

# ATRIUM

**August 2024**

## **Updated Forecast Results 2021, 2022 & 2023 Years of Account**

The forecast results for the 2021, 2022 & 2023 years of account are as follows:

### **2021 Year of Account**

Syndicate	Capacity (£'000)	Atrium participation	Current Forecast Range % of Capacity	Previous Forecast Range % of Capacity
609	624,854	25.4%	0.0 – +10.0	+5.0 – +15.0

The reduction in the forecast return for the 2021 year of account in the quarter results from back year deterioration on long tail lines of business and a reduction in the investment return forecast for calendar year 2024. There has been no change to the reserves established in respect of the claims arising out of the western leased aircraft in Russia.

The 2021 year of account is the year of account that could be most impacted by the possible claims arising out of the western leased aircraft in Russia. The situation remains complex and one in which the evidential picture continues to develop due to multiple ongoing litigations in a number of different jurisdictions. The following factors: (i) whether the loss is an all-risks or war peril loss, (ii) when it occurred, (iii) whether it's a single loss event or multiple loss events and (iv) how sanctions impact the same, all result in considerably different ultimate outcomes to the syndicate. In arriving at the reserving position for this loss, the financial implications of multiple scenarios have been modelled, taking account of the uncertainties listed above and utilising a probabilistic framework. In arriving at our reserving position, the likelihood of these scenarios occurring was established using current expert judgement. This reserving approach remains consistent with 31 December 2023.

The Directors, in conjunction with the relevant subject matter experts, continue to monitor the situation closely, taking legal advice and meeting with market participants on a regular basis to ensure that the most up to date information is reflected within the syndicate reserves.

The outcome of this reserving exercise is included within the 0.0% - +10.0% forecast.

Due to the nature of the circumstances mentioned above, the potential for variation to the booked reserves is considerably greater than the normal level of reserve sensitivity to downside risk and the actual outcome of the loss could be in a particularly wide range with greater than usual variability. The 2021 year of account will remain open until the level of reserve sensitivity to downside risk normalises. There will be no early release of profits recognised to date.

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## **2022 Year of Account**

Our updated forecast range for the 2022 year of account is as follows:

Syndicate	Capacity (£'000)	Atrium participation	Current Forecast Range % of Capacity	Previous Forecast Range % of Capacity
609	650,861	25.4%	+15.0 – +20.0	+12.5 – +17.5

The current forecast range for the 2022 year of account takes account of the fact that this year of account will not benefit from the reinsurance to close of the 2021 year of account, including estimates of prior year development and investment return associated with the prior year reserves.

## **2023 Year of Account**

Our updated forecast range for the 2023 year of account (including estimates of prior year movements) is as follows:

Syndicate	Capacity (£'000)	Atrium participation	Current Forecast Range % of Capacity	Previous Forecast Range % of Capacity
609	870,092	25.4%	+5.0 – +15.0	+5.0 – +15.0

All forecasts are shown as a percentage return on allocated capacity after deduction of standard personal expenses, but before members' agents' fees. These forecasts are subject to the assumptions listed below and are subject to possible revision. We draw your attention, in particular, to assumptions 1 and 6 below.

### **For further information, please contact:**

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## **Notes**

### **Forecast assumptions**

The key assumptions upon which each syndicates' open year forecasts are based are set out below:

1. Inherent volatility in claims development will not give rise to actual ultimate claims which are materially divergent from expectations. In particular there will be no significant distortion in the incidence of major catastrophe or attritional losses or in the ability of the syndicates' reinsurers to respond to potential reinsurance recoveries;
  2. The development of open year premiums will be broadly consistent with historical development patterns;
  3. There will be no material change in reserving methodology or accounting policies at the respective dates of closure of the open years;
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4. Inflation, interest and exchange rates as at the respective dates of closure of the open years will not differ significantly from those taken into account in the forecasts;
5. There will be no material unbudgeted expenses; and
6. Investment returns will be materially in line with investment manager expectations.