,022,469 were recharged to the Syndicate in 2023 year of account by CGUAL.

Where expenses were incurred jointly by the Managing Agent and the Syndicate, they were apportioned as follows:

Salaries and related costs	–	according to time of each individual spent on Syndicate matters
Accommodation costs	–	according to number of personnel
Other costs	–	as appropriate

14 Related parties *continued*

CSUPR

CGUAL has an agreement with CIC whereby the syndicate underwrites various classes of business on behalf of CIC. For the year of account 2023 brokerage of GBP £1,320,183 was ceded on a written total of GBP £5,508,390.

15 Consideration for RITC received

	£000
Non cash consideration received for the net RITC comprises:	
Portfolio investments	132,172
Debtors	10,136
Creditors	(15,646)
Non cash consideration received	126,662
Cash	2,702
Total cash and non cash consideration for RITC received	129,364
Amounts payable to members' on closure of the 2022 year of account	(49,994)
Reinsurance to close premium received, net of reinsurance received at 1 January 2025	79,370
Loss on foreign exchange	(4,887)
Reinsurance to close premium received, net of reinsurance	74,483

16 Movement in opening and closing portfolio investments net of financing

	At 1 January 2023 £000	Received within RITC premium £000	Cash flow £000	Change in fair value and foreign exchange £000	At 31 December 2025 £000
Cash	–	2,702	4,362	–	7,064
Portfolio investments	–	132,172	38,552	(3,574)	167,150
Total portfolio investments	–	134,874	42,914	(3,574)	174,214

Seven year summary of results for a traditional Name (unaudited)

An unaudited seven year summary prepared from the results of the Syndicate for a traditional Name with a £10,000 share is shown below.

This has not been prepared in accordance with UK financial reporting standards, or the accounting policies disclosed. Gross premiums, and net operating expenses are stated net of brokerage, and overrider commissions receivable.

Personal expenses have been stated at the amount which would be incurred pro rata by individual members writing the illustrative premium income in the Syndicate irrespective of any minimum charge applicable. Corporate members may be charged at different rates. Foreign tax, which may be treated as a credit for personal tax purposes has been excluded.

	2017	2018	2019	2020	2021	2022	**2023**
Syndicate allocated capacity	£234.77m	£234.14m	£233.55m	£232.50m	£231.74m	£231.74m	**£298.74**
Capacity utilised	54.0%	59.0%	53.4%	66.4%	71.7%	86.3%	**78.3%**

Results for an illustrative share of £10,000

	£	£	£	£	£	£	**£**
Gross premiums (net of brokerage)	5,401	5,901	5,342	6,640	7,173	8,629	**7,832**
Net premiums	4,258	4,659	4,301	5,353	5,437	6,803	**6,326**
Reinsurance to close from an earlier account	2,731	3,465	3,131	3,490	3,114	3,703	**2,492**
Net claims	(6,573)	(5,314)	(3,526)	(4,877)	(3,272)	(4,194)	**(2,512)**
Reinsurance to close	(3,552)	(3,087)	(3,145)	(3,254)	(3,670)	(3,425)	**(3,103)**
Profit/(loss) on exchange	(12)	1	2	(19)	(12)	(28)	**2**
Net operating expenses	(330)	(372)	(394)	(442)	(487)	(542)	**(502)**
Balance on technical account	(3,478)	(648)	369	251	1,110	2,317	**2,703**
Investment income and gains less losses, less expenses and charges	104	120	61	13	280	522	**554**
Profit/(loss) before personal expenses	(3,374)	(528)	430	264	1,390	2,839	**3,257**
Illustrative personal expenses for a traditional Name							
Managing agent's salary	(65)	(65)	(65)	(65)	(65)	(65)	**(65)**
Central Fund contributions	(25)	(28)	(24)	(31)	(36)	(36)	**(35)**
Profit commissions	–	–	(58)	(26)	(251)	(540)	**(624)**
Lloyd's subscription	(28)	(29)	(25)	(30)	(34)	(35)	**(39)**
	(118)	(122)	(172)	(152)	(386)	(676)	**(763)**
Profit/(loss) after illustrative profit commission and illustrative personal expenses	(3,492)	(650)	258	112	1,004	2,163	**2,494**

For the 2023 year of account, an illustrative share of £10,000 represents 0.00335% of allocated capacity. 2023 year of account had 253 members.

Contacts

Underwriting Management

Steve Anderson *Head of Delegated Underwriting*
Telephone: 020 7220 8259
Email: steve.anderson@cinfinglobal.com

Nick Chalk *Active Underwriter*
Telephone: 020 7220 8202
Email: nick.chalk@cinfinglobal.com

Simon Pope *Head of Property Underwriting – Direct and Facultative*
Telephone: 020 7220 8204
Email: simon.pope@cinfinglobal.com

Tom Gardner *Head of War, Terrorism and Political Violence*
Telephone: 020 7220 8208
Email: tom.gardner@cinfinglobal.com

James Steele-Perkins *Head of Credit & Political Risk*
Telephone: 020 7220 8205
Email: james.steele-perkins@cinfinglobal.com

Francis Hernandez *Head of Contingency*
Telephone: 020 7220 8209
Email: francis.hernandez@cinfinglobal.com

Ian Seakens *Head of Specie*
Telephone: 020 7220 8254
Email: ian.seakens@cinfinglobal.com

Alex Coulton *Head of Construction*
Telephone: 020 7220 8275
Email: alex.coulton@cinfinglobal.com

James Braddock *Head of Treaty Reinsurance*
Telephone: 020 7220 8214
Email: james.braddock@cinfinglobal.com

James Hyett *Head of Marine*
Telephone: 020 7220 8226
Email: james.hyett@cinfinglobal.com

Agency Management

Derek Eales *Chief Executive Officer*
Telephone: 020 7220 8201
Email: derek.eales@cinfinglobal.com

Graham Tuck *Chief Finance Officer*
Telephone: 020 7220 8223
Email: graham.tuck@cinfinglobal.com

Ross Allibone *Head of Compliance*
Telephone: 020 7220 8257
Email: ross.allibone@cinfinglobal.com

Mark Langston *Chief Operating Officer*
Telephone: 020 7220 8211
Email: mark.langston@cinfinglobal.com

Cincinnati Global Underwriting Agency Limited
51 Lime Street
London EC3M 7DQ

www.cinfinglobal.com

Cincinnati Global Underwriting Agency Limited is the Lloyd's Managing Agent for Cincinnati Global Syndicate 0318 and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Produced by Geoff Norris Partnership 07739 537021 (1247)

0318

CINCINNATI
GLOBAL UNDERWRITING
AGENCY LTD.