ATRIUM

ATRIUM SYNDICATES 570 & 609

UNDERWRITING YEAR ACCOUNTS FOR THE 2011 YEAR OF ACCOUNT

ATRIUM SYNDICATES 570 & 609 – UNDERWRITING YEAR ACCOUNTS

SYNDICATE 570

SYNDICATE 609

DIRECTORS

Nick Packer Non-Executive Chairman
Steve Cook Managing Director
James Cox Compliance Director
Toby Drysdale Executive Director
Andrew Elliott Non-Executive Director
Ann Godbehere Non-Executive Director
Richard Harries Executive Director
James Lee Executive Director
Nick Marsh Executive Director
Scott Moser Non-Executive Director
Paul O'Shea Non-Executive Director
Samit Shah Executive Director
Kirsty Steward Executive Director
Andrew Winyard Executive Director

ADVISORS

Auditor
Ernst & Young LLP

Solicitors
Clyde & Co LLP
Linklaters

Bankers
Lloyds Banking Group Plc

Investment Managers
GR-New England Asset Management

Company Secretary
Marla Bilicao
Equiniti David Venus Limited

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The Directors of the Managing Agent present their report at 31 December 2013 for the 2011 closed year of account.

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

REVIEW OF THE 2011 CLOSED YEAR OF ACCOUNT

Syndicate 570

The 2011 year of account closed with a profit of £6.8m after standard personal expenses (4.6% of capacity). There is an underwriting surplus of £12.7m attributable to business reinsured into the 2011 year of account. Further details on the underwriting results are included within the Underwriter's Report.

Syndicate 609

The 2011 year of account closed with a profit of £40.1m after standard personal expenses (14.5% of capacity). There is an underwriting surplus of £26.0m attributable to business reinsured into the 2011 year of account. Further details on the underwriting results are included within the Underwriter's Report.

PRINCIPAL RISKS AND UNCERTAINTIES

Governance

The Board recognises the critical importance of having efficient and effective risk management systems in place but also recognises that it can only mitigate risks, and not eliminate them entirely. In preparation for the Solvency II regime, the Board has developed its Own Risk and Solvency Assessment ('ORSA'), comprising the entirety of the processes that it uses to identify, assess, monitor and report the risks faced by its managed syndicates and to determine the capital necessary to mitigate retained risks. Critical to the efficacy of the ORSA are the effective operation of the Risk Management Framework ('RMF') and the Governance Structure. The RMF comprises the so-called "Three Lines of Defence" approach to risk management and reporting.

The RMF is the mechanism through which Atrium ensures it is implementing effective and enterprise wide risk management practices across its business. Key to Atrium's business is the management of risk, return and capital, against which all significant strategic and operational business decisions are evaluated. Over many years Atrium has established systems of governance and risk management that enable it to manage its business prudently. The RMF is the articulation of these systems of risk management and governance and how the various elements interact.

The RMF encompasses the broad range of activities undertaken across the organisational hierarchy to ensure that risks are managed appropriately, spanning from the high level strategy set by the Board to the day to day underwriting decisions being made by syndicate staff and the controls in place to govern these. The RMF can be illustrated as follows:

Strategy: This describes Atrium's strategy setting process and explains how this filters down through the organisation; incorporating the Syndicate's Business Strategy, Risk Strategy, Business Plan, Risk Policy Statement and Risk Policies.

Business Activities: The individual syndicate and Agency business units are responsible for implementing the strategy and business plans in accordance with the framework set out in the risk policies. The people, controls, management information, processes and senior management oversight in place across the business units serve as the "First Line of Defence" in the RMF.

Risk Governance Structure: The Board has established a Risk Governance Structure in order to ensure that risk is appropriately identified, monitored, managed and reported across the organisation; to review the activities of the business units; and to ensure that the RMF is effectively designed, implemented and governed. The Risk Governance Structure is comprised of the Executive Risk Committee ('ERC'), which fulfils the role of Atrium's Risk Management Function, and its three Risk Sub-Committees, discussed further below.

Independent Assurance: Atrium has in place Compliance, Internal Audit and Actuarial Functions in addition to the Risk Management Function (fulfilled by the ERC as referenced in the previous paragraph). These functions have specific responsibilities documented in their terms of reference and are staffed by fit and proper individuals with suitable qualifications, expertise and experience. The activities of these functions seek to provide the Board with assurance as to the appropriateness and effectiveness of the various elements of the RMF, the internal control environment, and the calculation of capital. There are a number of risk management tools which support independent assessment and reporting of risk.

Independent Oversight: The RMF provides for independent oversight and challenge via the operation of the Audit Committee and Risk Committee, both of which are Committees of the Board with membership comprised of Non Executive Directors. The Risk Committee is charged with providing independent oversight and review of Atrium's RMF and its constituent parts whilst the Audit Committee, along with its broader responsibilities for the financial statements and financial reporting process, has oversight of internal controls and the Internal Audit Function.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

Executive Risk Committee
The ERC fulfils the Risk Management Function, and co-ordinates the risk management activities conducted for the Agency's managed syndicates. It is responsible for ensuring that the RMF operates effectively, and for maintaining an aggregated and holistic view of risks to the syndicates and reporting on them to the Board, Committees and management as appropriate.

To support delivery of the ERC's responsibilities, there are three Risk Sub-Committees, each being responsible for oversight, review and challenge of the activities of the syndicates and in particular ensuring that activities are within risk policies, that risks are suitably identified, monitored and reported, and that appropriate contingency plans are in place.

The principal risks to which the syndicates are exposed are discussed below together with the mitigation techniques adopted. For clarity, the risks are analysed by reference to the Risk Sub-Committees that have responsibility for the relevant risk area.

Insurance Risk Sub-Committee (IRSC)
The IRSC is responsible for oversight of insurance risk which includes underwriting, claims, reserving, and reinsurance. Insurance risk includes the risks that the policy might be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events might be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk).

Underwriting risk is mitigated through numerous controls including underwriter peer review, authority limits, line structures, independent review of risks written, and purchase of an appropriate reinsurance programme. The Syndicate Business Forecast is completed annually and stipulates those classes of business and concentration by class that will be written during the forthcoming year. It is reviewed by the IRSC and approved by the Board prior to being submitted to the Lloyd's Franchise Board for approval. Actual performance during the year is monitored by reference to the Syndicate Business Forecast.

Claims risk is mitigated by the syndicates having a defined risk appetite which determines the net loss that it intends to retain for major catastrophe events and where deemed appropriate reinsurance is purchased to limit the impact of losses. Although the likelihood of occurrence is considered to be remote, there may be circumstances where the loss from a particular catastrophe event exceeds the net risk appetite perhaps due to the occurrence of a loss that has not been considered or where the reinsurance purchased proves to be insufficient.

Reserving risk is mitigated by the robust reserve adequacy exercise that is performed on a quarterly basis by the Actuarial Function and approved by the Board. The quarterly exercise involves a review of the paid and outstanding claims and an assessment of the appropriate provision for incurred but not reported (IBNR) claims. The reserves are considered by the IRSC and approved by the Board. The reserving is carried out based on historical development data, the claims environment and information provided by lawyers and third party claims adjusters. Although a thorough review is carried out the reserves carried may be more or less than adequate to meet the final cost of claims.

The IRSC also reviews the proposed reinsurance programmes that are used to protect capital from frequency and severity of losses that may be sustained through underwriting the varied lines of business written. The review includes analysis of the reinsurance cover being purchased and assessment of the proposed counterparties.

Financial Risk Sub-Committee (FRSC)
The FRSC is responsible for oversight of financial risks and the steps taken to mitigate them as they arise from investments, asset/liability management, credit, liquidity and concentration risks. These risks are discussed further below.

Investment risk is the risk that the syndicates' earnings are affected by changes in the value of the investment portfolio; such changes in value may be driven by changes in the economic and political environment and by movements in interest and foreign exchange rates. Atrium manages the syndicates' investments in accordance with investment guidelines established by the Board that are reviewed on a regular basis. The FRSC monitors the performance of the external investment manager and the custodians responsible for the safekeeping of the investments, and reports regularly to the Board.

Asset/liability mis-match is the risk that the syndicate could incur a loss through inadequate matching of its investments with its insurance liabilities. Due to the short-tail nature of the majority of these liabilities, the syndicates do not seek to achieve a precise matching with the investment portfolio, instead developing an investment duration guideline that is broadly in line with the average payment profile of the liabilities. However, the syndicates substantially mitigate exposure to currency mis-match by investing premiums in the currency in which subsequent claims are most likely to be incurred. The majority of the syndicates' business is denominated in US dollars and accordingly the substantial part of the investment portfolio is in US dollars.

The key aspect of credit risk is the risk of default by one or more of the syndicates' reinsurers, their investment counterparties, or insurance intermediaries. Reinsurance is placed with those reinsurers in accordance with the Atrium Policy for the purchase of Reinsurance. The exposure to credit risk in the investment portfolio is mitigated through adherence to the investment guidelines which require the syndicates' investment portfolios to be held in government and corporate debt with a high credit quality rating and with a relatively short duration, thus substantially mitigating the risk of sustaining losses from default. Exposure to intermediaries is mitigated by rigorous review of new intermediaries, contractual terms of business, regulated or segregated client accounts, monitoring of balances and credit control procedures.

Liquidity risk is the risk that the syndicates will not be able to meet their short term liabilities as they fall due, owing to a shortfall in cash. This risk is mitigated through holding invested funds in high credit quality and short duration investments, and cash-flow projections are also reviewed on a regular basis. The need for overdraft facilities in case of unprojected cash flow deficit is also reviewed regularly.

Concentration risk is the exposure to loss that could arise if the bulk of the amounts recoverable by the syndicates was dependent on a limited number of reinsurers, or if investments were restricted to limited numbers of counterparties or sectors. The risk is mitigated by restricting the permitted cessions to individual reinsurers for any one underwriting year and through the investment guidelines which limit exposure to individual investment counterparties and sectors.

Operational Risk Sub-Committee (ORSC)

The ORSC is responsible for oversight of the syndicates' exposures to operational, group and regulatory risks.

Operational risk includes exposure to loss from errors caused by people, processes or systems, group risk and regulatory risks. The agency seeks to manage these risks by operating a control based environment which consists of documented procedures, segregation of duties and appropriate levels of review. Regular reviews are performed by the Internal Audit department to ensure that any deviations from the agency's policies are identified and reported to the appropriate level of management and the Audit Committee when considered necessary.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change, including legal risk. The Agency has a Compliance Officer and team who monitor regulatory developments and assess the impact on agency policy and syndicate activities. They also carry out a compliance monitoring programme.

SOLVENCY II

During the last year further progress has been made by the Agency in implementing Solvency II. Specifically, the Agency has met all the regulatory requirements during 2013 and is working towards incorporating Solvency II within business as usual. The Agency will continue to work closely with the Corporation of Lloyd's to ensure that Atrium remains on track to meet the demands of the Solvency II regime, which is now scheduled to come into force on 1 January 2016.

SYNDICATE MERGER

On 19 July 2011 the Council of Lloyd's granted consent to the Company to implement the merger of Syndicate 570 and Syndicate 609 with effect from the 2012 year of account. We are pleased to announce that the 2011 year of account of Syndicate 570 has been reinsured to close into the 2012 year of account of Syndicate 609 as per the merger document sent to capital providers on 28 April 2011.

GROUP DEVELOPMENTS

On 5 June 2013, Arden Holdings Limited ('AHL') entered into a definitive agreement with Enstar Group Limited subsidiaries ("Enstar") under which Enstar agreed to acquire the entire issued share capital of Atrium Underwriting Group Limited ("Atrium Group"). Enstar subsequently announced on 9 July 2013 that affiliates of Stone Point Capital LLC ("Stone Point") had committed to provide equity capital towards Enstar's previously announced acquisition of the Atrium Group, meaning that following the closing of the transaction Enstar would own 60% of the Atrium Group and Stone Point would own 40%.

The parties to the definitive purchase agreement for the acquisition entered into a deed of variation on 21 November 2013, which provided, among other things, for the payment of a $25.0m pre-completion dividend from Atrium to AHL and a corresponding $25.0m reduction in the purchase price (bringing the total purchase price from $183.0m to $158.0m). The transaction was completed on 25 November 2013. On 25 November 2013 Richard Lutenski stepped down as Chairman of the AUL Board and Nick Packer was appointed in his place. Full details of appointments and resignations during the period are detailed on page 4.

In addition, on 5 June 2013, AHL entered into a definitive agreement under which Enstar agreed to acquire the entire issued share capital of Arden Reinsurance Company Limited ("Arden Re"), which was also a subsidiary of AHL. Arden Re is a Bermuda-based reinsurance company that provides reinsurance to Atrium's corporate name. As with the Atrium Group transaction, Enstar subsequently announced on 9 July that Stone Point would be providing equity capital towards the transaction and would own 40% of Arden Re post closing of the transaction. The two transactions were governed by separate purchase agreements and the acquisition of the Atrium Group was not conditioned on the acquisition of Arden Re. On 9 September 2013, Arden Holdings completed its sale of Arden Re's entire issued share capital to Enstar and Stone Point.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

BOARD AND MANAGEMENT CHANGES

In 2013

2013 saw a number of Board changes at Atrium. James Cox our Compliance Officer joined the Board at the start of the year and Kirsty Steward was appointed Agency Finance Director in January. As mentioned above the Atrium Group was sold during the year with the transaction completing on 25 November 2013 at which point a number of our non-executive Directors stepped down from the board of AUGL to be replaced by Enstar and Stone Point representatives. At the same time Richard Lutenski stepped down as Chairman of the Atrium managing agency, and a number of Enstar representatives were appointed. Finally at the end of the year, Nick Marsh the Director of Underwriting Review and previous Active Underwriter of Syndicate 570 retired.

In 2014

After 14 years as Agency Managing Director Steve Cook informed the Board of his plans to step down from the role during the summer of 2014 to become Deputy Chairman. The Board is pleased to announce that James Lee, the current Chief Operating Officer will be appointed Agency Managing Director with effect from 1 July 2014. At the same time, Steve Cook will also step down from his role as Atrium Group Chief Executive Officer and will be replaced by Richard Harries who will remain as Active Underwriter of Syndicate 609.

Ann Godbehere, an Atrium Non-Executive Director and Audit Committee Chair since 2007, informed the Board of her intention to step down from the role at the end of the 2013 Group and Syndicate year end process. The Board is delighted to announce that Gordon Hamilton will be succeeding Ann in this role (subject to the necessary regulatory approvals) once Ann steps down.

DIRECTORS & OFFICERS

The Directors and Officers of the managing agent who served during the year ended 31 December 2013 were as follows:

Steve Cook
James Cox (appointed effective 4 January 2013)
Toby Drysdale
Andrew Elliott (appointed effective 25 November, 2013)
Ann Godbehere
Richard Harries (Active Underwriter 570 & 609)
James Lee
Scott Moser
Nick Packer (appointed effective 25 November 2013)
Paul O'Shea (appointed effective 25 November, 2013)
Samit Shah
Kirsty Steward (appointed effective 23 January, 2013)
Andrew Winyard
Marla Balicao, Equiniti David Venus Limited (Company Secretary)

The following Directors resigned during the year:

Andrew Baddeley (resigned effective 6 February 2013)
Richard Lutenski (resigned effective 25 November 2013)
Nick Marsh (resigned effective 31 December 2013)

DIRECTORS' INTERESTS

Details of Directors' interests can be found in Note 16 to the accounts.

By order of the Board

Steve Cook
Managing Director
11 March 2014

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the managing agent to prepare syndicate underwriting year accounts at 31 December in respect of any underwriting year which is being closed by reinsurance to close which give a true and fair view of the result of the underwriting year at closure. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005).

In preparing the syndicate underwriting year accounts, the managing agent is required to:

1. select suitable accounting policies which are applied consistently and where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
2. take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
3. make judgements and estimates that are reasonable and prudent; and
4. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the underwriting year accounts.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year accounts comply with the Regulations. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The managing agent is responsible for the maintenance and integrity of the corporate and financial information included on the business website. Legislation in the United Kingdom governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SYNDICATES 570 AND 609 – 2011 CLOSED YEAR OF ACCOUNT

We have audited the Syndicates' underwriting year accounts for the 2011 year of account of Syndicates 570 and 609 for the three years ended 31 December 2013, which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows, the related notes 1 to 16 and the Statement of Managing Agent's Responsibilities. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITES OF THE MANAGING AGENT AND AUDITOR

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 5, the managing agent is responsible for the preparation of the syndicates' underwriting year accounts, under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicates' underwriting year accounts in accordance with the applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE SYNDICATES' UNDERWRITING YEAR ACCOUNTS

An audit involves obtaining evidence about the amounts and disclosures in the syndicate underwriting year accounts sufficient to give reasonable assurance that the syndicates' underwriting year accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the syndicates' underwriting year accounts. In addition we read all the financial and non-financial information in the Underwriting Year Report and Accounts to identify material inconsistencies with the audited underwriting year accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material mis-statements or inconsistencies we consider the implications for our report.

OPINION ON SYNDICATES' UNDERWRITING YEAR ACCOUNTS

In our opinion the syndicates' underwriting year accounts:

- give a true and fair view of the profit for the 2011 closed year of account;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where The Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) requires us to report to you if, in our opinion:

- the managing agent in respect of the syndicate has not kept proper accounting records; or
- the syndicates' underwriting year accounts are not in agreement with the accounting records.

Ernst & Young LLP

Angus Millar (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
12 March 2014

PRINCIPAL ACCOUNTING POLICIES

SYNDICATES 570 AND 609 – 31 DECEMBER 2013

1. BASIS OF PREPARATION

These accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (as amended in December 2006) by the Association of British Insurers.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2011 year of account which has been closed by reinsurance to close as at 31 December 2013.

Consequently the balance sheet represents the assets and liabilities of the 2011 year of account at the date of closure. The profit and loss account and statement of cash flows reflect the transactions for that year of account during the three year period until closure.

These accounts cover the three years from the date of inception of the 2011 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

2. ACCOUNTING POLICIES

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

The 2011 year of account of Syndicate 570 has been reinsured to close into the 2012 year of account of Syndicate 609 following the merger of the two Syndicates.

Premiums Written

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Premiums in respect of insurance contracts underwritten under a binding authority, line slip or consortium arrangement are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

Premiums written are treated as fully earned.

Reinsurance Premium Ceded

Initial reinsurance premiums paid to purchase policies which give excess of loss protection are charged to the year of account in which the protection commences. Premiums for other reinsurances are charged to the same year of account as the risks being protected.

Reinsurance premiums paid to purchase protection in respect of the run-off of syndicate 570's business are charged to the 2011 year of account.

Claims Paid and Related Recoveries

Gross claims paid include internal and external claims settlement expenses and, together with reinsurance recoveries less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

Reinsurance to Close Premium Payable

The net reinsurance to close premium is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectible reinsurance recoveries, relating to the closed year of account and all previous years of account reinsured therein. The estimate of claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date. It also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified.

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

The two most critical assumptions as regards claims estimates are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the estimates of gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the reinsurance to close premium so determined.

PRINCIPAL ACCOUNTING POLICIES

SYNDICATES 570 AND 609 – 31 DECEMBER 2013

Foreign Currencies

Transactions, other than the reinsurance to close, in US Dollars, Canadian Dollars and Euros are translated at the average rates of exchange for the period. Reinsurance to close premiums receivable and payable, and underwriting transactions denominated in other foreign currencies, are included at the rate of exchange ruling at the transaction date.

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

Exchange differences are included in the technical account.

Where Canadian Dollars or Euros are sold or bought relating to the profit or loss of the closed underwriting account after 31 December, any exchange profit or loss arising is reflected in the underwriting account into which the liabilities of that year have been reinsured. Where United States Dollars relating to the profit or loss of a closed underwriting account are bought or sold by members on that year, any exchange profit or loss accrues to those members.

Investments

Investments are stated at current value at the balance sheet date. For this purpose listed investments are stated at market value and deposits with credit institutions are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. The returns on the Joint Asset Trust Funds and Illinois Deposit are allocated to the year of account as notified by Lloyd's. The returns on other assets arising in a calendar year are apportioned to years of account open during the calendar year in proportion to the average funds available for investment on each year of account.

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

Investment return is initially recorded in the non-technical account.

A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

Operating Expenses

Where expenses are incurred by or on behalf of the managing agent on the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicates are apportioned between the agency company and the syndicates on bases depending on the amount of work performed, resources used and the volume of business transacted. Syndicate operating expenses are allocated to the year of account for which they are incurred.

Taxation

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

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicates' during the year are included in the balance sheet under the heading 'other debtors'.

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

Pension Costs

The Atrium Group operates a defined contribution scheme. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

Profit Commission

Profit commission is charged by the managing agent at a rate of 20% of profit subject to the operation of a two year deficit clause. Where profit commission is charged, it is included within members' standard personal expenses within administrative expenses.

UNDERWRITERS REPORT

SYNDICATE 570

I am reporting to you as Active Underwriter Syndicate 570, where my role is to ensure an orderly run off of the syndicate in advance of its RITC into Syndicate 609 and report to you the results of the 2011 Year of Account.

2011 YEAR OF ACCOUNT

I am delighted to report that 570's final Year of Account has closed with a profit of 4.6% after all personal expenses but before members' agent's fees. The investment return was significantly below previous year's returns at £600k for the underwriting year and the US Dollar also moved against us in the final year making the above result all the more laudable.

The gross written income (net of acquisition costs) was £95m which is 66% of capacity.

This is a very pleasing result as the 2011 YOA for the market and 570 was difficult. The property reinsurance account was hit hard by New Zealand and Japanese Earthquakes and the extensive flooding in Thailand. The US Property & Casualty account was affected by the unusually high Tornado activity in the Mid West, some large theft claims and Hurricane Irene. The Accident & Health, Marine, Aviation & Transport and Casualty reinsurance accounts performed very well, whilst the UK Property and Professional Liability were also profitable.

The good news is that the prior years had some positive developments in 2013. We successfully commuted some old reinsurance policies, we settled a large claim from Hurricane Katrina within the reserve and experienced improvement in reinsurance recoveries within the Accident & Health account. These along with a strong overall performance from the back years of the all the remaining classes have turned the previously forecast loss into the solid profit mentioned above. The only area of the account where the reserves needed strengthening prior to the reinsurance to close into 609 was the Italian Notaries.

Investment returns have again been disappointing contributing 0.4% (£0.6m) to the overall result. In a challenging environment the syndicate continued to adopt a defensive strategy investing in short-dated instruments taking exposure only to highly rated debt. The poor absolute returns on the portfolio reflect the impact of the rise in yields on the syndicate's significant USD fixed interest securities during the second quarter.

The 570 and 609 Syndicates are successfully merged and I thank you once again for supporting the combined syndicate.

Richard Harries
Active Underwriter, Syndicate 570
11 March 2014

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT - GENERAL BUSINESS

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

	Notes	£'000
Syndicate allocated capacity		**144,658**
Earned premiums, net of reinsurance		
Gross premiums written	1	143,608
Outward reinsurance premiums		(11,739)
Earned premiums, net of reinsurance		131,869
Reinsurance to close premium received, net of reinsurance		
At transaction rates of exchange		137,473
Revaluation to closing rates of exchange		(1,956)
Reinsurance to close premium received, net of reinsurance at closing rates of exchange	2	135,517
		267,386
Allocated investment return transferred from the non-technical account		596
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		74,703
Reinsurers' share		(5,560)
		69,143
Reinsurance to close premium payable, net of reinsurance	3	134,949
		204,092
Net operating expenses	4	57,107
Balance on the technical account for general business	8	6,783

PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT - GENERAL BUSINESS

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

	Notes	£'000
Balance on the technical account for general business		6,783
Investment income	7	3,846
Unrealised losses on investments		(1,671)
Investment expenses and charges	7	(1,579)
Allocated investment return transferred to general business technical account		(596)
Profit for the 2011 closed year of account		6,783

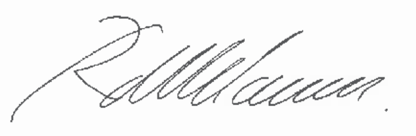
BALANCE SHEET

FOR THE 2011 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2013

	Notes	£'000
Assets		
Investments	9	116,153
Deposits with ceding undertakings		150
Debtors	10	10,012
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	3	6,260
Other assets		
Cash at bank and in hand		2,224
Overseas deposits		24,519
Prepayments and accrued income		14
Total assets		159,332
Liabilities		
Amounts due to members	11	5,873
Reinsurance to close premium payable to close the account - gross amount	3	141,209
Creditors	12	11,303
Accruals and deferred income		947
Total liabilities		159,332

The 2011 closed year underwriting accounts were approved at a meeting of the Board of Directors of Atrium Underwriters Limited, and by the Active Underwriter, on 11 March 2014 and were signed on its behalf by:

Steve Cook
Managing Director
11 March 2014



Richard Harries
Active Underwriter
11 March 2014

STATEMENT OF CASH FLOWS

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

	Notes	£'000
Net cash inflow from operating activities	13	5,221
Transfer to members in respect of underwriting participations		–
Members' agents' fees paid on behalf of members		(910)
	14	4,311
Cash flows were invested as follows:		
Increase in cash holdings	14	2,224
Decrease in overseas deposits	14	(2,099)
Net portfolio investment	14,15	4,186
Net investment of cash flows		4,311

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

1. Segmental Analysis

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

	Gross premiums written (note 1) £'000	Gross claims incurred (note 2) £'000	Gross operating expenses £'000	Reinsurance balance (note 3) £'000	Total £'000
Direct insurance:					
Accident and health	28,728	10,965	14,288	(2,566)	**909**
Motor (third party liability)	140	41	24	18	**93**
Motor (other classes)	4,570	3,315	1,358	(138)	**(241)**
Marine, aviation and transport	15,131	5,983	5,028	(1,928)	**2,192**
Fire and other damage to property	27,480	17,518	11,744	(1,151)	**(2,933)**
Third party liability	45,839	20,806	21,269	(1,453)	**2,311**
Credit and suretyship	1,752	352	564	1,689	**2,525**
	123,640	58,980	54,275	(5,529)	**4,856**
Reinsurance	19,968	12,273	5,572	397	**2,520**
	143,608	71,253	59,847	(5,132)	**7,376**
RITC received	135,517	144,659	-	7,953	**(1,189)**
Total	279,125	215,912	59,847	2,821	**6,187**

1. Gross premiums written are treated as fully earned.
2. Gross claims incurred comprises gross claims paid and gross reinsurance to close premium payable.
3. The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on reinsurance to close payable.
4. All premiums are concluded in the UK.

2. Reinsurance to Close Premium Receivable

	£'000
Gross notified outstanding claims	60,633
Reinsurance recoveries anticipated	(4,420)
Net notified outstanding claims	56,213
Provision for gross claims incurred but not reported	84,852
Reinsurance recoveries anticipated	(3,592)
Provision for net claims incurred but not reported	81,260
Reinsurance to close premium receivable, net of reinsurance at transaction rates of exchange	137,473
Revaluation to closing rates of exchange	(1,956)
Reinsurance to close premium receivable, net of reinsurance at closing rates of exchange	135,517

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

3. Reinsurance to Close Premium Payable

	£'000
Gross notified outstanding claims	58,219
Reinsurance recoveries anticipated	(4,122)
Net notified outstanding claims	54,097
Provision for gross claims incurred but not reported	82,990
Reinsurance recoveries anticipated	(2,138)
Provision for net claims incurred but not reported	80,852
Reinsurance to close premium payable, net of reinsurance	134,949

The reinsurance to close is effected to the 2012 year of account of Syndicate 609.

4. Net Operating Expenses

	£'000
Acquisition costs	48,810
Administrative expenses	10,630
Loss on exchange	2,363
Allocation to reinsurance to close premium receivable, net of reinsurance	(1,956)
	59,847
Reinsurance commissions receivable	(2,740)
	57,107

Administrative expenses include:

	£'000
Auditors' remuneration	
Audit services	128
Other services	10
Managing agent's profit commission	1,689

Members' standard personal expenses are included within administrative expenses and amount to £3,722,000.

5. Staff Numbers and Costs

All staff are employed by Atrium Group Services Limited. The following amounts were recharged to the syndicate in respect of staff costs:

	£'000
Wages and salaries	4,970
Social security costs	551
Other pension costs	610
	6,131

The average number of employees employed by Atrium Group Services Limited, but working for the syndicate during the three years, was as follows:

	Number
Management	3
Underwriting	22
Claims	6
Administration	17
	48

6. Emoluments of the Directors of Atrium Underwriters Limited

The fourteen Directors of Atrium Underwriters Limited received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	£'000
Emoluments	800

The Active Underwriter received the following remuneration charged as a syndicate expense:

	£'000
Emoluments	188

7. Investment Return

	£'000
Investment income:	
Income from investments	3,813
Gains on the realisation of investments	33
	3,846
Investment expenses and charges:	
Investment management expenses, including interest	(198)
Losses on the realisation of investments	(1,381)
	(1,579)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

8. Balance on Technical Account

	£'000
Balance excluding investment return and operating expenses	
Profit attributable to business allocated to the 2011 pure year of account	51,474
Profit attributable to business reinsured into the 2011 year of account	11,820
	63,294
Allocated investment return transferred from the non-technical account	596
Net operating expenses	(57,107)
	6,783

Within net operating expenses is £1m of profit commission income relating to business reinsured into the 2011 year of account.

9. Investments

	Market value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	4,153	4,153
Debt securities and other fixed income securities	109,593	110,371
Loans secured by mortgage	2,361	2,333
Deposits with credit institutions	46	46
	116,153	116,903

Debt securities and other fixed income securities and loans secured by mortgage are all listed on recognised stock exchanges.

10. Debtors

	£'000
Arising out of direct insurance operations	
Due from intermediaries	8,309
Arising out of reinsurance operations	404
Other	1,299
	10,012

11. Amounts Due to Members

	£'000
Profit for the 2011 closed year of account	6,783
Members' agents' fee advances	(910)
Distributions to members to date	–
Amounts due to members at 31 December 2013	5,873

12. Creditors

	£'000
Arising out of direct insurance operations	
Due to intermediaries	8,671
Arising out of reinsurance operations	591
Managing agent's profit commission	1,689
Other	352
	11,303

13. Reconciliation of Profit for the Year of Account to Net Cash Outflow from Operating Activities

	£'000
Profit for the year of account	6,783
Realised and unrealised investment gains including foreign exchange	2,159
Increase in debtors	(222)
Decrease in creditors	(2,007)
Non-cash consideration for net RITC receivable	(136,441)
Net reinsurance to close premium payable	134,949
Net cash inflow from operating activities	5,221

Consideration for net RITC receivable comprised:

	£'000
Non-cash consideration:	
Portfolio investments	113,532
Deposits with credit institutions	36
Overseas deposits	27,176
Debtors	9,954
Creditors	(14,257)
	136,441
Cash	1,032
	137,473

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

	£'000
Net cash inflow from the three years	2,224
Cash flow	
Decrease in overseas deposits	(2,099)
Portfolio investments	4,186
Movement arising from cash flows	4,311
Received as consideration for net RITC receivable	
Overseas deposits	27,176
Portfolio investments	113,568
Changes in market value and exchange rates	(2,159)
Total movement in portfolio investments	142,896
Portfolio at 1 January 2011	-
Portfolio at 31 December 2013	142,896

Movement in Cash, Portfolio Investments and Financing

	At 1 Jan 2011 £'000	Cash flow £'000	Received as consideration for net RITC receivable £'000	Changes to market value and currencies £'000	At 31 Dec 2013 £'000
Cash at bank and in hand	-	1,192	1,032	-	**2,224**
Overseas deposits	-	(2,099)	27,176	(558)	**24,519**
Portfolio investments:					
Shares and other variable yield securities and units in unit trusts	-	(579)	4,933	(201)	**4,153**
Debt securities and other fixed income securities	-	7,270	104,875	(2,552)	**109,593**
Loans secured by mortgage	-	(2,516)	3,724	1,153	**2,361**
Deposits with credit institutions	-	11	36	(1)	**46**
Total portfolio investments	-	4,186	113,568	(1,601)	**116,153**
Total cash, portfolio investments and financing	-	3,279	141,776	(2,159)	**142,896**

The changes to market values and currencies include £(0.1)m relating to currency revaluation of non-Sterling denominated investments and deposits.

15. Net Cash Inflow on Portfolio Investments

	£'000
Purchase of debt securities and other fixed income securities	(27,972)
Purchase of loans secured by mortgage	(373)
Sale of shares and other variable yield securities	579
Sale of debt securities and other fixed income securities	20,702
Sale of loans secured by mortgage	2,889
Deposits with credit institutions	(11)
Net cash outflow on portfolio investments	(4,186)

16. Disclosures of Interest

Arden Holdings Limited (AHL), a company incorporated under the laws of Bermuda, was the ultimate holding company of Atrium Underwriting Group Limited (AUGL) up until it sold the entire shareholding in the company to the Enstar Group Ltd ("Enstar") and affiliates of Stone Point Capital LLC ("Stone Point") on the 25th November 2013 (as set out in the Report of the Directors). Following the transaction AUGL is a wholly owned subsidiary of Alopuc Ltd (a UK subsidiary established to facilitate the transaction) and Alopuc Ltd is in turn a wholly owned subsidiary of Northshore Holdings Ltd, a Bermudan company. Northshore is owned 60% by an Enstar group subsidiary and 40% by Stone Point.

AUGL is the holding company of the following wholly owned subsidiaries; Atrium Cockell Group Limited (ACGL), Atrium Underwriting Holdings Limited (AUHL), Atrium Insurance Agency Limited (AIAL), Atrium Group Services Limited (AGSL), Atrium Insurance Agency (Asia) Pte. Ltd (ASIA), Atrium Risk Management Services (Washington) Ltd (ARMS), Atrium Risk Management Services (British Columbia) Ltd (ARMSBC) and Atrium 5 Ltd. AUL is authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority and is the managing agent of Syndicates 570 and 609 (the 'managed syndicates'). AUHL is the holding company of ten non-continuing members of Lloyd's.

AUGL participates on the managed syndicates through its corporate member subsidiary, Atrium 5 Limited whose participation on each year of account is as follows:

	2011 Capacity £m	2012 Capacity £m	2013 Capacity £m	2014 Capacity £m
Syndicate 570	35.9	-	**-**	-
Syndicate 609	70.9	106.8	**106.8**	106.8

Atrium 5 Limited's participation on the managed syndicates as % of syndicate capacity:

	Year of account			
	2011 %	2012 %	2013 %	2014 %
Syndicate 570	24.8	-	**-**	-
Syndicate 609	25.8	25.4	**25.4**	25.4

On 28 April 2011, Atrium wrote to the Council of Lloyd's with a notice of the intention to merge Syndicate 570 and Syndicate 609 with effect from the commencement of the 2012 year of account. Consent to the merger was granted on 19 July 2011. Richard Harries was appointed Active Underwriter of Syndicate 570 with effect from 1 January 2012. In order to manage the run-off of Syndicate 570's business, certain Syndicate 609 underwriters have held authorities that enable them to service business on behalf of both managed syndicates. As previously reported the 2011 year of account of Syndicate 570 has now been reinsured to close into the 2012 year of account of Syndicate 609.

AIAL is a registered Lloyd's UK coverholder and is authorised and regulated by the Financial Conduct Authority. Syndicate 609 leads a binding authority granted to AIAL to underwrite space business. The binding authority is led by Syndicate 609. Syndicate 570 participated on this binding authority up until 31 December 2011. Under the terms of the binding authority, fees and profit commission are payable to AIAL. No fee income was paid by the syndicate to AIAL in relation to premium earned on the 2011 year of account. No profit commission is due in relation to the 2011 year of account.

AGSL is a group service company. All UK employee contracts and, where possible, all material service provider contracts are held by AGSL. A service agreement is in place whereby AGSL provides all management services to all Atrium Group companies. Under the service agreement AGSL will charge the costs to each Atrium Group company, including AUL, for the respective services provided.

ASIA carries on for its own account the business of insurance intermediation in Singapore, operating on the Lloyd's Asia platform. In this capacity it has been granted authority by Syndicate 609 to bind certain risks (including marine hull, energy, aviation and non-marine property risks) and has been approved by Lloyd's and the Monetary Authority of Singapore to act as a Lloyd's Singapore Service Company. Under the terms of the arrangement with Syndicate 609, ASIA charges fees to the Syndicate equal to its operating costs plus a small margin for transfer pricing reasons. Fees of S$2,117,000 were paid by Syndicate 609 to ASIA on the 2011 year of account.

ARMS is incorporated in Washington State and was established to support the Syndicate strategy to maintain and grow its North American direct portfolio and distribution network. ARMS charges fees to the syndicates equal to its operating costs plus a small margin for transfer pricing reasons. Fees of US$876,000 were paid by Syndicate 570 to ARMS in respect of the 2011 year of account.

16. Disclosures of Interest (continued)

ARMSBC is incorporated in British Columbia, Canada, and was established to support the syndicate strategy to maintain and grow its North American direct portfolio and distribution network. ARMSBC charges fees to the syndicates equal to its operating costs plus a small margin for transfer pricing reasons. Fees of C$886,000 were paid by Syndicate 570 to ARMSBC in respect of the 2011 year of account.

AUL managed four underwriting consortia. The Atrium Aviation Consortium was an internal consortium arrangement between Syndicate 570 & 609 on a 40%/60% split basis. Lloyd's approval was given on 21 July 2003 for this arrangement. An overrider is charged by Syndicate 609 to Syndicate 570. This consortium arrangement ceased for the 2012 year of account following the syndicate merger.

The Atrium Airline Hull War and Allied Perils Consortium and the two Atrium Aviation Reinsurance Consortia are led by Syndicate 609 and supported by various other Lloyd's syndicates, including Syndicate 570 up until the syndicate merger. Lloyd's approval was not required under the Multiple Syndicates Byelaw for these consortia. Fees and profit commission are payable by all consortium members (including Syndicate 570). AUL processes the fees and profit commission on behalf of Syndicate 609 but currently retains no remuneration in its role as manager of these consortia. Two Aviation Reinsurance Quota Share treaties are in place that replicate the Atrium Reinsurance Consortia. Profit commissions and overriders were payable by Syndicate 570 to Syndicate 609 under this arrangement. Syndicate 570's participation on all of these Consortia and Quota Share arrangements ceased for the 2012 year of account following the syndicate merger.

A Quota Share of Syndicate 609 by Syndicate 570 was entered into in relation to Aviation business underwritten on behalf of Syndicate 609 by ASIA. Under the terms of the Quota Share an overriding commission is payable by Syndicate 570 to Syndicate 609. The terms were set and agreed by the respective Active Underwriters at the time of the transaction. Lloyd's gave consent of a waiver under the Multiple Syndicates Byelaw on 9 November 2009. No overriding commission has been paid by Syndicate 570 in calendar year 2013. This arrangement ceased for the 2012 year of account following the syndicate merger.

The implementation of the syndicate merger from 1 January 2012 has resulted in the related party transactions between the two managed syndicates ceasing with effect from 2012. Now that Syndicate 570's 2011 year has closed into Syndicate 609's 2012 year, these historic transactions between the two syndicates will no longer be disclosed in future report and accounts.

During 2012 and 2013 certain shared reinsurances were purchased for the benefit of both Syndicates 570 and 609. The Board determined that this was the most efficient process to protect both the ongoing and run-off business of the syndicates. There was the possibility that one or other syndicate could exhaust the available coverage, in which case we would have examined the need to purchase back-up coverage. Costs would have been charged on an equitable basis determined by the Board.

The Directors' participations on Syndicates 570 & 609 via Nomina No. 207 LLP are as follows (this includes any Director of AUL that served during 2013 and was a partner in the staff LLP):

	Syndicate 570	Syndicate 609			
	2011 yoa £	2011 yoa £	2012 yoa £	2013 yoa £	2014 yoa £
Andrew Baddeley	7,534	14,289	28,793	-	**–**
Steve Cook	11,213	21,266	37,438	35,500	**39,103**
James Cox	10,382	19,691	33,940	37,884	**48,071**
Toby Drysdale	9,212	17,472	29,173	27,707	**31,887**
Richard Harries	52,242	99,079	199,973	250,000	**300,000**
Nick Marsh	37,671	71,444	109,115	109,069	**150,000**
Samit Shah	10,197	19,339	36,500	38,945	**46,729**

AUL has made no loans of the company during 2013.

No managing agency fees were paid by the syndicate to AUL. Profit commission of £1,689,000 is payable by the syndicate to AUL in relation to the 2011 year of account result. The managing agents agreement was amended in 2007 to enable managing agents to make payments on account of profit commission, prior to the closure of a year of account. Payments on account can be made when the syndicate transfers open year surpluses from the syndicate level premium trust funds to the members' personal reserve fund. No payment was made in 2013. Included within creditors is £1,689,000 in respect of profit commission payable to AUL in relation to the 2011 year of account.

Given the insurance related activities undertaken within the broader Enstar group it is possible that further transactions may be entered into between the managed syndicate and Enstar Group companies (including Shelbourne Syndicate Services Ltd and its managed syndicate 2008). Any such related party transactions will be entered into by the syndicate on a commercial basis and managed in accordance with Atrium's Conflicts of Interest Policy.

Enstar representatives serving as Directors of AUL may also hold Board positions at other Enstar group companies and these individuals will disclose and manage any potential conflicts of interest in line with Atrium's usual practice.

SEVEN YEAR SUMMARY OF RESULTS

570

SYNDICATE 570 AT 31 DECEMBER 2013

	Notes	2011 £m	2010 £m	2009 £m	Year of Account 2008 £m	2007 £m	2006 £m	2005 £m
Syndicate allocated capacity		**145**	145	125	125	125	150	150
Aggregate net premiums		**132**	134	128	117	129	124	124
Number of underwriting members		**2,391**	2,353	2,377	2,347	2,253	2,351	2,338
Results for an illustrative share of £10,000		**£**	**£**	**£**	**£**	**£**	**£**	**£**
Gross premiums		**9,927**	10,006	11,050	10,299	11,161	8,997	9,301
Gross premiums %	1	**99.3%**	100.1%	110.5%	103.0%	111.6%	90.0%	93.0%
Net premiums		**9,117**	9,271	10,232	9,371	10,329	8,290	8,245
Net premiums %	2	**91.2%**	92.7%	102.3%	93.7%	103.3%	82.9%	82.5%
Premium for the reinsurance to close an earlier year of account	3	**9,368**	9,702	11,343	11,330	10,404	9,157	6,031
Net claims	4	**4,780**	4,785	4,426	5,269	4,918	3,490	3,597
Premium for the reinsurance to close the year of account		**9,329**	9,504	11,678	11,254	11,124	9,578	6,791
Underwriting profit		**4,376**	4,684	5,471	4,178	4,691	4,379	3,888
(Profit)/loss on exchange		**28**	148	1	(908)	(959)	(628)	155
Syndicate operating expenses		**3,733**	3,580	4,002	3,534	3,967	3,038	2,701
Balance on technical account		**615**	956	1,468	1,552	1,683	1,969	1,032
Balance on technical account %	5	**6.2%**	9.6%	13.3%	15.1%	15.1%	21.9%	11.1%
Investment return		**41**	273	309	471	663	612	682
Profit for closed year of account		**656**	1,229	1,777	2,023	2,346	2,581	1,714
Illustrative managing agent's profit commission		**117**	217	339	388	438	486	324
Illustrative personal expenses		**71**	141	77	75	151	150	100
Profit after illustrative profit commission and illustrative personal expenses	6	**468**	871	1,361	1,560	1,757	1,945	1,290

Notes

1. Gross premiums as a percentage of illustrative share.
2. Net premiums as a percentage of illustrative share.
3. The reinsurance to close premium that has been received by the 2011 year of account has been retranslated to the rates of exchange that were applicable as at 31 December 2013.

   Reinsurance to close premiums receivable in respect of the 2010 and prior years of account have not been restated.
4. Net claims include internal claims settlement expenses.
5. Balance on technical account as a percentage of gross premiums.
6. Illustrative personal expenses, including illustrative profit commission, are based on a calculation of amounts incurred by a member writing an illustrative share. For this purpose minimum fee charges are ignored.

Memorandum Item

For an illustrative share of £10,000	2011 £	2010 £	2009 £	Year of Account 2008 £	2007 £	2006 £	2005 £
Aggregation of annual fee, profit commission and syndicate expenses	**735**	658	889	1,007	1,106	901	741

UNDERWRITERS REPORT

SYNDICATE 609

2011 YEAR OF ACCOUNT

I am pleased to report Syndicate 609 is declaring a profit of £40m after all personal expenses but before members' agent's fees. This represents a 14.5% return on stamp capacity. Favourable run off of the back years contributed 9.4% to the result which is in line with previous years. The return on stamp will compare well against our Lloyd's peers, sitting towards the top of the 1st quartile of performers, which is our target. The investment return was weak, in common with the market as a whole and the US Dollar also moved against us in the final quarter.

This is a good result as the year was affected by the flooding in Thailand, additional quake activity in New Zealand as well as a very active Tornado season and Hurricane Irene in the USA. I am pleased that the initial reserves set by the syndicate for these natural catastrophe issues have remained robust. Unfortunately the syndicate, along with the rest of the market, did not anticipate the dramatic increase in costs associated with the removal of the Costa Concordia. They have escalated to over five times the original estimate of $200m! Whilst accepting it is undoubtedly a very difficult operation, it has been delayed by bureaucracy as well its complex nature, which has added significantly to the expense. As a market we should also note that the Costa Concordia was by no means the largest vessel at sea, was not carrying a hazardous cargo either and did not run aground in a remote location. There are therefore many other potentially worse scenarios of ships running aground that would cost proportionately more than the Costa Concordia. This event was a timely reminder of the large risks this Syndicate and the market is running on a daily basis.

The Syndicate is also potentially exposed to Offshore Energy construction claims, which are particularly complicated and the quantums are large. The Syndicate has established what it believes to be appropriate reserves across its energy account to cover for those and other events that manifest themselves after the close.

Investment returns have again been disappointing contributing 0.8% (£2.4m) to the overall result. In a challenging environment the syndicate continued to adopt a defensive strategy investing in short-dated instruments taking exposure only to highly rated debt. The poor absolute returns on the portfolio reflect the impact of the rise in yields on the syndicate's significant USD fixed interest securities during the second quarter.

The gross written premium income (net of acquisition costs) was £171m which is 62% of capacity.

2012 YEAR OF ACCOUNT

2012 was our first year operating as a merged syndicate. The year is performing well and ahead of expectations. We anticipate that all aspects of the account will contribute to the profitable result in particular our US based binder book will produce a profit after a couple of tough years.

I am very pleased with results of the merged syndicate. I have no doubt that, in particular with the current market conditions it was most definitely the right decision to merge. Our initial objectives have been achieved:

- A stronger and more diverse syndicate better able to handle market cycles
- More attractive to new underwriters
- Increased lines on more profitable business area
- More efficient reinsurance
- A better managed business from a regulatory and compliance stand point.

The one large loss to hit the year was Hurricane Sandy. With the loss barely over a year old and the damage, particularly from flooding, very extensive the syndicate is still holding considerable reserves. The remainder of the account is running off well. We have increased our forecast range to +5% to +15% which is up from +2.5% to +12.5%.

2013 YEAR OF ACCOUNT

The 1 January renewals were helped by the "Sandy Effect" and were effectively flat, but as the year progressed competition intensified across the majority of our lines of businesses in particular on Reinsurance, Aerospace and War accounts. Our income in these classes is down over 20% when compared to their 2009 totals.

We have achieved good growth with our US Property & Casualty book as we expand the range of products offered through our online platform (AuGold) that are marketed to agents through our operation in San Francisco. We have also taken advantage of the more traditional opportunities in London as certain syndicates withdrew.

I am also very pleased with how our new International Casualty account has begun. The income written has exceeded expectations and the quality of the business and the cover holders through whom we obtain it, is strong. It is a long tail account so we will have to wait before we realise the full benefits!

Our Singapore operation has produced profits for the second year running which is very creditable in the current conditions; premium income is however well below expectations although I remain comfortable with that, as at Atrium it is more important that we maintain our underwriting discipline than write for top line income. We have good people and a good operation out there which will benefit the syndicate in the long term.

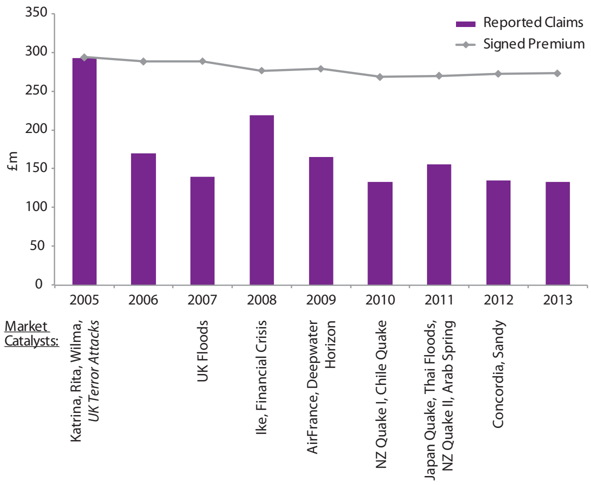
The year was relatively free of major losses, with preliminary Sigma estimates reported by Swiss Re of $38bn of natural catastrophe losses down from $75bn the previous year. The largest event was the European floods in the summer from which the syndicate will have a very modest loss of under $1.5m. Man made losses will cost the market an estimated $6bn.

The market suffered its largest ever Satellite loss when the launch vehicle carrying the Intelsat 27 satellite exploded on take off. The value of the satellite was over $400m, the syndicate's net share is $5.5m. The satellite account was further affected with the receipt of a loss advice on an array of satellites insured for over $300m. In the event that this becomes a total loss the satellite market will be in loss for the year.

In view of the relatively low loss levels to date the syndicate is forecasting a range of 0% to+10%. Final syndicate income is expected to be £293m which is 70% of stamp.

2014 AND BEYOND

Lloyd's, the insurance market and Atrium in particular has produced very good profits over the last decade and specifically over the last 5 years. The chart below shows premium signings during each calendar year against advised claims during that year, the gap will reflect the profitability. In each of the recent years there have been some events that have been catalysts for the market to be able to maintain its pricing discipline, as highlighted.



You will note that in 2013 there were no such events. This has led to the most competitive renewal season that we have experienced for many years. Some insurers are obviously arguing that the previous loss experience to the market will continue and there are still profits to be made even at significantly reduced rating levels. We accept that the world is becoming a safer place with improved technology and better working practices and will update our pricing accordingly; we will not, though, blindly react to the market conditions or allow ourselves to be judged on maintaining our top line or market share.

Atrium also enters 2014 under new ownership. After a lengthy sale process, we are delighted to be now owned by a combination of Enstar Group Limited, a highly regarded company looking to expand into live underwriting and Stone Point Capital a US private equity firm who have backed some of the most successful insurance businesses in recent memory. Last year I reported that "We will welcome a new owner who respects our culture, understands our ambitions and who will add intellectual and financial capital to our business". I am confident that Enstar and Stone Point do this and will prove to be excellent owners of Atrium in the future.

We expect the market to be very difficult for 2014 across most lines of business. We will seek growth in areas where we can differentiate ourselves by other means than simply price. We will continue to look for good people who understand Atrium and its culture, which will allow us to diversify our product range and give us greater security in a tougher market place. We do have a core book that is strong and that has carried us through difficult markets before. We also have a very experienced underwriting team; all our team leaders were underwriting in the late 90's and have therefore traded and survived difficult markets. This gives me, and should give you, much reassurance.

We therefore begin 2014 having enjoyed a rewarding journey through some kind seas, however the seas are getting choppy and storm clouds are approaching. These will be challenging times and not all will survive. However, I am extremely confident that with the quality of our underwriters, the excellence of the teams in the managing agency and your support Atrium will successfully navigate itself through the difficult times.

Thank you to Toby Drysdale the syndicate Deputy Underwriter, and all the Atrium employees who have all contributed to another successful year.

Richard Harries
Active Underwriter, Syndicate 609
11 March 2014

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT - GENERAL BUSINESS

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

	Notes	£'000
Syndicate allocated capacity		274,204
Earned premiums, net of reinsurance		
Gross premiums written	1	223,400
Outward reinsurance premiums		(40,377)
Earned premiums, net of reinsurance		183,023
Reinsurance to close premium received, net of reinsurance		
At transaction rates of exchange		164,319
Revaluation to closing rates of exchange		(2,102)
Reinsurance to close premium received, net of reinsurance at closing rates of exchange	2	162,217
		345,240
Allocated investment return transferred from the non-technical account		2,440
Claims incurred, net of reinsurance		
Claims paid		
Gross amount		113,458
Reinsurers' share		(15,732)
		97,726
Reinsurance to close premium payable, net of reinsurance	3	144,134
		241,860
Net operating expenses	4	65,711
Balance on the technical account for general business	8	40,109

PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT - GENERAL BUSINESS

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

	Notes	£'000
Balance on the technical account for general business		40,109
Investment income	7	7,296
Unrealised losses on investment		(3,297)
Investment expenses and charges	7	(1,559)
Allocated investment return transferred to general business technical account		(2,440)
Profit for the 2011 closed year of account		40,109

BALANCE SHEET

FOR THE 2011 CLOSED YEAR OF ACCOUNT AT 31 DECEMBER 2013

	Notes	£'000
Assets		
Investments	9	216,557
Debtors	10	4,595
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	3	36,405
Other assets		
Cash at bank and in hand		14,728
Overseas deposits		3,901
Prepayments and accrued income		41
Total assets		276,227
Liabilities		
Amounts due to members	11	38,407
Reinsurance to close premium payable to close the account - gross amount	3	180,539
Creditors	12	57,510
Accruals and deferred income		(229)
Total liabilities		276,227

The 2011 closed year underwriting accounts were approved at a meeting of the Board of Directors of Atrium Underwriters Limited, and by the Active Underwriter, on 11 March 2014 and were signed on its behalf by:

Steve Cook
Managing Director
11 March 2014

Richard Harries
Active Underwriter
11 March 2014

STATEMENT OF CASH FLOWS

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

	Notes	£'000
Net cash outflow from operating activities	13	(11,314)
Transfer to members in respect of underwriting participations		-
Members' agents' fees paid on behalf of members		(1,702)
	14	(13,016)
Cash flows were invested as follows:		
Increase in cash holdings	14	14,728
Decrease in overseas deposits	14	(708)
Net portfolio investment	14,15	(27,036)
Net investment of cash flows		(13,016)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

1. Segmental Analysis

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

	Gross premiums written (note 1) £'000	Gross claims incurred (note 2) £'000	Gross operating expenses £'000	Reinsurance balance (note 3) £'000	Total £'000
Direct insurance:					
Accident and health	85	52	51	10	**(8)**
Motor (other classes)	-	9	(10)	-	**1**
Marine, aviation and transport	129,691	50,804	42,905	(10,497)	**25,485**
Fire and other damage to property	52,903	11,222	17,646	(9,794)	**14,241**
Third party liability	21,399	26,218	6,233	6,127	**(4,925)**
Credit and suretyship	81	(3,400)	12	(1,784)	**1,685**
	204,159	84,905	66,837	(15,938)	**36,479**
Reinsurance	19,241	10,871	3,717	(1,448)	**3,205**
	223,400	95,776	70,554	(17,386)	**39,684**
RITC received	162,216	198,221	-	33,989	**(2,016)**
Total	385,616	293,997	70,554	16,603	**37,668**

1. Gross premiums written are treated as fully earned.
2. Gross claims incurred comprises gross claims paid and gross reinsurance to close premium payable.
3. The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on reinsurance to close payable.
4. All premiums are concluded in the UK.

2. Reinsurance to Close Premium Receivable

	£'000
Gross notified outstanding claims	102,147
Reinsurance recoveries anticipated	(18,997)
Net notified outstanding claims	83,150
Provision for gross claims incurred but not reported	96,657
Reinsurance recoveries anticipated	(15,488)
Provision for net claims incurred but not reported	81,169
Reinsurance to close premium receivable, net of reinsurance at transaction rates of exchange	164,319
Revaluation to closing rates of exchange	(2,102)
Reinsurance to close premium receivable, net of reinsurance at closing rates of exchange	162,217

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

3. Reinsurance to Close Premium Payable

	£'000
Gross notified outstanding claims	83,180
Reinsurance recoveries anticipated	(17,463)
Net notified outstanding claims	65,717
Provision for gross claims incurred but not reported	97,359
Reinsurance recoveries anticipated	(18,942)
Provision for net claims incurred but not reported	78,417
Reinsurance to close premium payable, net of reinsurance	144,134

The reinsurance to close is effected to the 2012 year of account of Syndicate 609.

4. Net Operating Expenses

	£'000
Acquisition costs	52,282
Administrative expenses	21,215
Loss on exchange	(841)
Allocation to reinsurance to close premium receivable, net of reinsurance	(2,102)
	70,554
Reinsurance commissions receivable	(4,843)
	65,711

Administrative expenses include:

	£'000
Auditors' remuneration	
Audit services	108
Other services	4
Managing agent's profit commission	9,988

Members' standard personal expenses are included within administrative expenses and amount to £13,714,000.

5. Staff Numbers and Costs

All staff are employed by Atrium Group Services Limited. The following amounts were recharged to the syndicate in respect of salary costs:

	£'000
Wages and salaries	7,655
Social security costs	1,039
Other pension costs	953
	9,647

The average number of employees employed by Atrium Group Services Limited, but working for the syndicate during the three years, was as follows:

	Number
Management	4
Underwriting	39
Claims	4
Administration	22
	69

6. Emoluments of the Directors of Atrium Underwriters Limited

The fourteen Directors of Atrium Underwriters Limited received the following aggregate remuneration charged to the syndicate and included within net operating expenses:

	£'000
Emoluments	1,166

The Active Underwriter received the following remuneration charged as a syndicate expense:

	£'000
Emoluments	289

7. Investment Return

	£'000
Investment income:	
Income from investments	7,243
Gains on the realisation of investments	53
	7,296
Investment expenses and charges:	
Investment management expenses, including interest	(348)
Losses on the realisation of investments	(1,211)
	(1,559)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE 2011 CLOSED YEAR OF ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2013

8. Balance on Technical Account

	£'000
Balance excluding investment return and operating expenses	
Profit attributable to business allocated to the 2011 pure year of account	78,394
Profit attributable to business reinsured into the 2011 year of account	24,986
	103,380
Allocated investment return transferred from the non-technical account	2,440
Net operating expenses	(65,711)
	40,109

Within net operating expenses is £1m of profit commission income relating to business reinsured into the 2011 year of account.

9. Investments

	Market value £'000	Cost £'000
Shares and other variable yield securities and units in unit trusts	16,562	16,562
Debt securities and other fixed income securities	194,616	196,664
Loans secured by mortgage	5,379	5,324
	216,557	218,550

Debt securities and other fixed income securities and loans secured by mortgage are all listed on recognised stock exchanges.

10. Debtors

	£'000
Arising out of direct insurance operations	
Due from intermediaries	2,476
Arising out of reinsurance operations	1,885
Other	234
	4,595

11. Amounts Due to Members

	£'000
Profit for the 2011 closed year of account	40,109
Members' agents' fee advances	(1,702)
Distributions to members to date	–
Amounts due to members at 31 December 2013	38,407

12. Creditors

	£'000
Arising out of direct insurance operations	
Due to intermediaries	15,675
Arising out of reinsurance operations	10,037
Managing agent's profit commission	9,988
Other	21,810
	57,510

Other creditors include inter year loans of £20,760,000.

13. Reconciliation of Profit for the Year of Account to Net Cash Outflow from Operating Activities

	£'000
Profit for the year of account	40,109
Realised and unrealised investment gains including foreign exchange	8,644
Increase in debtors	34,956
Decrease in creditors	(89,831)
Non-cash consideration for net RITC receivable	(149,326)
Net reinsurance to close premium payable	144,134
Net cash outflow from operating activities	(11,314)

Consideration for net RITC receivable comprised:

	£'000
Non-cash consideration:	
Portfolio investments	252,177
Overseas deposits	4,669
Debtors	39,592
Creditors	(147,112)
	149,326
Cash	14,993
	164,319

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

	£'000
Net cash inflow from the three years	14,728
Cash flow	
Decrease in overseas deposits	(708)
Portfolio investments	(27,036)
Movement arising from cash flows	(13,016)
Received as consideration for net RITC receivable	
Overseas deposits	4,668
Portfolio investments	252,178
Changes in market value and exchange rates	(8,644)
Total movement in portfolio investments	235,186
Portfolio at 1 January 2011	-
Portfolio at 31 December 2013	235,186

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

Movement in Cash, Portfolio Investments and Financing

	At 1 Jan 2011 £'000	Cash flow £'000	Received as consideration for net RITC receivable £'000	Changes to market value and currencies £'000	At 31 Dec 2013 £'000
Cash at bank and in hand	-	(265)	14,993	–	**14,728**
Overseas deposits	-	(708)	4,668	(59)	**3,901**
Portfolio investments:					
Shares and other variable yield securities and units in unit trusts	-	824	16,083	(345)	**16,562**
Debt securities and other fixed income securities	-	(20,822)	222,694	(7,256)	**194,616**
Loans secured by mortgage	-	(7,038)	13,401	(984)	**5,379**
Total portfolio investments	-	(27,036)	252,178	(8,585)	**216,557**
Total cash, portfolio investments and financing	-	(28,009)	271,839	(8,644)	**235,186**

The changes to market values and currencies include £(3)m relating to currency revaluation of non-Sterling denominated investments and deposits.

15. Net Cash Inflow on Portfolio Investments

	£'000
Purchase of shares and other variable yield securities	(824)
Purchase of debt securities and other fixed income securities	(66,087)
Purchase of loans secured by mortgage	(186)
Sale of debt securities and other fixed income securities	86,909
Sale of loans secured by mortgage	7,224
Net cash inflow on portfolio investments	**27,036**

16. Disclosures of Interest

Arden Holdings Limited (AHL), a company incorporated under the laws of Bermuda, was the ultimate holding company of Atrium Underwriting Group Limited (AUGL) up until it sold the entire shareholding in the company to the Enstar Group Ltd ("Enstar") and affiliates of Stone Point Capital LLC ("Stone Point") on 25 November 2013 (as set out in the Report of the Directors). Following the transaction AUGL is a wholly owned subsidiary of Alopuc Ltd (a UK subsidiary established to facilitate the transaction) and Alopuc Ltd is in turn a wholly owned subsidiary of Northshore Holdings Ltd, a Bermudan company. Northshore is owned 60% by an Enstar group subsidiary and 40% by Stone Point.

AUGL is the holding company of the following wholly owned subsidiaries; Atrium Cockell Group Limited (ACGL), Atrium Underwriting Holdings Limited (AUHL), Atrium Insurance Agency Limited (AIAL), Atrium Group Services Limited (AGSL), Atrium Insurance Agency (Asia) Pte.Ltd (ASIA), Atrium Risk Management Services (Washington) Ltd (ARMS), Atrium Risk Management Services (British Columbia) Ltd (ARMSBC) and Atrium 5 Ltd. AUL is authorised by the Prudential Regulation Authority and regulated by both the Financial Conduct Authority and the Prudential Regulation Authority and is the managing agent of Syndicates 570 and 609 (the 'managed syndicates'). AUHL is the holding company of ten non-continuing members of Lloyd's.

AUGL participates on the managed syndicates through its corporate member subsidiary, Atrium 5 Limited whose participation on each year of account is as follows:

	2011 Capacity £m	2012 Capacity £m	2013 Capacity £m	2014 Capacity £m
Syndicate 570	35.9	-	**-**	-
Syndicate 609	70.9	106.8	**106.8**	106.8

Atrium 5 Limited's participation on the managed syndicates as % of syndicate capacity:

	Year of account 2011 %	2012 %	2013 %	2014 %
Syndicate 570	24.8	-	**-**	-
Syndicate 609	25.8	25.4	**25.4**	25.4

16. Disclosures of Interest continued

On 28 April 2011, Atrium wrote to the Council of Lloyd's with a notice of the intention to merge Syndicate 570 and Syndicate 609 with effect from the commencement of the 2012 year of account. Consent to the merger was granted on 19 July 2011. Richard Harries was appointed Active Underwriter of Syndicate 570 with effect from 1 January 2012. In order to manage the run-off of Syndicate 570's business, certain Syndicate 609 underwriters have held authorities that enable them to service business on behalf of both managed syndicates. As previously reported the 2011 year of account of Syndicate 570 has now been reinsured to close into the 2012 year of account of Syndicate 609.

AIAL is a registered Lloyd's UK coverholder and is authorised and regulated by the Financial Conduct Authority. Syndicate 609 leads a binding authority granted to AIAL to underwrites Space business. The binding authority is led by Syndicate 609. Syndicate 570 participated on this binding authority up until 31 December 2011. Under the terms of the binding authority, fees and profit commission are payable to AIAL. Fee income of US$1,984,000 was paid by the syndicate to AIAL in relation to premium earned on the 2011 year of account. Profit commission of US$866,000 is due in relation to the 2011 year of account.

AGSL is a group service company. All UK employee contracts and, where possible, all material service provider contracts are held by AGSL. A service agreement is in place whereby AGSL provides all management services to all Atrium Group companies. Under the service agreement AGSL will charge the costs to each Atrium Group company, including AUL, for the respective services provided.

ASIA carries on for its own account the business of insurance intermediation in Singapore, operating on the Lloyd's Asia platform. In this capacity it has been granted authority by Syndicate 609 to bind certain risks (including marine hull, energy, aviation and non-marine property risks) and has been approved by Lloyd's and the Monetary Authority of Singapore to act as a Lloyd's Singapore Service Company. Under the terms of the arrangement with Syndicate 609, ASIA charges fees to the Syndicate equal to its operating costs plus a small margin for transfer pricing reasons. Fees of S$2,117,000 were paid by Syndicate 609 to ASIA on the 2011 year of account.

ARMS is incorporated in Washington State and was established to support the Syndicate strategy to maintain and grow its North American direct portfolio and distribution network. ARMS charges fees to the syndicates equal to its operating costs plus a small margin for transfer pricing reasons. Fees of U$876,000 were paid by Syndicate 570 to ARMS in respect of the 2011 year of account.

ARMSBC is incorporated in British Columbia, Canada, and was established to support the Syndicate strategy to maintain and grow it's North American direct portfolio and distribution network. ARMSBC charges fees to the syndicates equal to its operating costs plus a small margin for transfer pricing reasons. Fees of C$886,000 were paid by Syndicate 570 to ARMSBC in respect of the 2011 year of account.

AUL manage transfer pricing four underwriting consortia. The Atrium Aviation Consortium was an internal consortium arrangement between Syndicate 570 & 609 on a 40%/60% split basis. Lloyd's approval was given on 21 July 2003 for this arrangement. An overrider is charged by Syndicate 609 to Syndicate 570. This consortium arrangement ceased for the 2012 year of account following the syndicate merger.

The Atrium Airline Hull War and Allied Perils Consortium and the two Atrium Aviation Reinsurance Consortia are led by Syndicate 609 and supported by various other Lloyd's syndicates, including Syndicate 570 up until the syndicate merger. Lloyd's approval was not required under the Multiple Syndicates Byelaw for these consortia. Fees and profit commission are payable by all consortium members (including Syndicate 570). AUL processes the fees and profit commission on behalf of Syndicate 609 but currently retains no remuneration in its role as manager of these consortia. Two Aviation Reinsurance Quota Share treaties are in place that replicate the Atrium Reinsurance Consortia. Profit commissions and overriders were payable by Syndicate 570 to Syndicate 609 under this arrangement. Syndicate 570's participation on all of these Consortia and Quota Share arrangements ceased for the 2012 year of account following the syndicate merger.

A Quota Share of Syndicate 609 by Syndicate 570 was entered into in relation to Aviation business underwritten on behalf of Syndicate 609 by ASIA. Under the terms of the Quota Share an overriding commission is payable by Syndicate 570 to Syndicate 609. The terms were set and agreed by the respective Active Underwriters at the time of the transaction. Lloyd's gave consent of a waiver under the Multiple Syndicates Byelaw on 9 November 2009. No overriding commission has been paid by Syndicate 570 in calendar year 2013. This arrangement ceased for the 2012 year of account following the syndicate merger.

The implementation of the syndicate merger from 1 January 2012 has resulted in the related party transactions between the two managed syndicates ceasing with effect from 2012. Now that Syndicate 570's 2011 year has closed into Syndicate 609's 2012 year, these historic transactions between the two syndicates will no longer be disclosed in future report and accounts.

During 2012 and 2013 certain shared reinsurances were purchased for the benefit of both Syndicates 570 and 609. The Board determined that this was the most efficient process to protect both the ongoing and run-off business of the syndicates. There is the possibility that one or other syndicate exhausting the available coverage, in which case we would examine the need to purchase back-up coverage. Costs have been charged on an equitable basis determined by the Board.

16. Disclosures of Interest continued

The Directors' participations on Syndicates 570 & 609 via Nomina No. 207 LLP are as follows (this includes any Director of AUL that served during 2013 and was a partner in the staff LLP):

	Syndicate 570	Syndicate 609			
	2011 yoa £	2011 yoa £	2012 yoa £	2013 yoa £	2014 yoa £
Andrew Baddeley	7,534	14,289	28,793	-	**-**
Steve Cook	11,213	21,266	37,438	35,500	**39,103**
James Cox	10,382	19,691	33,940	37,884	**48,071**
Toby Drysdale	9,212	17,472	29,173	27,707	**31,887**
Richard Harries	52,242	99,079	199,973	250,000	**300,000**
Nick Marsh	37,671	71,444	109,115	109,069	**150,000**
Samit Shah	10,197	19,339	36,500	38,945	**46,729**

AUL has made no loans to Directors of the company during 2013.

Managing agency fees of £1,918,000 were paid by the syndicate to AUL. Profit commission of £9,989,000 is payable by the syndicate to AUL in relation to the 2011 year of account result. The managing agents agreement was amended in 2007 to enable managing agents to make payments on account of profit commission, prior to the closure of a year of account. Payments on account can be made when the syndicate transfers open year surpluses from the syndicate level premium trust funds to the members' personal reserve fund. No payment was made in 2013. Included within creditors is £9,989,000 in respect of profit commission payable to AUL in relation to the 2011 year of account.

Given the insurance related activities undertaken within the broader Enstar group it is possible that further transactions may be entered into between the managed syndicate and Enstar Group companies (including Shelbourne Syndicate Services Ltd and its managed syndicate 2008). Any such related party transactions will be entered into by the syndicate on a commercial basis and managed in accordance with Atrium's Conflicts of Interest Policy.

Enstar representatives serving as Directors of AUL may also hold Board positions at other Enstar group companies and these individuals will disclose and manage any potential conflicts of interest in line with Atrium's usual practice.

SEVEN YEAR SUMMARY OF RESULTS

SYNDICATE 609 AT 31 DECEMBER 2013

	Notes	2011 £m	2010 £m	Year of Account 2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
Syndicate allocated capacity		**274**	275	200	215	215	214	214
Aggregate net premiums		**183**	193	195	167	147	135	141
Number of underwriting members		**3,128**	3,102	2,991	2,976	2,906	2,668	2,789
Results for an illustrative share of £10,000		**£**	£	£	£	£	£	£
Gross premiums		**8,147**	8,508	12,072	9,290	8,860	8,557	8,274
Gross premiums %	1	**81.5%**	85.1%	120.7%	92.9%	88.6%	85.6%	82.7%
Net premiums		**6,675**	7,040	9,758	7,739	6,847	6,299	6,577
Net premiums %	2	**66.7%**	70.4%	97.6%	77.4%	68.5%	63.0%	65.8%
Premium for the reinsurance to close an earlier year of account	3	**5,916**	5,301	7,929	6,842	6,441	7,619	4,635
Net claims	4	**3,564**	2,569	3,469	3,763	4,769	2,914	3,466
Premium for the reinsurance to close the year of account		**5,256**	5,985	7,969	7,287	6,747	7,139	5,714
Underwriting profit		**3,771**	3,787	6,249	3,531	1,772	3,865	2,032
(Profit)/loss on exchange		**(107)**	(69)	119	(814)	(469)	(858)	94
Syndicate operating expenses		**2,074**	1,944	2,719	2,063	1,836	1,888	1,672
Balance on technical account		**1,804**	1,912	3,411	2,282	405	2,835	266
Balance on technical account %	5	**22.1%**	22.5%	28.3%	24.6%	4.6%	33.1%	3.2%
Investment return		**89**	242	298	383	555	444	538
Profit for closed year of account		**1,893**	2,154	3,709	2,665	960	3,279	804
Illustrative managing agent's profit commission		**364**	416	720	515	161	625	141
Illustrative personal expenses		**66**	69	95	76	150	150	100
Profit after illustrative profit commission and illustrative personal expenses	6	**1,463**	1,669	2,894	2,074	649	2,504	563

Notes
1. Gross premiums as a percentage of illustrative share.
2. Net premiums as a percentage of illustrative share.
3. The reinsurance to close premium that has been received by the 2011 year of account has been retranslated to the rates of exchange that were applicable as at 31 December 2013.
Reinsurance to close premiums receivable in respect of the 2010 and prior years of account have not been restated.
4. Net claims include internal claims settlement expenses.
5. Balance on technical account as a percentage of gross premiums.
6. Illustrative personal expenses, including illustrative profit commission, are based on a calculation of amounts incurred by a member writing an illustrative share. For this purpose minimum fee charges are ignored.

Memorandum Item

For an illustrative share of £10,000	2011 £	2010 £	Year of Account 2009 £	2008 £	2007 £	2006 £	2005 £
Aggregation of annual fee, profit commission and syndicate expenses	**778**	815	1,330	973	594	1,038	481

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