Markel International Insurance Company Limited

Annual Report and Financial Statements for the year ended 31 December 2023

Registered Number 0966670

Markel International Insurance Company Limited
Annual Report and Financial Statements
for the year ended 31 December 2023

Contents

Directors and Administration

Board of Directors

John W J Spencer (Chair)
Wai-Fong Au
Andrew J Davies
Alexander W G Finn
Henry G L Gardener
Nicholas J S Line
Kalpana Shah
Anne Whitaker
Simon Wilson

Company Secretary

Lara S Teesdale

Registered office

20 Fenchurch Street
London
EC3M 3AZ

Investment manager

Markel Gayner Asset Management Corporation

Bankers

Barclays Bank plc
Citibank N.A.
National Westminster Bank plc
Royal Bank of Canada
UBS Group AG
BlackRock, Inc.
The Goldman Sachs Group, Inc.
JPMorgan Chase & Co.

Registered number

The Company's registered number is 0966670 (England and Wales).

Registered Auditor

KPMG LLP, London

Lawyers

Norton Rose Fulbright LLP, London

Strategic Report

The Directors submit their Strategic Report for Markel International Insurance Company Limited ("the Company") for the year ended 31 December 2023.

Review of the business

The Company is a subsidiary of Markel Capital Holdings Limited (“MCH”). Its ultimate holding company is Markel Group Inc. (“Markel”), which is incorporated in Virginia in the United States and its ultimate United Kingdom ("UK") parent company is Markel International Holdings Limited ("MINT"). The Company is incorporated in the UK. The Company’s principal activity is the transaction of general insurance from its offices in London and other UK locations and its branch operation in Switzerland, in addition to overseas operations in Dubai. Caunce O'Hara & Company Limited and Markel (UK) Limited also underwrite on behalf of the Company through their UK branch network.

The Company holds Surplus Lines Licences and is an accredited reinsurer in most US States. It is also able to write general insurance in a number of other overseas territories.

Business profile and units

The Company operates seven underwriting units, namely Marine and Energy; Professional & Financial Risk and Cyber; Equine and Livestock; Trade Credit, Political Risk and Surety; Reinsurance; Markel Specialty; and National Markets.

Marine and Energy

Marine coverage includes primary and excess coverage for cargo, hull and war, marine and energy liability, terrorism, and specie risks worldwide, handling a comprehensive range of risks for multinational companies, national industries and private individuals.

The cargo account comprises a broad portfolio of transit and storage risk covering most industries on a global basis. The hull and war account offers a full range of products on a worldwide basis including marine war, specialist tonnage, builders risks, mortgagees interest and port risks. The war account offers coverage from marine war across all vessel types and specialist tonnages. The marine and energy liability account offers a range of traditional marine liability cover as well as ports and terminals, marine trades, and energy offshore and onshore coverages. The terrorism account provides protection against losses directly caused by acts of war, terrorism and political violence, and losses sustained in the aftermath of an active assailant or hostage event. The specie account includes a range of cover for fine art, specie, jewellers' block, and cash in transit, on a worldwide basis.

Energy offers coverage on a worldwide basis for all aspects of upstream, downstream and midstream oil and gas activities. Coverage includes business interruption or loss of production income, construction of energy related structures, control of wells and physical damage to installations. The Company also offers coverage for renewable energy sources including coverage for the full life cycle of onshore and offshore wind farms and solar photovoltaic installations, from procurement to construction to the completed operations.

Professional and Financial Risks and Cyber

The Professional and Financial Risks team provides cover on a worldwide basis. This team underwrites professional indemnity, entertainment, financial institutions insurance, commercial directors' and officers' liability ("D&O"), financial technology cover, technology and media cover and warranty and indemnity ("W&I").

The professional indemnity account services most core, regulated and miscellaneous professions which include architects and engineers, insurance brokers, recruitment agents and more. The entertainment team writes a broad book of film and media insurance. Advertising agents' insurance, commercial producers' insurance and film production insurance are the mainstays of the book. It also offers both employers' and public liability for companies involved in film shoots. Financial institutions insurance can provide cover on a stand-alone basis or as a blended package to include bankers blanket bond, professional indemnity and D&O, depending on the client's requirements. The cover is provided on a worldwide basis. Commercial D&O offer market leading products which provide a wide range of coverage to ensure protection for directors and officers of companies of all types and sizes. It covers companies in the FTSE 100 and the financial services sector along with non-financial industries as well. Financial technology provides cover for a range of fintech companies, including those offering digital banking, money transfer, trading, investments, lending, account information services, and payment initiation services. The modular policies give clients the flexibility to choose the covers that suit them, including professional liability, D&O liability, theft and cyber liability and loss. Technology and media provides modular cover for clients in the technology and telecommunications field, specialising in media, film, television, patent/intellectual property insurance, as well as information technology, telecommunications and cyber/privacy risks. Warranty and indemnity provides cover to clients in mergers and acquisitions, including both funds and corporations. It covers transactions across most sectors and specialise in professional services, financial institutions, technology, media, consumer and energy.

The Markel Cyber 360 policy is a standalone primary cyber insurance product. Key coverages include privacy breach notification, extortion costs cover, regulatory investigations and fines, cyber and privacy liability, E-media and professional and technology services liability

Equine and Livestock

The equine account offers a wide portfolio of products including bloodstock and equine liability to suit a broad range of risks, from large stud farms to individual horses. The livestock account provides a wide range of cover including farm combined, mortality, disease and business interruption across farm, zoo and other animal interests.

Trade Credit, Political Risk and Surety

The trade credit, political risk and surety teams have extensive experience and knowledge of commercial counterparty and country risks across a wide variety of trade sectors and markets, providing support with traditional and bespoke surety solutions for our clients.

The trade credit team specializes in insurance solutions with a focus on risk management, providing insurance coverage to help protect businesses. Coverage includes prepayment cover, insolvency and default, trade finance solutions, captive reinsurance, syndicated co-insurance solutions and financial institutions. The political risk team works with clients to manage their cross-border portfolios and overseas investments with tailored, specialist policies. The key clients include financial institutions, corporates, exporters, and traders. The account has a broad range of coverage including insolvency or default by either a public or privately owned entity, licence cancellation, aircraft and vessel repossession, mortgage rights insurance and currency inconvertibility and exchange transfer. The surety account provides a range of bonds and guarantees that support clients with their contractual obligations. They support clients with traditional and bespoke surety solutions. While embedded within construction, surety bonds can be utilized across a wide variety of trade sector and international markets. Bonds and guarantees can provide capital-efficient solutions and assist with working capital management.

Reinsurance

This unit includes international casualty treaty and specialty treaty business.

The casualty treaty team underwrites a diversified account, including general, professional, transactional, environmental, healthcare and automobile liability. Specialty treaty reinsurance provides accident and health, agriculture, aviation and space, credit, marine and energy, mortgage, political risk and ancillary perils, surety, terrorism, workers compensation and whole account coverage.

Markel Specialty

Markel Specialty is focused on large accounts and complex risks, providing casualty, professional and management liability, marine and property coverage for both privately held companies and publicly traded companies.

National Markets

The National Markets unit offers a full range of professional liability products, including professional indemnity, directors' and officers' liability and employment practices liability. In addition, coverage is provided for small to medium-sized commercial property risks on both a stand-alone and package basis. The branch offices provide insureds and brokers with direct access to decision-making underwriters who possess specialised knowledge of their local markets. The unit also underwrites certain niche liability products such as coverages for social welfare organisations. It also sells and underwrites insurance products which provide protection against legal expenses and other professional fees incurred by clients as a result of legal actions and HMRC investigations.

Results and performance

The results of the Company for the year, as set out on pages 29 to 31 show a profit on ordinary activities before taxation of $241.3m (2022, profit of $12.0m). Shareholder's funds as at 31 December 2023 were $744.7m (2022, $628.3m).

The Company reported an underlying underwriting profit of $105.2m for the year (2022, profit of $82.8m). This represents a combined ratio of 88.9% (2022, 90.4%).

Included within this result were releases from prior year reserves of $63.5m (2022, $88.9m). This release is a result of more favourable claims development than originally anticipated, including $12.3m of improvement in losses related to prior year catastophes, and the work of our claims department in dealing with claims in an expeditious manner.

In March 2023 the Company entered into a deal with Marco Capital Ltd for the loss portfolio transfer ("LPT") in relation to its UK Motor PPO portfolio with ceded premium totalling $28.4m. A reinsurance recoverable of $23.2m was booked in relation to the deal, resulting in a total underwriting loss of $5.2m.

Gross written premiums of $1,270.3m for the year represent an increase on prior year of 6.2%, driven by rate increases as well as new business.

The return on investments of $137.2m (2022, loss of $75.7m) comprises unrealised gains on the equity portfolio of $84.2m, investment income of $41.6m and net realised gains of $11.4m.

The Company's operating performance and Statement of Financial Position remains strong and this was recognised by AM Best and Standard and Poor's, who both maintained their A ratings.

Key Performance Indicators

Income Statement		2019 $m	2020 $m	2021 $m	2022 $m	2023 $m
Gross written premiums		548.9	707.9	906.1	1,195.9	1,270.3
Net written premiums		439.4	578.6	733.0	958.6	979.4
Retention rate	(1)	80.1%	81.7%	80.9%	80.2%	77.1%
Net earned premiums		**424.8**	**511.0**	**684.2**	**863.9**	**945.9**
Underwriting result		**(0.7)**	**(72.8)**	**90.6**	**82.8**	**105.2**
Net loss and LAE ratio	(2)	57.4%	76.7%	50.5%	57.6%	52.9%
Net expense ratio	(3)	42.8%	37.6%	36.3%	32.8%	36.0%
Combined ratio		**100.2%**	**114.3%**	**86.8%**	**90.4%**	**88.9%**
Investment return		109.0	47.5	96.7	(75.7)	137.2
Investment yield		8.9%	3.7%	6.6%	(4.7)%	7.3%
Profit/(loss) on ordinary activities	(4)	**112.2**	**(22.7)**	**182.3**	**12.0**	**241.3**

Statement of Financial Position		2019 $m	2020 $m	2021 $m	2022 $m	2023 $m
Financial investments	(5)	1,196.1	1,406.2	1,513.3	1,719.5	2,052.3
Reinsurers' share of claims outstanding		492.0	523.1	550.7	549.5	694.9
Gross claims outstanding		1,157.8	1,355.3	1,456.2	1,648.2	2,006.0
Net claims outstanding		665.8	832.2	905.5	1,098.7	1,311.1
Shareholder's Equity		**561.9**	**536.1**	**592.7**	**628.3**	**744.7**
Solvency II Capital Resources		**638.9**	**635.4**	**725.2**	**749.5**	**968.4**
Required Capital (SCR)	(6)	**265.0**	**254.1**	**272.5**	**463.2**	**542.9**
Coverage over SCR		**241%**	**250%**	**266%**	**162%**	**178%**

(1) retention rate is calculated as net written premiums / gross written premiums
(2) net loss and LAE ratio is calculated as net claims incurred / net earned premiums
(3) net expense ratio is calculated as net operating expenses / net earned premiums
(4) profit/(loss) on ordinary activities is equal to profit before taxation for all years
(5) excluding investments in subsidiaries
(6) 1 year Solvency Capital Requirement ("SCR") under Solvency II

Financial success is measured by growth in shareholder's equity over time subject to the payment of dividends. This reflects the impact of both underwriting and investment performance and is consistent with Markel's key financial goal of building shareholder value. Underwriting performance is measured by underwriting result and combined ratio, whilst investment performance is measured by total investment return.

Business environment and future developments

With disciplined underwriting and its strong financial condition, the Company is in an excellent position to capitalise on opportunities as they arise. The Company will continue to apply Markel's underwriting discipline of underwriting for profit rather than volume and, accordingly, will decline business where the rates are not acceptable. The Company will continue to look to develop new lines of business and markets, within the parameters of the overall underwriting strategy.

The Company invests in high-quality corporate, government and municipal bonds, as well as a diverse equity portfolio and plans to continue this investment strategy in 2024.

Going concern

The Directors have continued to review the capital position, business plans, liquidity and operational resilience of the Company. The capital and liquidity position is subject to internal stress testing and scenario testing, and the Company has also taken several underwriting actions on its future business.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors have identified no material uncertainties that cast doubt about the ability of the Company to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

Principal risks and uncertainties

The Company has a risk register detailing the risks to which it is exposed, which includes all business underwritten by the Company. Risks are grouped under the following categories:

- Underwriting Risk
- Reserving Risk
- Asset Risk
- Credit Risk
- Liquidity Risk
- Capital Risk
- Operational Risk

The risk and capital management note (note 3) provides a detailed explanation of the above risk categories.

There are currently 30 risks in the risk register. Each risk has an allocated risk owner, who is required to regularly review the continuing appropriateness of their risks as detailed in the Risk Register. Key controls are identified to mitigate each risk and quarterly confirmation is sought from the control owners of these controls that they are in place and are operating effectively.

The Risk and Capital Committee meets quarterly to consider compliance with the Board's risk appetite and Key Risk Indicators and any risk issues that have arisen. These are summarised in the Chief Risk Officer's quarterly report to the Board/

An Own Risk and Solvency Assessment ("ORSA") report is produced, at least annually, which is a forward-looking assessment of the risk profile and adequacy of the Company's capital to meet solvency needs over the business planning time horizon. The Company is in compliance with Solvency II. The Company has approval from the PRA to use an internal model to calculate the Solvency Capital Requirement under Solvency II.

The risk arising from inflation, the impact it has on the economy and the insurance industry's response to it form a key consideration going forward. Inflation risks in the current environment are influenced by both short to mid-term trends (e.g. state of the economy, geopolitical events and cybercriminal activity), as well as by long-term trends (e.g. social/excess inflation, other frequency events such as impact of new technology, safety improvements and other severity effects such as repair cost changes out of line with RPI/CPI). We have considered recent trends in inflation throughout our strategic planning and business management activities. The impacts of inflation on the current year of account as well as on subsequent years are continuously assessed and considered, with actions and measures presented to Risk & Capital Committee but equally to key committees regarding Claims, Reserving and Finance.

The risks arising from climate change are covered in the Environmental matters section of the Non-Financial and Sustainability Information Statement below.

Section 172(1) statement

The Directors of the Company have a duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so to have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interest of the Company's and its subsidiaries employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The summary below sets out how the Company and its Board have had regard to these matters when making decisions during the year.

The likely consequences of a decision in the long term
The Board receives regular reports from Management on the Company's operating and financial performance which help it to shape decisions for the long term. Management reporting assists the Board to make decisions about the allocation of capital and ensuring adequate reserving for payment of future claims. The Board annually reviews and approves the Company's business plan and oversees the plan's implementation throughout the year.

The Company has a clear governance structure, with nine Board Committees reporting to the Board. These Committees oversee the Company's governance and include an Executive Committee, Audit Committee, Risk, Capital and Compliance Committee, Reserving Committee, Finance Committee, Outsourcing Committee, Nominations Committee, Remuneration Committee, and Responsible Business Committee. Board and Committee meetings are held on a quarterly basis.

An external Board Effectiveness Review is commissioned every three years. This external review was completed during 2023, with the reviewer concluding that the Board is overall effective. The report provided some recommendations on areas where performance and value to stakeholders could be enhanced, and these recommendations were discussed at Board level. These recommendations will be implemented as appropriate.

The Company falls within the Senior Manager and Certification Regime, with Senior Managers responsible for the performance of key parts of the business. Senior Managers attend quarterly Board meetings to report on progress, and any concerns, in their areas of business.

The Risk Management Framework provides key risk reporting to the Risk, Capital and Compliance Committee on a quarterly basis, having regard to current and future risks.

The Board has been actively engaged in the Company's response to various key risks during the year, including the ongoing impact of; the Russia/Ukraine conflict; the Israel/Gaza conflict; the current interest rate environment; and economic and social inflation. The Board gives consideration to external factors when making decisions in the best interests of the Company, including competitor behaviour, performance of the financial services sector, and the evolving economic, political and market conditions.

All Board decisions are made with the long-term success of the business in mind, and with a focus on the impact to customers, shareholders and other stakeholders.

The interests of the Company's employees
Our employees are critical to the Company's success. The Company encourages and fosters a diverse and inclusive environment, enshrined within the 'Markel Style' which is a statement of Markel's core values underpinning how we do business, influence our behaviour, and govern our actions.

The Board receives quarterly updates on matters relating to employees, including employee engagement and wellbeing.

Brand and engagement
During 2023, the Company rolled out a new brand and employee value proposition. Markel is a People Powered organisation and encourages its employees to play their part in something special. The brand re-launch was well-received by employees.

The Company undertakes an employee engagement survey every two years. The survey responses help to identify areas of strength and opportunities. The last full engagement survey was undertaken during 2022, and the next one is due to take place in 2024. A shorter 'pulse' survey was undertaken during 2023. In the most recent surveys, employees have indicated that the Company's strengths include providing opportunities for interesting and challenging work, making good use of skills, and trust and confidence in management. Areas of opportunity include digitisation and technology and sharing resources and perspectives.

We strive to communicate clearly and openly with our employees through monthly email newsletters covering matters including strategy, business performance, divisional performance, culture and events in the business. Quarterly town hall briefings are held for all employees to attend.

Employee appreciation and benefits
The Company celebrates Employee Appreciation Day each year. This is a day for the business to help employees relate recognition to their behaviour and encourage continued good behaviours and enhanced performance. Various activities are undertaken across Markel offices on this day, and the Company provides a gift to employees in recognition of their hard work. Managers are encouraged to thank their employees personally.

Other events are held for employees and their families during the year, including the staff summer party which is for all staff to celebrate our achievements, strengthen existing relationships, and build new ones; and the Markel family and friends festive evening and carol service at the end of the year.

The Company is always looking for ways to improve. Our pay and benefits offerings form part of our commitment to investing in our people and driving a distinctive talent advantage. We strive to ensure our pay and benefits programs continue to meet the needs of our diverse workforce while also attracting the best talent, and in 2023, the Company invited staff to participate in virtual focus groups facilitated by an independent employee research partner. These focus groups provided valuable suggestions from employees about what they would like to see more or less of in respect of benefits.

Management evaluated these responses and took them on board, making several changes to benefits for implementation in the 2024 year, including enhancements to family leave, and the introduction of a bank holiday flex benefit which enables employees flexibility to swap two bank holidays per year for other days in the year that might be more meaningful to them. This benefit supports our commitment to creating an inclusive culture for all our employees.

In addition, a thorough remuneration review process is undertaken on an annual basis with a focus on pay for performance.

Employee development
The Company is committed to developing its staff to achieve their full potential. Staff are provided many opportunities to enhance their learning and development.

Our internal learning portal, Markel University, hosts a variety of webinars and learning materials on a variety of different topics. Staff are encouraged to access Markel University at any time.

During 2023, the Company offered a number of other learning opportunities for staff, including webinars on career development, and the provision of free financial information and guidance through an external partner.

Markel is committed to ensuring its pipeline of young talent is armed with the skills they need to contribute effectively to Markel's long-term ambitions. During 2023, the Company welcomed its largest (to date) summer intern and industrial placement cohort. In addition, the Company launched the Specialty and International cross-divisional secondment programme to enable employees from the Specialty and International businesses to apply for assignments in different geographies, business lines or areas of the business. This proved a popular programme with our employees.

Style in Action programme
The Company's 'Style in Action' programme represents our commitment to bringing the Markel Style to life. The Style in Action programme encompasses the following employee-led networks. The programme aims to address employee feedback, encourage engagement across the business, and enhance employees' wellbeing at work.

- *Community*

The Community network organised various social events for employees during the year including the Strava fitness challenge, the Markel Golf Day, a Curry night, and a video campaign to connect all Markel International offices, during which videos were contributed by our Singapore, Munich, London, Madrid, Barcelona and Rotterdam offices.

Please see further information in the 'Community and Environment' section below about how the Community network has been instrumental in contributing to our communities.

- *Diversity and Inclusion*

During 2023, the Inclusion Network promoted events and provided educational resources in respect of International Women's Day, Women's History month, Ramadan, Diwali, Black History Month and Pride Month, among others. The network created community channels throughout the business to give employees the opportunity to connect and engage with like-minded people from similar backgrounds, cultures, or faiths.

The Diversity and Inclusion Network continued its partnerships with Lloyd's networks GIN (Gender Inclusion Network) and LINK (LGBTQ+ Insurance Network), including co-hosting events and webinars.

The Diversity and Inclusion network encourages staff to become inclusion allies. Being an Inclusion ally means advocating for inclusion, actively championing the work of the Inclusion Network and helping the network achieve its broader D&I vision.

In addition, for the eighth consecutive year, Markel was a sponsor for the annual London Market Dive In festival, which provides in-person and virtual sessions held globally on a huge variety of topics including gender, age, culture, orientation, social mobility, faith, parenting, caring, mental health and disability.

- *Wellbeing*

The Wellbeing Network was re-launched during 2023. The Network's purpose is to shape a healthy, happy workforce by supporting and promoting wellbeing activities and initiatives.

During 2023, the Wellbeing network ran various campaigns in relation to Mental Health Awareness Week, World Mental Health Day, Happiness at Work Week, Men's Mental Health awareness, Alzheimer's awareness, and World AIDs Day awareness.

In addition, the Wellbeing network were proud to launch a new reflection room at their London offices, 20 Fenchurch Street. The reflection room provides employees with a space to find some peace and quiet. It may be used to meditate and reflect, pray or take a moment for yourself.

Markel continues to provide free access to the Headspace app for its employees. During 2023, webinars were also provided to staff on yoga and meditation, and preventative burnout coaching.

- *Recognition*

The Recognition network promoted several webinars during the year including a webinar about the valuable impact sincere and meaningful recognition has for individuals, teams and the business.

The network promoted a refreshed loyal service programme, which included the launch of one additional day of annual leave during the year for 5-year and 15-year milestone anniversaries.

The network promoted line manager recognition for 1-year work anniversaries, which included a consistent gift or payroll value awarded across Markel International, and recommended local spend for leaders to recognise the important loyal service milestones. This helps to foster a culture of recognition where people feel valued for their contribution and for going above and beyond.

The need to foster the Company's business relationships with suppliers, customers and others

Customers

Our customers are concerned with receiving quality products and services, and for the Company to deal diligently and effectively with claims. The Company seeks to be a market leader in each of these pursuits and to understand our customers' needs.

The Board is focussed on targeting growth opportunities where we can best add value to our customers, and on maintaining adequate solvency to ensure policyholder protection.

The Company has a highly trained and qualified team of claims specialists with in-depth experience across all lines of business, and draws on the expertise of external lawyers, loss adjusters and other professionals where necessary, to ensure we deal diligently and effectively with claims.

During 2023, the Board received regular updates about the progress of the Consumer Duty project. Consumer Duty introduces a new Consumer Principle which requires firms to act to deliver good outcomes for retail customers. It requires firms to deliver a higher standard of customer care and protection, and to go further to equip consumers to make effective decisions in their best interests. The Board believes Consumer Duty is critical to delivering good outcomes for customers and is closely following the progress of the project. The Consumer Duty project has been managed by the Markel Strategy team with support from an external consultant. As a result of the project, Markel has strengthened and enhanced its policies, procedures, systems and processes to ensure an enhanced consumer experience.

Suppliers

The Company has a procurement team who monitors entry into key supply contracts. Performance against KPIs is monitored by business leads.

The Outsourcing Committee oversees the Company's adherence to regulatory outsourcing requirements, and oversees the performance of key outsourced services. Key focus areas for the Company's Operations and IT teams in 2023 were Operational Resilience and Business Continuity.

Partners
The Company is committed to maintaining high standards of business conduct. All partnerships are carefully considered before being entered into, and there is regular engagement and assessment of KPIs.

The Company's partners include, among others, Appointed Representatives or Delegated Authorities, which are monitored by our Compliance and Delegated Authorities teams. We also have a Distribution Strategies team that fosters and monitors our relationships with brokers.

The impact of the Company's operations on the community and the environment
The Company has a strong commitment to charities, the local community and the environment.

Community
Employees are encouraged to be directly involved in supporting local community projects and charitable causes, and the Company assists with fund-raising and arranges for matching of donations or sponsorship via the Markel Match Programme.

The Markel Match supports staff who have charities close to their heart by matching their individual donations and fundraising efforts. The scheme matches charitable donations on a 3:1 basis, up to a maximum of £1,000 per employee per calendar year. Any donation a staff member makes up to £1,000 will be trebled and their chosen charities could benefit from a Markel donation of up to £3,000.

All employees are allocated three volunteer days per year and are encouraged to use these. In 2023, several campaigns were run to encourage individuals to give back to their communities. These included support of Giving Tuesday, and the introduction of Sam Markel Days of Service during the month of April. Both campaigns encouraged employees to use their volunteer days during these periods of time, with the Company organising several volunteer activities for individuals to sign up to.

During 2023, the Style in Action Community network led and promoted several community engagement initiatives, including arranging groups of employees to participate in the London Marathon, the JP Morgan Corporate Challenge, and the Walk the World Challenge, all in support of our partnership with an international children's charity. All proceeds raised from these events benefitted from the 3:1 Markel Match programme.

In addition, the Company continued to support several partnerships in 2023. These included:
- A partnership with an international children's charity;
- A new partnership with the National Theatre;
- A partnership with the Brokerage, A social mobility charity working with both young people and employers to drive positive change in the workplace; and
- Sponsorship of the Magnolia Cup, at the Goodwood Festival. The Magnolia Cup was originally created with the intention to push the boundaries of human capabilities and diversify horseracing, while creating an inclusive community in support of women and their wellbeing. The race consists of 12 amateur female jockeys. The underpinning values of the Magnolia Cup closely align to Markel's commitment to address the diversity and inclusion challenges across our industry (and others) and to have a positive impact on the people we work with and the communities we're a part of.

Environment
Please see our Non-Financial and Sustainability Information Statement below for more detail on Markel's approach to environmental matters.

The desirability of the Company maintaining a reputation for high standards of business conduct
The Board is committed to maintaining a reputation for high standards of business conduct. The Company's control functions support this commitment. Further explanation of these functions and their role in maintaining the Company's reputation and standards of business conduct is set out below.

The Company has a responsibility to engage with regulators in all jurisdictions where we operate. The Company's Risk Management and Compliance teams lead our relationships with regulators, including the PRA, FCA and Lloyd's, and local regulators in other jurisdictions. The Company maintains regular dialogue with regulators through both formal and informal meetings.

Risk Management
The Risk Management function is responsible for ensuring that an appropriate framework is in place to ensure that the risks the Company faces are identified, assessed, mitigated, monitored and reported in accordance with our risk strategy and appetite.

The Company's internal controls system has been designed to provide assurance to the Board and senior management that standards are being adhered to and risks managed. This includes the reporting and review processes through which management can detect any variance from planned or expected outcomes.

The Company's internal controls cover all aspects of its business. Alongside each major area of risk, the controls that are used to mitigate the risk are also identified and monitored. Risk controls can be tools or techniques to proactively identify, manage or reduce risk and may involve the policies, standards, procedures and operations of the Company. The effectiveness of these controls is also managed at the local level.

The Company's Risk Register details controls for each risk and identifies control ownership.

During 2023, employees were asked to complete a Compliance and Risk Culture survey. The response to that survey will be used to ensure that our culture around compliance and risk management is aligned with Markel's goals. A strong risk culture is a tool for success and allows employees to be more creative and productive while simultaneously making good decisions.

Compliance
The Compliance Function is a key function within the Internal Control System. The function's primary responsibility is to assess and oversee management control and mitigation of compliance risk exposure. Its key responsibilities are:

- To oversee and monitor the effectiveness of compliance and conduct management controls and to report to the Board/ Governing body on this responsibility and the Company's compliance risk profile.
- To advise senior management, committees and the Board on compliance with laws, regulations and administrative provisions adopted pursuant to the Solvency II Directive.
- Assess the possible impact of any changes in the regulatory environment on the operations of the Company and the identification and assessment of compliance risk.
- Promote staff awareness of regulatory requirements and expectations, e.g. licensing, sanctions and other financial crime, conduct, competition and the regulatory environment.
- Monitor actions and assess the adequacy of measures taken by management to address any problems in the Company's compliance with its obligations.
- Responsibility for the firm's policies and procedures for countering the risk that the Company might be used to further financial crime.

The Compliance function comprises a team of compliance professionals led by the Head of Compliance. It has an independent reporting line ensured by a clear Terms of Reference and by oversight of the governing body.

The activities of the Compliance Function may not exclusively be performed by the Compliance team. They may be supported by other departments including first-line management control areas, the office of the Company Secretary, the Legal Department and Internal Audit, Risk, and Actuarial, or external resources.

Internal and External Audit
Internal Audit is an independent, objective assurance and consulting function set up within the Company as a service to the Board and executive management. Internal Audit assists the Company in achieving its

objectives by bringing a systematic, disciplined approach to evaluate the effectiveness of risk management, control and governance processes. Internal Audit will make recommendations to management to improve the effectiveness of these processes.

For each audit a report is produced which includes an overall audit opinion and executive summary, findings, along with management's responses and remediation plans. Internal Audit reports are presented at an Audit Committee meeting for discussion.

Summaries of all audit work undertaken, key findings and an assessment of management's remediation plans, highlighting areas where there are significant delays, are presented to the Audit Committee each quarter.

At least annually Internal Audit provides an assessment of the overall effectiveness of the governance, and risk and control framework, together with an analysis of any themes emerging from Internal Audit work.

The Internal Audit function is implemented through a team of full-time staff, supported by subject matter experts as required. Internal Audit's independence is safeguarded by the Head of Internal Audit's direct reporting line to the Markel Corporation Managing Director of Internal Audit and indirect reporting line to the Chair of the Audit Committee.

The Company also has an external auditor, KPMG, which audits the Company's annual financial statements and Solvency and Financial Condition Report. Representatives of KPMG attend all quarterly Audit Committee meetings and have a direct line to the Chair of the Audit Committee, Head of Internal Audit, and Chief Finance Officer.

Human Rights
The Company is committed to respecting and ensuring our employees respect all human rights. Markel International has over 1,400 employees and operates in 13 countries.

The Markel Style sets forth our core values and principles, the way we want to do business. Quoting from the Markel Style, "Our creed is honesty and fairness in all our dealings… We respect our relationships with our suppliers and have a commitment to our communities."

We have a Code of Conduct because companies with strong ethical cultures have a strong foundation for success. Vendors, customers and shareholders can rely on them to do the right thing. The Code of Conduct reminds Markel Associates how Markel conducts business and how we work with each other and our partners. A certification of compliance with the Code of Conduct is required from all our employees and directors on an annual basis. All employees sign up to the Code of Conduct and it is a core element in living the Markel Style. A culture of openness within the Markel International Group is encouraged where employees can raise concerns over unethical, illegal or dangerous practices, including slavery or human trafficking, under Markel International's whistleblowing policy.

The Company is committed to ensuring that slavery and human trafficking is not taking place in our supply chains or any part of our business. We publish an annual Modern Slavery Statement on our website which sets out our controls in respect of the risk of slavery and human trafficking.

Anti-corruption and anti-bribery
The Company's Compliance team actively monitors, and regularly reports to the Board, on matters including conduct risk, sanctions, fraud, money laundering, bribery and corruption. The Company issues training and policies on these matters to all employees on an annual basis.

Employees can raise concerns about any of the above practices under Markel International's whistleblowing policy.

Operational Resilience and Cyber Security
The Board are also concerned with Operational Resilience and Cyber Security, on which they also receive regular updates from the IT and Operations teams.

In 2023, the IT Security team promoted Cybersecurity Awareness Month and circulated several reminders and training to the business about Cybersecurity, data privacy, and the use of social media for work matters.

The need to act fairly as between members of the Company
Markel Capital Holdings Limited is the Company's immediate shareholder. MCH is concerned with a broad range of issues including, but not limited to, the financial and operating performance of the Company, strategic execution and capital allocation. The opinions of the MCH Board are taken into account when shaping the Company strategy, operational performance and capital structure.

In addition, the Company enjoys a close working relationship with its ultimate holding company, Markel Group Inc., a company listed on the New York Stock Exchange.

Non-Financial and Sustainability Information Statement

The Directors of the Company have a requirement under Section 414CA of the Companies Act 2006 to include a non-financial and sustainability information statement, including the Company's climate-related financial disclosures, in the Company's Strategic Report.

The explanation below sets out how the Company has had regard to these matters when making decisions during the year. When drafting the below explanation, we have also had regard to the Financial Stability Board's ("FSB") Task Force on Climate-related Financial Disclosures ("TCFD") reporting requirements. The disclosures report on our progress to date on TCFD and outline the actions we are taking to strengthen our strategic response to climate change and our responsible business strategy.

The Company's employees
Please see S 172(1) Statement above for an explanation of matters related to the Company's employees.

Social matters
Please see S 172(1) Statement above for an explanation of social matters, including the Company's approach to the community and charitable giving.

Respect for human rights
Please see S 172(1) Statement above for an explanation of social matters, including the Company's approach to human rights.

Anti-corruption and anti-bribery matters
Please see S 172(1) Statement above for an explanation of anti-corruption and anti-bribery matters in respect of the Company.

Company's business model
Please see the 'Review of the business' and 'Business profile and units' sections of the Strategic Report for a description of the Company's business model.

Policies pursued by the Company in relation to non-financial disclosures, and the outcome of these policies
Markel has a large number of policies, processes and structures in place to address the non-financial matters listed above. The key policies are listed below.

The majority of these policies are administered by Markel's Compliance team, and Markel employees are required to review and attest to these policies on an annual basis. Many of these policies are accompanied by staff training on the specific elements of each policy.

Markel employees are responsible for reading and understanding each policy and raising concerns through the appropriate channels as set out in those polices. Consequences of breach of these policies are set out within each policy.

Internal and external community policies
- Code of Conduct
- Conflicts of Interest
- Complaints policy
- Gifts and Hospitality
- Whistleblowing
- Global Anti-Bribery and Anti-Corruption
- Economic and Trade Sanctions
- Conduct Risk
- Vulnerable Customers
- Remuneration
- Modern Slavery Statement
- Various IT policies including GDPR, Malware & Ransomware, Acceptable Use, and Records Management

Environmental policies
The processes for managing risks associated with climate change and environmental impacts are embedded within business as usual within the respective business areas. We therefore do not currently have any specific policies in place relating to environmental impacts.

However, as part of the Responsible Business programme, Markel's impact on the environment, and the impact of environmental changes on our underwriting practices, is being assessed. Any changes to existing policies, or implementation of new policies, will be made as appropriate.

Principal risks relating to non-financial disclosures, and how these risks are managed
General risks to the business
Please see the 'Principal Risks and Uncertainties' section of the Strategic Report for a description of the principal risks relating to the Company, and how these are managed.

A further description of Climate Change risks is set out under the 'Environmental matters' section below.

Non-financial key performance indicators
Key performance indicators are factors by reference to which the development, performance or position of the company's business, or the impact of the company's activity, can be measured effectively. Our KPIs in respect of non-financial performance matters are listed below.

Employees
The Markel International division aligns with Lloyd's of London's Diversity and Inclusion targets:
- 35% Women in Leadership by December 2023
- Lloyd's aspiration of a 1 in 3 ethnic minority hiring rate

We also monitor the Company's gender and ethnicity pay gaps on an annual basis.

Markel International continues to strive to obtain more information from employees so we can build a better picture of Diversity and Inclusion within our workplace. This is assisted by an annual D&I survey.

Social
KPIs with our charitable partners and partner networks are set out within their individual contracts.

Whilst we do not have specific targets in respect of charitable giving, we strongly encourage use of the Markel 3:1 Match for charitable donations.

Human rights abuses, anti-corruption and bribery are all dealt with in accordance with the relevant policies.

Customers
KPIs are set out within various internal policies and procedures, including turnaround times for claims and complaints. Our Consumer Duty processes also require specific requirements to be met in respect of our approach to customer interactions.

Suppliers and partners
Supplier and partner KPIs are set out in the individual contractual arrangements, as negotiated through the procurement process.

Regulators
Whilst we do not have specific KPIs in respect of our interactions with regulators, we strive to have regular, open, and honest dialogue with our regulators, and respond promptly to any regulatory queries.

Environment
The Company aims to minimise our environmental impact by only using necessary consumables, and recycling where possible. Environmental performance is reviewed periodically.

Markel does measure its Scope 1 and 2 emissions. In this Directors Report, the Company is not considered to be a qualifying entity for the purposes of the Streamlined Energy and Carbon Reporting requirements of the Companies Act 2006. This is on the basis that the standalone Company has consumed less than 40,000 kilowatt hours of energy in the reporting period. Staff are employed by Markel International Services Limited ("MISL") which also leases all of the properties and thus the bulk of carbon emissions are consumed in that entity. MISL is a subsidiary of the Company and disclosure of their emissions is included in the consolidated financial statements of Markel International Holdings Limited.

MIICL have omitted disclosing information per UK-CFD requirements (g) and (h) because we do not currently have other KPIs or targets relating to the environment. Climate risk is not managed as a standalone risk. Instead, it is embedded within our business as a sub risk of existing principal risks, such as underwriting risk. We therefore do not believe the inclusion of targets and metrics is required for an understanding of our business. As part of its consideration of the Responsible Business Strategy during the course of 2024, the Responsible Business Committee will consider and recommend to the Board whether any environmentally related targets or KPIs should be adopted, factoring in any future changes to the risk environment that may place more scrutiny on these targets and metrics.

Environmental matters (including climate related financial disclosures)
Introduction
The Company is committed to recognising, understanding and managing climate related risks and opportunities.

The risks arising from climate change, and society's response to it, are multifaceted, occur over an extended time horizon and are dependent on the severity of the changes in the climate. These risks continue to develop, and the relative impact will be dependent on a number of aspects such as industry changes, policy changes and the speed with which those changes are implemented.

Governance arrangements in relation to assessing and managing climate-related risks and opportunities
MIICL has a strong and established governance structure which helps the Company to assess and manage climate related risks and opportunities.

Board
The MIICL Board is the top governing body for the Company and meets at least quarterly. The MIICL Board has decision-making authority in accordance with its Terms of Reference and makes decisions about the strategic direction of the Company.

During 2023, the MIICL Board engaged in strategic discussions about environmental matters, within wider discussions about responsible business.

The Board approved the establishment of a special purpose 'Responsible Business Committee', to report directly to the Board during the 2024 calendar year. The Responsible Business Strategy considers environmental matters, including the impact of these on MIICL's business, and the impact of MIICL's business on the environment.

Once the Responsible Business Strategy is defined, the MIICL Board will be responsible for approving it.

The Board receives regular reports from Management on the Company's performance and key matters impacting the Company, both financial and non-financial. These reports help the Board to shape decisions for the long term.

The Board annually reviews and approves the Company's strategic and business plans and oversees the plans' implementation throughout the year.

Committees

MIICL has an established Committee structure that enables effective governance for the Company. There are nine Board Committees that meet at least quarterly and report directly to the Board.

These Committees each have Terms of Reference that set out their responsibilities in respect of various matters impacting the Company, including environmental considerations. Most relevant in respect of environmental risks and opportunities are the Executive Committee, Risk, Capital and Compliance Committee, Finance Committee, Reserving Committee, Audit Committee, and Remuneration Committee. We also have a Management Level Underwriting Committee which reports to the Executive Committee and plays a key role in understanding environmental risks and exposures from an underwriting perspective.

Senior Management

The Company falls within the Senior Manager and Certification Regime, with Senior Managers responsible for the performance of key parts of the business. Senior Managers attend quarterly Board meetings to report on progress, and any concerns, in their areas of business.

In respect of environmental matters, the following Senior Managers hold the following key roles:

- Chair of the Board - Responsible for leading the development of the firm's culture by the governing body.
- Chief Executive Officer - Responsible for overseeing the adoption of the firm's culture in the day-to-day management of the firm; and responsible for the development and maintenance of the firm's business model by the governing body.
- Chief Underwriting Officer – Overall responsibility for oversight of the management of underwriting risks from climate change.
- Chief Finance Officer - Overall responsibility for oversight of the management of financial risks from climate change
- Chief Risk Officer - overall responsibility for the firm's risk department.

All other Senior Managers have prescribed or overall responsibilities included in their Management Responsibilities Maps. Whilst these may not directly reference climate change or environmental matters, these matters are nevertheless considered as relevant in Senior Managers' performance of their day-to-day roles.

Wider business

Our aim is to ensure robust governance such that we have the financial resilience to meet our customers' needs today, and whenever they might need us the most. It means that we embed responsible decision making and accountability across our organisation, so that we continue to make a positive impact on the environment and society for our shareholders, our customers, and our communities.

Development of our Responsible Business strategy is granted high corporate profile through our Responsible Business Committee, a sub-committee of the Board formed during 2023, who drive the coordination required to deliver upon our strategy.

The responsibility for delivery of our Responsible Business Strategy is embedded across our wider business. All our Executive Committees are empowered and accountable to the Responsible Business Committee and, by extension, the Board for driving change and embedding into business as usual in their respective business areas.

Our employees are empowered and encouraged to contribute to our journey through their ownership of and participation in our employee-led networks and groups.

Specific activities

During 2023, the Company undertook several environmental initiatives. The Community network within our Style in Action programme led 'The Big Clean Up Challenge' in support of Marine Conservation Society who are involved in many projects ranging from rebuilding sea grass habitat to protecting dolphin breeding grounds all across the UK. Four locations across the UK were chosen where employees could volunteer to spend the day with colleagues picking up litter, playing their part in keeping plastic out of our oceans, canals, parks and other green spaces.

In addition, the Community network assisted with removing single-use cups at the 20 Fenchurch Street café and replacing them with reusable eco-friendly cups. Making this move helped us to reduce up to 3000kg from our waste stream per year.

In relation to energy usage, 20 Fenchurch Street (our London building) came second in energy saving efforts in the 2023 CUBE Awards, which celebrate the reduction of energy usage in office buildings in a competitive but collaborative way, measuring up against other buildings in an effort to reduce energy consumption through behaviour change and other minor technical improvements.

20 Fenchurch Street realised the largest gross energy reduction within the competition, achieving 13.4GWh saved from the 30-31GWh saved in total. This means 20 Fenchurch Street was responsible for c.43% of the total energy saved within the overall competition.

Our energy savings achieved for the reporting period of the competition would power 1,850 UK homes for a year.

How the company identifies, assesses, and manages climate-related risks and opportunities

As part of the Risk Culture at Markel, all employees are responsible for identifying risks in their areas of the business and escalating them through the appropriate channels. There are various sub-groups and committees within the business which are responsible for considering risk related matters. These include the emerging risks group, the PEST group, and the Underwriting Committee. Any material risks identified in such groups, including risks relating to Climate Change, will be escalated to the Risk, Capital and Compliance Committee and the Responsible Business Committee.

The internal Underwriting Risk Group cross departmental Committee is tasked with identifying events and scenarios (including the financial impacts from climate change) that could give rise to unexpected and/or outsized losses to the Company as well as estimating the potential impact of such losses.

The findings of the Underwriting Risk Group committee on climate change and its associated potential risks are regularly reported to and reviewed by both the Underwriting Committee and the R&CC. Markel International has also developed a plan for managing the financial risks arising from climate change in line with PRA requirements. This plan will continue to develop over time as understanding of climate change and its potential impacts increases.

The Company's investment portfolio is reviewed annually in respect of its Environmental, Social and Governance score. As part of the Own Risk and Solvency Assessment process we have performed stress and scenario tests in relation to the physical risk, liability risk and transition risk that climate change poses in order to assess the level of exposure faced by MIICL. The ORSA process also includes underwriting scenarios relating to climate change. There were no significant concerns to the potential impact on our financial results.

How processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process

The Company, with oversight from its Risk Management function, is responsible for ensuring the risks the Company faces are identified, assessed, mitigated, monitored and reported in accordance with our risk strategy and appetite. This includes climate change related matters.

The Company's internal controls cover all aspects of its business. Alongside each major area of risk, the controls that are used to mitigate the risk are also identified and monitored. Risk controls can be tools or techniques to proactively identify, manage or reduce risk and may involve the policies, standards, procedures and operations of the Company. The effectiveness of these controls is also managed at the local level.

The Company's Risk Register details controls for each risk and identifies control ownership.

Principal climate-related risks and opportunities arising in connection with the company's operations, and the time periods by reference to which those risks and opportunities are assessed

<u>Risks</u>
Potential risks are regularly reviewed by the Risk & Capital Committee and risks are addressed within the underwriting, risk, finance and audit functions of the Company, although Environmental, Social and Governance activity (including that which is relevant to climate change) is not segregated from the other work of these functions, but rather embedded in their operations. This means that climate risk is not considered a standalone principal risk, it is instead a sub risk of existing principal risks, such as underwriting risk. Risks are considered within the Own Risk and Solvency Assessment ("ORSA") such that the Company monitors how principal risks evolve over time, for a period of five years past the balance sheet date, to ensure the Company will have sufficient capital resources during that period.

Climate risk can be broadly divided into 3 categories: physical, transition and liability. Physical risk relates to the change in climate and weather events which have the potential to directly affect the economy. This includes the risk of higher claims as a result of more frequent and more intense natural catastrophes. Scenario analysis of differing levels of claims are included within our standard underwriting risk assessment. Transition risk can occur when moving towards a lower carbon economy and how the speed of the transition may affect certain sectors and affect financial stability as well as demand for existing products as consumers change their habits. Liability risk refers to potential increased litigation against policyholders from individuals or businesses who have experienced losses because of physical or transition risk.

<u>Opportunities</u>
There are also opportunities for the insurance industry as a result of climate change. The role of the insurance market has always been as a key contributor to the global economic activity, by driving efficiencies in risk-taking and capital allocation. This is a responsibility that we take very seriously.

Whilst banks lend money to support activities, they rarely do so without insurance in place. We therefore feel a responsibility to support the world's transition to a lower carbon economy by understanding the risks involved in building windfarms, solar projects and the wide variety of other power generation, storage and transmission assets that world needs.

We also write renewable energy cover on a worldwide basis, providing coverage for the full life cycle of onshore and offshore wind farms and solar photovoltaic installations, from procurement to construction to the completed operations.

We also wish to support the other mitigation and adaptation technologies necessary to reduce the amount of greenhouse gasses in the atmosphere and the impact of climate change on societies.

By understanding these risks we can provide advice and the right coverage, fairly priced, to allow business and governments to develop these assets.

Description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy
There are many environmental risks relevant to our business. Changes to the environment also have an impact on our business and will continue to do so over time. These changes require us to assess risks to our business resulting from climate change and environmental risk, including the type of business we wish to write, which impacts our underwriting policies; as well as the type of investments we wish to make, which impacts our investment policies.

As part of its consideration of the Responsible Business Strategy during the course of 2024, the Responsible Business Committee will consider and recommend to the Board whether any changes to our underwriting or investment policies should be adopted.

Analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios
Markel's Risk Management and Capital teams work together to undertake various sensitivity tests, which allow for a better understanding of the key sensitivities for capital requirements.

MIICL carries out stress and scenario testing as part of the ORSA and Internal Model Validation processes. These tests relate to all the material risk areas to which the Company has exposure. As part of its stress and scenario testing analysis, MIICL also sets out to identify and assess the scenarios most likely to render its business model unviable, a process known as Reverse Stress Testing ("RST"). The process starts from an outcome of business failure of MIICL and identifies circumstances under which this might occur. In order for this to occur, MIICL would have to experience extremely remote catastrophe underwriting losses, severe reserve deteriorations, severe investment losses, or a combination of various remote and extreme events.

In the context of this analysis, management concludes that the capital held by MIICL is more than adequate to meet solvency needs and maintain Group ratings at current levels with an acceptable degree of confidence. In addition, the capital and liquidity requirements that arise from a range of stress and scenario tests suggest that MIICL holds sufficient capital resources to achieve its business goals.

By order of the Board,

Andrew J Davies
Director
London
4 April 2024
Registered number 0966670

Directors' Report

The Directors submit the Annual Report and Financial Statements of the Company for the year ended 31 December 2023.

Future developments

Likely future developments in the business of the Company are discussed in the Strategic Report beginning on page 2.

Dividends

Dividends of $70.0m were paid during the year (2022, Nil).

Directors

The Directors of the Company who served during 2023 and up to the date of this report were as follows:

John W J Spencer	(Chair)
Wai-Fong Au	
Andrew J Davies	
Alexander W G Finn	(appointed 11 January 2024)
Henry G L Gardener	(appointed 18 July 2023)
Nicholas J S Line	
Kalpana Shah	
Anne Whitaker	
Simon Wilson	

Markel maintains liability insurance cover on behalf of the Directors and named Officers of the Company and its subsidiaries. None of the Directors had a beneficial interest in the shares or debentures of any of the UK companies in the Markel Group.

Financial instruments and risk management

Information on the use of financial instruments by the Company and its management of the associated financial risk is disclosed in note 3 to these Financial Statements. In particular the Company's exposures to price risk, credit risk and liquidity risk are separately disclosed in that note. The Company's exposure to cash flow risk is addressed under the headings of 'Market risk', 'Credit risk' and 'Liquidity risk'.

Corporate Governance

The Company is authorised by the Prudential Regulation Authority ("PRA"). The Board includes five non-executive Directors and meets at least quarterly. Sub-committees of the Board include the Executive Committee, Audit Committee, Risk and Capital Committee, Reserving Committee, Finance Committee, Remuneration Committee, Nominations Committee, Outsourcing Committee and Responsible Business Committee. A number of Management Committees, including Committees with a divisional focus, report to the Executive Committee.

Political donations

No political donations were made in the year (2022, Nil).

Streamlined energy and carbon reporting

In this Directors Report, the Company is not considered to be a qualifying entity for the purposes of the Streamlined Energy and Carbon Reporting requirements of the Companies Act 2006. This is on the basis that the standalone Company has consumed less than 40,000 kilowatt hours of energy in the reporting period. Staff are employed by Markel International Services Limited ("MISL"), which also leases all of the properties, and thus the bulk of carbon emissions are consumed in that entity. MISL is a subsidiary of the Company, and disclosure of their emissions is included in the consolidated financial statements of Markel International Holdings Limited.

Carbon policy

As set out in the 'Markel Style' the Company has a commitment to its communities which we recognise includes environmental responsibilities. Our goal is to minimise our environmental impact whilst still adhering to our other company principles as expressed in the 'Markel Style' and our company profile.

Through the development of best practices in our business, the Company aims to use no more consumables than are necessary and recycle the maximum of those we do use. The Directors also believe that embedding environmental awareness throughout the organisation will be best achieved through a continuous programme of employee education.

Events since the reporting date

There have been no material events since the reporting date.

Disclosure of information to the 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.

By order of the Board,

Andrew J Davies
Director
London

4 April 2024
Registered number 0966670

Statement of Directors' Responsibilities

in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard ("FRS") 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 a 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

By order of the Board,

Andrew J Davies
Director
London
4 April 2024
Registered number 0966670

KPMG

Independent auditor's report

to the members of Markel International Insurance Company Limited

1. Our opinion is unmodified

We have audited the financial statements of Markel International Insurance Company Limited ("the Company") for the year ended 31 December 2023 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 27 July 2000. The period of total uninterrupted engagement is for the 24 financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole	$10.5m (2022: $9.0m) 1.41% (2022: 1.43%) of Net Assets	
Key audit matters		**vs 2022**
Recurring risks	Valuation of Claims Outstanding (IBNR)	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters unchanged from 2022, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of claims outstanding – Incurred but not reported ('IBNR') (Gross and net claims outstanding: Gross claims outstanding $2.001m, 2022: $1.648m; Net claims outstanding: $1.311m, 2022: $1.099m) *Refer to pages 36 and 37 (accounting policy) and page 55 (financial disclosures).*	**Subjective Valuation:** The valuation of claims outstanding is the area requiring the most significant judgement in the financial statements. The valuation of IBNR is highly judgmental as it requires a number of assumptions to be made with high estimation uncertainty such as the expected loss ratios. For some classes, a slight change in assumption could result in a large change in estimate and therefore a risk of error. We consider the highest risk to be connected with those classes of business that fall into one of the following criteria: • Long tailed or particularly uncertain (e.g. financial risks, terrorism, professional indemnity); or • Where we observed large differences in the prior year or reserves were out of line with our expectations; or • Reserves considered large where a small change could have a significant impact; or • Non-standard classes where assumptions are judgmental and/or qualitatively material such as Catastrophe events and after-the-event (ATE) policies. There is additional focus on potential losses and reserves in 2023 due to the Ukraine/Russia conflict where there is significant uncertainty on the impact, especially on gross position. The higher risk is also associated with inflation as traditional actuarial methods use historical data to predict future claims – these often implicitly assume that future inflation will be consistent with historical average rates of inflation. With the current socio-economic environment the impact of a higher than historic inflation increases the risk associated with reserving for both gross and net IBNR. The effect of these matters is that, as part of our risk assessment, we determined that the IBNR element of the valuation of claims outstanding has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	Our procedures included: — **Control Design and Operation:** We tested the design, implementation and operating effectiveness of key controls over the reserving process. These controls included: - Data reconciliations to assess the completeness and accuracy of data extracted from the relevant systems used by the actuaries to set reserves; and - Management comparison of quarterly movements in gross and net ultimate claims and premiums by reserving class and year of account. Movements which are above pre-defined thresholds are investigated and the underlying assumptions are challenged . — **Assessing the actuary's credentials:** We assessed the competence, capability and objectivity of the Company's actuarial team. We involved our actuarial specialists to assist in: — **Alternative re-projection:** For a selection of classes of business which we consider to be higher risk, we performed alternative projections to the actuarial best estimate using our own gross loss ratios and compare these to the Company's results. Where there are material differences in results, we challenged the Company's assumptions using our own expectations based on our knowledge of the Company and the experience of the industry it operates in, to assess whether the Company's estimate falls within a reasonable range on both a gross and net basis. For classes not re-projected we performed an assessment of the Company's key assumptions through diagnostics focused on the Company's development patterns, current year loss ratios, reinsurance recoveries and prior year development. — **Historical Experience:** We assessed and challenged the claims reserves methodologies and assumptions by reference to the Company's prior experience and industry practice; — **Market experience:** We assessed and challenged the claims reserves methodology and assumptions by reference to industry practice and our expectation derived from market experience. This included investigating any significant deviations from expectation. — **Benchmarking assumptions:** We evaluated the appropriateness of reserving methodologies and estimates of losses including those on natural catastrophes by comparing to expectations derived from industry benchmarking in order to identify specific trends and outliers. — **Inflation:** We specifically reviewed the methodology and key assumptions for inflation allowances within Initial Expected Loss Ratios ("IELRs"), as well as any additional loading considerations and benchmarking, where applicable. Furthermore we have performed alternative projections of independent inflation assumptions in setting IELRs and have included a future inflation loading within our best estimate and range. In addition we performed the following: — **Assessing transparency:** We evaluated the adequacy of the Company's disclosures in respect of the degree of sensitivity of key assumptions. **Our Results** — We found the valuation of gross and net claims outstanding – IBNR to be acceptable (2022: acceptable)

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at $10.5m (2022: $9.0m), determined with reference to a benchmark of net assets of which it represents 1.41% (2022: 1.43%). We selected net assets as the benchmark owing to it being a focus of key stakeholders, given the need to hold sufficient capital in order to underwrite contracts of insurance, and stability of the benchmark over a period of time.

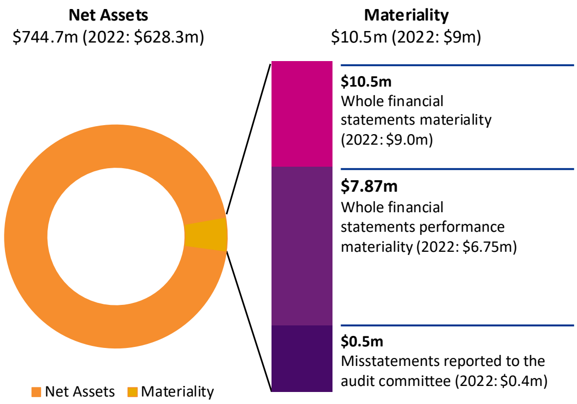
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to $7.87m (2022: $6.75m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.5m (2022: $0.4m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality and performance materiality levels specified above and was performed by a single audit team.

We engaged KPMG USA to assist with areas of the audit that are centralised or based at Markel Corporation (the Company's parent). We instructed KPMG US on the procedures to be performed, and reviewed the work performed to ensure it addressed the identified risks. We held regular discussions with KPMG USA throughout the audit.



4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry and the general economic environment in which it operates to identify the inherent risks in its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

The risk that was considered most likely to adversely affect the company's available financial resources over this period was adverse IBNR reserves development.

We considered whether these risks could plausibly affect the liquidity and capital position in the going concern period by assessing the directors' sensitivity over the level of available financial resources indicated in the Company's financial forecasts taking into account severe, but plausible adverse effects that could arise from these risks individually and collectively.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related 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 going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, audit committee and the legal, risk and compliance functions, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Considering remuneration incentive schemes.
- Reading board, audit committee, and other relevant committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as incurred but not reported ("IBNR") reserves. Further detail in respect of IBNR is set out in the key audit matter disclosures in section 2 of this report. On this audit we do not believe there is a fraud risk related to revenue recognition because of the limited estimation involved in accruing premium income.

We did not identify any additional fraud risks to those related to management override of controls and the accounting estimates of IBNR .

We performed the following procedures, including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted with key words, entries with unauthorised users, entries to seldom used accounts, entries posted by users who have left the company, post-closing entries, entries posted by senior management and cash management entries.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias including assessing the appropriateness and consistency of the methods and assumptions used for reserving. For a selection of classes of business we considered to be high risk, we performed alternative reprojections to the actuarial best estimate using our own gross loss ratios and compared these to the Company's results, assessing the results for evidence of bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Company's financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. This was achieved through the procedures noted above.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Company's financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the Company's financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations, where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the strategic report and the directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 23, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

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.

Timothy Butchart (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
4 April 2024

Income Statement: Technical Account

for the year ended 31 December 2023

		2023		2022	
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
Earned premiums, net of reinsurance					
Gross written premiums	4	1,270,270		1,195,872	
Outward reinsurance premiums		(290,892)		(237,226)	
Net written premiums			979,378		958,646
Change in the gross provision for unearned premiums	19	(37,328)		(124,778)	
Change in the provision for unearned premiums reinsurers' share	19	3,817		30,043	
			(33,511)		(94,735)
Net Earned Premiums			**945,867**		**863,911**
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(440,886)		(380,135)	
Reinsurers' share		124,304		138,554	
Net paid claims		(316,582)		(241,581)	
Change in the provision for claims					
Gross amount	19	(314,901)		(268,317)	
Reinsurers' share	19	131,189		11,888	
Net change in provision		(183,712)		(256,429)	
Net claims incurred			**(500,294)**		**(498,010)**
Net operating expenses	6		**(340,361)**		**(283,064)**
Balance on the technical account			**105,212**		**82,837**

The notes on pages 35 to 63 form part of these Financial Statements.

Income Statement: Non-Technical Account
for the year ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Balance on the technical account		105,212	82,837
Investment income	7	60,489	34,563
Investment expenses and charges	8	(7,480)	(8,963)
Unrealised gains/(losses) on investments	9	84,237	(101,286)
Impairment loss on subsidiary		-	(1,678)
Net foreign exchange (losses)/gains		(1,194)	6,543
Profit on ordinary activities before taxation	10	**241,264**	**12,016**
Taxation on profit on ordinary activities	11	(55,080)	(1,493)
Profit for the year		**186,184**	**10,523**

The notes on pages 35 to 63 form part of these Financial Statements.

Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Profit for the year		186,184	10,523
Remeasurement of net defined pension asset	23	333	33,496
Movement on deferred tax relating to pension scheme	23	(83)	(8,374)
Total Comprehensive Income for the year		**186,434**	**35,645**

The notes on pages 35 to 63 form part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 December 2023

2023	**Called-up Share Capital $'000**	**Share Premium $'000**	**Other Reserves $'000**	**Comprehensive Income $'000**	**Total $'000**
At beginning of year	267,202	199,765	(37,565)	198,901	**628,303**
Total comprehensive income for the year	-	-	-	186,434	**186,434**
Dividends paid	-	-	-	(70,000)	**(70,000)**
At end of year	**267,202**	**199,765**	**(37,565)**	**315,335**	**744,737**

2022	**Called-up Share Capital $'000**	**Share Premium $'000**	**Other Reserves $'000**	**Comprehensive Income $'000**	**Total $'000**
At beginning of year	267,202	199,765	(37,565)	163,256	**592,658**
Total comprehensive income for the year	-	-	-	35,645	**35,645**
Dividends paid	-	-	-	-	**-**
At end of year	**267,202**	**199,765**	**(37,565)**	**198,901**	**628,303**

The notes on pages 35 to 63 form part of these Financial Statements

Statement of Financial Position: Assets

as at 31 December 2023

	Notes	2023 $'000	2022 $'000
Investments			
Investments in group undertakings and participating interests	14	4,352	3,112
Other financial investments	14	1,814,161	1,206,745
Cash and cash equivalents	14	238,159	512,789
		2,056,672	**1,722,646**
Reinsurers' share of technical provisions			
Provisions for unearned premiums	19	91,849	86,535
Claims outstanding	19	689,696	549,454
		781,545	**635,989**
Pension asset	23	67,235	63,214
Debtors			
Debtors arising out of direct insurance operations	15	261,713	259,057
Debtors arising out of reinsurance operations	15	215,483	232,198
Other debtors including taxation	17	58,488	4,563
		535,684	**495,818**
Prepayments and accrued income			
Accrued interest		11,054	6,474
Deferred acquisition costs	19	89,004	83,787
		100,058	**90,261**
Total Assets		**3,541,194**	**3,007,928**

The notes on pages 35 to 63 form part of these Financial Statements.

Statement of Financial Position: Liabilities
as at 31 December 2023

	Notes	2023 $'000	2022 $'000
Capital and reserves			
Called up share capital	18	267,202	267,202
Share premium account		199,765	199,765
Other reserve	18	(37,565)	(37,565)
Profit and loss account		315,335	198,901
Shareholder's funds attributable to equity interests		**744,737**	**628,303**
Technical provisions			
Provisions for unearned premiums	19	520,850	470,514
Claims outstanding	19	2,000,845	1,648,212
		2,521,695	**2,118,726**
Creditors			
Creditors arising out of direct insurance operations	21	47,396	100,118
Creditors arising out of reinsurance operations	21	162,099	129,557
Deferred taxation liability	16	16,761	15,745
Other creditors including taxation and social security	22	48,506	15,479
		274,762	**260,899**
Total Liabilities and Shareholder's Funds		**3,541,194**	**3,007,928**

The notes on pages 35 to 63 form part of these Financial Statements.

Approved by the Board of Directors on 4 April 2024 and signed on behalf of the Company by Andrew Davies, Company Director.

Andrew J Davies
Director
London

4 April 2024

Notes to the Financial Statements

1 Basis of Preparation

The Financial Statements have been prepared in compliance with Financial Reporting Standard ("FRS") 102, being the Financial Reporting Standard applicable in the UK and Republic of Ireland, and FRS 103 Insurance Contracts.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements on the grounds that the consolidated Financial Statements of Markel Group Inc. are publicly available and include the Company in the consolidation. These Financial Statements present information about the Company as an individual undertaking and not about its group.

In these Financial Statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:
- Cash Flow Statement and related notes;
- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Key Management Personnel compensation; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules.

These Financial Statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

Going Concern

The Directors have continued to review the capital position, business plans, liquidity and operational resilience of the Company. The capital position is subject to internal stress testing and the Company has also taken a number of underwriting actions on its future business. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors have identified no material uncertainties that cast doubt about the ability of the Company to continue as a going concern for at least a year from the date of approval of the Financial Statements (“the going concern period”).

2 Accounting policies

A summary of the more material accounting policies that have been applied consistently is set out below.

a) Use of judgements and estimates

In preparing these Financial Statements, the Directors of the Company have made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

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

Further detail on the use of judgements and estimates is detailed in the underwriting result policy.

b) Underwriting result

The underwriting result is determined using an annual basis of accounting, whereby the incurred cost of claims, commission and expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

i) Written premiums relate to business incepted during the year, together with any difference between booked premiums for prior years and those previously accrued, and include estimates of premiums not yet due or notified to the Company. Premiums are shown gross of brokerage payable and excludes taxes and duties levied on them.

ii) Unearned premiums represent the proportion of premiums written in the year that relates to unexpired terms of policies in force at the reporting date, calculated on the basis of established earnings patterns or time apportionment/straight line as appropriate. In the opinion of the Directors, the resulting provision is not materially different from one based on the pattern of incidence of risk.

iii) Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards reinsurance business being reinsured.

iv) Acquisition costs, which represent commission and underwriters' staff costs related to the production of business, are deferred and amortised over the period in which the related premiums are earned.

v) Provision for unexpired risks is made where claims and related expenses likely to arise after the end of the financial year in respect of contracts concluded before that date are expected to exceed the unearned premiums receivable, less the related deferred acquisition costs, under these contracts. Provision for unexpired risks is calculated separately by class and includes an allowance for investment return. Unexpired risk surpluses and deficits are offset where, in the opinion of the Directors, the business classes concerned are managed together, and in such cases a provision for unexpired risks is made only where there is an aggregate deficit.

vi) Claims incurred comprise claims and claims handling expenses paid in the year and the change in provisions for outstanding claims, including provisions for claims incurred but not reported and claims handling expenses. The adequacy of the outstanding claims provisions is assessed by reference to projections of the ultimate development of claims in respect of each underwriting year. Management continually attempts to improve its loss estimation process by refining its ability to analyse loss development patterns, claims payments and other information, but many reasons remain for potential adverse development of estimated ultimate liabilities. The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgements. As part of the reserving process, the Company reviews historical data and considers the impact of various factors such as trends in claim frequency and severity, changes in operations, emerging economic and social trends, inflation and changes in regulatory and litigation environments. Significant delays occur in notifying certain claims and a large measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent development. The Company maintains reserves on a pricing basis, with an additional reserving margin. Pricing basis represents the actuarial reserving "best estimate". The reserving margin reflects the Markel reserving philosophy of holding reserves that are more likely to be redundant than deficient.

The two most critical assumptions as regards these claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the models used for current business are fair reflections of the likely level of ultimate claims to be incurred. However, the Company believes the process of evaluating past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. The estimation process has required reviewing risks and events which are expected to trigger future reported claims, assumptions on when government restrictions would end and assessing the potential financial loss of insureds. This has required underwriter, claims and actuarial experience in conjunction with external legal opinion and management's professional judgement. Management currently believes the Company's gross and net reserves are adequate. There is no precise method, however, for evaluating the impact of any significant factor on the adequacy of reserves, and actual results are likely to differ from original estimates.

The provisions for claims outstanding, and related reinsurance recoveries, are discounted for PPO and Asbestos claims, due to the long period from incident to claims settlement and where there exists a suitable claims payment pattern from which to calculate the discount. The discount rate used is based upon an investment return expected to be earned by financial assets which are appropriate in value and duration to match the provisions for insurance contract liabilities being discounted during the period expected before the final settlement of such claims.

Management has considered environmental and latent injury claims and claims expenses in establishing the Company's reserve for claims outstanding. The Company continues to be advised of claims asserting injuries from hazardous materials and alleged damages to cover various clean-up costs affecting policies written in prior years. Coverage and claim settlement issues, such as determining that coverage exists and defining an occurrence, may cause the actual loss development to show more variation than the rest of the Company's book of business. Traditional reserving techniques cannot be used to estimate asbestos-related and environmental pollution claims and so the uncertainty about the ultimate cost of these types of claims is greater than the uncertainty relating to standard lines of business. The Company believes it has made reasonable provisions for claims, although the ultimate liability may be more or less than held reserves. The Company believes that future losses associated with these claims will not have a material adverse effect on its financial position. Still, there is no assurance that such losses will not materially affect the Company's results of operations for any period.

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

vii) Underwriting acquisition costs, general overheads and other expenses are charged as incurred to the Income Statement: Technical Account, net of the change in deferred acquisition costs.

c) Financial assets and liabilities

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the Income Statement. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities are designated as at fair value through profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Company's investment strategy. Investments in fixed income securities are designated at amortised cost.

Recognition

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled, or expire.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Company commits itself to purchase or sell the asset.

Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency, but excludes interest and dividend income. Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method.

Investment Returns

Investment income comprises interest and dividends receivable for the year before investment expenses. Dividends receivable are stated after adding back any withholding taxation deducted at source. Investment expenses are charged to the Income Statement: Non-Technical Account on an incurred basis.

Realised gains or losses represent the difference between net sales proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the current value of investments at the reporting date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

Dividends receivable are accounted for by reference to the date on which the price of the investment is quoted ex-dividend.

The investment return is initially recorded in the Income Statement: Non-Technical Account. A transfer is made from the Income Statement: Non-Technical account to the Income Statement: Technical Account to reflect the investment return on funds supporting underwriting business.

Cash and cash equivalents
The Company considers all financial investments with original maturities of three months or less to be cash and cash equivalents. Deposits with credit institutions are comprised of cash balances, certificates of deposit and call deposits. Money market funds are cash equivalents. Cash and cash equivalents are subject to an insignificant risk of changes in fair value and are used by the Company in management of its short-term commitments. Cash and cash equivalents are carried at cost in the Statement of Financial Position.

Investment in group undertakings
Investments in subsidiaries are stated at the lower of cost and net realisable value. Any impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if the subsequent increase in fair value can be related objectively to an event after the impairment loss was recognised. The reversal is recognised in the Statement of Comprehensive Income.

d) Financial Investments
Debt securities and other fixed income securities are carried at amortised cost. Shares of other variable yield securities and units in unit trusts are stated at market value based on bid price. Short-term investments are comprised of investments with original maturities greater than three months and are carried at market value. Financial investments recorded at market value will fall into one of the three levels in the fair value hierarchy as follows:

i) Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

ii) Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the significant inputs into the assumptions are market observable.

iii) Included in the level 3 category, are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, significant unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

e) Pension costs
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability/asset arising from employee service rendered during the period, net interest on net defined benefit liability/asset, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the Income Statement: Technical Account.

Remeasurement of the net defined benefit liability/asset is recognised in the Statement of Comprehensive Income in the period in which it occurs

f) Foreign currency translation

The Company's functional currency and presentational currency is US dollars. Transactions denominated in currencies other than the functional currency are recorded in the functional currency at the exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

Non-monetary assets and liabilities denominated in a foreign currency, measured at fair value, are translated into the functional currency at the date when the fair value was determined.

Exchange differences are recorded in the Income Statement: Non-Technical Account.

g) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement: Non-Technical Account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the reporting date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3 Risk and capital management

Financial risk management objectives

The Company is exposed to financial risks primarily through its financial assets, reinsurance assets and policyholder liabilities. The Company's risks are recorded on a Risk Register and managed through the Risk Management Framework. Solvency II principles are used to manage the Company's capital requirements and to ensure that it has the financial strength to support the growth of the business and meet the requirements of policyholders, regulators and rating agencies.

The key financial and insurance risks assessed are Underwriting Risk, Reserving Risk, Asset Risk, Credit Risk, Liquidity Risk, Capital Risk and Operational Risk.

a) Underwriting Risk

Underwriting Risk is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the acceptance of business.

All underwriting at the Company is governed by the "Underwriting Policy" which sets out the imperatives for underwriting. The first core principle within the Underwriting Policy is related to underwriting profitable business and is "The aim of all underwriting decisions is to achieve the target combined ratio for each class in a spirit of honesty and integrity". The Company's fundamental objective is to underwrite profitably on a gross basis and to achieve target combined ratios. A combined ratio is the ultimate loss ratio plus expense ratio. This measure of underwriting performance excludes any benefit from investment return and focuses attention on premium charged, coverage granted, commissions and other deductions and all direct and indirect expenses.

Risk appetites are agreed annually by the Board to limit underwriting concentration. Adherence to these is monitored at the Risk & Capital Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

The Company sets prudent maximum line-sizes. All underwriters have written underwriting authorities and there are peer reviews/review processes in place to ensure that business underwritten does not exceed authority or is outside the business plan. Risks exceeding 18 months are not permitted to be written without prior, written approval, although certain general exceptions are made. For example, in respect of Marine Construction risks (where matching reinsurance exists) this has been agreed in advance as part of the Company's underwriting strategy. Compliance with line-size and policy duration is monitored.

Technical pricing has been developed for many classes, and rate movements have been monitored since 2002.

There are independent reviews of underwriting.

A key method of monitoring the Company's aggregate exposures is the production of a quarterly "Aggregations pack" which sets out our exposures to various elemental and non elemental perils. For example, for natural catastrophe risk we monitor and report the Company's exposure, both gross and net, to each material region/peril. Units are given aggregate limits for catastrophe business in each zone and adherence to these is monitored within the pack. Natural catastrophe and non-natural catastrophe exposures form part of Risk Management's quarterly assessment of risk to the Risk & Capital Committee and to the Board.

b) Reserving Risk

Reserving Risk is the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the quantification of those liabilities.

Risk appetites are agreed annually by the Board to reduce the likelihood of the reserves being deficient. Adherence to these is monitored at the Risk & Capital Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

Claims handling guidelines set out MINT's approach to claims, including:
- Claims diaries – claims adjusters must ensure that they diarise relevant dates when necessary. There are rules regarding which types of claims are subject to diary management, and targets set are monitored on a monthly basis.
- Panel of third party advisors – a panel of approved third party advisors (Attorneys and Adjusters) has been established. Third party advisors can only be appointed with sign off from a Claims Manager.
- Claims peer review audits – each underwriting unit is subject to a periodic claims audit of selected claims files for identifying strengths and weaknesses in the handling of claims. Senior independent claims personnel are responsible for the qualitative review of the handling of files.

An Actuarial reserving exercise occurs quarterly for the reserving basis, and bi-annually for the pricing basis. This involves internal review within the Actuarial department and discussions with relevant underwriters and claims staff, including consideration of the impact of factors such as trends in claims frequency and severity as well as inflation. Pricing basis represents the actuarial reserving "best estimate". The reserving basis reflects the Markel reserving philosophy of holding reserves that are more likely to be redundant than deficient. Combined Ratio packs are produced which contain gross and net projections for all classes of business written at MINT. The packs are discussed in detail at quarterly "Combined Ratio Meetings", which are attended by the Executive Management, the Divisional Managing Director/Branch Managing Director from each unit and the relevant Actuaries.

c) Asset Risk

Asset Risk is the risk of loss resulting from adverse financial market movements including interest rates or exchange rates.

Risk appetites are agreed annually by the Board to limit investment concentration. Adherence to these is monitored at the Risk & Capital Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

The Company's investment manager, Markel Gayner Asset Management Corporation ("MGAM") produces a quarterly Investment Report which is reviewed quarterly by Markel's investment committee. The Company's Finance Director participates in this meeting. A quarterly investment report is produced for the Company's Board.

The principal market risks and how exposure to these risks is managed are as follows:
Interest rate risk: The Company works to manage the impact of interest rate fluctuations on the fixed maturity portfolio. The effective duration of the fixed maturity profile is managed with consideration given to the estimated duration of policyholder liabilities. As the Company's fixed income securities are measured at amortised cost the impact of interest rate movements on this portfolio is negligible.

Equity price risk: The Company sets limits on the amount of equities that can be held with any one issuer. The overall equity portfolio is also monitored to ensure that equity risk does not exceed the Company's risk appetite.

The table below sets out the Company's sensitivity to stock market price movements.

Price risk	**2023 $'000**	**2022 $'000**
Impact on result of 5% increase in stock market prices	28,950	21,611
Impact on result of 5% decrease in stock market prices	(28,950)	(21,611)
Impact on net assets of 5% increase in stock market prices	22,147	16,208
Impact on net assets of 5% decrease in stock market prices	(22,147)	(16,208)

Foreign exchange risk: Foreign exchange risk is managed primarily by matching assets and liabilities in each foreign currency as closely as possible. To assist in the matching of assets and liabilities in foreign currencies the Company may purchase foreign exchange forward contracts or buy and sell foreign currencies in the open market. No foreign exchange forward contracts have been entered into during the year.

The table below details the matching of material currencies on the Statement of Financial Position. The currencies are reported in converted US dollars.

2023 Currency Code	**GBP'000**	**USD'000**	**EUR'000**	**CAD'000**	**AUD'000**	**JPY'000**	**Other'000**	**Total'000**
Investments	561,116	1,361,180	32,573	846	14,323	29,666	56,968	2,056,672
Reinsurers' share of technical provisions	125,108	557,851	15,834	2,176	21,647	28,529	30,400	781,545
Insurance and reinsurance receivables	157,546	305,119	678	2,476	2,954	2,044	6,379	477,196
Other assets	156,912	57,515	5,200	1,505	813	1,036	2,799	225,780
Total assets	**1,000,682**	**2,281,665**	**54,285**	**7,003**	**39,737**	**61,275**	**96,546**	**3,541,193**
Technical provisions	838,713	1,506,840	54,064	2,683	36,019	19,407	63,969	2,521,695
Insurance and reinsurance payables	41,523	153,230	4,486	941	4,893	1,006	3,416	209,495
Other creditors	7,302	39,467	330	18,077	63	-	27	65,266
Total liabilities	**887,538**	**1,699,537**	**58,880**	**21,701**	**40,975**	**20,413**	**67,412**	**2,796,456**

2022 Currency Code	**GBP'000**	**USD'000**	**EUR'000**	**CAD'000**	**AUD'000**	**JPY'000**	**Other'000**	**Total'000**
Investments	541,976	1,074,658	33,617	6,441	24,458	5,175	36,321	1,722,646
Reinsurers' share of technical provisions	85,661	500,650	11,366	1,210	19,380	513	17,209	635,989
Insurance and reinsurance receivables	114,292	377,932	(3,593)	1,092	(1,758)	412	2,878	491,255
Other assets	129,123	41,987	(1,981)	(13,897)	445	695	342	156,714
Total assets	**871,052**	**1,995,227**	**39,409**	**(5,154)**	**42,525**	**6,795**	**56,750**	**3,006,604**
Technical provisions	733,949	1,236,605	32,083	996	34,796	29,935	50,362	2,118,726
Insurance and reinsurance payables	14,722	213,048	814	723	120	-	248	229,675
Other creditors	21,394	11,299	(1,413)	3	59	-	(1,442)	29,900
Total liabilities	**770,065**	**1,460,952**	**31,484**	**1,722**	**34,975**	**29,935**	**49,168**	**2,378,301**

d) Credit Risk

Credit Risk is the risk of loss arising from the inability of a counterparty to fulfil its payment obligations. Key areas where the Company is exposed to credit risk are:

- Amounts recoverable from reinsurers
- Amounts due from insurance intermediaries and insurance contract holders
- Amounts due from corporate bond issuers

The Company's fixed income securities portfolio is monitored to ensure credit risk does not exceed the Company's risk appetite. In addition, the Company places limits on exposures to a single counterparty or concentrations of exposures to a specific counterparty. The Company does not hold any financial investments that are past due or impaired as at 31 December 2023.

The Board sets risk appetites for the amount of exposure it is prepared to accept in respect of reinsurers and brokers. These are monitored through reports to Risk & Capital Committee and any exceptions are reported to the Board.

The Company takes a proactive approach to the collection of reinsurance recoveries, including the pursuit of commutations. New reinsurers may be required to post collateral depending on their size, rating and potential debt to the Company. If a reinsurer is not willing to post collateral then their line size may be reduced to an acceptable level in accordance with their applicable rating and capital.

The table below provides details of the credit rating by asset class.

2023	**AAA $'000**	**AA $'000**	**A $'000**	**BBB $'000**	**BB or less $'000**	**Not rated $'000**	**Total $'000**
Shares and other variable yield securities and unit trusts	-	-	-	-	-	579,005	579,005
Debt securities	395,106	745,704	9,128	-	-	23,473	1,173,411
Short term investments	61,745	-	-	-	-	-	61,745
Money market funds	51,553	-	-	-	-	-	51,553
Deposits with credit institutions	-	16,670	160,265	9,671	-	-	186,606
Reinsurers' share of claims outstanding	11,208	172,651	490,081	-	-	15,756	689,696
Reinsurance debtors	3,502	53,941	153,117	-	-	4,923	215,483
Total credit risk	**523,114**	**988,966**	**812,591**	**9,671**	**-**	**623,157**	**2,957,499**

2022	**AAA $'000**	**AA $'000**	**A $'000**	**BBB $'000**	**BB or less $'000**	**Not rated $'000**	**Total $'000**
Shares and other variable yield securities and unit trusts	-	-	-	-	-	432,531	432,531
Debt securities	612,120	123,496	-	-	-	-	735,616
Short term investments	38,598	-	-	-	-	-	38,598
Money market funds	87,981	-	-	-	-	-	87,981
Deposits with credit institutions	-	6,274	391,088	27,437	9	-	424,808
Reinsurers' share of claims outstanding	1,492	177,925	365,292	-	-	4,745	549,454
Reinsurance debtors	630	75,191	154,372	-	-	2,005	232,198
Total credit risk	**740,821**	**382,886**	**910,752**	**27,437**	**9**	**439,281**	**2,501,186**

Assets not contained in the above table include: reinsurers' share of unearned premium, debtors arising out of direct insurance operations, deferred acquisition costs and other debtors. These assets have been excluded from the table as credit ratings are not readily ascertainable.

e) Liquidity Risk

Liquidity Risk is the risk that sufficient liquid financial resources are not maintained to meet liabilities as they fall due. The Company monitors the projected settlement of liabilities and, in conjunction with MGAM, sets guidelines on the composition of the portfolio in order to manage this risk.

The average duration of liabilities is 3.3 years (2022, 3.7 years). The duration of the Company's investment portfolio is managed to match the expected cash outflows on liabilities.

The liquidity position is monitored quarterly against the risk appetite, and each year liquidity stress tests are undertaken to consider possible liquidity pressures which could arise following a significant natural catastrophe, including trust fund requirements. These tests are considered by the Risk & Capital Committee in order to determine that liquidity risk has been mitigated to a satisfactory level.

The table below provides details of debt securities by effective maturity date.

	1 year or less $'000	1-5 years $'000	5-10 years $'000	10-20 years $'000	20+ years $'000	Total $'000
2023	34,319	700,730	386,593	43,183	8,586	1,173,411
2022	128,624	315,352	240,561	51,079	-	735,616

f) Capital Risk

Capital risk is the risk of failing to hold sufficient capital to meet regulatory or rating agency requirements, inefficient allocation of capital, or failure to obtain adequate return on capital.

There is a quarterly process whereby the capital team model held capital against the requirements for the Company and report the results to the Risk & Capital Committee. There is also a margin of capital which is held in excess of the requirements and regular engagement with the regulators and rating agencies.

Capital management

The Company is a regulated undertaking and subject to supervision by the PRA under the Financial Services and Markets Act 2000 and in accordance with the Solvency II regulations. The Company actively manages capital to ensure that it can continually meet its regulatory capital requirements while also maintaining sufficient capital to retain financial strength. Management monitor the performance of all aspects of the business to ensure profitability is managed against risks and that the financial and capital position of the Company is not compromised.

g) Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Key controls that mitigate each risk on our risk register have been identified together with an appropriate control owner. Each quarter the control owner is required to confirm that the controls they are responsible for have been in place and operating effectively during the previous quarter. Controls relating to the production of financial information, which is governed by the Sarbanes Oxley Act, applicable to the Company due to being a subsidiary of a US parent company, are tested annually by our Internal Audit team. Senior managers are also required to answer a quarterly questionnaire designed to identify whether there are any changes to processes, or any events which might impact Markel's Financial Statements. Each quarter's confirmation process is summarised by Risk Management in a memo to the President, the Finance Director, the Chief Operating Officer and the Chief Underwriting Officer.

An Incident Log (including Operational Losses and Near Misses) has been compiled. This records and quantifies losses and "near misses" arising from or exacerbated by failure of people, processes and systems as well as those caused by external (non-insurance) events, and assists in identifying Risk Events, Key Risk Indicators and also controls which would mitigate a recurrence of such losses.

The Chief Risk Officer reports on a number of areas of Operational Risk at the quarterly Risk & Capital Committee and material issues are summarised to the Board.

Group risk falls under Operational Risk and is the risk that actions or events within one part of Markel adversely affect the Company.

It is considered that being part of a larger, experienced insurance group, with considerable financial resources and sound reputation, is a strength. MINT has a number of controls, such as internal committees that consider the interests of the Company and other MINT legal entities and endeavour to communicate the MINT perspective to Markel, with whom an excellent relationship is enjoyed.

The risk of the Company being part of MINT is also considered. The policy is always to consider the interests of the Company, and this single risk strategy, risk management approach, operational procedures and standards are effective in ensuring that each entity is treated equitably.

4 Analysis of underwriting result

a) Analysis of business by class

2023	Gross Written Premiums $'000	Gross Earned Premiums $'000	Gross Claims Incurred $'000	Gross Operating Expenses $'000	Reinsurance Balance $'000	Total $'000
Direct Insurance						
Marine, aviation and transport	250,492	279,949	(288,234)	(66,522)	56,713	(18,094)
Fire and other damage to property	44,781	43,102	(13,125)	(19,852)	(6,165)	3,960
Third party liability	427,518	409,624	(198,615)	(135,963)	12,799	87,845
Miscellaneous	199,960	195,730	(98,744)	(67,720)	(28,464)	802
Total Direct	**922,751**	**928,405**	**(598,718)**	**(290,057)**	**34,883**	**74,513**
Reinsurance	347,519	304,537	(157,069)	(82,014)	(34,755)	30,699
Total	**1,270,270**	**1,232,942**	**(755,787)**	**(372,071)**	**128**	**105,212**

2022	Gross Written Premiums $'000	Gross Earned Premiums $'000	Gross Claims Incurred $'000	Gross Operating Expenses $'000	Reinsurance Balance $'000	Total $'000
Direct Insurance						
Marine, aviation and transport	313,753	296,516	(276,988)	(68,783)	37,533	(11,722)
Fire and other damage to property	43,505	38,675	(856)	(15,880)	(18,222)	3,717
Third party liability	394,185	363,096	(169,819)	(114,607)	(22,381)	56,289
Miscellaneous	194,626	169,172	(73,936)	(42,684)	(27,333)	25,219
Total Direct	**946,069**	**867,459**	**(521,599)**	**(241,954)**	**(30,403)**	**73,503**
Reinsurance	249,803	203,635	(126,853)	(53,661)	(13,787)	9,334
Total	**1,195,872**	**1,071,094**	**(648,452)**	**(295,615)**	**(44,190)**	**82,837**

b) Analysis of premium by geographic area by destination:

	Gross Written Premiums	
	2023 $'000	**2022 $'000**
United States	231,473	279,511
United Kingdom	672,177	629,169
Europe (excluding UK)	51,943	50,964
Rest of the world	310,814	233,479
Canada	3,863	2,749
Total	**1,270,270**	**1,195,872**

Analysis of premium by geographic area by origin:

	Gross Written Premiums		Profit Before Taxation	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
United Kingdom				
Direct	811,944	746,004	131,278	128,850
United States				
Direct	36,607	130,501	(41,315)	(50,725)
Rest of World				
Direct	3,199	1,230	(1,540)	375
Europe (excluding UK)				
Direct	71,001	68,334	(13,910)	(4,997)
	922,751	**946,069**	**74,513**	**73,503**
Reinsurance			30,699	9,334
Investment return			137,246	(75,686)
Impairment loss on subsidiary			-	(1,678)
Foreign exchange gains/(losses)			(1,194)	6,543
Profit on ordinary activities before taxation			**241,264**	**12,016**

Direct insurance written in the United States comprises Excess and Surplus Lines business written in those states where the Company is an authorised insurer.

5 Movement in prior year's provision for claims outstanding

The Company experienced a net favourable loss development in the year of $63.5m (2022, $88.9m). This release is a result of more favourable claims development than originally anticipated, including $12.3m of improvement in losses related to prior year catastophes, and the work of our claims department in dealing with claims in an expeditious manner.

6 Net operating expenses

	2023 $'000	**2022 $'000**
Acquisition costs	219,710	212,824
Change in deferred acquisition costs	(2,954)	(28,762)
Administrative expenses	155,315	111,553
Gross operating expenses	**372,071**	**295,615**
Reinsurance commissions and profit participation	(31,710)	(12,551)
Net operating expenses	**340,361**	**283,064**

Included in administrative expenses is auditors remuneration of $686k (2022, $562k).

	2023 $'000	2022 $'000
Audit of the Financial Statements	534	446
Audit related assurance services	152	116
Total	**686**	**562**

Total commissions for direct insurance accounted for during the year amounted to $166.3m (2022, $173.6m).

7 Investment income

	2023 $'000	2022 $'000
Income from investments	47,794	28,880
Gains on the realisation of investments	12,695	5,683
Total	**60,489**	**34,563**

8 Investment expenses and charges

	2023 $'000	2022 $'000
Investment management expenses, including interest	7,430	5,636
Amortisation of fixed interest securities	(1,226)	3,315
Losses on the realisation of investments	1,276	12
Total	**7,480**	**8,963**

9 Investment return

	2023 $'000	2022 $'000
Investment income	60,489	34,563
Investment expenses and charges	(7,480)	(8,963)
Unrealised gains/(losses) on investments	84,237	(101,286)
Return on investments	**137,246**	**(75,686)**

10 Profit on ordinary activities before taxation

	2023 $'000	2022 $'000
Profit on ordinary activities before taxation is stated after charging:		
Rentals under operating leases - land and buildings	-	527

11 Taxation

a) Analysis of charge for the year

Total taxation charge in the Income Statement: Non-Technical Account.

	2023 $'000	2022 $'000
Current Taxation		
Current tax charge on profit for the period - UK corporation tax	53,845	2,431
Current tax charge on profit for the period - US corporation tax	11,852	22,443
Current tax credit on profit for the period - US corporation tax settled by Markel Group under the tax sharing agreement	(11,852)	(22,443)
Adjustment in respect of prior periods	302	(20)
Total current tax charge	**54,147**	**2,411**
Deferred Taxation		
Origination and reversal of timing differences	932	(916)
Adjustment in respect of prior periods	1	(2)
Rate change	-	-
Deferred tax charge on profit for the period - US corporation tax	(8,656)	(19,603)
Deferred tax credit on profit for the period - US corporation tax settled by Markel Group under the tax sharing agreement	8,656	19,603
Total deferred tax credit	**933**	**(918)**
Taxation charge on profit on ordinary activities	**55,080**	**1,493**

b) Factors affecting the taxation charge for the year

The taxation charge assessed for the year is lower (2022, lower) than the standard rate of corporation taxation in the UK of 23.50% (2022, 19.00%). The differences are explained below:

	2023 $'000	2022 $'000
Profit on ordinary activities before taxation	241,264	12,016
Profit on ordinary activities multiplied by standard effective rate of corporation taxation in the UK of 23.50% (2022, 19.00%)	56,697	2,283
Effects of		
Dividend income not taxable	(1,986)	(927)
US corporation tax	11,852	22,443
US corporation tax settled by Markel Group under the tax sharing agreement	(11,852)	(22,443)
Other permanent differences	10	20
Prior year adjustment	303	(22)
Tax rate differential	56	(220)
Rate change	-	-
Impairment expenses not taxable	-	319
Other	-	40
Total tax charge for the year	**55,080**	**1,493**

The Company has made an election in accordance with IRS code §953(d) to be treated as a US company for US tax purposes effective as of 1 January 2018. The current statutory tax rate for US corporate income tax purposes is 21%. The Company has entered into a tax sharing agreement with Markel, under which Markel has agreed to bear the net US tax expense generated by the Company, effective as of 1 January 2018.

The Organization for Economic Co-operation and Development ("OECD") recently introduced rules, commonly referred to as Pillar Two, to establish a 15% global corporate minimum tax on large, multi-national enterprises. Certain countries in which the Markel group have operations, including the United Kingdom, have enacted legislation consistent with Pillar Two, which generally becomes effective on January 1, 2024. We do not expect Pillar Two to have a material impact on our results of operations, financial condition or cash flows, however, we will continue to evaluate these tax law changes as additional guidance is issued by the OECD and relevant tax authorities.

12 Directors' remuneration

The Directors' remuneration is paid by Markel International Services Limited ("MISL") to Directors for their services to the Company. The following remuneration was their calculated apportionment to the Company:

	2023 £	2022 £
Aggregate remuneration	1,593,056	1,211,838

During 2023 Retirement benefits were accruing to two Directors under defined contribution pension schemes (2022, two) and to two Directors under a defined benefit scheme (2022, two).

In February 2024, 644 Markel shares were awarded to four Directors vesting on 31 December 2026 based on continuous employment to that date.

Highest paid Director

	2023 £	2022 £
Aggregate remuneration and benefits under long term incentives (excluding gains on exercise of share options and value of shares received)	476,051	372,333

The highest paid Director did not participate in the defined benefit scheme.

In February 2024, 322 Markel shares were awarded to the highest paid Directors vesting on 31 December 2026 based on continuous employment to that date.

13 Staff numbers and costs

Staff are employed by Markel International Services Limited ("MISL"). For a full breakdown of employment costs, please refer to the Annual Report and Financial Statements of MISL.

14 Investments

Investments in subsidiaries and participating interests

	Carrying Value		Cost	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Shares in subsidiaries at beginning of year	3,112	4,790	8,538	8,538
Capital contribution	1,240	-	1,240	-
Impairment loss on subsidiary	-	(1,678)	-	-
Shares in subsidiaries at end of year	**4,352**	**3,112**	**9,778**	**8,538**

An additional Capital contribution was made in the year to Markel Syndicate Management Limited.

Set out below are the Company's interests in other group companies as at 31 December 2023.

Name of Company	Country of Registration	Holding	Nature of Business
Markel Syndicate Management Limited	England and Wales	100% Ordinary Shares	Underwriting Agent
Markel International Services (Delaware) Limited	United States of America	100% Ordinary Shares(1)	Holding Company
Markel Services India Private Limited	India	0.0007% Ordinary Shares (1)	Insurance Agent Service Company
Markel International Services Limited	England and Wales	100% Ordinary Shares(2)	Expense Services

(1) held by Markel Syndicate Management Limited
(2) held by Markel International Services (Delaware) Limited

The registered office for Markel Syndicate Management Limited and Markel International Services Limited is 20 Fenchurch Street, London, EC3M 3AZ. The registered office for Markel Services India Private Limited is Level 6, 4th North Avenue, Maker Maxity Bandra Kurla Complex, Bandra (East) Mumbai, Mumbai City 400051. The registered office for Markel International Services (Delaware) Limited is 1209 Orange Street, Wilmington, Delaware 19801.

Other listed financial investments

	Carrying Value		Cost	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Shares and other variable yield securities and units in unit trusts	579,005	432,531	338,880	281,374
Debt securities and other fixed income securities	1,173,411	735,616	1,191,150	755,246
Short term investments (debt securities and commercial paper)	61,745	38,598	61,745	38,598
Total	**1,814,161**	**1,206,745**	**1,591,775**	**1,075,218**

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Shares and other variable yield securities and units in unit trusts	579,005	-	-	579,005
Short term investments	61,745	-	-	61,745
Total	**640,750**	**-**	**-**	**640,750**

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Shares and other variable yield securities and units in unit trusts	432,217	314	-	432,531
Short term investments	38,598	-	-	38,598
Total	**470,815**	**314**	**-**	**471,129**

The debt and other fixed income securities which are shown at amortised cost are analysed below:

	2023 $'000	2022 $'000
Cost	1,191,150	755,246
Cumulative amortisation	(17,739)	(19,630)
Amortised cost	1,173,411	735,616
Market Value	1,152,079	692,374

The redemption value of investments held at the year end was $3.6m lower (2022, $23.9m lower) than the amortised cost.

Cash and Cash Equivalents

	2023 $'000	2022 $'000
Money market funds	51,553	87,981
Deposits with credit institutions	186,606	424,808
Total	**238,159**	**512,789**

Included within Cash and Investments are restricted assets of $343.8m (2022, $152.8m).

15 Debtors arising out of direct insurance operations and reinsurance operations

	Direct Insurance Operations		Reinsurance Operations	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Amounts owed by fellow Markel subsidiaries	-	9,916	5,758	16,100
Amounts owed by intermediaries	261,713	249,141	209,725	216,098
Total	**261,713**	**259,057**	**215,483**	**232,198**

16 Deferred taxation

The provision for deferred taxation has been made on a full provision basis. The deferred taxation asset comprises amounts arising on:

	2023 $'000	2022 $'000
Difference between accumulated depreciation and capital allowances	48	58
Total asset	**48**	**58**

The movement in the deferred taxation liability during the year is as follows:

	Deferred Tax Asset 2023 $'000	Pension Tax Liability 2023 $'000	Total 2023 $'000	Total 2022 $'000
At beginning of year	58	(15,803)	**(15,745)**	**(8,289)**
Income Statement credit - current	(10)	(922)	**(932)**	**916**
Income Statement credit - prior and rate change	-	(1)	**(1)**	**2**
Movement in Statement of Comprehensive Income	-	(83)	**(83)**	**(8,374)**
At end of year	**48**	**(16,809)**	**(16,761)**	**(15,745)**

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. Following the substantive enactment of this new law on 24 May 2021, deferred taxation in respect of timing differences expected to reverse in 2023 and subsequent years has been calculated at a deferred tax rate of 25% (2022, 25%), which is consistent with the deferred tax rate applied in the consolidated accounts of Markel.

No deferred tax asset is recognised in respect of aggregate cumulative unrelieved tax losses of $12.8m (2022, $5.5m) in the Company’s overseas branches due to the uncertainty of sufficient taxable income being generated in the branches in the foreseeable future, primarily as a result of the establishment of Markel Insurance Societas Europaea ("MISE") and its branch network. MISE was established as a regulated insurance carrier in Munich, Germany in response to the UK's decision to leave the European Union. On 29 March 2019 the UK High Court approved the transfer of the Company's legacy EEA exposures, claims and policies to MISE to provide certainty for the Company's policyholders if the Company were to be prevented from paying claims and administering policies post Brexit. Since this date the Company has ceased writing business through its branch operations in Spain, Netherlands and Germany.

17 Other debtors

	2023 $'000	2022 $'000
Amounts owed by fellow Markel subsidiaries	55,977	3,817
Other debtors	2,511	746
Total	**58,488**	**4,563**

18 Share capital and reserves

The share capital of the Company is as follows:

Called up, allotted and fully paid

	2023 $'000	2022 $'000
26,720,259 ordinary shares of $10.00, at end of year	**267,202**	**267,202**

The Other Reserve is in relation to the merger of Markel Europe plc that was effective on 1 July 2015.

19 Technical provisions

The Company has considered long-tail claims, including environmental and latent injury claims, in establishing the liability for claims outstanding. The Company believes it has established adequate provisions for such claims, although the ultimate liability may be more or less than the reserves actually held by the Company, and considers that were future losses associated with those claims to arise, they would not have a material adverse impact on the financial position of the Company.

	2023			2022		
Provision for claims outstanding	**Gross $'000**	**Reinsurance $'000**	**Net $'000**	**Gross $'000**	**Reinsurance $'000**	**Net $'000**
At 1 January	1,648,212	(549,454)	1,098,758	1,456,221	(550,744)	905,477
Movement in provision	314,901	(131,189)	183,712	268,317	(11,888)	256,429
Movement due to foreign exchange	37,732	(9,053)	28,679	(76,326)	13,178	(63,148)
Total movement in reserves	352,633	(140,242)	212,391	191,991	1,290	193,281
At 31 December	**2,000,845**	**(689,696)**	**1,311,149**	**1,648,212**	**(549,454)**	**1,098,758**

	2023			2022		
Provision for unearned premiums	**Gross $'000**	**Reinsurance $'000**	**Net $'000**	**Gross $'000**	**Reinsurance $'000**	**Net $'000**
At 1 January	470,514	(86,535)	383,979	368,902	(58,553)	310,349
Movement in provision	37,328	(3,817)	33,511	124,778	(30,043)	94,735
Movement due to foreign exchange	13,008	(1,497)	11,511	(23,166)	2,061	(21,105)
Total movement in reserves	50,336	(5,314)	45,022	101,612	(27,982)	73,630
At 31 December	**520,850**	**(91,849)**	**429,001**	**470,514**	**(86,535)**	**383,979**

Deferred acquisition costs	**2023 $'000**	**2022 $'000**
At 1 January	83,787	59,142
Change in deferred acquisition costs	2,954	28,762
Movement due to foreign exchange	2,263	(4,117)
At 31 December	**89,004**	**83,787**

The following gross and net loss tables have been revalued to reflect the current year end rates of exchange.

Gross outstanding claims provision as at 31 December 2023
Before the effect of reinsurance, the loss development table is:

Underwriting year	**Prior years $'000**	**2014 $'000**	**2015 $'000**	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**2021 $'000**	**2022 $'000**	**2023 $'000**	**Total $'000**
Estimate of cumulative claims incurred												
At end of underwriting year		186,730	141,520	140,624	323,711	242,738	224,298	238,814	302,127	379,869	340,875	
One year later		345,144	296,538	256,297	498,770	335,618	518,859	416,483	592,809	778,270		
Two years later		300,882	282,135	233,699	413,321	331,697	421,863	409,106	626,457			
Three years later		308,293	272,759	200,359	432,311	318,978	393,724	396,954				
Four years later		291,894	250,930	201,673	434,892	332,718	390,125					
Five years later		272,957	253,230	211,465	429,243	345,140						
Six years later		291,332	247,085	214,756	434,371							
Seven years later		289,872	239,625	212,860								
Eight years later		286,709	258,798									
Nine years later		277,635										
Cumulative paid claims												
At end of underwriting year		5,631	(9,010)	(12,466)	(44,593)	(11,625)	(23,825)	(27,500)	(22,876)	(29,295)	(13,223)	
One year later		(49,914)	(45,185)	(42,072)	(175,403)	(91,182)	(120,527)	(145,982)	(112,013)	(160,307)		
Two years later		(106,520)	(94,906)	(80,876)	(248,966)	(150,838)	(213,969)	(218,976)	(186,621)			
Three years later		(145,203)	(125,687)	(103,420)	(312,457)	(179,460)	(267,641)	(274,568)				
Four years later		(161,435)	(148,641)	(111,946)	(333,673)	(218,264)	(290,041)					
Five years later		(193,274)	(182,512)	(120,791)	(350,164)	(278,523)						
Six years later		(205,369)	(190,756)	(143,130)	(369,059)							
Seven years later		(215,293)	(198,583)	(153,555)								
Eight years later		(219,871)	(200,385)									
Nine years later		(225,574)										
Total outstanding claims provision per the Statement of Financial Position	**91,216**	**52,061**	**58,413**	**59,305**	**65,312**	**66,617**	**100,084**	**122,386**	**439,836**	**617,963**	**327,652**	**2,000,845**

Net outstanding claims provision as at 31 December 2023

After the effect of reinsurance, the loss development table is:

Underwriting year	Prior years $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	Total $'000
Estimate of cumulative claims incurred												
At end of underwriting year		113,744	107,527	110,205	267,386	163,522	163,736	168,338	219,344	287,049	267,474	
One year later		223,717	205,550	189,761	406,047	223,464	390,571	285,403	462,428	560,554		
Two years later		189,007	179,269	136,945	312,297	216,967	290,021	268,543	472,061			
Three years later		192,052	162,592	121,364	314,175	210,528	273,338	262,549				
Four years later		184,801	147,511	121,253	312,517	201,235	270,633					
Five years later		172,361	152,057	135,635	306,969	206,489						
Six years later		184,437	147,172	134,597	301,745							
Seven years later		193,910	143,329	132,891								
Eight years later		190,253	148,360									
Nine years later		184,753										
Cumulative paid claims												
At end of underwriting year		7,252	(8,163)	(12,454)	(43,436)	(11,323)	(13,491)	(19,659)	(21,868)	(27,069)	(12,634)	
One year later		(20,883)	(43,109)	(24,736)	(162,195)	(67,032)	(98,668)	(78,949)	(84,794)	(115,071)		
Two years later		(64,610)	(87,491)	(60,303)	(216,293)	(113,648)	(166,569)	(128,006)	(146,011)			
Three years later		(90,962)	(108,375)	(74,887)	(255,371)	(137,453)	(205,262)	(167,323)				
Four years later		(106,075)	(117,697)	(80,566)	(272,691)	(154,358)	(229,499)					
Five years later		(121,193)	(125,097)	(89,243)	(277,204)	(182,627)						
Six years later		(131,357)	(131,655)	(98,829)	(294,046)							
Seven years later		(135,234)	(134,955)	(106,121)								
Eight years later		(137,085)	(136,926)									
Nine years later		(159,080)										
Total outstanding claims provision per the Statement of Financial Position	**52,978**	**25,673**	**11,434**	**26,770**	**7,699**	**23,862**	**41,134**	**95,226**	**326,050**	**445,483**	**254,840**	**1,311,149**

An adjustment has been made to correct the misallocation of a sub-set of incurred claims in the claims development tables disclosed in the 2022 financial statements. These claims have been reallocated from the 2018 underwriting year to the correct underwriting years. The cumulative paid claims and the total outstanding claims provisions presented in the table were unaffected.

20 Discounted claims

The claims relating to Periodical Payment Orders ("PPOs") have been discounted as follows:

	Discount rates		Mean term of liabilities	
Class of business	**2023**	**2022**	**2023**	**2022**
Motor	3.0%	3.0%	27.6 years	37.2 years

The period that will elapse before claims are settled is determined using adjusted mortality tables.

In March 2023 the Company entered into a deal with Marco Capital Ltd for the LPT in relation to its UK Motor PPO portfolio. As a result the UK Motor PPO portfolio is now fully reinsured, resulting in no remaining net claims provisions for the Company.

The claims provisions relating to PPOs before discounting are as follows:

	2023 $'000	**2022 $'000**
Total claims provisions before discounting	25,906	25,123
Reinsurers' share of total claims provisions before discounting	(25,906)	-
Net claims provisions before discounting	**-**	**25,123**
Discount credit	(17,004)	(16,199)
Reinsurers' share of discount credit	17,004	-
Net claims provisions post discounting	**-**	**8,924**

21 Creditors arising out of direct insurance operations and reinsurance operations

	Direct Insurance Operations		**Reinsurance Operations**	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Amounts owed to other Markel subsidiaries	1,342	1,341	18,405	8,647
Amounts owed to intermediaries	46,054	98,777	143,694	120,910
Total	**47,396**	**100,118**	**162,099**	**129,557**

22 Other creditors, including taxation and social security

	2023 $'000	2022 $'000
Current taxation	14,554	2,584
Other creditors	33,952	12,895
Total	**48,506**	**15,479**

Balances payable to other creditors fall due for payment within one year of the reporting date.

23 Pension Scheme

The Company contributes to a pension scheme (the "Terra Nova Insurance Company Limited Pension and Life Assurance Scheme") providing benefits based on final pensionable pay. On 11 November 2008 an agreement was signed resulting in a bulk transfer of assets and liabilities (amounting to £11.5m) from the Lloyd's Superannuation Fund ("LSF") into the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme ("the Scheme"). With effect from that date, the Scheme was divided into two legally segregated sections: the "TN Fund" and the new "LSF Fund".

The contributions to this defined benefit scheme are determined by the Company with agreement of the Trustee and in conjunction with an independent qualified actuary.

The contribution to the Scheme for the period was $Nilm (2022, $0.4m). The assets of the Scheme are held separately from those of the Company, being invested in listed United Kingdom and overseas equities, fixed interest securities and cash deposits. An escrow agreement has been put in place which requires the Company to make additional contributions to the LSF Fund should the Company's AM Best credit rating fall below A-.

A full actuarial valuation was carried out at 30 September 2021, which showed that the market value of the Scheme's assets was £177.3m. This actuarial valuation determined that the assets of the scheme at the valuation date represented 113% of the accrued liabilities based on the projected final pensionable salaries. This was equivalent to a surplus of £23.9m.

The Company will meet the cost of any augmentations to members' benefits as they fall due and the Company will meet the administrative expenses of operating the Scheme and the Pension Protection Fund Levy. The Scheme is closed to new members.

On 1 April 2012, the Company closed the Scheme to future service accrual. Those employees affected were invited to join the Markel International Pension Scheme. In accordance with paragraph 28.22 of FRS102, the Company is of the view that it is able to recognise a Scheme surplus as a defined benefit plan asset as it believes it will be able to recover the surplus in line with paragraphs 11(b) and 12 of IFRIC 14, via a gradual settlement of liabilities. At 31 December 2023 there was a gross surplus of $67.2m ($50.4m net of deferred tax liability) on the Scheme that has been recognised in the accounts.

An independent actuarial FRS102 valuation of both the TN Fund and the LSF Fund was carried out as at 31 December 2023 using the projected unit method.

The principal assumptions used by the actuary were:

	2023	2022	2021
Discount rate	4.80%	5.00%	1.80%
Inflation assumption (RPI)	3.10%	3.20%	3.35%
Deferred pension revaluation (CPI)	2.50%	2.50%	2.65%
Salary increase assumption	3.25%	3.25%	3.40%
Main pension increase assumption (RPI max 5% p.a.)	2.90%	3.00%	3.20%

The assumed life expectancies on retirement at age 65 are:

	LSF Fund 2023	TN Fund 2023	LSF Fund 2022	TN Fund 2022
Current pensioners:				
Men	24.2	24.7	24.0	24.5
Women	26.1	26.7	25.9	26.6
Future pensioners:				
Men	25.1	25.6	24.9	25.4
Women	26.8	27.2	26.6	27.1

The assets in the Scheme were:

	LSF Fund 2023 $'000	TN Fund 2023 $'000	LSF Fund 2022 $'000	TN Fund 2022 $'000
Equities	-	-	13,312	60,390
Debt securities	36,810	140,893	17,179	61,356
Other	-	-	3,794	15,137
Cash	227	6,622	103	461
Total market value of assets	37,037	147,515	34,388	137,344
Actuarial value of liability	(24,776)	(92,541)	(22,443)	(86,075)
Surplus in the Scheme	12,261	54,974	11,945	51,269
Related deferred tax liability	(3,065)	(13,744)	(2,986)	(12,817)
Net Pension Asset	**9,196**	**41,230**	**8,959**	**38,452**

The equity and bond investments which are held in Scheme assets are quoted and are valued at the current bid price.

Reconciliation of present value of Scheme liabilities	Total 2023 $'000	LSF Fund 2023 $'000	TN Fund 2023 $'000	Total 2022 $'000	LSF Fund 2022 $'000	TN Fund 2022 $'000
At beginning of year	**108,518**	22,443	86,075	**210,177**	43,476	166,701
Movement due to foreign exchange	**6,329**	1,309	5,020	**(23,356)**	(4,833)	(18,523)
Revalued opening position	**114,847**	23,752	91,095	**186,821**	38,643	148,178
Current service cost	**-**	-	-	**382**	382	-
Interest cost	**5,609**	1,170	4,439	**3,324**	690	2,634
Benefits paid	**(5,376)**	(719)	(4,657)	**(4,392)**	(668)	(3,724)
Actuarial gain	**2,237**	573	1,664	**(77,617)**	(16,604)	(61,013)
At end of year	**117,317**	**24,776**	**92,541**	**108,518**	**22,443**	**86,075**

Reconciliation of fair value of Scheme assets	Total 2023 $'000	LSF Fund 2023 $'000	TN Fund 2023 $'000	Total 2022 $'000	LSF Fund 2022 $'000	TN Fund 2022 $'000
At beginning of year	**171,732**	34,388	137,344	**243,608**	47,475	196,133
Movement due to foreign exchange	**10,018**	2,006	8,012	**(27,068)**	(5,276)	(21,792)
Revalued opening position	**181,750**	36,394	145,356	**216,540**	42,199	174,341
Income on plan assets	**8,938**	1,798	7,140	**3,861**	757	3,104
Employer contributions	**-**	-	-	**384**	384	-
Benefits paid	**(5,376)**	(719)	(4,657)	**(4,392)**	(668)	(3,724)
Actuarial (loss)/gain	**(760)**	(436)	(324)	**(44,661)**	(8,284)	(36,377)
At end of year	**184,552**	**37,037**	**147,515**	**171,732**	**34,388**	**137,344**

Scheme assets do not include any of the Company's own financial instruments or any property occupied by the Company.

The income on plan assets is determined by considering returns available on the assets underlying the current investment policy. Yields on fixed interest investments are based on discount rate. Return on equities reflect the long term real rates of return experienced in the market. The actual return on Scheme assets in the year was a gain of $8.2m (2022, loss of $40.8m)

Movement in surplus during the year	Total 2023 $'000	LSF Fund 2023 $'000	TN Fund 2023 $'000	Total 2022 $'000	LSF Fund 2022 $'000	TN Fund 2022 $'000
Surplus in the Scheme at the beginning of the year	**63,214**	11,945	51,269	**33,431**	3,999	29,432
Movement due to foreign exchange	**3,689**	697	2,992	**(3,712)**	(443)	(3,269)
Revalued opening position	**66,903**	12,642	54,261	**29,719**	3,556	26,163
Movement in the year:						
Employer contributions	**-**	-	-	**384**	384	-
Current service costs	**-**	-	-	**(382)**	(382)	-
Net return on assets	**3,329**	628	2,701	**537**	67	470
Actuarial gain	**(2,997)**	(1,009)	(1,988)	**32,956**	8,320	24,636
Surplus in the Scheme at the end of year	**67,235**	**12,261**	**54,974**	**63,214**	**11,945**	**51,269**
Related deferred tax liability	**(16,809)**	(3,065)	(13,744)	**(15,803)**	(2,986)	(12,817)
Net Pension Asset	**50,426**	**9,196**	**41,230**	**47,411**	**8,959**	**38,452**

The actuarial gain recognised on the pension scheme is $3.0m (2022, gain of $33.0m). The movement on deferred tax relating to the pension asset is a credit of $0.1m (2022, credit of $8.4m).

Analysis of amount recognised in Statement of Comprehensive Income	**Total 2023 $'000**	**LSF Fund 2023 $'000**	**TN Fund 2023 $'000**	**Total 2022 $'000**	**LSF Fund 2022 $'000**	**TN Fund 2022 $'000**
Return on plan assets excluding interest income	**(760)**	(436)	(324)	**(44,661)**	(8,284)	(36,377)
Changes in assumptions underlying the Scheme liabilities	**1,093**	55	1,038	**78,159**	16,674	61,485
Gain recognised in Statement of Comprehensive Income	**333**	**(381)**	**714**	**33,498**	**8,390**	**25,108**

The cumulative amount of gain recognised in the Statement of Comprehensive Income is $28.1m (2022, gain of $27.8m).

Analysis of net return on Pension Scheme	**2023 $'000**	**2022 $'000**
Income on plan assets	8,938	3,861
Interest on pension liabilities	(5,609)	(3,324)
Net return	**3,329**	**537**

The movement in the deferred taxation liability on the Pension Scheme during the year is as follows:

	2023 $'000	**2022 $'000**
At beginning of year	**(15,803)**	**(8,358)**
Income Statement tax charge - curent	(922)	929
Income statement tax charge - prior rate and change	(1)	-
Tax credit taken to Statement of Comprehensive Income	(83)	(8,374)
At end of year	**(16,809)**	**(15,803)**

An indication of the sensitivity of the pension asset to changes in the most material assumptions is included in the table below. The sensitivity is based on one item changing while all other items are held constant.

	2023 Total $'000	**2023 LSF Fund $'000**	**2023 TN Fund $'000**	**2022 Total $'000**	**2022 LSF Fund $'000**	**2022 TN Fund $'000**
Surplus in the scheme at the end of the year	67,235	12,261	54,974	63,214	11,945	51,269
minus 0.25% discount rate	62,896	11,316	51,580	59,145	11,078	48,067
plus 0.25% discount rate	71,333	13,152	58,181	67,057	12,764	54,293
minus 0.25% inflation rate	70,132	12,897	57,235	66,178	12,527	53,651
plus 0.25% inflation rate	64,231	11,605	52,626	61,058	11,468	49,590
Mortality - 1 year age rating	64,255	11,735	52,520	60,455	11,467	48,988

24 Contingencies and capital commitments

The Company, as the leaseholder of the office in Dublin, had the following commitments to pay rentals, analysed according to the period in which the lease expired. On 9th March 2023, the Dublin lease, and the Company's commitments to pay future rentals, were transferred to Markel Insurance SE.

	2023 $'000	2022 $'000
Expiring within one year	-	527
Expiring between one and five years	-	1,998
Expiring after more than five years	-	-
	-	**2,525**

The Company has outstanding liabilities, covered by certain invested assets, in respect of outstanding letters of credit amounting to $10.4m (2022, $10.4m).

Certain investments are deposited in the UK and overseas, in accordance with local laws and regulations, as security for policyholders.

An escrow agreement was put in place in connection with the LSF Fund section of the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme, whereby the Company is required to make additional contributions to the LSF Fund Section should the AM best credit rating of the Company fall below A-.

25 Related party information

As a qualifying entity, the Company has taken advantage of the exemption not to disclose transactions with other wholly owned subsidiaries of Markel.

During the year, Kalpana Shah was a director of Asta Managing Agency Limited. Various syndicates under the Asta Managing Agency umbrella are reinsurers of the Company, but there is no recoverable balance with any of those syndicates at 31st December 2023.

During the year, John Spencer was a director of Accelerant Insurance UK Limited. The Company has a 100% line on a £5m policy in respect of Accelerant Insurance UK Limited.

26 Ultimate holding company

The Company's immediate parent company is Markel Capital Holdings Limited. The Company's ultimate holding company is Markel Group Inc., which is incorporated in the USA. Copies of the ultimate holding company's consolidated Financial Statements may be obtained from 4521 Highwoods Parkway, Glen Allen, Virginia 23060, USA. The website address is www.markelcorp.com.

27 Events since the reporting date

There have been no material events since the reporting date.