

## **Important information about Syndicate Reports and Accounts**

The syndicate reports and accounts set forth in this section of the Jubilee website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only.

You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgement.

JUBILEE

Syndicate

**5820**

Report and Accounts

at 31 December 2010

**Annual Report and Accounts**

At 31 December 2010

**Annual Report and Accounts  
Year Ended 31 December 2010**

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**Directors and Advisers**

**Managing Agent** Jubilee Managing Agency Limited

**Registered Office** Sidcup House  
12-18 Station Road  
Sidcup  
Kent DA15 7EX

**Company Registration No.** 4434499  
**FSA Firm Registration No.** 226696  
**Lloyd's Registration No.** 2073D

**Directors**

T T M Agnew	
C Buesnel	(appointed 25 May 2010 and resigned 20 August 2010)
P A Cockburn	
H P Ganteaume	(appointed 5 October 2010)
A P D Lancaster (Chairman)	
K J Lewis	(resigned 20 July 2010)
A C Loucaides	
R J G Lowe	
I Mclsaac	(resigned 25 August 2010)
J S Mack	
Lord Marland of Odstock	(resigned 18 June 2010)
N H Topche	
M J Watson	(see note on page 8)

**Company Secretary** P A Cockburn

**Active Underwriter** C H Biles

**Bankers** Lloyds TSB  
City Office  
Bailey Drive  
Gillingham Business Park  
Kent ME8 0LS

**Investment Managers** Goldman Sachs International Limited  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB

**Auditors** Littlejohn LLP  
Statutory Auditor  
1 Westferry Circus  
Canary Wharf  
London E14 4HD

## Report of the Directors of the Managing Agent Year Ended 31 December 2010

The directors of the Managing Agent present their annual report for the year ended 31 December 2010. This report is in respect of Syndicate 5820.

The annual report is prepared using the annual basis of accounting as required by Regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

### Results

The result for the calendar year 2010 is a loss of £5.4m (2009: profit of £0.9m) after currency translation. Profits or losses will be distributed or collected by reference to the results of individual underwriting years.

### Principal Activities

From 1 January 2010, the motor account previously written by Syndicate 1231, another syndicate managed by Jubilee Managing Agency Limited, was underwritten by Syndicate 5820. The Syndicate continues to underwrite global property and personal lines insurance business.

### Key Performance Indicators

The Syndicate's key financial performance indicators below relate to the results for the Syndicate on an annual accounting basis during the year and were as follows:-

	2010	2009
	£m	£m
Gross premium written	131.8	97.7
Net premium written	119.2	90.2
Net premium earned	123.1	71.0
(Loss)/profit for the year	(5.4)	0.9
Cash and investments	73.3	62.9
	%	%
Claims ratio (net)	53.8	46.3
Combined ratio	105.3	101.2

Note: The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned.

### Other Performance Indicators

#### *Staff Matters*

The Managing Agent considers its staff to be a key resource and seeks to provide a good working environment for its staff that is safe and complies with appropriate legislation. During the year, there has been no significant injury to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters. The employee retention was 61.0% of the employees in place at 1 January 2010 (2009: 96.5%).

#### *Environmental Matters*

The Managing Agent does not consider that a business such as a syndicate at Lloyd's has a large adverse impact upon the environment. As a result the agent does not manage its business by reference to any environmental key performance indicators. Directors and employees of the Managing Agent are not provided with company cars. Travel requisitions and expenses are subject to review as to whether the journey is necessary for the business. The Managing Agent seeks to maintain a high proportion of its records electronically.

**Report of the Directors of the Managing Agent (continued)**  
**Year Ended 31 December 2010**

**Investments**

*Investment Return*

	<b>2010</b>	<b>2009</b>
	<b>£m</b>	<b>£m</b>
Average amount of syndicate funds available for investment during the year:		
Sterling	14.1	4.8
Euro	17.6	23.8
US Dollar	29.3	15.1
Canadian Dollar	2.0	0.4
Australian Dollar	6.9	10.0
Combined in sterling	<u>69.9</u>	<u>54.1</u>
Gross aggregate investment return for the calendar year in sterling	<u>1.2</u>	<u>1.5</u>
Gross calendar year investment yield:		
Sterling	0.08%	3.51%
Euro	1.61%	2.65%
US Dollar	2.11%	0.43%
Canadian Dollar	0.10%	0.04%
Australian Dollar	4.87%	0.55%
Combined in sterling	<u>1.76%</u>	<u>1.75%</u>

The above investment returns are calculated using average funds based on the monthly balances and investments as revalued to month-end market prices including accrued interest. The amount of funds available has increased due to new business written into the Syndicate.

The investment manager during the year was Goldman Sachs International Limited.

**Underwriting Years of Account**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Syndicate capacity	139	63	42
Result range/ 2008 actual	0.4 to (6.5)	0.9 to (2.3)	2.6
Result as percentage of capacity %	0.3% to (4.7)%	1.4% to (3.6)%	6.2%

**Report of the Directors of the Managing Agent (continued)  
Year Ended 31 December 2010****2008 account**

The result for the 2008 account and prior years is a profit of £2.6m after all expenses and Managing Agent's profit commission but before members' agents fees. Within this is a profit of £2.8m relating to reserve releases from the prior years. The 2008 pure year made a loss of £0.2m. The profit of £2.6m is 6.2% as a percentage of stamp.

The 2008 year consists solely of Personal Lines business. To date this account has not been materially impacted by the worsening of the economic situation since 2008. As the account contains contracts which run for more than 12 months, the extended earnings patterns mean that results tend to continue to develop after 36 months which has historically led to releases from prior years.

**2009 account**

The forecast ultimate result for the 2009 account is a loss of £0.7m after all expenses and Managing Agent's profit commission. The loss is 1.1% as a percentage of stamp.

Key drivers for the result arise mainly from the Creditor and Affinity accounts within Personal Lines and also on the Fire binders account in Global Property.

These improvements have been offset by deterioration in the Fire Open Market account within Global Property. The Global Property account has experienced a higher number of large sized losses than anticipated over the year. Although classified large losses, they still fall below a level which we are able to benefit from reinsurance recoveries. Hence, the 2009 net Ultimate Loss Ratio ("ULR") has not improved to the extent seen in the gross ULR movement. In addition the cost of the Chile earthquake is now estimated to be £6.9m.

**2010 account**

The forecast ultimate result for the 2010 account is a loss of £3.1m after all expenses and Managing Agent's profit commission. The loss is 2.2% as a percentage of stamp.

Forecast result is due to the following:

A reduction in anticipated reinsurance recoveries for Property. The large losses incurred to date have fallen below the trigger points for reinsurance recoveries and therefore the account has not greatly benefited from any reinsurance protection. The ultimate reinsurance recovery rate has reduced from previous expectations.

There is no explicit allowance within the 2010 underwriting year for the losses that may arise from the Australian Flood losses incurred during 2011, the 2011 New Zealand earthquake or the Japanese earthquake and tsunami. If any of these events results in significant market losses then this is likely to lead to deterioration in the 2010 underwriting year loss ratio for the Property account.

The Motor result is largely driven by the continuing adverse development in the Private Hire account.

Although we withdrew from Private Hire for the 2010 year of account, we were still exposed to the run off of two coverholders.

**Report of the Directors of the Managing Agent (continued)  
Year Ended 31 December 2010****Future Opportunities**

The Syndicate remains committed to underwriting profitable business.

For 2011 the Syndicate capacity has been reduced to £100.1m (2010: £139.0m)

This reduction reflects the closure of the Motor account during 2010 and a recognition of the current soft market conditions within the Global Property class limiting the opportunities for writing profitable business within our Open Market account.

At the same time we are seeing some opportunities to increase our Specialist Personal Lines account which is not subject to the same cyclical rating environment and will be looking to further diversify the product range and spread of business in this area.

We have also included for 2011 a Terrorism account led by Marcus Ripley which, with Lloyd's approval, we have started writing from 1<sup>st</sup> January.

New business opportunities will be actively sought and investigated as they arise, without compromising the Syndicate's commitment to underwriting profitable business.

The reinsurance programme for 2011 will not be materially different from 2010 other than a reduction in the top limit of our cat programme to reflect reduced exposures and the introduction of protections for the Terrorism account.

In addition to changes in market conditions, there continue to be changes in the regulatory environment from the European Union, the Financial Services Authority and Lloyd's. The Managing Agent monitors these developments closely and plans future strategy to ensure it is prepared for these changes.

**Principal Risks and Uncertainties**

The Syndicate's activities expose the business to a number of key risks which have the potential to affect the Jubilee Group's ability to achieve its objectives. The risk appetite is set annually as part of the Syndicate business planning and individual capital assessment process. The Jubilee Group recognises that the Syndicate's business is to accept risk which is appropriate to enable it to meet its objectives and that it is not realistic or possible to eliminate risk entirely. Therefore, in 2010 there has been an increase in the Jubilee Group staff resources to develop the risk management framework, including the monitoring of systems and controls to ensure they remain appropriate and effective.

The principal risks and uncertainties facing the Syndicate are as follows:

*Insurance Risk* - Insurance risk refers to the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and reserving practices. These risks may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectation at the time of underwriting. The syndicates manage insurance risk by agreeing the appetite for these risks annually through the business plan, which sets out targets for volumes, pricing and retention by class of business and aggregate levels of exposure to catastrophe events. The Managing Agent monitors performance against the business plan throughout the year. Reserve adequacy is monitored by the Syndicates' appointed actuary and by the Managing Agency Board.

*Credit Risk* - In addition to the insurance terms of trade offered as part of normal business operation, the syndicates are exposed to a certain amount of credit risk. Key aspects of credit risk are default by a reinsurer and certain financial instruments within the investment portfolio that include an element of credit exposure to the issuers of the security. The syndicate seeks to limit exposure by placing its reinsurance programme with reinsurers rated A or higher and through limiting exposure to reinsurers for single events. Investment credit risk is mitigated through detailed investment guidelines which include minimum credit quality and counterparty limits.

**Report of the Directors of the Managing Agent (continued)**  
**Year Ended 31 December 2010**

*Market Risk* - The exposure to financial market risk arises from the investment decisions made in relation to the syndicate funds and adverse movements in foreign exchange rates, interest rates and equities. The Managing Agent sets the investment strategy. Exposure to foreign exchange movements is mitigated through currency matching of assets and liabilities. Limits on the duration of invested assets are in place to limit the adverse affect of interest rate movements. Exposure to market risk is managed through the Group's Investment Committee.

*Liquidity Risk* - This is the risk that a syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk minimum levels of cash are maintained, all investments are readily marketable and cash flow is monitored.

In the event of extreme adverse claims experience, it is possible that the syndicate may not be able to settle claim liabilities out of its own funds. In that event, the capital structure underpinning a syndicate is such that any deficits can be called from the syndicate capital providers in accordance with Lloyd's rules. In the event of any member being unable to fulfil its share of such a call, Lloyd's Central Guarantee Fund may, at Lloyd's discretion, be called upon to make good any deficits for the benefit of policyholders. The Managing Agent monitors solvency requirements, to ensure the syndicates maintain at least the minimum solvency requirement.

*Operational Risk* - This is the risk that errors caused by people, processes or systems lead to losses to the syndicates. The Managing Agent seeks to manage this risk through policies and procedures and systems and controls, which are regularly reviewed and updated, the regular review of changes to the syndicates' risk environment, limits of authority granted to employees, the recruitment and retention of experienced personnel, staff training assessments and plans, the internal audit function, which reports on the effectiveness of operational controls and the Audit Committee which reviews the major findings from both operational and external audit

*Regulatory Risks* - The Managing Agent is required to comply with the requirements of the Financial Services Authority, Lloyd's and overseas authorities. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agent has a compliance officer who monitors developments and assesses the impact on the Managing Agent's objectives and policies.

*Strategic Risks* - This is the risk of loss arising from Syndicate market position, strategic direction and commercial interests and includes capital availability for future underwriting. Market position and strategic direction are reviewed at least annually as part of the business planning process. The Executive Committee monitors performance and market position. The Board meets at least quarterly, each year to review results and opportunities.

### **Corporate Governance**

The Managing Agency Board comprises an appropriate number of executive directors and non-executive directors and meets quarterly. The Board has established a practical and effective governance framework which includes delegation of authority to a number of committees. All of the committees comprise appropriately qualified and experienced members, and operate under formal terms of reference, with reporting requirements to the Board. The key Committees are:

*Executive Committee* – The executive committee is responsible for the overall management of the business, including implementation of strategy, monitoring the operating environment and risk mitigation.

*Underwriting Committee* - The underwriting committee is responsible for reviewing Syndicate activities, management and performance. This includes reviewing results and forecasts against agreed business plans and budgets.

*Risk and Capital Committee* – The risk and capital committee is responsible for the effective management of risk, capital requirements, reinsurance strategy, governance of the internal model and monitoring of the risk environment against risk appetite in line with syndicate business forecasts.

*Audit Committee* - The audit committee is responsible for the monitoring and review of the Group's financial reporting and internal control policies. The committee provides assurance that an appropriate control framework exists to mitigate business risk. The committee is chaired by a non-executive director.

**Report of the Directors of the Managing Agent (continued)  
Year Ended 31 December 2010**

*Reinsurance Committee* - The reinsurance committee is responsible for reinsurance purchase in line with individual syndicate's business forecast strategy and for reviewing the suitability of reinsurer's (approved by the reinsurance security sub committee) on all types of outward reinsurance.

*Investment Committee* - The investment committee is responsible for the management of the group's investment strategy, investment risk and performance of fund managers. The committee is chaired by a non-executive director.

**Directors and Directors' Interests**

The directors who held office during the year are shown on page 2. M J Watson was a director during the year but died in July 2010. Directors' interests are shown on pages 25 to 27 as part of the related parties note to the accounts.

**Annual General Meeting**

The directors do not propose to hold an annual general meeting for the Syndicate. If any direct corporate supporter of the Syndicate wishes to meet with them the directors will be prepared to do so.

**Disclosure of Information to Auditors**

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

**Auditors**

The Managing Agent has proposed the appointment of Littlejohn LLP to audit the 31 December 2011 syndicate accounts in accordance with paragraph 5(2(c)) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Littlejohn LLP has signified its willingness to continue in office as auditors.

Approved by Order of the Board



P A Cockburn  
Jubilee Managing Agency Limited  
14 March 2011

### **Statement of Managing Agent's Responsibilities**

The Managing Agent is responsible for preparing the Syndicate Annual Report and the Syndicate Annual Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the Managing Agent to prepare Syndicate Annual Financial Statements at 31 December each year which give a true and fair view of the state of affairs of the Syndicate and of its profit or loss for that year.

In preparing those Syndicate Annual Financial Statements, the Managing Agent is required to:

- select suitable accounting policies, and apply them consistently except where relevant accounting requirements change;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate Annual Financial Statements; and
- prepare the Syndicate Annual Financial Statements on a going concern basis, unless it is inappropriate to do so.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate Annual Financial Statements comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

## Report of the Auditors

### Independent Auditor's Report to the Members of Syndicate 5820

We have audited the Syndicate Annual Financial Statements for the year ended 31 December 2010 which comprise the Profit & Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of the Syndicate as a body, in accordance with Regulations 10 to 14 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Syndicate and the Syndicate's members as a body for our audit work, for this report, or for the opinion we have formed.

### Respective Responsibilities of the Managing Agent and the Auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 9, the Managing Agent is responsible for the preparation of the Annual Financial Statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Annual Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the Syndicate Annual Accounts

An audit involves obtaining evidence about the amounts and disclosures in the Annual Financial Statements sufficient to give reasonable assurance that the Annual Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Managing Agent; and the overall presentation of the Annual Financial Statements.

### Opinion on Syndicate Annual Financial Statements

In our opinion the Annual Financial Statements:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2010 and of its loss 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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.


### Opinion on other matters prescribed by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion the information given in the Report of the Directors of the Managing Agent for the financial year for which the Annual Financial Statements are prepared is consistent with the Annual Financial Statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you if, in our opinion:

- the Managing Agent in respect of the Syndicate has not kept adequate accounting records; or
- the Syndicate Annual Financial Statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



**Neil Coulson (Senior statutory auditor)**  
For and on behalf of Littlejohn LLP  
Statutory auditor  
14 March 2011

1 Westferry Circus  
Canary Wharf  
London E14 4HD

**Profit and Loss Account  
Technical Account – General Business  
Year Ended 31 December 2010**

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
<b>Earned Premiums, Net of Reinsurance</b>					
Gross premiums written					
Continuing operations		110,793		97,695	
Discontinued operations		<u>20,974</u>		<u>-</u>	
	1	131,767		97,695	
Outward reinsurance premiums		<u>(12,549)</u>		<u>(7,514)</u>	
Net premium written			119,218		90,181
Change in the provision for unearned premiums					
Gross amount		2,053		(20,230)	
Reinsurers' share		<u>1,798</u>		<u>1,092</u>	
Change in the net provision for unearned			3,851		(19,138)
Earned premiums, net of reinsurance			<u>123,069</u>		<u>71,043</u>
<b>Allocated investment return transferred from the Non-Technical Account</b>			1,105		1,464
<b>Claims Incurred, Net of Reinsurance</b>					
Claims paid					
Gross amount		(38,300)		(22,876)	
Reinsurers' share		<u>48</u>		<u>577</u>	
Net claims paid		<u>(38,252)</u>		<u>(22,299)</u>	
Change in the provision for claims					
Gross amount		(28,422)		(11,475)	
Reinsurers' share		<u>401</u>		<u>863</u>	
Change in the net provision for claims		<u>(28,021)</u>		<u>(10,612)</u>	
Claims incurred, net of reinsurance	2		(66,273)		(32,911)
<b>Net Operating Expenses</b>	3		(63,377)		(38,972)
<b>Balance on the Technical Account – for General Business</b>			<u>(5,476)</u>		<u>624</u>
			<b>2010</b>		<b>2009</b>
Attributable to,			<b>£'000</b>		<b>£'000</b>
Continuing operations			(2,022)		-
Discontinued operations			<u>(3,454)</u>		<u>-</u>
			<u>(5,476)</u>		<u>-</u>

The discontinued operations relate to the motor business.

**Profit and Loss Account  
Non-Technical Account  
Year Ended 31 December 2010**

	Note	2010 £'000	2009 £'000
<b>Balance on the Technical Account – General Business</b>		(5,476)	624
Investment income	6	1,994	1,539
Unrealised gains on investments		253	111
Investment expenses and charges	7	(436)	(42)
Unrealised losses on investments		(706)	(144)
Allocated investment return transferred to the general business technical account		(1,105)	(1,464)
<b>(Loss)/Profit for the Financial Year</b>	11	<u>(5,476)</u>	<u>624</u>

**Statement of Total Recognised Gains and Losses**

	2010 £'000	2009 £'000
(Loss)/profit for the financial year	(5,476)	624
Currency translation differences	72	270
<b>Total Recognised Gains and Losses since last annual report</b>	<u>(5,404)</u>	<u>894</u>

The aggregate £5.404m loss for the 2010 calendar year (2009: £0.894m profit) stated above was after a total exchange movement profit of £1.148m (2009: £0.791m profit).


**Balance Sheet - Assets**  
**At 31 December 2010**

<b>Assets</b>	<b>Note</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Investments</b>					
Other financial investments	8		60,058		49,134
<b>Reinsurers' Share of Technical Provisions</b>					
Provision for unearned premiums		3,046		1,233	
Claims outstanding		1,568		1,136	
			4,614		2,369
<b>Debtors</b>					
Debtors arising out of direct insurance operations	9	15,429		15,655	
Debtors arising out of reinsurance operations	10	3,740		2,112	
Other debtors		2,500		1,012	
			21,669		18,779
<b>Other Assets</b>					
Cash at bank and in hand		8,811		9,838	
Other (Overseas deposits)		4,415		3,890	
			13,226		13,728
<b>Prepayments and Accrued Income</b>					
Deferred acquisition costs		40,888		45,583	
Other prepayments and accrued income		-		446	
			40,888		46,029
<b>Total Assets</b>			<b>140,455</b>		<b>130,039</b>

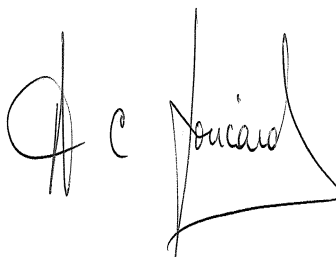
**Balance Sheet - Liabilities**  
**At 31 December 2010**

Liabilities	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
<b>Capital and Reserves</b>					
Members' balances	11		(11,855)		505
<b>Technical Provisions</b>					
Provision for unearned premiums		89,565		92,215	
Claims outstanding		57,268		28,343	
		-----	146,833	-----	120,558
<b>Creditors</b>					
Creditors arising out of direct insurance operations	12	3,702		6,410	
Creditors arising out of reinsurance operations	13	2		889	
Other creditors including taxation and social security		787		1,677	
Accruals and deferred income		986		-	
		-----	5,477	-----	8,976
<b>Total Liabilities</b>			----- 140,455		----- 130,039

Approved by the Board of Jubilee Managing Agency Limited on 14 March 2011 and signed on its behalf by:



**P A Cockburn**  
 Director



**A C Loucaides**  
 Director

**Cash Flow Statement**  
**Year Ended 31 December 2010**

<b>Reconciliation of Operating (Loss)/Profit to Net Cash Inflow from Operating Activities</b>	<b>Note</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Operating (Loss)/profit on ordinary activities		(5,476)	624
Realised/unrealised investment (gains)/losses	14	(1,697)	1,972
Increase in net technical provisions		24,030	23,452
Decrease/(increase) in debtors		2,251	(13,552)
(Decrease)/increase in creditors		(3,499)	1,894
Currency translation differences		72	270
<b>Net Cash Inflow from Operating Activities</b>		<u>15,681</u>	<u>14,660</u>
<b>Financing:</b>			
Transfer to members in respect of underwriting participations		(6,886)	(3,604)
Other		(70)	-
		<u>8,725</u>	<u>11,056</u>
<b>Cash flows were invested as follows:</b>			
(Decrease)/increase in cash holdings	14	(2,072)	2,678
Decrease in overseas deposits	14	(85)	(5,987)
Net portfolio investment	16	10,882	14,365
<b>Net Investment of Cash Flows</b>		<u>8,725</u>	<u>11,056</u>

## Accounting Policies

### Basis of Preparation

These Financial Statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations"), and applicable accounting standards in the United Kingdom, and comply with the statement of recommended practice on accounting for insurance business issued by the Association of British Insurers in December 2006 ("the ABI SORP") except that exchange differences are dealt with in the technical account as all such differences arise from technical account transactions.

Syndicates by their nature only underwrite for single underwriting years on behalf of their supporting members, however this is within a context of not finalising results until after 36 months so that typically there are three underwriting years in progress at any given time. In addition Syndicates will normally expect to continue to trade for more underwriting years in the future.

The Syndicate's business activities, together with the factors likely to affect its future development are set out in the Business Review contained within the Report of the Directors. In addition the Risk Management section of the Report of the Directors provides details of the financial risks the Syndicate is exposed to and how those risks are managed.

The Syndicate has adequate financial resources together with long term relationships with a number of brokers and policyholders across different classes of business and geographical areas. As a consequence, the Directors believe that the Syndicate is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Syndicate has adequate resources including the Funds at Lloyd's of the members supporting the Syndicate (as detailed in Note 18) to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Basis of Accounting

These accounts have been prepared under the annual basis of accounting, and accordingly, the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

#### Premiums Written

Premiums written comprise premiums on contracts of insurance inception during the financial year and any adjustments made in the year to estimates of premiums written in prior years. Premiums are shown gross of commission payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, including amounts due to the Syndicate not yet notified.

#### Unearned Premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

#### Reinsurance Premium Ceded

Outwards reinsurance premiums are accounted for on an earned basis in the same accounting period as the premiums for the related direct or inwards business being reinsured.

#### Claims Incurred and Reinsurers' Share

Gross claims incurred comprise claims and settlement expenses (both internal and external) incurred during the year and the movement in the year in the provision for outstanding claims and future settlement expenses. Allowance is made for the cost of claims incurred by the balance sheet date but not reported until after the year-end. Incurred claims outstanding are reduced by anticipated salvage and other recoveries from third parties.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's external consulting actuaries.

**Accounting Policies (continued)****Claims Incurred and Reinsurers' Share (continued)**

These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of claims handling costs.

For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

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

Accordingly the two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with the length of time elapsed since the underlying contracts were exposed to new risks.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

**Unexpired Risks Provision**

A provision for unexpired risks is made where claims and related expenses likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred. The unexpired risk provision is included within technical provisions in the balance sheet.

The provision for unexpired risks is calculated separately by reference to classes of business which are managed together.

**Net Operating Expenses (including Acquisition Costs)**

Net operating costs include acquisition costs, profit and loss on exchange and amounts charged to members through the Syndicate.

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

**Distribution of Profits and Collection of Losses**

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

**Accounting Policies (continued)****Foreign Currencies**

The Syndicate trades in five settlement currencies: Sterling, US Dollars, Australian Dollars, Euros and Canadian Dollars. Non-Sterling income and expenditure is translated at the average rates of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Balance sheet assets and liabilities are translated into Sterling at the rates of exchange at the balance sheet date. The profit or loss arising on the retranslation of members' balances to the closing rate of exchange is dealt with through the statement of total recognised gains and losses.

Any other differences arising on translation of foreign currency amounts in the Syndicate are included in the technical account.

**Investments**

Investments are stated at current value at the balance sheet date. For this purpose listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost.

**Investment Return**

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

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

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

**Taxation**

Under Schedule 19 of the Finance Act 1993 the Managing Agent is not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from Syndicate investment income is recoverable by the Managing Agent and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States federal income tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the balance sheet under the heading 'other debtors'.

No provision has been made for any other overseas tax payable by members on underwriting results.

**Pension Costs**

Jubilee Managing Agency Limited operates a defined contribution scheme. Pension contributions relating to Syndicate staff are charged to the Syndicate and included within net operating expenses.

## Notes to the Financial Statements

## 1. Segmental Analysis

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

2010 Calendar Year	Gross Premiums Written £'000	Gross Premiums Earned £'000	Gross Claims Incurred £'000	Net Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
<b>Direct Insurance</b>						
Accident and health	31,097	40,091	(12,419)	(28,054)	(195)	(577)
Motor (Third party liability)	6,177	4,297	(2,558)	(2,258)	2	(517)
Motor (Other classes)	19,068	12,943	(11,710)	(3,840)	76	(2,531)
Transport	96	52	(25)	(26)	(10)	(9)
Energy - Non marine	567	834	(639)	(215)	(208)	(228)
Fire and other damage to property	58,235	59,502	(31,319)	(22,792)	(8,156)	(2,765)
Third Party liability	2,682	2,035	(701)	(630)	32	736
Pecuniary loss	925	865	(403)	(506)	(34)	(78)
<b>Total Direct</b>	<b>118,847</b>	<b>120,619</b>	<b>(59,774)</b>	<b>(58,321)</b>	<b>(8,493)</b>	<b>(5,969)</b>
Reinsurance	12,920	13,201	(6,948)	(5,056)	(1,809)	(612)
<b>Total</b>	<b>131,767</b>	<b>133,820</b>	<b>(66,722)</b>	<b>(63,377)</b>	<b>(10,302)</b>	<b>(6,581)</b>

2009 Calendar Year	Gross Premiums Written £'000	Gross Premiums Earned £'000	Gross Claims Incurred £'000	Net Operating Expenses £'000	Reinsurance Balance £'000	Total £'000
<b>Direct Insurance</b>						
Accident and health	15,445	12,247	(5,325)	(9,267)	(144)	(2,489)
Motor (Third party liability)	578	459	(259)	(231)	(50)	(81)
Motor (Other classes)	417	331	(180)	(166)	(48)	(63)
Transport	58	46	(26)	(23)	(5)	(8)
Energy - Non marine	694	550	(286)	(277)	(99)	(112)
Fire and other damage to property	47,812	43,901	(17,397)	(22,786)	(2,442)	1,276
Third party liability	925	733	(374)	(462)	(143)	(246)
Pecuniary loss	719	570	(254)	(360)	(64)	(108)
<b>Total Direct</b>	<b>66,648</b>	<b>58,837</b>	<b>(24,101)</b>	<b>(33,572)</b>	<b>(2,995)</b>	<b>(1,831)</b>
Reinsurance	31,047	18,628	(10,250)	(5,400)	(1,987)	991
<b>Total</b>	<b>97,695</b>	<b>77,465</b>	<b>(34,351)</b>	<b>(38,972)</b>	<b>(4,982)</b>	<b>(840)</b>

All premiums written are in respect of contracts concluded in the UK. Total commissions for direct insurance accounted for in the year amounted to £43.4m (2009: 29.1m).

The above analysis is considered by the directors of the Managing Agent to provide a better analysis of the performance and risks relating to the business underwritten than analysis by location or currency. As a result the management of the Syndicate is measured and monitored in detail on the basis of classes of risk and therefore other analyses of the business are not provided.

**Notes to the Financial Statements (continued)****2. Claims Incurred Net of Reinsurers' Share**

The Syndicate has applied a similar approach to establishing the technical provision for claims outstanding and the reinsurers' share thereof to that established at the previous year end. Although there were no particular significant factors meriting explanation, differences have arisen on the provisions established at the previous year end compared to the estimated ultimate cost of those claims established at the current year end. Due to the economic climate, this has largely resulted in increased ultimate claims provisions in some classes of business and years of account. The change amounts to an increase in 2010 of £3m (2009: £10.6m increase).

**3. Net Operating Expenses**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Brokerage and commissions	44,514	35,270
Other acquisition costs	8,316	5,076
	<hr/>	<hr/>
Acquisition costs	52,830	40,346
Change in deferred acquisition costs	4,413	(4,741)
Administrative expenses	7,210	3,888
Profit on exchange	(1,076)	(521)
	<hr/>	<hr/>
	63,377	38,972
	<hr/>	<hr/>
<b>Administrative expenses include:</b>		
Fees payable to the Syndicate auditors for:		
The audit of the Syndicate's accounts	82	65
Other services pursuant to legislation (e.g. Returns to Lloyd's)	30	34
Taxation services	3	3
All other services	-	3
	<hr/>	<hr/>
	115	105
	<hr/>	<hr/>

**4. Employees**

All staff are employed by the Managing Agent. The following amounts were recharged to the Syndicate in respect of salary costs:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,851	4,709
Social security costs	465	570
Other pension costs	344	310
	<hr/>	<hr/>
	5,660	5,589
	<hr/>	<hr/>

The average number of employees employed by the Managing Agent but working for the Syndicate during the year was as follows:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Administration and finance	22	23
Underwriting	25	20
Claims	3	3
	<hr/>	<hr/>
	50	46
	<hr/>	<hr/>

**Notes to the Financial Statements (continued)****5. Directors' and Active Underwriter's Emoluments**

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

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Emoluments	662	600
Contributions to defined contribution pension schemes	40	36
	<hr/> 702	<hr/> 636
	<hr/> <b>702</b>	<hr/> <b>636</b>

The active underwriter received the following aggregate remuneration charged as a Syndicate expense:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Emoluments	249	377
Contributions to defined contribution pension schemes	18	17
	<hr/> 267	<hr/> 394
	<hr/> <b>267</b>	<hr/> <b>394</b>

**6. Investment Income**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Income from investments	1,857	1,014
Gains on realisation of investments	137	525
	<hr/> 1,994	<hr/> 1,539
	<hr/> <b>1,994</b>	<hr/> <b>1,539</b>

**7. Investment Expenses and Charges**

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Investment management expenses, including interest	138	42
Losses on realisation of investments	298	-
	<hr/> 436	<hr/> 42
	<hr/> <b>436</b>	<hr/> <b>42</b>

## Notes to the Financial Statements (continued)

## 8. Other Financial Investments

	Market Value		Cost	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Shares and other variable yield securities	8,752	12,966	8,720	12,966
Debt securities and other fixed income securities	45,885	24,829	46,392	23,047
Participations in investment pools	5,322	-	5,322	-
Deposits with credit institutions	-	11,267	-	11,237
Other	99	72	99	72
	<u>60,058</u>	<u>49,134</u>	<u>60,533</u>	<u>47,322</u>

Shares and other variable yield securities and debt securities and other fixed income securities are all listed on recognised stock exchanges.

## 9. Debtors arising out of Direct Insurance Operations

	2010 £'000	2009 £'000
Due within one year: Intermediaries	<u>15,429</u>	<u>15,655</u>

## 10. Debtors arising out of Reinsurance Operations

	2010 £'000	2009 £'000
Due within one year: Intermediaries	<u>3,740</u>	<u>2,112</u>

## 11. Reconciliation of the Members' Balances

	2010 £'000	2009 £'000
<b>Members' balances brought forward at 1 January</b>	505	3,216
(Loss)/profit for the financial year	(5,476)	624
Transfers to members' personal reserve funds	(6,886)	(3,605)
Currency translation differences	72	270
Members' Agent's fees	(30)	-
Non standard personal expenses	(40)	-
<b>Members' balances carried forward at 31 December</b>	<u>(11,855)</u>	<u>505</u>

Members participate on Syndicates by reference to years of account and their ultimate result. Assets and liabilities are assessed with reference to policies incepting in that year of account in respect of the members participation in a particular year.

## Notes to the Financial Statements (continued)

**12. Creditors arising out of Direct Insurance Operations**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Due within one year:		
Intermediaries	3,702	6,410
	<u>          </u>	<u>          </u>

**13. Creditors arising out of Reinsurance Operations**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Due within one year:		
Intermediaries	2	889
	<u>          </u>	<u>          </u>

**14. Movement in Opening and Closing Portfolio Investments Net of Financing**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Net cash (outflow)/inflow for the year	(2,072)	2,678
Movement in overseas deposits	(85)	(5,987)
Cashflow – portfolio investments (note 16)	10,882	14,365
	<u>          </u>	<u>          </u>
Movement arising from cash flows	8,725	11,056
Changes in market value and exchange rates	1,697	(1,972)
	<u>          </u>	<u>          </u>
Total movement in portfolio investments net of financing	10,422	9,084
<b>Balance brought forward at 1 January</b>	62,862	53,778
	<u>          </u>	<u>          </u>
<b>Balance carried forward at 31 December</b>	<u>73,284</u>	<u>62,862</u>

## Notes to the Financial Statements (continued)

## 15. Movement in Cash, Portfolio Investments and Financing

	At 1 January 2010 £'000	Cash Flow £'000	Changes to Market Value and Currencies £'000	At 31 December 2010 £'000
Cash at bank and in hand	9,839	(2,072)	1,044	8,811
Overseas deposits	3,889	(85)	611	4,415
<b>Portfolio Investments</b>				
Shares & other variable yield securities	12,965	(4,612)	399	8,752
Participations in investment pools	-	5,322	-	5,322
Debt securities and other fixed income securities	24,829	21,300	(244)	45,885
Deposits with credit institutions	11,268	(11,154)	(114)	-
Other	72	26	1	99
	<u>49,134</u>	<u>10,882</u>	<u>42</u>	<u>60,058</u>
<b>Total cash, portfolio investments and financing</b>	<u>62,862</u>	<u>8,725</u>	<u>1,697</u>	<u>73,284</u>

## 16. Net Cash Inflow on Portfolio Investments

	2010 £'000	2009 £'000
Sale of shares and other variable yield securities	4,612	8,676
Purchase of debt and other fixed income securities	(34,805)	18,404
Purchase of participations in investment pools	(5,322)	-
Sale of debt and other fixed income securities	13,505	(2,338)
Deposits with credit institutions	11,154	(10,449)
Other	(26)	72
<b>Total</b>	<u>(10,882)</u>	<u>14,365</u>

## 17. Post Balance Sheet Events

The following amounts are proposed to be transferred to members' personal reserve funds during 2011 (2010).

	2010 £'000	2009 £'000
2008 Year of account (2007 year of account)	<u>2,595</u>	<u>6,886</u>

## Notes to the Financial Statements (continued)

### 18. Funds at Lloyd's

Every member of Lloyd's is required to hold additional capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are required primarily in case Syndicate assets prove insufficient to meet members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of that business. FAL is not hypothecated to any specific Syndicate participation by a member, therefore there are no specific funds available to a Syndicate which can be precisely identified as its capital.

In addition to the FAL and any additional funds a member may introduce to meet losses, there is a Central Guarantee Fund, controlled by Lloyd's, which they may utilise to meet any Syndicate liabilities that are not met by a member.

### 19. Related Parties

Lloyd's market regulations require that a Managing Agent be responsible for employing the underwriting staff and managing the affairs of each Syndicate at Lloyd's on behalf of the Syndicate members. The Managing Agent of Syndicate 5820 is Jubilee Managing Agency Limited. The ultimate parent company of Jubilee Managing Agency Limited is Jubilee Group Holdings Limited (formerly Appleclaim Limited).

For the 2008 underwriting year, Cassidy Capital Limited (CCL), a wholly owned subsidiary of Jubilee Group Holdings Limited, provided 14% of the Funds at Lloyd's for the Syndicate. Nemwil Corporate Capital Limited, a subsidiary company of the Guardian Group, provided the remaining 86% of the Funds at Lloyd's for the Syndicate.

- i. For the 2009 underwriting year, CCL provided 100% of the Funds at Lloyd's for the Syndicate;
- ii. For the 2010 underwriting year, CCL provided 85% of the Funds at Lloyd's for the Syndicate;
- iii. For the 2011 underwriting year, CCL provided 55.6% of the Funds at Lloyd's for the Syndicate;
- iv. Jubilee Corporate Capital Limited (JCCL) was established in late 2010. JCCL is owned 100% by Jubilee Group Holdings Limited and provides 9.99% of the Funds at Lloyd's for the Syndicate on the 2011 underwriting year. The Funds at Lloyd's are provided under a third party deposit arrangement;
- v. Following agreement from Lloyd's, the Funds at Lloyd's held by Jubilee Motor Policies Limited to support Syndicate 1231 on the open underwriting years 2008 and 2009, have been made inter-available to CCL to support Syndicate 5820 until the closure of the 2009 year of account;
- vi. The Guardian Group, following agreement from Lloyd's, has made its Funds at Lloyd's interavailable between Nemwil Corporate Capital Limited and CCL until the 2008 underwriting year has closed. The Guardian Group is party to a participation Deed, together with other Syndicate investors. Under the terms of the Participation Deed, the Guardian Group has entered into a reinsurance Agreement to provide capital to CCL to support CCL's provision of Funds at Lloyd's to support the Syndicate;

**Notes to the Financial Statements (continued)****19. Related Parties (continued)**

- vii. Jubilee Group Holdings Limited has provided capital to CCL to support the Syndicate's underwriting. Jubilee Group Holdings Limited is party to a Participation Deed under the terms of which it is entitled to receive from CCL its relevant proportion of the profit or loss of the Syndicate;
- viii. T T M Agnew, A P D Lancaster, R J G Lowe and Lord Marland of Odstock were group company directors during the year and shareholders of Jubilee Group Holdings Limited and provided capital via CCL to support the Syndicate. T T M Agnew, R J G Lowe and Lord Marland of Odstock had an interest in the Syndicate capital provided by Jubilee Group Holdings. R J G Lowe and Lord Marland of Odstock had an interest in the Syndicate capital provided by Insurance Capital Partners;
- ix. A P D Lancaster and A C Loucaides are group company directors and provide capital via CCL to support the Syndicate;
- x. Guardian Re (SAC) Limited, a Jubilee Group Holdings Limited shareholder, and certain Syndicate underwriters also provide capital to support the syndicate and are party to a Participation Deed under which they are entitled to their relevant proportion of the profit or loss of the Syndicate, in relation to Funds at Lloyd's provided to CCL; and
- xi. Under the terms of the Participation Deed, the Guardian Re (SAC) Limited had entered into a Reinsurance Agreement to provide capital to CCL to support CCL's provision of Funds at Lloyd's to support the Syndicate.

Jubilee Managing Agency Limited has outsourced the management of IT to IT-Switch Limited, a group associate company owned 44% by the holding company, Jubilee Group Holdings Limited. Costs of £0.25m were charged to the Syndicate during the year (2009: £0.25m).

Neither the directors, nor the active underwriter are Names on the Syndicate.

Directors of Jubilee Managing Agency Limited and related companies of Jubilee Managing Agency Limited entered into transactions with the Syndicate as follows:-

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and central fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis. For the 2010 underwriting year of account Jubilee Managing Agency Limited has charged an agent's fee of 0.575% of capacity and, when the year of account result is finalised, usually after 36 months, will charge a profit commission of 17.5% of the relevant profit. Within the Financial Statements for the 2010 calendar year, fees of £0.80m (2009: £0.36m) and profit commission of £0.55m (2009: £1.1m) have been reflected within net operating expenses. At 31 December 2010 there are no unpaid fees (2009: £nil).

The Managing Agent incurs a large proportion of the expenses incurred in operating the Syndicate and recharges them to the Syndicate on a basis that reflects the Syndicate's usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred. Included within the recharges are amounts relating to the remuneration of directors of Jubilee Managing Agency Limited. The total amount recharged by the Managing Agent to the Syndicate during 2010 was £10.8m (2009: 6.4m) excluding agent fees and profit commission. As at 31 December 2010, an amount of £0.13m (2009: £0.16m) was due to the Managing Agent in relation to expenses.

A proportion of the business written by the Syndicate involves the provision of insurance services by Jubilee Service Solutions Limited (JSSL) (formerly Cassidy Davis Insurance Services Limited). JSSL is a wholly owned subsidiary of Jubilee Group Holdings Limited. JSSL provides a range of administrative services to the Syndicate.

JSSL received fee income of £0.92m (2009: £1.3m) in respect of services provided to Syndicate 5820. The balance due to JSSL at 31 December 2010 was £Nil (2009: £0.4m).

**Notes to the Financial Statements (continued)****19. Related Parties (continued)**

Jubilee Europe BV (JE) incorporated in the Netherlands (formerly Cassidy Davis Europe B.V), a wholly owned subsidiary of Jubilee Group Holdings Limited, provides marketing services to the Syndicate. It also holds a limited binding authority to accept business on behalf of the Syndicate.

The gross commission and profit commission payable to JE by the Syndicate during the 2010 calendar year was £0.10m (2009: £0.7m). The balance due to JE at 31 December 2010 was £0.10m (2009: £0.35m).

The directors of Jubilee Managing Agency Limited consider the commissions charged to the Syndicate by JSSL and JE to be consistent with those payable to a third party for similar services.

Syndicate 1231 underwrote a Lineslip on its 2008 year of account that was administered by Syndicate 5820. The estimated net premium income, net of commission under the Lineslip is £4.0m and the aggregate fees payable by Syndicate 1231 to date for this administration are £0.9m. Syndicate 5820 receives fees for these services based on an expense override and profit commission element.

**20. Pension Obligations**

A group personal pension scheme is operated for Syndicate staff, the cost of which is borne by the Syndicate. The funds of the scheme are administered by Scottish Equitable plc and are held separately. Contributions are paid by the group and Syndicate staff. The group also makes payments into certain other staff personal pension plans. The cost of the contributions for the year was £0.34m (2009: £0.25m).

**LLOYDS** Underwriters

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