

Company No: 04538873

BEAZLEY UNDERWRITING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2024

WEDNESDAY



AE5X6YZ7

A08

02/07/2025

#127

COMPANIES HOUSE

Beazley Underwriting Limited

Directors and advisors

Directors

S P Johnson
S M Lake - (resigned 30/06/2024)
C P Oldridge
S D Rayment
C C J Wong - (appointed 30/07/2024)

Company Secretary

Callidus Secretaries Limited
Becket House
36 Old Jewry
London
EC2R 8DD

Registered office

22 Bishopsgate
London
EC2N 4BQ

Registered number

04538873

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Banker

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London
EC2N 2DB

Beazley Underwriting Limited

Strategic report

The Directors present their strategic report for Beazley Underwriting Limited ('the Company'), registered number: 04538873, that accompanies the audited financial statements for the year ended 31 December 2024.

Business review and principal activities

Beazley Underwriting Limited is a Lloyd's of London corporate member. The principal activity of the Company is to participate in the Lloyd's insurance market on a limited liability basis. The Company decreased its underwriting capacity to £3,741.5m for the 2024 Year of Account ('YoA') from £3,889.0m for the 2023 YoA. The Company is the sole capital provider for three syndicates, Syndicate 2623, Syndicate 3623 and Syndicate 3622. For the 2023 and 2024 YoA the Company has provided capacity to Syndicate 2623, Syndicate 3622, Syndicate 3623 and part of the capacity for Syndicate 5623. Beazley Furlonge Limited (a related party) acts as the managing agent for these syndicates.

The Company also has a reinsurance agreement with Beazley Insurance dac ('BIDAC'). Under the 2024 reinsurance contract, the Company cedes effectively 65% of the final declared result (less a retention of \$2.6m) of its participation in Syndicates 2623 and 3623 to BIDAC. In the event that the declared result is a loss, the extent of the reinsurance is limited to the loss in excess of \$2.6m not exceeding 65% of the Funds at Lloyd's (FAL). The Company also has a credit facility agreement with BIDAC. Under the 2024 agreement the Company can avail of up to 35% of the total required Funds at Lloyd's from BIDAC. This facility was not utilised during the 2024 or 2023 calendar years. During the year the Company did not purchase any capacity (2023: purchased £35.5m on Syndicate 2623 at a cost of \$17.6m). The Company had a 20% participation on the 2024 YoA and 17.87% participation on the 2023 YoA in Syndicate 5623.

From 1 January 2025, the Company will continue to participate in Syndicates 2623, 3623, 3622 and 5623. The 5623 participation will be increased to 25% on the 2025 YoA. For the 2024 underwriting year and beyond, business written domestically by Beazley's US-based underwriters is no longer written through Syndicate 2623, which led to a decrease in its capacity for the 2024 underwriting year. This was offset by increased underwriting capacity in syndicates 3623 and 5623. The reinsurance agreement and credit facility agreement with BIDAC will continue in 2025 under similar terms as 2024.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are aligned with those of Beazley plc ('the Group') and include:

- Insurance risk;
- Market risk;
- Credit risk;
- Group risk;
- Liquidity risk;
- Regulatory and legal risk;
- Operational risk and
- Strategic risk

The Group operates a risk management framework, within which risk appetite is defined, risks assumed are identified and managed and key controls are implemented and monitored.

Key performance indicators ('KPIs')

The Company's Directors are of the opinion that the KPIs for the Company are best represented by:

1. the level of gross premiums written in the year, 2024: \$4,400.7m (2023: \$4,634.7m)
2. claims ratio, 2024: 56% (2023: 53%)
3. expense ratio, 2024: 43% (2023: 44%)
4. investment return 2024: 5% (2023: 5%)

Beazley Underwriting Limited

Strategic report (continued)

Section 172 statement

The Board of Directors confirm that during the year ended 31 December 2024 they have discharged their duties to act in a way they believe promotes the long-term success of the Company for the benefit of its members as a whole, whilst having regard to the matters set out in section 172 of the Companies Act 2006.

The Company is part of the Beazley Group, and its ultimate shareholder is Beazley plc. The Group's governance arrangements ensure that when making decisions, the Board has overall regard to the interests of the Group and its stakeholders, while acting in the interests of its own stakeholders and promoting the long-term success of the Company. Certain Group stakeholders and their interests (for example, suppliers, and communities) are considered at Group level by Beazley plc and its committees.

The Company is a Lloyd's corporate member and has participated on various underwriting years of syndicates 2623, 3623, 3622 and 5623. The managing agent of the syndicates is Beazley Furlonge Limited, a subsidiary within the Group. The Company has entered into a reinsurance agreement with Beazley Insurance dac, a subsidiary within the Group, with regards to business written by syndicates 2623 and 3623.

The Board has identified that its key stakeholders are:

- Beazley Furlonge Limited and syndicates 2623, 3623, 3622, and 5623;
- regulators and Lloyd's of London;
- Beazley Insurance dac; and
- Beazley plc and the Beazley Group.

The principal decisions of the Board during 2024 included the approval of the Company's 2023 annual report and accounts and the review and approval of a revised reinsurance agreement and credit facility agreement with Beazley Insurance dac to take effect from 1 January 2025.

When taking these decisions, the Board considered the Company's financial position and that it had sufficient capital and liquidity in order to meet its obligations to its stakeholders and to ensure the long-term success of the Company for the benefit of its sole member, the Group and its stakeholders, as set out above. The Board also had regard to the desirability of maintaining the Company's and the Group's reputation for high business standards. In respect of the approval of the reinsurance agreement with Beazley Insurance dac, the Board reviewed information on the potential impacts on the Company's capital, financial position, and the legal and tax implications. Taking into account these matters and after due consideration of the Company's stakeholders, the Board was satisfied that the revised agreement would promote the success of the Company for the benefit of its members and for the benefit of the Group.

Stakeholder engagement

How the Company engages with its key stakeholders is set out below:

Beazley Furlonge Limited and its syndicates 2623, 3623, 3622 and 5623

Beazley Furlonge Limited monitors returns for the syndicates, including syndicates 2623, 3623, 3622, and 5623 to Lloyd's and is responsible for providing the annual Lloyd's solvency statement. Engagement with Lloyd's is supported by the Group's Compliance function, and any significant matters are reported to the Boards of Beazley Furlonge Limited or Beazley plc. The Board engages with Beazley Furlonge Limited, as required. C C J Wong was appointed as a Director of the Company during 2024 and at the date of the annual report and accounts held the Senior Management Function 2 "SMF 2" role Chief Finance Officer for Beazley Furlonge Limited.

Regulators and Lloyd's of London

We have transparent communication with our key regulators, including Lloyd's, supported by the Group's compliance function. The Group's compliance function, executive leadership team, business teams and the Directors of the Group's regulated entities have ongoing engagement with Lloyd's, including when requested to discuss specific matters. This includes regular engagement regarding the Group's activities, strategy and business plans. Any significant regulatory engagements are reported to the Board of Beazley Furlonge Limited and/or Beazley plc. The Board of the Company is kept updated, where relevant.

Beazley Underwriting Limited

Strategic report (continued)

Section 172 statement (continued)

Beazley Insurance dac

The Company has a reinsurance agreement with Beazley Insurance dac, which is considered annually. The Company engages with Beazley Insurance dac as the need arises to ensure that the reinsurance agreement operates effectively and as intended.

Beazley plc

The Directors consider the strategic direction of the Group and the long-term success of the Group, when taking decisions. The Company and the Board engage with Beazley plc as required.

Other stakeholder Groups:

As noted above, certain Group stakeholders and their interests are considered at a Group level by Beazley plc and its committees. The information below provides an overview of the approach taken by Beazley plc, in relation to suppliers, and its communities.

Suppliers

The Board is cognisant of the need to foster business relationships with its suppliers. The Company complies with the Prompt Payment Code reporting requirements and publishes its average payment terms for supplier invoices. Supplier engagement is led by the Group procurement team within Beazley plc, who engage with any person or organisation that provides goods and services to the Group. Prior to any new engagement, thorough due diligence is carried out, including on values, cultural alignment, service expectations, contractual terms, and business practices. Suppliers are expected to adopt the same standards of ethical business practice as the Group, which includes respecting human rights and ensuring supply chains do not involve modern slavery or human trafficking. Further information is available in Beazley's modern slavery statement which is available on the website. Annual monitoring and communication take place with material suppliers and outsource providers to ensure performance and practices continue at a high standard. We also encourage suppliers to raise any concerns independently through Beazley's independent whistleblowing hotline.

Our communities

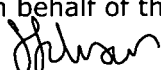
Beazley is committed to actively engaging with and supporting the communities in which it operates. Community engagement and charitable contribution remain core parts of the Group's refreshed sustainability strategy, which includes having a strategic approach to philanthropy to build stronger, fairer communities.

The Group is committed to actively engaging with and supporting the communities in which it operates. Employees are encouraged to engage with the local communities in which they work through the 'make a difference' programme. This programme encourages all employees to devote one working day a year to volunteering and Beazley matches any charitable funds raised. Beazley also has a global charity committee, which helps support charitable work in the local communities.

Further information on the Group's sustainability strategy is included within the Beazley plc's 2024 annual report.

Post year-end, during its review of the annual report and accounts for the year ended 31 December 2024 and of the 2024 accounts of Syndicate 2623, the Board noted the increased frequency of reported operational risk incidents (including one particular incident in relation to an individual underwriter), which was relevant to Syndicate 2623, and will continue to monitor the impact of these on the Company.

On behalf of the Board


S P Johnson
Director

30 June 2025

Registered office: 22 Bishopsgate, London, EC2N 4BQ

Beazley Underwriting Limited

Directors' report

Business review and future developments

A review of the Company's activities, significant changes within the year and future developments are included in the Strategic report.

Corporate governance statement

For the year ended 31 December 2024, the Company did not apply a corporate governance code. In accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations, 2008, as amended, this statement provides an overview of why no code was applied and explains the arrangements for corporate governance which were applied during the year.

The Board considered its approach to governance during the year and agreed that the governance arrangements in place for the Company remained appropriate for the nature and complexity of the Company and given it is a wholly owned subsidiary of Beazley plc Group. The Company is a large company in terms of its balance sheet and turnover but has no employees.

The Company's principal activity and purpose is being a Lloyd's corporate member and participating on syndicates managed by Beazley Furlonge Limited at Lloyd's.

The Group's strategy, culture, values, governance, and controls are determined by the Beazley plc Board. Beazley Furlonge Limited oversees the strategy and business plans in relation to Lloyd's and the syndicates. Through communication channels within Beazley plc and Beazley Furlonge Limited, the Board of the Company is cognisant of Group matters, which are of importance to the Company. The Board ensures that its strategy and activities align with those of the Group, while also ensuring it meets its obligations to its own stakeholders and promotes the success of the Company.

Given the corporate structure and that the Company is part of the Group, the Company did not apply a specific corporate governance code as it operates in accordance with the internal policies, procedures, governance, and controls established by the Beazley plc and Beazley Furlonge Limited Boards, which are applicable to all Group companies. This common approach to corporate governance helps to ensure consistency of values and conduct of business across the Group, including in relation to the Company's activities. The Board maintains a conflicts of interest register to ensure that conflicts are managed between group companies and external parties, where relevant.

Culture is monitored by the Beazley plc Board and by the executive leadership team and applies across the Group to all employees and subsidiaries, including the Company. The Beazley plc culture is defined by our brand and values – being bold, striving for better and doing the right thing – and these values inspire the way we work, how we treat our customers and behave as a responsible business.

The Board consists of four Directors. One of the Directors is the SMF 2 Chief Finance Officer role holder for Beazley Furlonge Limited and a further Director is the Beazley plc Group Company Secretary. The remaining two Directors have financial expertise to help oversee the financial position of the Company. The Board does not have independent non-executive Directors and this is not considered necessary given the Company's purpose and principal activity. The Boards of both Beazley plc and Beazley Furlonge Limited include independent non-executive Directors. The Board is satisfied that it can oversee all matters relating to the Company and no delegation to committees is required. Beazley plc has a diversity policy which is applicable to the Group. Diversity considerations are taken into account in accordance with the Group's overall approach, when recommending appointments to the Board. The Board's effectiveness is not specifically reviewed, however the leadership of the Group periodically consider whether the composition of subsidiary Boards remains appropriate.

The Board meets at least twice a year and receives reporting on matters including its key activities, key contracts, financial performance, and risk.

Beazley plc applied the UK Corporate Governance Code (the 'Code') to its activities during the year and while the Code would not be applicable to the Company and its activities, the corporate governance framework adopted by the Group influences and informs the way in which the Company conducts business, is governed and considers its stakeholders. It is in the best interests of the Company to adopt the working practices of the Group to ensure good outcomes for its stakeholders.

The Board keeps its governance under review, including whether it can continue to rely on the governance framework operated by the Group or whether it should apply and report against a specific corporate governance code.

Beazley Underwriting Limited

Directors' report (continued)

Results and dividends

The result for the period is shown in the Statement of Comprehensive Income on pages 11 and 12. No dividends were paid in the year (2023: Nil).

Energy and Carbon Reporting

Reporting required in accordance with The Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 can be found at a consolidated Group level in the Beazley plc annual report and accounts.

Directors

The Directors of the company who served during the year and/or to the date of this report, were as follows:

S P Johnson
S M Lake - (resigned 30/06/2024)
C P Oldridge
S D Rayment
C C J Wong - (appointed 30/07/2024)

Secretary

Callidus Secretaries Limited served as company secretary during the year and to the date of this report.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with section 487(2) of the Companies Act 2006 and in the absence of notice proposing that the appointment be terminated at a general meeting, Ernst & Young LLP will be deemed to be reappointed for the next financial year.

On behalf of the Board



S P Johnson
Director

30 June 2025

22 Bishopsgate
London
EC2N 4BQ

Beazley Underwriting Limited

The Statement of Director's responsibilities

The Directors are responsible for preparing the Directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.



S P Johnson
Director

30 June 2025

22 Bishopsgate
London
EC2N 4BQ

Beazley Underwriting Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY UNDERWRITING LIMITED

Opinion

We have audited the financial statements of Beazley Underwriting Limited for the year ended 31 December 2024 which comprise the Statement of comprehensive income, Statement of financial position, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of management's going concern assessment process and obtaining management's assessment which covers the period to 30 June 2026;
- Obtaining management-approved forecasts and assessing any unusual items in comparison to our expectations;
- Performing enquiries of management and those charged with governance to identify risks or events that may impact the company's ability to continue as a going concern;
- Understanding, through enquiries and review of support letter, the support provided to the company by its parent company and assessed the parent company's ability to provide further support if required, and;
- Assessing the appropriateness of the going concern disclosures by comparing the consistency with management's assessment and for compliance with the relevant reporting requirements.

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 company's ability to continue as a going concern for the period to 30 June 2026, being at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Beazley Underwriting Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY UNDERWRITING LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Beazley Underwriting Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY UNDERWRITING LIMITED (continued)

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

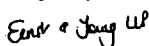
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations related to the financial reporting (UK GAAP and the Companies Act 2006), and the relevant direct and indirect tax compliance regulations in the United Kingdom.
- We understood how Beazley Underwriting Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for the legal and compliance matters of the Company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the Company and regulatory bodies, reviewed minutes of the Board of the Company, and gained an understanding of the Company's approach to governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Additionally, we tested year-end adjustments i.e. early close topside adjustments and manual journals, to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws and regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and inquiring about the company's methods of enforcing and monitoring compliance with such policies and involvement of relevant specialists, including forensics specialists and inquiring about the appointment of external advisers, including legal counsel, as applicable.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:



679A5BA3F9AF494...

Niamh Byrne (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 June 2025

Beazley Underwriting Limited

Statement of comprehensive income For the year ended 31 December 2024

Technical account – general business

	Note	2024 \$m	2023 \$m
Gross premiums written	3	4,400.7	4,634.7
Outward reinsurance premiums		(1,291.7)	(1,445.3)
Net premiums written		3,109.0	3,189.4
Change in the gross provision for unearned premiums	17	95.5	(158.7)
Change in the provision for unearned premiums, reinsurers' share	17	20.5	(197.2)
Change in the net provision for unearned premiums		116.0	(355.9)
Earned premiums, net of reinsurance		3,225.0	2,833.5
Allocated investment return transferred from the non-technical account		364.0	287.5
		3,589.0	3,121.0
Gross claims paid		(1,777.0)	(1,707.7)
Reinsurers' share of claims paid		369.3	431.5
Claims paid, net of reinsurance		(1,407.7)	(1,276.2)
Change in the gross provision for claims	17	(301.8)	(2.4)
Change in the provision for claims, reinsurers' share	17	(84.6)	(234.9)
Change in the net provision for claims		(386.4)	(237.3)
Claims incurred, net of reinsurance		(1,794.1)	(1,513.5)
Net operating expenses	5	(1,398.4)	(1,234.1)
Balance on the technical account - general business		396.5	373.4

Beazley Underwriting Limited

Statement of comprehensive income (continued) For the year ended 31 December 2024

Non-technical account

	Note	2024 \$m	2023 \$m
Balance on the technical account - general business		396.5	373.4
Investment income	4	377.8	293.1
Investment expenses and charges	4	(13.8)	(5.6)
		<u>364.0</u>	<u>287.5</u>
Allocated investment loss transferred to the general business technical account		(364.0)	(287.5)
Other income		1.1	3.4
Gain on foreign exchange		<u>4.0</u>	<u>2.5</u>
Profit on ordinary activities before taxation		401.6	379.3
Taxation charge	8	(49.7)	(94.0)
Profit for the financial year		351.9	285.3
Loss on foreign exchange through other comprehensive income		(0.1)	—
Total comprehensive income for the financial year		351.8	285.3

The company's operating activities all relate to continuing operations. There are no gains and losses other than those included in the Statement of comprehensive income for the year or previous period.

The notes on pages 16 to 41 form part of these financial statements.

Beazley Underwriting Limited

Statement of changes in equity For the year ended 31 December 2024

	Share capital \$m	Capital contribution reserve	Foreign exchange reserve \$m	Retained earnings \$m	Total \$m
Balance at 1 January 2023	—	166.3	(3.0)	134.6	297.9
Total comprehensive income for the financial year	—	—	—	285.3	285.3
Balance at 31 December 2023	—	166.3	(3.0)	419.9	583.2
Total comprehensive income for the financial year	—	—	(0.1)	351.9	351.8
Balance at 31 December 2024	—	166.3	(3.1)	771.8	935.0

The company's foreign exchange reserve relates primarily to the change in functional currency from sterling to US dollars in 2010.

Beazley Underwriting Limited

Statement of financial position As at 31 December 2024

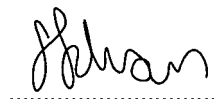
	Note	2024 \$m	2023 \$m
Assets			
Intangible assets	10	20.3	21.8
Investments			
Financial assets at fair value	11	6,966.9	6,756.5
Deposits due from ceding undertakings		3.3	5.0
		6,970.2	6,761.5
Reinsurers' share of technical provisions			
Provision for unearned premiums	17	412.1	391.5
Claims outstanding	17	1,886.1	1,973.3
		2,298.2	2,364.8
Debtors			
Debtors arising from direct insurance operations		1,384.3	1,539.2
Debtors arising from reinsurance operations		522.1	426.1
Other debtors	14	538.5	512.6
		2,444.9	2,477.9
Cash and cash equivalents	13	312.2	171.6
Prepayments and accrued income			
Deferred acquisition costs	9	536.5	556.4
Other prepayments and accrued income		113.9	70.8
		650.4	627.2
Total assets		12,696.2	12,424.8

Beazley Underwriting Limited

Statement of financial position (continued) As at 31 December 2024

	Note	2024 \$m	2023 \$m
Equity			
Called up share capital	15	—	—
Foreign exchange reserve		(3.1)	(3.0)
Capital contribution reserve	16	166.3	166.3
Retained earnings		771.8	419.9
Total equity		935.0	583.2
Liabilities			
Technical provisions			
Provision for unearned premium	17	2,319.3	2,416.7
Claims outstanding	17	6,746.3	6,453.4
		9,065.6	8,870.1
Creditors			
Creditors arising from direct insurance operations		13.3	13.7
Creditors arising from reinsurance operations		1,467.6	1,465.7
Other creditors	18	950.9	1,256.5
Deferred tax	19	139.8	110.0
		2,571.6	2,845.9
Accruals and deferred income		113.6	119.9
Financial liabilities	11	10.4	5.7
Total equity and liabilities		12,696.2	12,424.8

Signed on behalf of
the Board of Directors



S P Johnson
Director

The financial statements were approved and authorised for issuance by the Board of Directors on 30 June 2025.

The accounting policies and notes on pages 16 to 41 form part of these financial statements.

Beazley Underwriting Limited

Notes to the financial statements

1. Accounting policies

Statement of compliance

The Company is a limited liability company incorporated in England under the Companies Act, limited by shares. The address of the registered office is given on page 1.

The financial statements have been prepared and approved by the Directors in accordance with the Companies Act 2006 and applicable accounting standards in the UK and Republic of Ireland, Financial Reporting Standard 102 (FRS 102) and the Financial Reporting Standard applicable for Insurance Contracts Financial Reporting Standard 103 ('FRS 103'), and in accordance with the provisions of the Large and Medium-sized companies and Groups (Accounts and Reports) Regulations.

Basis of preparation

The financial statements are prepared using the historical cost convention. All amounts presented are stated in US dollars, as the Company's functional and presentational currency, and in millions, unless stated otherwise.

The Financial Reporting Council issued amendments to FRS 102 in March 2024. These changes are effective for the periods beginning on or after 1 January 2026. The Company is assessing the impact of these changes but does not expect these to be material.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. As these conditions have been complied with, the Company has taken advantage of the following exemptions:

- (1) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the Group's consolidated financial statements, includes the Company's cash flows;
- (2) from disclosing the Company's key management personnel compensation, as required by FRS 102; and
- (3) from disclosing transactions entered into between related parties within a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Basis of accounting for underwriting activities

The accounting information in respect of syndicates 2623, 3622, 3623 and 5623 has been provided by Beazley Furlonge Limited to Lloyd's and has been audited by these syndicates' auditor.

The underwriting results are determined on an annual basis. Results reported on an annual basis recognise profits as they are earned instead of at the closure of a particular YoA, which happens after three years.

Going concern

The financial statements of the Company have been prepared on a going concern basis. As a wholly owned subsidiary of the Beazley Group, the Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report contained in the Beazley plc Annual Report & Accounts. In addition, the risk report includes the Group's risk management objectives and the Group's objectives, policies and processes for managing its capital.

In assessing the Company's going concern position as at 31 December 2024, the Directors have considered a number of factors, including the current statement of financial position, the Company's strategic and financial plan, taking into account possible changes in trading performance and funding retention. The assessment concluded that, the Company has sufficient capital and liquidity for the next twelve months from when the financial statements are authorised for issue on 30 June 2025.

As a result of the assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore believe that the Company is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

Beazley Underwriting Limited

Notes to the financial statements (continued)

1. Accounting Policies (continued)

Use of estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those on which management's estimates are based. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in this statement of accounting policies.

a) Valuation of insurance contract liabilities

The most critical estimate included within the Company's balance sheet is the estimate for insurance losses incurred but not reported ('IBNR'), which is included within total technical provisions in the balance sheet and note 17. This estimate is critical as it outlines the current liability for future expenses expected to be incurred in relation to claims. If this estimation was to prove inadequate then an exposure would arise in future years where a liability has not been provided for.

The best estimate of the most likely ultimate outcome is used when calculating notified claims. This estimate is based upon the facts available at the time, in conjunction with the claims manager's view of likely future developments. The total estimate as at 31 December 2024 included within claims outstanding is \$5,039.8m (2023: \$4,815.0m).

(b) Valuation of unquoted and illiquid financial assets

Determination of fair value of unquoted and illiquid assets involves judgement in model valuations, through the incorporation of both observable and unobservable market inputs. These inputs include assumptions that lead to the existence of a range of plausible valuations. Further detail on the methodologies and inputs used is described in note 11 and note 12.

(c) Premium estimates

Premium written is initially based on the estimated premium income ('EPI') of each contract. Where premium is sourced through binders, the binder EPI is pro-rated across the binder period. Judgement is involved in determining the ultimate estimates in order to establish the appropriate premium value and, ultimately, the cash to be received. EPI estimates are updated to reflect changes in an underwriter's expectation through consultation with brokers and third-party coverholders, changes in market conditions, historic experience and to reflect actual cash received for a contract.

Due to the nature of Lloyd's business and the settlement patterns of the underlying business it is also not uncommon for some contracts to take a number of years to finalise and settle, and a receivable on the balance sheet remains. The amount of estimated future premium that remains in insurance receivables relating to years of account that are more than three years developed at 31 December 2024 is \$26.7m (2023: \$24.6m).

Significant accounting policies

a) Premiums

Gross premiums written comprise premiums on contracts inception during the financial year together with adjustments to premiums written in previous accounting periods and estimates for premiums from contracts entered into during the course of the year. Gross premiums written are stated before the deduction of brokerage, taxes, duties levied on premiums and other deductions.

b) Unearned premiums

A provision for unearned premiums represents that part of the gross premiums written that is estimated will be earned in the following or subsequent financial periods. It is calculated using the daily pro-rata method, under which the premium is apportioned over the period of risk.

c) Claims incurred

Claims incurred represent the cost of claims and claims handling expenses paid during the financial year, together with the movement in provisions for outstanding claims, claims incurred but not reported ('IBNR') and future claims handling provisions. The provision for outstanding claims comprises amounts set aside for claims advised and IBNR.

The IBNR amount is based on estimates calculated using widely accepted actuarial techniques which are reviewed quarterly by the group actuary and annually by the independent company reporting actuary. 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. For more recent underwriting, regard is given to the variations in the business portfolio accepted and the underlying terms and conditions. Thus, the critical

Beazley Underwriting Limited

Notes to the financial statements (continued)

assumptions used when estimating claims provisions are that the past experience is a reasonable predictor of likely future claims development and that the rating and other models used to analyse current business are a fair reflection of the likely level of ultimate claims to be incurred.

A provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the managing agent. The managing agent takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

d) Liability adequacy testing

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the claims liabilities net of deferred acquisition costs and unearned premium reserves. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses as well as investment income from the assets backing such liabilities are used.

Any deficiency is immediately charged to the statement of comprehensive income and subsequently recognised by establishing an unexpired risk reserve provision for losses arising from liability adequacy tests.

e) Acquisition costs

Acquisition costs comprise brokerage, premium levies, and staff related costs of the underwriters acquiring the business. The proportion of acquisition costs in respect of unearned premiums is deferred at the balance sheet date and recognised in later periods when the related premiums are earned.

f) Foreign currencies

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

g) Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and the original cost of the investment. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, and the valuation at the previous period end or purchase value during the 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.

h) Ceded reinsurance

Ceded reinsurance can be split into two categories: Contracts entered into by the Company (through syndicates) with reinsurers under which the Company is compensated for losses on contracts issued by the syndicates; and contracts entered into (with BIDAC) under which the Company is compensated for losses calculated based on the final declared result of the syndicates subject to excesses and deductibles. Both types of contract meet the definition of an insurance contract.

Any benefits to which the Company is entitled under its reinsurance contracts entered into by the syndicates are recognised as reinsurance assets. These assets consist of balances due from reinsurers and include reinsurers' share of provisions for claims. These balances, for contracts entered into by the syndicates, are 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 period and the current security rating of the reinsurer involved.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses reinsurance assets for impairment. If there is objective evidence of impairment, then the carrying amount is reduced to its recoverable amount and the impairment loss is recognised in the profit or loss account.

Beazley Underwriting Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

i) Intangible assets

Purchased syndicate capacity is included in the balance sheet at cost and amortised over 20 years on a straight line basis, which is the Directors' estimate of its useful economic life. Amortisation is commenced in the first year in which underwriting results from the capacity are recognised.

j) Financial instruments

Financial assets

On acquisition of a financial asset, the Company is required to classify the asset into the following categories: financial assets at fair value through statement of comprehensive income, loans and receivables, assets held to maturity and assets available for sale. The Company does not make use of the held to maturity and available for sale classifications.

Financial assets at fair value through profit or loss account

Except from derivative financial instruments, all financial assets are designated as fair value through profit or loss (FVTPL) upon initial recognition because they are managed and their performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management. The Company's investment strategy is to invest and evaluate performance with reference to their fair values.

Fair value measurement

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the statement of comprehensive income depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Upon initial recognition, attributable transaction costs relating to financial instruments at fair value through profit or loss are recognised in the income statement when incurred. Financial assets at fair value through profit or loss are continuously measured at fair value, and changes therein are recognised in the statement of comprehensive income. Net changes in the fair value of financial assets at fair value through the statement of comprehensive income exclude interest and dividend income, as these items are accounted for separately.

Hedge funds, equity funds, collateralised loan obligations, and illiquid credit assets

The Company participates in a number of hedge funds and related financial instruments for which there are no readily available quoted market prices. The valuation of these hedge funds is based on fair value techniques (as described above). The fair value of our hedge fund portfolio is calculated by reference to the underlying net asset values of each of the individual funds. Consideration is also given in valuing these funds to any restriction applied to distributions, the existence of side pocket provisions, and the timing of the latest available valuations. At certain times, the Company will have uncalled unfunded commitments in relation to its illiquid credit assets. These uncalled unfunded commitments are actively monitored by the Company and are disclosed in note 11 to the financial statements. The additional investment into its illiquid credit asset portfolio is recognised on the date that this funding is provided. These instruments are included within shares and other variable yield securities and units in unit trusts. The syndicate also invests in a number of collateralised loan obligations ('CLOs'). The valuation of these CLOs is based on fair value techniques (as described above). The CLOs are included within debt securities and other fixed income securities.

k) Insurance debtors and creditors

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

Beazley Underwriting Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

l) Other debtors

Other debtors principally consist of intercompany debtor balances and sundry debtors and are carried at amortised cost less any impairment losses.

m) Other creditors

Other creditors principally consist of intercompany payable balances, investment-related payables and foreign exchange trade obligations. These are stated at amortised cost determined using the effective interest rate method.

n) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. The best evidence of fair value of a derivative at initial recognition is the transaction price. Fair values are obtained from quoted market prices in active markets, recent market transactions, and valuation techniques which include discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivative assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the parties intend to settle on a net basis, or realise the assets and settle the liability simultaneously.

o) Impairment of financial assets

Assessment is made at each reporting date whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets and that event has an impact on the estimated cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that impairment exists, the amount of the loss is measured as the difference between the assets carrying amount and the value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in the statement of comprehensive income.

p) Cash and cash equivalents

This consists of cash at bank and in hand and term deposit. Cash at bank and in hand balances are carried at amortised cost less any impairment loss.

q) Taxation

The Company has applied the amendment to FRS 102 in relation to International Tax Reform - Pillar Two Model Rules from 01 January 2023, as issued by the FRC. It introduced a mandatory temporary exemption from recognising and disclosing deferred taxes arising from the Pillar Two and requires targeted disclosure. Whilst the Company is in the scope of the Pillar Two rules, it has no impact on the Company.

The Company is taxed on its results including its share of underwriting results declared by the syndicates in which it participates, and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these financial statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No current tax provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the syndicate at a syndicate level on the basis of computations submitted by the managing agent. At the date of the approval of these financial statements the Syndicate taxable results of years of account closed at this and at previous year ends may not have been fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the Company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the financial statements of subsequent periods.

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management

The Company has identified the risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. The sections below outline the Company's risk appetite and explain how it defines and manages each category of risk.

2.1 Insurance risk

The Company's insurance business (through the syndicates) assumes the risk of loss from persons or organisations that are directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities. The four key components of insurance risk are underwriting, reinsurance, claims management and reserving. Each element is considered below.

Underwriting risk

Underwriting risk comprises four elements that apply to all insurance products offered by the Company:

- cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- event risk – the risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

The Company's underwriting strategy (through the syndicates) is to seek a diverse and balanced portfolio of risks in order to limit the variability of outcomes. This is achieved by accepting a spread of business over time, segmented between different products, geography and size.

To manage underwriting exposures, the Company (through the syndicates) has developed limits of authority and business plans which are binding upon all staff authorised to underwrite and are specific to underwriters, classes of business and industry.

These authority limits are enforced through a comprehensive sign-off process for underwriting transactions including dual sign-off for all line underwriters and peer review for all risks exceeding individual underwriters' authority limits. Exception reports are also run regularly to monitor compliance.

Binding authority contracts

A proportion of the Company's insurance risks are transacted by third parties under delegated underwriting authorities. Each third party is thoroughly vetted by our coverholder approval group before it can bind risks, and is subject to rigorous monitoring to maintain underwriting quality and confirm ongoing compliance with contractual guidelines.

Reinsurance risk

Reinsurance risk to the Company (through the syndicates) arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk which is detailed separately below.

The reinsurance security committee examines and approves all reinsurers to ensure that they possess suitable security. The ceded reinsurance team ensures that these guidelines are followed, undertakes the administration of reinsurance contracts, monitors and instigates our responses to any erosion of the reinsurance programmes.

The reinsurance contract with BIDAC is relatively simplistic and, as the contract is an intragroup contract, it carries a low risk of dispute. As such this reinsurance contract has very limited reinsurance risk.

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management (continued)

Claims management risk

Claims management risk may arise within the Company (through the syndicates) in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs within the syndicates. These risks may damage the Group brand and undermine its ability to win and retain business, or incur punitive damages. These risks can occur at any stage of the claims life cycle. The Company's claims teams are focused on delivering quality, reliability and speed of service to both internal and external clients. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business' broader interests. Prompt and accurate case reserves are set for all known claims liabilities, including provisions for expenses.

Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs where established insurance liabilities within the syndicates are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts in provisions.

To manage reserving and ultimate reserves risk, the actuarial team uses a range of recognised techniques to project gross premiums written, monitor claims development patterns and stress test ultimate insurance liability balances. An external independent actuary also performs an annual review to produce a statement of actuarial opinion for the managing agent (Beazley Furlonge Limited).

The objective of the syndicates' reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business. The estimates of gross premiums written and claims prepared by the actuarial department are used through a formal quarterly peer review process to independently test the integrity of the estimates produced by the underwriting teams for each class of business. These meetings are attended by senior management, senior underwriters, actuarial, claims, and finance representatives.

The Company records a reinsurer's share of an outstanding claim reserve in respect of any open year reinsurance contract with BIDAC which, at the reporting date, is in a profit making position. Further information in relation to the claims recorded under these contracts is note 17 to the financial statements. A five percent increase or decrease in total claims liabilities would have the following effect on profit or loss and equity:

Sensitivity to insurance risk (claims reserves)	5% increase in net claims reserves		5% decrease in net claims reserves	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Impact to profit and equity	(243.0)	(224.0)	243.0	224.0

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management (continued)

Syndicates also monitor their exposure to insurance risk by location. The below table provides an analysis of the geographical breakdown of its written premiums.

Concentration of insurance risk

	2024	2023
	%	%
US	59	60
Europe ¹	16	15
Other	25	25
Total	100	100

¹Europe includes UK.

2.2 Market risk

Market risk arises where the value of assets and liabilities changes as a result of movements in foreign exchange rates, interest rates and market prices.

Foreign exchange risk

The functional and reporting currency of the Company is US dollar and the presentation currency in which the Company reports its results is US dollars. The effect of this on foreign exchange risk is that the Company is exposed to fluctuations in exchange rates for non-dollar denominated transactions and net assets.

The Company and the syndicates deal in five currencies: US dollars, UK sterling, Canadian dollars, Australian dollars and euros. Transactions in all currencies are converted to US dollars on initial recognition and revalued at the reporting date.

The following table summarises the carrying value of total assets and total liabilities categorised by currency:

31 December 2024	CAD \$ \$m	EUR € \$m	UK £ \$m	AUD \$ \$m	Other \$m	Subtotal \$m	US \$ \$m	Total \$m
Total assets	604.1	171.5	1,061.4	76.7	105.4	2,019.1	10,677.1	12,696.2
Total liabilities	(333.8)	(495.1)	(1,123.4)	—	—	(1,952.3)	(9,808.9)	(11,761.2)
Net assets	270.3	(323.6)	(62.0)	76.7	105.4	66.8	868.2	935.0

31 December 2023	CAD \$ \$m	EUR € \$m	UK £ \$m	AUD \$ \$m	Other \$m	Subtotal \$m	US \$ \$m	Total \$m
Total assets	209.2	111.0	760.8	73.4	130.0	1,284.4	11,140.4	12,424.8
Total liabilities	(118.2)	(299.5)	(538.9)	—	—	(956.6)	(10,885.0)	(11,841.6)
Net assets	91.0	(188.5)	221.9	73.4	130.0	327.8	255.4	583.2

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management (continued)

Sensitivity analysis

In 2024, the Company (through the syndicates) managed its foreign exchange risk by periodically assessing its non-dollar exposures and hedging these to a tolerable level while targeting net assets which are predominately US dollar denominated. As part of this hedging strategy, exchange rate derivatives were used to rebalance currency exposure across the Company. Details of all foreign currency derivative contracts entered into with external parties are disclosed in note 12. On a forward-looking basis an assessment is made of expected future exposure development and appropriate currency trades put in place to reduce risk.

Fluctuations in the Company's trading currencies against the US dollar would result in a change to net asset value. The table below gives an indication of the impact on profits and net assets of a % change in relative strength of US dollar against the value of sterling, Canadian dollar, Australian dollar and euro, simultaneously. The analysis is presented net of the impact of the exchange rate derivatives in place in syndicate 2623.

Change in exchange rate of UK sterling, Canadian dollar, Australian dollar and euro relative to US dollar

	Impact on profit after tax for the year ended		Impact on net assets	
	\$m 2024	\$m 2023	\$m 2024	\$m 2023
Dollar weakens 10% against other currencies	4.5	12.4	4.5	12.4
Dollar strengthens 10% against other currencies	(4.5)	(12.4)	(4.5)	(12.4)

Interest rate risk

Some of the Company's financial instruments (including the underlying syndicates) are exposed to movements in market interest rates. The Company manages interest rate risk 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.

The following table shows the average duration at the reporting date of the financial instruments. Duration is a commonly used measure of volatility and we believe gives a better indication than maturity of the likely sensitivity of our portfolio to changes in interest rates.

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management (continued)

Duration

	<1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-10 yrs	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
31 December 2024							
Debt securities and other fixed income securities	1,695.6	1,691.6	971.0	407.1	179.1	200.6	5,145.0
Derivative financial instruments	10.3	—	—	—	—	—	10.3
Other investments	318.6	—	—	—	—	—	318.6
Shares and other variable yield securities and unit trusts*	—	—	—	520.6	—	—	520.6
Cash at bank and in hand	312.2	—	—	—	—	—	312.2
Syndicate loans to central fund	29.5	—	—	—	—	—	29.5
Total	2,366.2	1,691.6	971.0	927.7	179.1	200.6	6,336.2

*Excluding equity securities.

	<1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-10 yrs	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
31 December 2023							
Debt securities and other fixed income securities	1,442.8	2,178.4	760.9	526.2	203.8	38.0	5,150.1
Derivative financial investments	3.2	—	—	—	—	—	3.2
Other investments	280.1	73.2	—	—	—	—	353.3
Shares and other variable yield securities and unit trusts*	30.7	—	—	356.5	—	—	387.2
Cash at bank and in hand	171.6	—	—	—	—	—	171.6
Syndicate loans to central fund	7.6	26.5	—	—	—	—	34.1
Total	1,936.0	2,278.1	760.9	882.7	203.8	38.0	6,099.5

*Excluding equity securities.

Sensitivity analysis

The Company holds financial assets and liabilities that are exposed to interest rate risk. Changes in interest yields, with all other variables constant, would result in changes in the capital value of debt securities and derivative financial instruments. This will affect reported profits and net assets as indicated in the below table:

	Impact on profit after income tax for the year		Impact on net assets	
	2024	2023	2024	2023
Shift in yield (basis points)	\$m	\$m	\$m	\$m
50 basis point increase	(14.4)	(15.6)	(14.4)	(15.6)
50 basis point decrease	14.4	15.6	14.4	15.6

Price risk

Debt securities and hedge funds that are recognised on the balance sheet at their fair value are susceptible to losses due to adverse changes in prices. This is referred to as price risk.

Financial assets include fixed and floating rate debt securities, hedge funds, illiquid credit assets, equity linked funds and derivative financial assets depending on the syndicates' appetite for risk. The fixed income securities are well diversified across high quality, liquid securities. The price risk associated with these securities is predominantly interest, foreign exchange and credit risk related. The sensitivity to price risk that relates to the Company's hedge fund investments, illiquid credit assets and equity linked funds is presented below. The investment committee has established comprehensive guidelines with investment managers setting out maximum investment limits, diversification across industries and concentrations in any one industry or company.

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management (continued)

Listed investments are recognised on the statement of financial position at quoted bid price. If the market for the investment is not considered to be active, then the Company establishes fair value using valuation techniques. This includes using orderly transactions between market participants, reference to current fair value of other investments that are substantially the same, discounted cash flow models and other valuation techniques that are commonly used by market participants.

	Impact on profit after income tax for the year		Impact on net assets	
	2024	2023	2024	2023
Change in fair value of hedge funds, equity linked funds and illiquid credit asset	\$m	\$m	\$m	\$m
10% increase in fair value	25.4	27.1	25.4	27.1
10% decrease in fair value	(25.4)	(27.1)	(25.4)	(27.1)

2.3 Credit risk

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The primary sources of credit risk for the Company are:

- reinsurers – whereby reinsurers may fail to pay valid claims against a reinsurance contract held by the group;
- brokers and coverholders – whereby counterparties fail to pass on premiums or claims collected or paid on behalf of the group;
- investments – whereby issuer default results in the group losing all or part of the value of a financial instrument and derivative financial instrument; and
- cash and cash equivalents.

The Company's core business is to accept significant insurance risk through the syndicates and the appetite for other risks is low. This protects the Company's capital from erosion so that it can meet its insurance liabilities.

The Company limits exposure to a single counterparty or a group of counterparties and analyses the geographical locations of exposures when assessing credit risk.

An approval system also exists for all new brokers, and broker performance is carefully monitored. Regular exception reports highlight trading with non-approved brokers, and the Company's credit control function frequently assesses the ageing and collectability of debtor balances. Any large, aged items are prioritised and where collection is outsourced, incentives are in place to support these priorities.

The investment committee has established comprehensive guidelines for the Company's investment managers regarding the type, duration and quality of investments acceptable to the Company. The performance of investment managers is regularly reviewed to confirm adherence to these guidelines.

The Company has developed processes to formally examine all reinsurers before entering into new business arrangements. New reinsurers are approved by the Reinsurance Section Council ("RSC"), which also reviews arrangements with all existing reinsurers at least annually. Vulnerable or slow-paying reinsurers are examined more frequently.

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management (continued)

The following tables summarise the Company's concentrations of credit risk:

31 December 2024	AAA	AA	A	BBB	Other	Not rated	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Investments							
Shares and other variable yield securities and units in unit trusts	—	—	—	47.2	473.4	942.9	1,463.5
Debt securities and other fixed income securities	1,051.7	1,740.3	1,656.8	575.2	—	121.0	5,145.0
Derivative financial instruments	—	—	—	—	—	10.3	10.3
Syndicate loans to central fund	—	—	29.5	—	—	—	29.5
Other investments	—	—	318.6	—	—	—	318.6
Deposits with ceding undertakings	—	—	3.3	—	—	—	3.3
Debtors arising out of direct insurance operations	—	—	—	—	—	1,384.3	1,384.3
Debtors arising out of reinsurance operations	0.3	52.1	96.6	—	—	373.1	522.1
Reinsurers' share of outstanding claims	23.7	1,313.4	538.4	—	—	10.6	1,886.1
Cash at bank and in hand	39.0	—	251.5	—	—	21.7	312.2
Other debtors and accrued interest	25.8	17.4	14.5	4.1	—	590.6	652.4
Total	1,140.5	3,123.2	2,909.2	626.5	473.4	3,454.5	11,727.3
31 December 2023	AAA	AA	A	BBB	Other	Not rated	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Investments							
Shares and other variable yield securities and units in unit trusts	—	—	—	—	356.5	859.3	1,215.8
Debt securities and other fixed income securities	2,126.4	869.9	1,631.2	522.6	—	—	5,150.1
Derivative financial instruments	—	—	—	—	—	3.2	3.2
Syndicate loans to central fund	—	—	34.1	—	—	—	34.1
Other investments	321.6	—	31.7	—	—	—	353.3
Deposits with ceding undertakings	—	—	5.0	—	—	—	5.0
Debtors arising out of direct insurance operations	—	—	—	—	—	1,539.2	1,539.2
Debtors arising out of reinsurance operations	9.6	79.3	112.4	0.2	—	224.6	426.1
Reinsurers' share of outstanding claims	38.8	1,401.4	522.9	0.4	—	9.8	1,973.3
Cash at bank and in hand	7.9	41.5	122.2	—	—	—	171.6
Other debtors and accrued interest	18.7	3.6	8.1	1.6	6.3	545.1	583.4
Total	2,523.0	2,395.7	2,467.6	524.8	362.8	3,181.2	11,455.1

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management (continued)

Financial investments falling within the unrated category comprise hedge funds for which there is no readily available market data to allow classification within the respective tiers. Additionally, insurance receivables are classified as unrated in accordance with Lloyd's guidelines.

Insurance receivables and other receivables balances held by the Company have not been impaired, based on all evidence available, and no impairment provision has been recognised in respect of these assets. Insurance receivables in respect of coverholder business are credit controlled by third-party managers. We monitor third party coverholders' performance and their financial processes through the group's coverholder management team. These assets are individually impaired after considering information such as the occurrence of significant changes in the counterparties' financial position, pattern of historical payment information and disputes with counterparties.

An analysis of the overall credit risk exposure indicates that the Company (through the syndicates) has reinsurance assets that are impaired at the reporting date. The total reversal of impairment in respect of the reinsurance assets at 31 December 2024 was as follows:

	Total 2024 \$m	Total 2023 \$m
Balance at 1 January	19.0	19.6
Reversal of/(Impairment recognised)	0.4	(0.6)
Balance at 31 December	19.4	19.0

The Company has insurance debtors and reinsurance assets that are past due but not impaired at the reporting date. An aged analysis of these is presented below:

	Neither past due nor impaired \$m	Past due but not impaired \$m	0 - 3 months past due \$m	3 - 12 months past due \$m	Greater than 1 year past due \$m	Total \$m
31 December 2024						
Debtors arising out of direct insurance operations	1,253.4	97.3	11.4	12.6	9.6	1,384.3
Debtors arising out of reinsurance operations	462.4	—	30.3	6.7	22.7	522.1
	Neither past due nor impaired \$m	Past due but not impaired \$m	0 - 3 months past due \$m	3 - 12 months past due \$m	Greater than 1 year past due \$m	Total \$m
31 December 2023						
Debtors arising out of direct insurance operations	1,377.9	119.9	23.6	9.0	8.8	1,539.2
Debtors arising out of reinsurance operations	384.5	—	16.8	16.6	8.2	426.1

Beazley Underwriting Limited

Notes to the financial statements (continued)

2. Risk management (continued)

The total impairment in respect of reinsurance assets past due by more than 30 days at 31 December 2024 was \$19.4m (2023: \$19.0m).

2.4 Liquidity risk

Liquidity risk arises where cash may not be available to pay obligations when due at a reasonable cost. The Company is exposed to daily calls on its available cash resources, principally from claims arising from its insurance business. In the majority of the cases, these claims are settled from the premiums received.

The next two tables summarise the carrying amount at reporting date of financial instruments analysed by maturity date:

31 December 2024

Maturity	Carrying amount	No maturity stated	0-1 yrs	1-3 yrs	3-5 yrs	>5 yrs	Total
31 December 2024	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Claims outstanding	6,746.3	—	1,961.5	2,416.7	1,289.2	1,078.9	6,746.3
Derivative liabilities	10.4	—	10.4	—	—	—	10.4
Creditors	2,571.6	582.0	1,989.6	—	—	—	2,571.6
Other liabilities	113.6	—	113.6	—	—	—	113.6
Total	9,441.9	582.0	4,075.1	2,416.7	1,289.2	1,078.9	9,441.9

Maturity	Carrying amount	No maturity stated	0-1 yrs	1-3 yrs	3-5 yrs	>5 yrs	Total
31 December 2023	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Claims outstanding	6,453.4	—	1,927.9	2,302.5	1,204.2	1,018.8	6,453.4
Derivative liabilities	5.7	—	5.7	—	—	—	5.7
Creditors	2,845.9	1,112.3	1,733.6	—	—	—	2,845.9
Other liabilities	119.9	—	119.9	—	—	—	119.9
Total	9,424.9	1,112.3	3,787.1	2,302.5	1,204.2	1,018.8	9,424.9

2.5 Capital management

The Funds at Lloyd's requirement for the 2025 underwriting year was set at \$1,645.7m (2024 underwriting year: \$1,448.2m). These funds support the underwriting of Lloyd's syndicates to which Beazley Underwriting Limited provides capacity. The funding requirements were met through a combination of cash deposits, securities as defined under Lloyd's capital governance rules and letters of credit.

Beazley Underwriting Limited

Notes to the financial statements (continued)

3. Analysis of underwriting result

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

	Gross premiums written	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Underwriting result
2024						
Direct Insurance	\$m	\$m	\$m	\$m	\$m	\$m
Third party liability	2,191.9	2,185.2	(996.6)	(648.2)	(473.7)	66.7
Fire and other damage to property	938.0	1,052.2	(312.6)	(306.2)	(379.7)	53.7
Marine aviation and transport	372.4	379.0	(261.6)	(162.3)	120.9	76.0
Credit and suretyship	145.9	139.2	(27.6)	(62.7)	(41.8)	7.1
Total	3,648.2	3,755.6	(1,598.4)	(1,179.4)	(774.3)	203.5
Reinsurance accepted						
Total	752.5	740.6	(480.4)	(216.1)	(212.2)	(168.1)
Total Direct and Reinsurance accepted	4,400.7	4,496.2	(2,078.8)	(1,395.5)	(986.5)	35.4
2023						
Direct Insurance	\$m	\$m	\$m	\$m	\$m	\$m
Third party liability	2,189.6	2,207.8	(1,153.7)	(608.5)	(428.2)	17.4
Fire and other damage to property	1,132.6	986.9	(324.1)	(254.1)	(385.2)	23.5
Marine aviation and transport	342.5	344.2	(101.1)	(101.9)	(127.6)	13.6
Credit and suretyship	180.9	162.0	5.9	(57.7)	(104.4)	5.8
Total	3,845.6	3,700.9	(1,573.0)	(1,022.2)	(1,045.4)	60.3
Reinsurance accepted						
Total	789.1	775.1	(137.1)	(211.9)	(400.5)	25.6
Total Direct and Reinsurance accepted	4,634.7	4,476.0	(1,710.1)	(1,234.1)	(1,445.9)	85.9

Beazley Underwriting Limited

Notes to the financial statements (continued)

4. Net investment return

	2024	2023
	\$m	\$m
Investment income	220.8	139.3
Realised gains/(losses) on financial investments	111.0	(65.6)
Unrealised gains on financial investments	46.0	219.4
Investment income	377.8	293.1
Investment expenses and charges	(13.8)	(5.6)
	364.0	287.5

5. Net operating expenses

	2024	2023
	\$m	\$m
Acquisition costs	1,091.4	1,129.5
Overriding commission	(158.2)	(215.4)
Change in deferred acquisition costs	19.5	(62.9)
Other administrative expenses	445.7	382.9
	1,398.4	1,234.1

Brokerage and commissions on direct business written was \$792.5m (2023: \$884.6m)

6. Profit on ordinary activities before taxation

Amortisation of purchased syndicate capacity was \$1.5m (2023: \$0.7m).

The audit fee in the current financial year was \$18,940 (2023: \$20,238) and was borne by Beazley Management Limited ('BML').

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Beazley plc.

All staff are employed by BML.

Beazley Underwriting Limited

Notes to the financial statements (continued)

7. Directors and employees

None of the Directors of the Company, or employees of the Group, received any remuneration in respect of services rendered to the Company. Details of the remuneration paid to the group's Directors and employees for their services to the group are shown in the ultimate parent undertaking's accounts, Beazley plc, which can be found at www.beazley.com

The Directors of the Company are employed and paid by BML. Directors who are also Directors of the ultimate parent receive fees from that Company and their full remuneration is disclosed in the Beazley plc annual accounts.

8. Taxation

	2024 \$m	2023 \$m
Current tax:		
UK corporation tax charge	75.4	—
Double tax relief from foreign taxes	(49.0)	—
Adjustment in respect of prior periods	(6.5)	2.3
	<u>19.9</u>	<u>2.3</u>
Deferred tax:		
Origination of and reversal of timing differences	27.6	89.4
Impact of tax rate change	—	5.6
Prior year over/(under) provision	2.2	(3.3)
	<u>29.8</u>	<u>91.7</u>
Taxation charge for the year	<u>49.7</u>	<u>94.0</u>

Factors affecting the tax charge for the current and prior years

The effective tax rate for the current year is lower (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 23.5%) due to the differences explained below.

	2024 \$m	2023 \$m
Corporation tax reconciliation:		
Profit on ordinary activities before tax	401.6	379.3
Tax charge at 25% (2023: 23.5%)	100.4	89.1
Effects of:		
Foreign taxes	(49.0)	(1.3)
Permanent differences	2.6	1.5
Prior year over provision	(4.3)	(0.9)
Impact of tax rate change	—	5.6
Taxation charge for the year	<u>49.7</u>	<u>94.0</u>

Beazley Underwriting Limited

Notes to the financial statements (continued)

9. Deferred acquisition costs

	2024 \$m	2023 \$m
At 1 January	556.4	491.3
Change in deferred commission	(20.2)	55.5
Change in other deferred costs	0.7	7.4
Exchange adjustments	(0.4)	2.2
Balance at 31 December	536.5	556.4

10. Intangible assets

	Syndicate capacity \$m
Cost	
Balance at 1 January 2023	12.6
Additions	17.6
Balance at 31 December 2023	30.2
Balance at 1 January 2024	30.2
Additions	—
Balance at 31 December 2024	30.2
Amortisation	
Balance at 1 January 2023	(7.7)
Amortisation for the year	(0.7)
Balance at 31 December 2023	(8.4)
Balance at 1 January 2024	(8.4)
Amortisation for the year	(1.5)
Balance at 31 December 2024	(9.9)
Carrying amount	
31 December 2023	21.8
31 December 2024	20.3

The Company did not purchase any capacity for 2024 (2023: purchased £35.5m on syndicate 2623 at a cost of \$17.6m)

Beazley Underwriting Limited

Notes to the financial statements (continued)

11. Financial assets and liabilities

	Carrying value		Cost	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Shares and other variable yield securities and units in unit trusts	1,463.5	1,215.8	1,398.2	1,064.0
Debt securities and other fixed income securities	5,145.0	5,150.1	5,099.7	5,117.3
Derivative assets	10.3	3.2	—	—
Syndicate loans to central fund	29.5	34.1	29.0	34.6
Other Investments	318.6	353.3	317.0	355.6
Total financial investments	6,966.9	6,756.5	6,843.9	6,571.5

A breakdown of derivative financial instruments is disclosed in note 12.

Overseas deposits are held as a condition of conducting underwriting business in certain countries.

Fair value measurement

The table below summarises financial assets at fair value using a valuation hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuations based on quoted prices in active markets for identical instruments. An active market is a market in which transactions for the instrument occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Included within level 1 are bonds and treasury bills of government and government agencies which are measured based on quoted prices.

Level 2 – valuations based on quoted prices in markets that are not active, or based on pricing models for which significant inputs can be corroborated by observable market data (e.g. interest rates, exchange rates). Included within level 2 are government bonds and treasury bills which are not actively traded, corporate bonds, asset-backed securities and mortgage-backed securities.

Level 3 – valuations based on inputs that are unobservable or for which there is limited market activity on which to measure fair value.

The availability of financial data can vary for different financial assets and is affected by a wide variety of factors, including the type of financial instrument, whether it is new and not yet established in the market place, and other characteristics specific to each transaction. To the extent that valuation is based on models or inputs that are unobservable in the market, the determination of current value requires more judgment. Accordingly, the degree of judgment exercised by management in determining current value is greatest for instruments classified in level 3. The syndicate uses prices and inputs that are current as of the measurement date for valuation of these instruments.

Valuation approach

The valuation approach for fair value assets and liabilities classified as Level 2 is as follows:

(a) For the level 2 debt securities, our fund administrator obtains the prices used in the valuation from independent pricing vendors. The independent pricing vendors derive an evaluated price from observable market inputs. These inputs are verified in their pricing assumptions such as weighted average life, discount margins, default rates, and recovery and prepayments assumptions for mortgage securities.

(b) For our hedge funds, the pricing and valuation of each fund is undertaken by administrators in accordance with each underlying fund's valuation policy. Individual fund prices are communicated by the administrators to all investors via the monthly investor statements. The fair value of the hedge fund portfolios are calculated by reference to the underlying net asset values of each of the individual funds.

The valuation approach for fair value assets and liabilities classified as Level 3 is as follows:

Beazley Underwriting Limited

Notes to the financial statements (continued)

11. Financial assets and liabilities (continued)

(a) Our illiquid credit fund investments are managed by third party managers (generally closed ended limited partnerships or open-ended funds). While the funds provide full transparency on their underlying investments, the investments themselves are predominantly in private and unquoted instruments. The valuation techniques used by the fund managers to establish the fair value of the underlying private/unquoted investments may incorporate discounted cash flow models or a more market-based approach, whilst the main inputs might include discount rates, fundamental pricing multiples, recent transaction prices, or comparable market information to create a benchmark multiple.

(b) The Syndicate loans are loans provided to the Central Fund at Lloyd's. These instruments are not tradeable and are valued using discounted cash flow models, designed to appropriately reflect the credit and illiquidity risk of the instruments.

(c) Certain collateralised loan obligation securities included within "Debt securities and other fixed income securities" have been classified within level 3. These represent instruments which were issued late in 2024 and have been priced at par, predominantly as these had not settled at the balance sheet date. As this is deemed to be an unobservable input these have been classified within level 3. We expect these instruments to move into Level 2 in the near term as these begin to be priced by our pricing vendors using models with observable market inputs.

The table below analyses financial instruments measured at fair value based on the level in the fair value hierarchy into which the financial instrument is categorised:

2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value	\$m	\$m	\$m	\$m
Shares and other variable yield securities and units in unit trusts	648.9	688.9	125.7	1,463.5
Debt securities and other fixed income securities	2,515.5	2,581.6	47.9	5,145.0
Derivative assets	10.3	—	—	10.3
Syndicate loans to central fund	—	—	29.5	29.5
Other Investments	318.6	—	—	318.6
Total financial investments	3,493.3	3,270.5	203.1	6,966.9

Financial liabilities

Derivative financial instruments	10.4	—	—	10.4
----------------------------------	------	---	---	------

2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value	\$m	\$m	\$m	\$m
Shares and other variable yield securities and units in unit trusts	499.6	533.4	182.8	1,215.8
Debt securities and other fixed income securities	2,635.4	2,514.7	—	5,150.1
Derivative assets	3.2	—	—	3.2
Syndicate loans to central fund	—	—	34.1	34.1
Other Investments	353.3	—	—	353.3
Total financial investments	3,491.5	3,048.1	216.9	6,756.5

Financial liabilities

Derivative financial instruments	5.7	—	—	5.7
----------------------------------	-----	---	---	-----

Beazley Underwriting Limited

Notes to the financial statements (continued)

11. Financial assets and liabilities (continued)

The following transfers between levels 1 & 2 for the period ended 31 December 2024 reflect the level of trading activities including frequency and volume derived from market data obtained from an independent external valuation tool.

	Level 1	Level 2
	\$m	\$m
31 December 2024 transfer from level 2 to 1		
Debt securities and other fixed income securities	408.9	(408.9)

	Level 1	Level 2
	\$m	\$m
31 December 2024 transfer from level 1 to 2		
Debt securities and other fixed income securities	(378.0)	378.0

12. Derivative financial instruments

The Company, through syndicates 2623 and 5623, entered into over-the-counter derivative contracts and exchange traded derivative contracts. Syndicates 2623 and 5623 had the right and the intention to settle each contract on a net basis.

The assets and liabilities of these contracts at 31 December are detailed below:

Derivative financial instrument	Gross contract amount	Fair value of assets	Gross contract amount	Fair value of assets
	2024	2024	2023	2023
	\$m	\$m	\$m	\$m
Foreign exchange forward contracts - assets	467.4	10.3	221.5	3.2
Foreign exchange forward contracts - liabilities	355.9	10.4	400.3	5.7

Foreign exchange forward contracts

Syndicate 2623 and 5623 enters into over-the-counter foreign exchange forward agreements in order to hedge the foreign currency exposure resulting from investment portfolio holdings denominated in non-base currency.

13. Cash and cash equivalents

	2024	2023
	\$m	\$m
Cash at bank and in hand	272.5	132.4
Short term deposits	39.7	39.2
	312.2	171.6

Beazley Underwriting Limited

Notes to the financial statements (continued)

14. Other debtors

	2024 \$m	2023 \$m
Amounts due from group companies	239.7	270.6
Amounts due from intermediate parent undertaking	130.1	127.1
Amounts due from Syndicate 4321	1.0	0.8
Amounts due from Syndicate 623	5.5	7.1
Other debtors	140.0	107.0
Foreign tax receivable	22.2	—
	538.5	512.6

All other debtors are due within one year.

15. Share capital

	2024 £	2023 £
Authorised: 1 ordinary share of £1 each*	1.0	1.0
Allotted, issued and fully paid, 1 ordinary share of £1 each*	1.0	1.0

16. Other reserves

The balance included in other reserves of \$166.3m (2023: \$166.3m) is made up of a capital contribution from Beazley Furlonge Holdings Limited of \$166.3m in 2021.

Beazley Underwriting Limited

Notes to the financial statements (continued)

17. Technical provisions

17.1 Technical provisions reconciliation

	Provision for unearned premium \$m	Claims outstanding \$m
Gross technical provisions		
As at 1 January 2024	2,416.7	6,453.4
Movement in the provision	(95.5)	301.8
Exchange adjustments	(1.9)	(8.9)
As at 31 December 2024	2,319.3	6,746.3
Reinsurers' share of technical provisions		
As at 1 January 2024	391.5	1,973.3
Movement in the provision	20.5	(84.6)
Exchange adjustments	0.1	(2.6)
As at 31 December 2024	412.1	1,886.1
Net technical provisions		
As at 1 January 2024	2,025.2	4,480.1
As at 31 December 2024	1,907.2	4,860.2

	Provision for unearned premium \$m	Claims outstanding \$m
Gross technical provisions		
As at 1 January 2023	2,250.5	6,421.7
Movement in the provision	158.7	2.4
Exchange adjustments	7.5	29.3
As at 31 December 2023	2,416.7	6,453.4
Reinsurers' share of technical provisions		
As at 1 January 2023	587.3	2,199.8
Movement in the provision	(197.2)	(234.9)
Exchange adjustments	1.4	8.4
As at 31 December 2023	391.5	1,973.3
Net technical provisions		
As at 1 January 2023	1,663.2	4,221.9
As at 31 December 2023	2,025.2	4,480.1

The closing reinsurers' share of claims outstanding balance represents the reinsurers' share of claims reserves recognised from the reinsurance contracts with BIDAC as well as claims reserves from syndicate.

Beazley Underwriting Limited

Notes to the financial statements (continued)

17.2 Claims development tables

The tables presented reflect the gross and net claims development of insurance and reinsurance business written through the syndicates and separately the absolute claims development of open year contracts in place with BIDAC. The final table reconciles the claims development of all insurance and reinsurance activities to the balance sheet of the Company.

Gross claims development – Syndicate business

	2014ae	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
12 months		1,209.5	1,293.6	1,605.8	1,511.9	1,590.3	2,020.4	2,324.2	2,786.8	2,655.0	2,438.2	
24 months		1,158.5	1,297.6	1,565.1	1,602.6	1,884.1	2,228.4	2,502.0	2,421.8	2,341.6		
36 months		1,081.6	1,252.6	1,602.6	1,682.7	1,767.1	2,287.0	2,174.1	2,317.2			
48 months		1,042.7	1,231.6	1,570.3	1,661.4	1,770.9	2,090.2	2,027.7				
60 months		1,044.8	1,211.3	1,574.5	1,696.3	1,729.1	2,045.1					
72 months		1,100.6	1,198.6	1,606.2	1,721.9	1,759.4						
84 months		1,123.3	1,205.1	1,591.3	1,718.0							
96 months		1,137.6	1,239.6	1,604.6								
108 months		1,107.8	1,256.4									
120 months		1,099.8										
Total ultimate losses (\$m)	10,253.8	1,099.8	1,256.4	1,604.6	1,718.0	1,759.4	2,045.1	2,027.7	2,317.2	2,341.6	2,438.2	28,861.9
Less paid claims (\$m)	(10,082.5)	(1,035.9)	(1,121.5)	(1,467.9)	(1,486.2)	(1,394.6)	(1,472.0)	(1,001.8)	(936.4)	(482.2)	(71.9)	(20,552.8)
Less unearned portion of ultimate losses (\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(46.6)	(64.4)	(167.2)	(1,284.6)	(1,562.8)
Gross claims liabilities (company share)	171.4	63.9	135.0	136.7	231.8	364.9	573.2	979.3	1,316.4	1,692.2	1,081.6	6,746.3

Net Claims Development – Syndicate business

	2014ae	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
12 months		949.5	1,033.9	1,268.5	1,221.7	1,248.1	1,506.5	1,665.8	1,827.5	2,196.5	2,052.5	
24 months		926.1	1,046.1	1,241.6	1,262.4	1,444.7	1,618.0	1,759.2	1,635.1	1,948.0		
36 months		867.5	1,015.4	1,257.3	1,333.1	1,336.4	1,591.0	1,550.3	1,601.3			
48 months		835.7	996.1	1,231.9	1,292.1	1,327.7	1,554.6	1,462.5				
60 months		834.4	960.4	1,220.0	1,286.5	1,306.5	1,523.8					
72 months		848.7	942.1	1,225.5	1,289.5	1,307.3						
84 months		854.5	940.5	1,224.1	1,304.0							
96 months		866.4	942.3	1,216.6								
108 months		846.1	986.1									
120 months		838.9										
Total ultimate losses (\$m)	7,802.6	838.9	986.1	1,216.6	1,304.0	1,307.3	1,523.8	1,462.5	1,601.3	1,948.0	2,052.5	22,043.4
Less paid claims (\$m)	(7,665.1)	(831.3)	(908.3)	(1,166.4)	(1,171.6)	(1,084.4)	(1,091.5)	(753.9)	(715.0)	(416.1)	(62.4)	(15,866.0)
Less unearned portion of ultimate losses (\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(25.8)	(43.4)	(139.2)	(1,108.8)	(1,317.2)
Net claims liabilities (company share)	137.5	7.6	77.7	50.2	132.4	222.9	432.3	682.8	842.9	1,392.7	881.3	4,860.2

Beazley Underwriting Limited

Notes to the financial statements (continued)

18. Other creditors

	2024	2023
	\$m	\$m
Amounts due to group companies	290.6	408.6
Amounts due to ultimate parent undertaking	353.8	519.4
Amounts due to Syndicate 5623	88.9	210.3
Amounts due to Syndicate 6107	74.1	86.8
Amounts due to group syndicates	3.6	—
Current tax payable	12.4	14.4
Other creditors*	127.5	17.0
	950.9	1,256.5

*Balance at 2024 year end includes amounts payable for securities, subsequently settled.

19. Deferred tax

2024	Balance at 1 Jan 2024	Recognised in total comprehensive income	Balance at 31 Dec 2024
	\$m	\$m	\$m
Tax losses carried forward	2.2	(2.2)	—
Deferred syndicate underwriting profits	(112.5)	(27.7)	(140.2)
Timing differences in respect of intangible assets	0.3	0.1	0.4
Net deferred tax liability	(110.0)	(29.8)	(139.8)

2023	Balance at 1 Jan 2023	Recognised in total comprehensive income	Balance at 31 Dec 2023
	\$m	\$m	\$m
Tax losses carried forward	—	2.2	2.2
Deferred syndicate underwriting profits	(18.7)	(93.8)	(112.5)
Timing differences in respect of intangible assets	0.4	(0.1)	0.3
Net deferred tax liability	(18.3)	(91.7)	(110.0)

In accordance with FRS 102, deferred tax assets and deferred tax liabilities relating to the same tax authority are presented net in the Company's balance sheet.

There are no unrecognised tax losses.

20. Funds at Lloyd's

The Funds at Lloyd's (FAL) is a requirement for the 2025, 2024 and 2023 underwriting years. This was set at \$1,645.7m for 2025 (2024 underwriting year: \$1,448.2m). These funds support the underwriting of Beazley Underwriting Limited's four Lloyd's syndicates - 2623, 3622, 3623 and 17.87% of 5623 on the 2023 YoA, 20% of the 5623 capacity on the 2024 YoA and 25% of the 5623 capacity on the 2025 YoA. The funding requirements were met through a combination of cash deposits and securities as defined under Lloyd's capital governance rules. As at 31 December 2024, the Company has \$576.0m (2023: \$506.9m) of FAL posted in its own name. The remaining FAL is held by BIDAC on the Company's behalf. In 2024 the Group renewed its syndicated short term banking facility, with \$225m utilised as letters of credit placed as FAL to provide capital support for the Company's underwriting at Lloyd's. Letters of credit issued under the facility are uncollateralised. Other than the letters of credit, FAL posted in the Company's name are included within financial assets at fair value and cash and cash equivalents on the statement of financial position.

Beazley Underwriting Limited

Notes to the financial statements (continued)

21. Ultimate parent undertaking

The ultimate parent undertaking is Beazley plc, incorporated in the UK. The company's immediate parent is Beazley Furlonge Holdings Limited, which is also incorporated in the UK.

The largest and the smallest company in which the results of the Company are consolidated are those headed by Beazley plc. No other company financial statements include the results of the Company.

The consolidated financial statements of the ultimate controlling company, Beazley plc, can be obtained from the website www.beazley.com.

22. Related parties

Since 2010, Syndicate 2623, alongside Syndicate 623 has ceded part of its international property reinsurance account to Syndicate 6107 at Lloyd's, and since 2017 has also ceded part of its Cyber Risks business to Syndicate 6107. Syndicate 6107 is a special purpose syndicate managed by Beazley Furlonge Limited and commissions are received by the syndicates in respect of these transactions.

On 1 January 2023 5623 changed from a special purpose syndicate to a full syndicate with the Company providing circa 18% of capacity to the syndicate for 2023 YoA and 20% of capacity to the syndicate for the 2024 YoA. Syndicate 3623 cedes a significant portion of its market facility book to Syndicate 5623 for the 2021 and 2022 YoA.

The below represents the receivable/(payable) positions as at 31 December:

	2024 \$m	2023 \$m
Parent company (BFHL)	130.1	127.1
Group companies	(404.7)	(657.5)
Syndicate 623	5.5	7.1
Syndicate 6107	(74.1)	(86.8)
Syndicate 4321	1.0	0.8
Syndicate 5623	(88.9)	(210.3)
	<u>(431.1)</u>	<u>(819.6)</u>

23. Subsequent events

Through the syndicates on which it participates, the Company was impacted by the California wildfires which occurred in January 2025. The impact is not expected to be material. The Company continues to monitor the impact of this event.

In June 2025 the Company received a distribution relating to its participations on the 2022 year of account of syndicates 2623 and 3623 of \$671.1m. At the same point the Company settled a liability relating to the 2022 year of account with Beazley Insurance dac of \$448.2m.