REG - Beazley PLC -Beazley plc results for year end 31 December 2022

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Press Release

Beazley delivers strongest year end underwriting performance since 2016

London, 2 March 2023

Beazley plc results for year ended 31 December 2022

- Profit before tax of $191.0m (2021: $369.2m)
- Return on equity of 7% (2021: 16%)
- Gross premiums written increased by 14% to $5,268.7m (2021: $4,618.9m)
- Combined ratio of 89% (2021: 93%)
- Rate increase on renewal portfolio of 14% (2021: 24%)
- Prior year reserve releases of $132.6m (2021: $209.8m)
- Net investment loss of $179.7m (2021: $116.4m income)
- Interim dividend declared of 13.5p for the full year of 2022 (2021: 12.9p)

	Year ended 31 December 2022	Year ended 31 December 2021	% movement
Gross premiums written ($m)	**5,268.7**	4,618.9	14%
Net premiums written ($m)	**3,876.2**	3,512.4	10%
Profit before tax ($m)	**191.0**	369.2	(48)%
Earnings per share (pence)	**21.1**	37.0	(43)%
Net assets per share (pence)	**343.4**	265.8	29%
Net tangible assets per share (pence)	**326.2**	250.4	30%
Dividend per share (pence)	**13.5**	12.9	5%

Adrian Cox, Chief Executive Officer, said:

"We achieved a very strong underwriting result in 2022 with a combined ratio of 89%. Despite a challenging geopolitical environment and mark to market investment losses we returned a profit before tax of $191m.

Our diversified book of business enables us to redeploy capital to areas where we see the most attractive growth prospects. After raising equity in November, along with a solid January renewal season, we continue to lean into the opportunity we are seeing in the Property market whilst executing on our Cyber growth plans."

Webcast
We will be hosting a webcast for analysts at 10am this morning, please join using the webcast link below:
https://www.investis-live.com/beazley/63e0fb5b4aa86d15004ae78a/gred

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Note to editors:
Beazley plc (BEZ.L), is the parent company of specialist insurance businesses with operations in Europe, North America, Latin America and Asia. Beazley manages seven Lloyd's syndicates and, in 2022, underwrote gross premiums worldwide of $5,268.7million. All Lloyd's syndicates are rated A by A.M. Best.

Beazley's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., an A.M. Best A rated carrier licensed in all 50 states. In the surplus lines market, coverage is provided by the Beazley syndicates at Lloyd's.

Beazley's European insurance company, Beazley Insurance dac, is regulated by the Central Bank of Ireland and is A rated by A.M. Best and A+ by Fitch.

Beazley is a market leader in many of its chosen lines, which include Professional Indemnity, Cyber Liability, Property, Marine, Reinsurance, Accident and Life, and Political Risks and Contingency Business.

For more information please go to: www.beazley.com

Statement of the Chair

Beazley posted a pre-tax profit in 2022 of $191.0m (2021: $369.2m), and an impressive 89% (2021: 93%) combined ratio, a result that demonstrates the impact of our disciplined underwriting. I am also pleased to confirm that The Board has declared a dividend of 13.5p. Our business is grateful for the support of our shareholders, partners and customers during a challenging year of geopolitical uncertainty. I am particularly proud of the confidence our investors placed in us during our equity raise in November 2022, which will help us further invest in the sustainable growth of our business.

A specialty insurer that delivers sustainable growth
Our deepest sympathy is with all the people suffering from the devastation in Turkey and Syria, and those impacted by the human tragedy of the war in Ukraine. These events have made us acutely aware of this kind of geopolitical uncertainty. This uncertainty is compounded by the pervasive economic stress of high inflation and the cost of living challenges it creates for so many. In this environment our role, as a sustainable, specialty insurer, is to support clients and broker partners to manage the additional risks as we all adapt and deliver value for our shareholders. Beazley adds tangible value when things are complex, volatile and changing in areas such as Cyber, Specialty, Marine and Political Risk, where we have consistently demonstrated our ability to help our clients grow, while allowing our insureds to explore, create and build.

We believe growth is driven by our ability to assess external realities and use our platforms, people and geographical strengths to lean into emerging opportunities as conditions change, rather than just be dictated by hard or soft market conditions. I like to think of this as anticipatory competence. During 2022 the rating environment in Property insurance and reinsurance reached a transition point, as the market understood that it was unsustainable to continue to underwrite this business in a commoditised way, in the face of overwhelming evidence about the impact of climate change. This is a moment where our market expertise and underwriting competence becomes a differentiating factor and where we are able to add real value to our brokers and clients. We are excited about the opportunity these changes offer to grow and develop our Property portfolio as we move through 2023.

This enthusiasm is based on the long-term approach we have taken to Property, which saw our exposure, on both our Property and Reinsurance books within our Property Risks division, reduce as rates were depressed and the impact of climate change began to be felt. During this time, we invested in expertise and modelling tools to explore how the changing climate is impacting Property Risks. The knowledge gained is now allowing us to grow our share of the Property market as the underwriting environment significantly improves.

Our successful equity raise in November 2022, puts us in an excellent position to take up the opportunity in Property and also deliver against our Cyber ambitions, while extending our market share across our classes of business, delivering sustainable, diversified growth for shareholders across a balanced portfolio. Focusing on sustainable growth has resulted in our gross premiums written doubling between 2018 and 2022 - and saw our US platform reach a significant milestone as it passed gross premiums written of $2bn.

Strong culture guides us through change
In autumn 2022, I assumed the role of Interim Chair of Beazley, I was previously the Senior Independent Director and Chair of the Remuneration Committee. The role of Chair has offered a fresh perspective on our business and I have been energised by the exciting future our fast changing and growing business has ahead of it.

On 25 April, at the conclusion of the 2023 Annual General Meeting, I will relinquish this role to our outstanding new Chair, Clive Bannister and I will return to my previous role. Clive is currently the Chair of the Rathbones Group plc and the Museum of London. He was previously the CEO of the Phoenix Group plc. He will bring deep strategic, commercial and transformational experience to The Board. In the selection process we drew on our corporate values and founding principles, which have propelled Beazley to be the business it is today. We are a value driven, growth minded and disciplined company which has created a respectful and inclusive workplace and I believe that in Clive, we have a leader who embodies these values and who will be an outstanding advocate for Beazley.

On behalf of The Board, I would like to thank David Roberts for his leadership as we faced the challenges of COVID-19, for the transformation of our executive management team and for his genuine conviction that by creating a diverse environment that is respectful and open, you achieve better outcomes. He has left us a stronger business and we wish him well as he takes up the challenge as Chair of the Court of the Bank of England.

I would also like to thank Robert Stuchbery for assuming the role of the Senior Independent Director and Nicola Hodson for chairing the Remuneration Committee, while I undertook the Interim Chair role. Nicola will remain Interim Chair of the Remuneration Committee following the 2023 AGM.

On behalf of The Board, I would also like to recognise Catherine Woods for her excellent service as a Non-Executive Director, having stepped down following the conclusion of two three-year terms in March 2022. On 31 May 2022, The Board appointed two new Non-Executive Directors, Fiona Muldoon and Cecilia Reyes Leuzinger. Fiona is a member of the Audit and Risk Committees and Cecilia the Audit, Risk and Remuneration Committees. They both bring insight and offer experience-led advice to The Board.

A talented team that champions diverse thinking
Our company has thrived because our people can thrive. People are the bedrock on which we continue to build and grow our business. They are a vital asset and one that becomes more valuable over time. Understanding this leads us to commit to creating a market leading workplace.

Building a highly differentiated, talented, cross functional team means recruiting and retaining the best people. In 2022 we recruited 410 new joiners and our turnover rate was 10%.

We give our people the tools, support and create a learning environment where they are able to grow in their roles, make decisions and execute with autonomy. By remaining a mostly flat organisation, our team knows that they are making individual contributions to the collective success of the company. This approach results in positive behaviours and outcomes and a willingness to seize opportunities - which I believe is not just what makes Beazley a market leading workplace, but is also the key to our ongoing success as a business.

We are able to attract and keep top talent because of this compelling culture and the inviting workplace we have created, which resonates with both new and long-standing staff, as is reflected in our annual employee survey. Our engagement score, which measures whether colleagues are willing to go above and beyond for the organisation, was 85% and we remain above the global benchmark for both favourability and engagement. We continue to see parity in the demographics of respondents such as gender, ethnicity, age and length of service to the employee survey.

Only with a team that embraces the purpose of our business to explore, create and build will we deliver the innovation that our clients and broker partners expect. It is no surprise, therefore that during 2022 innovation remained at our core. We collaborated with the market to explore and create new insurance solutions to the emerging or changing risk landscape and in 2022 these included the build out of Carbon Offset Invalidation and specialist parametric property products, and building on our long-standing expertise in space underwriting by offering the first commercial insurance for vehicles on the moon. We are constantly looking to the risk horizon to identify where our specialist underwriting can add value.

Being a responsible business
Beazley is committed to being a responsible business and in 2022 we launched our ESG Consortium and Syndicate 4321. We also made significant strides towards embedding ESG criteria through the underwriting process with the addition of tools and talent to truly get our arms around this challenge.

We continue to make progress at pace against our 2023 targets of 45% senior leadership roles held by women, and 25% of our people being people of colour. The same is true of our target of a 50% reduction in greenhouse gas emissions by 2023, where we have in fact achieved a reduction of 55% so far to date. The Board will closely monitor our achievements against these targets and looks forward to reconfirming our Responsible Business commitments and presenting new targets for beyond 2023.

Dividend
The Board is pleased to continue with its progressive dividend policy, which will be paid annually, and as such has declared an interim dividend of 13.5p for the full year of 2022.

New Era, consistent vision
In December 2022, Beazley joined the FTSE 100 for the first time. We welcome the additional responsibility, visibility and scrutiny that comes with this and expect to be better for it. It is worth reflecting that we have reached this point not through acquisition or merger but by focusing on growing and developing our business organically through our talented people, expertise and skill. It has been a pleasure to lead such a committed and talented team of Directors as Chair of The Board for the past several months. Together we are steering your company as it continues to grow successfully and offer meaningful solutions to the challenges that risk presents to our clients and broker partners. As a business we operate within a framework of underwriting, responsibility and financial probity that we can all be proud of, driven by an extremely skilled team. Our vision of being a leading sustainable, Specialty insurer, is both lived every day and drives our aspirations, as our products, people, platforms and culture all come together. As Clive succeeds me as Chair, I can reflect that our new brand descriptor perfectly encompasses what it is about Beazley that makes us stand out from the crowd.

Christine LaSala
Interim Chair

Chief Executive Officer's statement
Beazley's combined ratio of 89% (2021: 93%) and gross premiums written of $5,268.7m (2021: $4,618.9m) are testament to our hard work over the last few years, and are particularly pleasing given that 2022 witnessed geopolitical uncertainty unseen since the Cold War. The overall result, a profit before tax of $191.0m (2021: $369.2m), consisted of a strong underwriting performance, offset by a reduced investment performance, driven by mark to market losses as a result of the volatile interest rate environment.

I am proud of Beazley's progress throughout 2022. We delivered a strong underwriting result, raised capital that will enable us to make the most of a structural change in the Property insurance and reinsurance markets, realigned our underwriting teams to better deliver for clients and launched Lloyd's first ESG syndicate. All against a backdrop of high inflation, an energy price crunch and the overhang of war in Europe.

Specialty insurance in a time of geopolitical turmoil
The war in Ukraine has shaken us all, causing real human suffering; and, as we all take stock, it is right to reflect on the impact it has had on our business. Firstly, the conflict resulted in us provisioning for claims directly from the war itself, for which our estimate of loss remains unchanged since our 2022 interim report. Secondly, the energy price spike and rising inflation caused central banks to increase interest rates, leading to mark to market losses in our fixed income portfolio resulting in an $179.7m investment loss. Finally, the war has reinforced the value a specialty insurer like Beazley brings in complex situations. From our claims team's support for mariners injured by missiles in the conflict zone, or enabling shipments of grain needed by some of the world's poorest people, to offering clients reassurance as they navigate a complex sanctions regime - the innovation and responsiveness of the Beazley team has shone through and I'd like to thank everyone for their hard work and focus on supporting clients.

Sustainable growth
Our business received a strong endorsement from the capital markets in November 2022 as we raised $404m in new equity capital to support our exciting growth agenda. We see a multi-dimensional opportunity to show our agility and grow in response

to changes in market conditions whilst continuing to pursue our sustainable long-term growth strategy, which this additional capital will further support.

The market dislocation in Property is a signal of structural change as it adjusts to the increased exposure climate change brings. This gives us a strategic opportunity to accelerate rather than simply re-grow our Property franchise (which used to be a significantly larger proportion of the business than it is now) but also to retain more of our Cyber and Specialty Risks business.

Firm foundations
Our ability to pivot our business to take up new opportunities as they emerge is part of our DNA. Platform strength, product and geographical diversity are cornerstones of this. Our strategy is to achieve the successful intersection of platforms and products to offer our brokers and clients access to our expertise and specialist underwriting capacity where and when they do business. We believe that a mix of international, wholesale and domestic platforms delivers straightforward access to us and adds real value.

People are, of course, Beazley's most important asset and in October 2022 we had to say goodbye to one of the best, David Roberts, our Chair of five years, who left to become Chair of the Court of the Bank of England. We are grateful for David's leadership and I would like to thank him personally for his counsel and wisdom over his time with us, but particularly when I transitioned to CEO last year. David's calm presence during COVID-19 and his personal drive and commitment to diversity and inclusion have had a profound impact on Beazley. Christine LaSala has ably assumed the role of Interim Chair and returns to her role as Senior Independent Director and Chair of the Remuneration Committee with our sincere thanks. I look forward to working with our incoming Chair, Clive Bannister, who brings a wealth of experience with him which will aid us as we enter the next phase of Beazley's journey.

Developing and supporting our employees is crucial to our success and in June 2022 we reflected the cost-of-living challenges we are all facing by making a one-off payment of up to £3,000 (or equivalent currency) to the people in the company most impacted. As we approached the end of year salary and bonus cycle this was also upper most in our minds and we awarded eligible staff an additional 2% cost of living pay rise in addition to an average company wide annual uplift of 5%.

What we say is what we do
Beazley believes that fundamentally we must deliver what we promise; and in 2022, we did just that with the launch of the ESG consortium and Syndicate 4321, Lloyd's first ESG syndicate. Since its launch on 1 January 2022 the new syndicate has offered additional capacity to clients who achieve high scores on ESG metrics, the syndicate is also helping Beazley to understand more about how high scoring businesses operate and test our hypothesis that companies which do well on ESG criteria are also likely to be less risky. We are using the lessons learnt as part of a wider effort, which got fully underway in 2022, to embed ESG thinking into all our underwriting. We also know that what gets measured, gets done and that is why in 2019 we set robust and challenging targets for our own ESG efforts. Specific highlights include targets of 45% of senior leadership roles being held by women, 25% of our team being people of colour and a 50% drop in carbon emissions, from 2019 levels; all to be achieved by the end of 2023. I believe we are firmly on track to deliver our target on senior leadership roles held by women, having reached 43% by the end of 2022, and I am delighted to have already hit our 25% people of colour target and reached a 55% reduction in carbon emissions and I look forward to reporting our progress in next year's annual report, when we will recommit ourselves to additional and equally challenging targets for the next three year cycle.

Insurance. Just different
Beazley's Cyber team took a leading role in the market this year on the issue of systemic Cyber risk. If the Cyber insurance industry is to achieve its potential and play its role in managing and mitigating Cyber risk, it needs to define and build parameters that will allow insurers to manage their balance sheet prudently, whilst encouraging more capital to come into the sector. We are fully committed to supporting this adjustment to happen. Innovation has come right across our business, from insuring the first commercial moon rover vehicle to providing an insurance solution for e-sports events. In early 2023 we launched the market's first cyber catastrophe bond, an innovation that will see new capital come into a cyber market that needs to grow at pace in the next decade to meet business demand. All have the same characteristics in common - they require a specialist approach to insurance as the issues raised are complex; but with the right investment they offer significant long-term potential.

As you can see from our digital version of this annual report; https://www.beazley.com/en-us/2022-annual-report, in 2022 we refreshed our brand identity to better reflect the age in which we live. Our fresh look and feel retains the essential qualities for which Beazley is well known, reflects our three corporate values of being bold, striving for better and doing the right thing, but introduces a more engaging and forward-looking approach to communication which better represents how our business is growing and changing. The support of all our stakeholders is key. Brokers are our first, vital link in the chain, but the purpose of our business is to help our clients explore, create and build their businesses. To better achieve this in 2022 we established our client engagement team which will actively ensure clients have access to our full product range and our research and expertise. We see this a two-way process that will allow us to develop more relevant products and insurance solutions that better meet the needs of our clients going forward.

As we start 2023, and we see positive market conditions, Beazley is able to look at that opportunity from a strong capital position, with a talented and committed team and the platform strength and product range to deliver for our clients, brokers and shareholders. For 2023 our growth expectations are for higher net premium growth than gross premium growth, with net growing in the mid 20s while gross is at mid teens. The difference is caused by us no longer writing portfolio underwriting through the Group in 2023 (as syndicate 5623 became a standalone syndicate and no longer requires the Group to cede the majority of the business written to it), alongside our reduction in purchased reinsurance on both Cyber Risks and Specialty Risks. These changes have the impact of increasing the net premium growth compared to the gross premium growth. Taking the above into account, we expect to deliver a high-80s combined ratio for 2023 assuming average claims experience. Although significant geopolitical headwinds remain, I believe we are in an excellent position to sustainably grow our company and I am looking forward to all we will achieve together in 2023.

Adrian Cox
Chief Executive Officer

Chief Underwriting Officer's report
Beazley achieved gross premiums written growth of 14% and a very strong combined ratio of 89% (2021: 93%). We delivered this impressive underwriting result by executing against our underwriting strategy of deploying specialist products in markets that value expertise and are demand driven, combined with an agility to pivot in new directions as opportunities from changing market conditions emerge.

Balanced underwriting combined with agility

2022 was a year of global dislocation and complexity, but throughout we remained true to our core values, executing our ambitious strategy to deliver profitable growth across all lines. We achieved this by underwriting a balanced book of business across multiple platforms, with the agility to respond to changing market conditions. Innovation also remained at our core with the development of new insurance solutions such as CryptoGuard and Carbon Offset Invalidation. We also continue to evaluate and support various parametric Property products to provide the market with solutions beyond traditional insurance.

Market conditions moved markedly during 2022. The Directors and Officers insurance (D&O) market saw competition emerge and a slow down in IPOs and SPACs, resulting in an over supply of capacity and lack of demand driving rates down. Cyber rates continued an upward path, albeit at a more conservative pace following the much needed price correction of the previous two years. In Property Risks we have reached a market turning point, and we anticipate significant rate increases in Treaty reinsurance and the direct Property market in 2023. However as the market changes, our approach to underwriting remains consistent - our focus is on underlying pricing and risk dynamics, market knowledge and experience, and standing by our clients.

New structure - more specialism
In March 2022 we restructured our underwriting teams to improve interconnectivity and achieve synergies. We now have an underwriting structure of four more equally sized divisions, which ensures a balanced book of business and is better able to manage short and long tail drivers of risk and reward.

Bringing together the Property insurance and Reinsurance teams to form Property Risks, and the Executive Risk and Specialty Lines teams to create Specialty Risks, has given us access to deep and broad insights into market dynamics, allowing us to better anticipate trends, identify opportunities or raise the alarm if risks are rising.

MAP Risks underwriters are experts in their specialist products and segments and while the specifics of risk differ between classes, their clients are sometimes the same and often face similar challenges, making for an ideal environment for cross fertilisation of ideas and growth of our underwriting via our international platforms.

Cyber Risks has exciting growth opportunities ahead as digitalisation sees demand for Cyber insurance protection grow exponentially. As a Cyber market leader, we have the experts in-house who continue to build our comprehensive Cyber ecosystem and in 2022 led the market wide debate on catastrophic Cyber, to protect our clients, the market and shareholders from the growing threat of a Cyber catastrophe.

Small business underwriting
Alongside these four divisions, Beazley Digital offers cross class specialist digital underwriting capabilities to the SME market. Our SME brokers and clients can now access our expert underwriting team via multiple channels, ensuring ease of doing business. In its first full year of trading the new division has experienced significant increased demand.

Data driven specialists
To ensure we continue to add greater insight and build knowledge and expertise in exposure management and the use of data, we are actively investing further and adding specialists to our team. Beazley hired its first Chief Data Officer in 2022, appointed a Senior Financial Climate Risk Specialist, and we are focused on building our pricing and exposure management team. As we make a concurrent investment into modelling tools, we will continue to need highly skilled specialists who can turn data into useful tools and benchmarks for underwriting action.

Agility in action
New structures, platform strength and a high-quality team are the firm foundations from which we can respond and change as market conditions move. In the second half of 2022 we saw movement in Property markets and as rates began to harden, we were able to optimise our Property portfolio as both a seller and buyer of reinsurance. Our Property Risks division will take advantage of this excellent opportunity for growth as the market is rapidly hardening into 2023. However, it will do so in the certain knowledge that the ongoing work we are doing to manage climate risk will mean we are not just here for short-term gain but to sustainably underwrite this core class of business.

D&O, long one of our key areas of specialism, has seen competition come into the market at a point where our assessment is that the risk landscape remains extremely high. As a result, when we do not believe the rate justifies the risk we have pulled back, reduced our appetite as we continue our disciplined approach to underwriting D&O. This is a caution we will maintain in 2023, although we believe the market will likely stabilise with supply and demand coming more in line. Our US business continues to grow, and we hit our goal of $2bn gross premiums written through the platform in December 2022. Beazley's 'Insurance. Just different.' message resonates strongly in the thoughtful way we underwrite and the client centric approach we take to claims in the world's largest insurance market. Growth also continues at pace in Europe, where we see significant opportunities and where we are investing in underwriting expertise. Our Lloyd's wholesale platform sees our underwriters leading global thinking on the challenges our client and brokers face. In particular, we can be proud of innovations that come from our specialist teams in this market, such as underwriting the first commercial insurance policy for projects on the moon.

We underpin our strategy by flexing our reinsurance purchasing and choosing to retain risk or share it based on the pricing dynamic. This thinking came to the fore in the second half of 2022 as we anticipated dramatic changes to Property Treaty reinsurance rates, and with our November equity raise, we are well placed to retain more risk and profits on our own balance sheet rather than extend our use of outwards reinsurance.

Successful strategy
I joined Beazley just over a year ago because I was impressed by the quality of the underwriting team and the effective and considered way in which they execute our underwriting strategy. In 2022, it was testament to this approach that we have delivered a 89% combined ratio and seen growth of 14% despite perhaps the most challenging geopolitical situation in a generation.

Underwriting focused on rigorous attention to detail and delivered by a team of experts who question decision making and actively value challenge and follow up have been key to this result.

This is combined with an agile approach to seizing opportunities as they emerge, whilst always keeping the interests of our shareholders and clients at the forefront of our minds. These will remain our defining principles throughout 2023.

Cyber Risks

Cyber Risks continued to see strong rate increases of 40% (2021: 88%) leading to an increase in gross premiums written to $1,156.1m (2021: $814.3m).

A successful year
New business was strong across all geographies with our business outside of our core US client base growing exponentially. In the US, we are seeing strong demand from the mid-market segment which is driving ongoing growth. Outside of the US, demand came from Europe, Asia, Australia and beyond and we expect this trend to continue as business becomes increasingly aware of and keen to protect itself from the Cyber threat. The substantial rate increases we have seen over the last two years, did begin to moderate during 2022, but they remained at very significant levels, reflecting the scale of the challenge that Cyber poses.

Our positive result reflects the good work we have done since October 2020, to build our Cyber ecosystem, which focuses on pre-underwriting and post-loss mitigation efforts. In 2022 we also added our threat intelligence and Beazley Cyber Council to this offering.

To reflect the demand we are experiencing and to respond to that opportunity, the team has continued to grow during the year, we've invested in people, expertise and resources across the globe. We also made specific investments into threat and intelligence pilots during 2022, of which, the successful ones, will become operational during 2023.

Adapting now, to grow tomorrow
We are a market leader in Cyber and we believe we need to use that position to address the challenges the market faces. In 2022 this saw us tackle the issue of Cyber catastrophes. To date no Cyber attack has been big enough to create a widespread breakdown in essential services; however, we have modelled the possible scenarios and believe now is the time to actively build market awareness and the capital needed to address the threat as the market grows.

Looking ahead, we believe that the flattening of rate increases will continue through 2023, but we expect that to be a moderation in what have been substantial, but required, rate increases over the last two to three years. We expect to see continued strong new business demand, particularly outside of the US, where we see the mid-market as the largest area of growth for our Cyber products and services. In Europe and across the globe, we are seeing large corporations seek greater Cyber protection and expect the level of demand to continue. Our continued focus is on maintaining and advancing our knowledge and understanding of the Cyber threat, and maintaining vigilance about the threat actors and their changing methods of operation as we move forward.

In January 2023 we launched the market's first cyber catastrophe bond and with strong demand from investors we expect to be able to launch additional tranches through 2023 and beyond. Through the equity raise in 2022, we are also looking to retain more of the business which we write, and capitalise on future profitability in this division.

Digital
Our profit before tax of $14.4m (2021: $40.6m), reflects the successful build out of our small business proposition across our key territories. Demand for our digital underwriting and distribution capabilities continues to grow and our delivery of $204.9m (2021: $190.8m) in gross premiums written for our first year of full operation and combined ratio of 87% (2021: 76%), demonstrate our success.

It is testament to the outstanding work of our team, that in our first year of operating as a separate division we have delivered a strong performance. Throughout the year we have made considerable progress in technology innovation and are seeing the benefits of a multi-skilled team working across all lines of business.

Digital started underwriting as a separate division in January 2022. It was created to build on the success of our myBeazley portal and to respond to demand from clients and brokers for accessible Digital insurance placement for small to medium sized risks. Digital gives brokers one Beazley point of contact, supported by a cross functional team, to access multiple product lines and digital services via their preferred platform or channel.

By committing to our strategy of meeting the client where they want to be met, we are seeing success across all access points: the myBeazley portal, APIs, on digital market hubs and our artificial intelligence enhanced email submission capabilities.

Take up of each channel differs depending on location. In the US, the prevalent method of placement remains via email, but through 2022 we have seen a shift to engagement via APIs and market hubs. In Europe and the UK, myBeazley has established itself as a key link in the insurance chain, while for our German business, market hubs or 'broker pools' are increasing in use.

Specialist insurance for small business
We recognise that not all small businesses are the same and neither are the risks they face. A small manufacturing business has very different exposures to business interruption risk than a small financial consultancy. By leveraging the deep-seated specialist knowledge that we are known for and that is prevalent across our organisation, we are able to effectively design and price relevant cover for a myriad of organisation types and sizes, which can be accessed at the touch of a button and delivered digitally.

At our core, we have a broad Specialist Lines portfolio, focused on lines such as Professional Indemnity, Management Liability, Tech Professions Errors and Omissions, Medical Malpractice for small scale health and care services providers, Event Cancellation and Pleasure Craft. During 2022, we have also matured the way we underwrite flagship products like Cyber for small business, where we are seeing significant demand and there is an opportunity to grow at pace.

Growth going forward
We remain confident about our growth trajectory going into 2023 and expect to see moderate rate increases across the portfolio.

Service is key, and we continue to invest in the people and technology of our customer success team who support our brokers with client queries, providing product information, and transacting business. Similarly, our dedicated territory manager sales team continues to grow and expand our distribution by region and by digital channel.

In the year ahead, we are targeting growth in all regions. We see plenty of opportunity to expand our digital distribution in the US, and Europe. In 2023, we will also launch the myBeazley portal in Canada, with the support of our well establish specialist teams in Toronto, Montreal and Vancouver.

Although Digital is tailored for the small to medium business segment, looking ahead, we see opportunities to direct more digitally placed larger risk business to our complex risk underwriting teams via channels such as APIs.

MAP Risks

MAP Risks reported gross premiums written of $1,107.8m (2021: $897.5m), and a combined ratio of 84% (2021: 85%). The division is exposed to the war in Ukraine in its Marine, Aviation, Political Risk and Terrorism lines of business - yet, despite the claims arising from the conflict, delivered a profit of $91.6m (2021: $167.5m).

Positive results from specialist team
The 2022 result was impacted by the war in Ukraine, and this has represented a potentially material loss to our book which remains unchanged since our 2022 interim report. Despite this, MAP Risks delivered a profit for 2022, which is a credit to the expertise and hard work of our team, who have been focusing on helping clients as they have faced extraordinary difficulties.

Bringing together Beazley's Marine division with the Political, Accident and Contingency division and Portfolio Underwriting has brought synergies and opportunities for cross selling. Our specialist underwriting teams are leading members of the Lloyd's market and we see positive opportunities to expand access to their technical skill and sector knowledge by leveraging our domestic underwriting platforms: in the US and Europe alongside Asia via our Singapore operation, where business comes into our Lloyd's syndicates.

Value of expert underwriting reflected in rates
The rating environment remains buoyant, with an overall rate increase of 4%, although we are now seeing pressure in some lines, including Aviation where capacity has returned after COVID-19. The war in Ukraine has impacted a range of classes and as a result we have seen significant uplifts in the rating environment in some of these areas. As a responsible business we are mindful of the importance of Ukraine as an exporter of grain, and the negative impact the conflict is having on world food supplies, and are supportive of market efforts to assist in facilitating the flow of these vital global commodities.

2022 saw our Contingency underwriting recover from the impact of COVID-19 with positive premium growth and, despite recessionary fears, we expect that trend to continue into 2023.

The value of our Political Risk cover has been fully demonstrated by the geopolitical turmoil of the past 12 months and we are seeing heightened interest from businesses looking to protect overseas assets, and the rating environment remains robust for this class.

Our Portfolio Underwriting business, which is primarily reinsured to an external special purpose Syndicate 5623, has delivered three consecutive years of profit. In January 2023, Syndicate 5623 became a full stand alone syndicate, writing all Portfolio Underwriting business directly. Beazley will be providing circa 18% of the capacity for the 2023 year of account for this syndicate.

ESG Syndicate 4321 launched in the year and wrote $10.5m of premium which the Group has a 10% share of. The syndicate provides additional follow capacity across several different classes of business to over 250 Beazley clients with a strong ESG rating since January 2022, building momentum through the year. A unique offering, the ESG consortium has been particularly successful for clients actively seeking to include ESG within their insurance programme and we have registered strong take up for both Financial Lines and Cyber clients in particular, and we are exploring growth opportunities in Europe.

Our specialist underwriters continue to innovate in established lines, be it on Marine, Cyber, embedding ESG principles and helping clients transition to net zero, or in underwriting the first commercial insurance on the moon and acting as the leader in the development of insurance for commercial space ports.

While there are rating pressures beginning to be felt in some classes, the geopolitical turbulence of the last 12 months only serves to demonstrate the importance of the specialist insurance and sector expertise that our underwriters consistently deliver.

Property Risks
2022 saw the combining of our Property insurance and Reinsurance business. Non-catastrophe exposed business performed well contributing to an increase in gross premiums written to $859.8m (2021: $812.6m). Hurricane Ian has, in line with expectations for such a large event, dampened our overall result, which nevertheless saw the combined ratio improve to 98% (2021: 106%).

The success of work painstakingly done in recent years to address the impact of climate events and refine our risk selection, has seen the book progressively improve. With market conditions reaching a pivot point during 2022, we are now in a great position to reap the rewards. While Hurricane Ian will see a claims burden in the range of a $120m net loss and has undoubtedly had an impact on the 2022 result, we comprehensively plan for events of this size, and it falls within our expectations for such an event.

Ready for the future
The combined expertise of our Property insurance and Reinsurance teams is allowing us to look across our portfolio strategically and benefit from both detailed site level insights and high-level trends, giving us a bird's eye view of market dynamics. Over time we believe this bottom up and top down approach will deliver competitive advantages as we address the sector's challenges of which climate change is perhaps the most urgent.

Throughout 2022 we continued to further our understanding of and implement enhancements to our underwriting approach and analysis around climate risk. We believe we are ahead of the curve, having actively invested in modelling tools and taking steps to embed the learnings into our underwriting processes. We are also making strides in regards to the impact of climate change on non-modelled perils such as wildfire, flood, and severe convective storm.

Our non-catastrophe business continues to benefit from the work we've done in the last few years to improve risk selection. A key driver of that has been the use of better, more insightful, modelling and tools. In particular, we released a new dynamic Property underwriting tool that provides the teams with the ability to analyse, model and rate all aspects of a risk at a location level with an informed view.

A significant opportunity
These focused efforts have put us firmly on the front foot to strongly build our Property premium base through 2023 - not just as we respond to an immediate and much needed improvement in the rating environment, but for the long term. As the rating environment remains favourable we will lean into the market opportunity; the equity raise of November 2022, has given further charge to this effort as we anticipate Property Treaty rate increases of up to 50% and over 15% in the direct Property book during 2023.

In contrast, as a buyer of reinsurance we are seeing an increase in costs; but balanced against the overall benefit of more effective market pricing and our dual role as a Property reinsurer, we believe this environment creates excellent opportunities for Beazley as a leading specialist Property insurer.

Specialty Risks
Specialty Risks achieved gross premiums written of $1,940.1m (2021: $1,903.7m) with rate increases of 2%. The combined ratio improved to 93% (2021: 95%). Through 2022 we achieved synergies and gained insights as we brought together our Executive Risk and Specialty Lines teams.

Specialty Risks offers scale and diversification over 27 different product lines, across global geographies, serving insureds from SME's to the world's largest companies. Our distribution methods are equally diverse and include; broker partners along the insurance value chain, coverholders, delegated authority arrangements and reinsurance. This not only creates a truly diversified book of casualty business but actively offers diversification benefits to Beazley as whole.

The newly combined division leverages its expertise and interconnected broker relationships to deliver strong and effective cycle management across our diverse book, by pushing and pulling the relevant levers of geographies, platforms and products and moving our focus as market conditions evolve and change.

Active cycle management
Our focus on active cycle management lets us see where risks are growing, or the rating environment is becoming unattractive and move swiftly to protect that business area.

A good example of how this works is in the current D&O market cycle. We avoided growing in the depth of the soft D&O market by methodical underwriting, and when the market changed direction in 2020/21 we stepped up and seized the opportunity. As conditions have moderated since the second quarter of 2022, we've become more selective on rate and in some instances, reduced our appetite. We are hopeful that conditions will stabilise during this year and we will adjust our underwriting as opportunity emerges.

This year we've seen growth across areas where innovation plays a key role, such as our Safeguard Product and Beazley Product Solutions embedded reinsurance segment. Here we take a market leading position in these smaller or niche lines and invest significantly, giving them airtime to grow at pace. This approach sees us able to move swiftly into new or emerging areas where growth potential and client demand is high for Beazley's unique solutions. Another new area for 2022 was our geographic expansion of Product Recall to Singapore alongside our overall Specialty Risks growth in the Asia Pacific region.

Outperformance is our focus
Discipline is the watch word of our approach to underwriting; while growth makes the headlines, profit is the real mark of success. The current economic environment is challenging but the hard de-risking work we undertook during the last recession gives us confidence that we are well placed at the start of 2023.

Our underwriting capabilities are fully demonstrated by how we behave at these moments and this includes leveraging our net growth and varying our reinsurance purchasing, to ensure we deliver market share and a positive result in any given year, regardless of market conditions. Our November equity raise will see us keep more of our carefully selected risk within our own business rather than purchase additional, more expensive, reinsurance thus maintaining our outperformance.

It takes discipline to leave our egos at the door, invest in future business areas and to pull back on some of our most respected classes of business if the rating environment is wrong.

However, this mantra is key to our strategy of growing in a smart, sustainable way.

Cumulative Rate Change

	2017	2018	2019	2020	2021	2022
Cyber Risks	100%	98%	99%	106%	200%	280%
Digital	100%	95%	98%	98%	107%	129%
MAP Risks	100%	101%	107%	119%	129%	134%
Property Risks	100%	109%	119%	135%	149%	165%
Specialty Risks	100%	102%	111%	136%	152%	155%
All divisions	100%	103%	109%	126%	156%	178%

Bob Quane
Chief Underwriting Officer

Financial review
Beazley delivered a profit before tax in 2022 of $191.0m, which consisted of a strong underwriting performance offset by a reduced investment performance, and a return on equity of 7%.

Result
Profit before tax in 2022 was $191.0m (2021: $369.2m). This was achieved through a substantial underwriting profit of $402.0m or a combined ratio of 89% (2021: 93%) offset by an investment loss of $179.7m (2021: gain of $116.4m) or an investment return of (2.1)% (2021: 1.6%).

Premiums
Gross premiums written increased by 14% in 2022 to $5,268.7m (2021: $4,618.9m). Rates on renewal business on average increased by 14% across the portfolio (2021: increased by 24%). All of our five divisions saw growth in 2022, with Cyber Risks and MAP Risks achieving double-digit growth of 42% and 23% respectively.

Our net premiums written increased by 10% in 2022 to $3,876.2m (2021: $3,512.4m). The slower growth in net premium compared to gross is due to an increase in reinsurance purchased during the period. The main drivers of our additional reinsurance purchasing were areas of significant growth, particularly Cyber Risks, so as to manage our net exposure.

Statement of profit or loss

	2022	2021	Movement
	$m	**$m**	**%**
Gross premiums written	5,268.7	4,618.9	14
Net premiums written	3,876.2	3,512.4	10
Net earned premiums	3,614.2	3,147.3	15
Net investment (loss)/income	(179.7)	116.4	(254)
Other income	32.1	28.2	14
Gain from sale of business	-	54.4	(100)
Revenue	3,466.6	3,346.3	**3.6**
Net insurance claims	1,956.4	1,826.2	7
Acquisition and administrative expenses	1,255.8	1,104.8	14
Foreign exchange loss	24.0	7.2	233
Expenses	3,236.2	2,938.2	**10**
Finance costs	(39.4)	(38.9)	
Profit before tax	191.0	369.2	
Income tax expense	(30.2)	(60.5)	
Profit after tax	**160.8**	**308.7**	

Claims ratio	54%	58%
Expense ratio	35%	35%
Combined ratio	89%	93%
Rate increase	14%	24%
Investment return	(2)%	2%

The Group is of the view that some of the above metrics constitute alternative performance measures (APMs).

Reinsurance purchased
Reinsurance is purchased for a number of reasons:

- to mitigate the impact of natural catastrophes such as hurricanes, and non-natural catastrophes such as cyber attacks;
- to enable the Group to put down large lead lines on the risks we underwrite; and
- to manage capital to lower levels.

The amount the Group spent on reinsurance in 2022 was $1,392.5m (2021: $1,106.5m). As a percentage of gross premiums written it increased to 26% from 24% in 2021.

Combined ratio
The combined ratio of an insurance company is a measure of its operating performance and represents the ratio of its total costs (including claims and expenses) to total net earned premium.

A combined ratio under 100% indicates an underwriting profit. Consistent delivery of operating performance across the market cycle is clearly a key objective for an insurer. Beazley's combined ratio improved in 2022 to 89% (2021: 93%).

Claims
2022 proved to be a year of several market events, including Hurricane Ian and the war in Ukraine. Despite this our claims ratio for 2022 reduced to 54% (2021: 58%), with our estimate for the war in Ukraine remaining unchanged since our 2022 interim report. Our expectation of losses for Hurricane Ian remains at $120m net of reinsurance.

Reserve margin
Beazley has a consistent reserving philosophy, with initial reserves being set to include risk margins that may be released over time as and when any uncertainty reduces. Historically these margins have given rise to held reserves within the range of 5-10% above our actuarial estimates, which themselves include some margin for uncertainty. The margin held above the actuarial estimate was 5.3% at the end of 2022 (2021: 6.4%). Reserve monitoring is performed at a quarterly 'peer review', which involves a challenge process contrasting the claims reserves of underwriters and claim managers, who make detailed claim-by-claim assessments, and the actuarial team, who provide statistical analysis. This process allows early identification of areas where claims reserves may need adjustment. During years where we experience large losses we tend to see the margin we monitor being lowered as often we hold the same estimates within both the actuarial and held reserve estimates.

With the move to IFRS 17 from IFRS 4, we have taken the opportunity to revisit our reserving strategy. What is currently held under IFRS 4 will change under IFRS 17. The main changes will be how we will set and disclose the level of reserve margin (known as risk adjustment for non-financial risk under IFRS 17) and that the insurance liabilities will be discounted. Currently, Beazley has an approach of setting reserves within a preferred range of 5-10% above the actuarial estimate. The actuarial estimate itself has a level of prudence already embedded, and is higher than the corresponding best estimate reserve.

Under IFRS 17, we will move to a preferred confidence level range of between the 80th and 90th percentile, which will be disclosed. This will show a percentile giving an indication about where the reserves sits compared to the best estimate and the capital requirement. IFRS 17 requires that the level of this additional amount above a best estimate reserve, known as the risk adjustment for non-financial risk, needs to be considered against a number of principles of which there are two dominant ones. First, the level needs to be consistent with how risk is managed, contracts are priced and the portfolios are managed. The second principle states that the risk adjustment level should make the firm neutral to running off the obligations or selling them.

At the end of 2022, our margin above actuarial estimates of 5.3% equated to a confidence level at the upper end of the 80th to 90th percentile range. At the date of transition to IFRS 17, 1 January 2022, our reserve confidence level was also at the upper end of this range, with an equivalent margin of 6.4% above actuarial estimates. Under IFRS 17, we expect the confidence level on transition to be nearer the middle of this range. Accordingly, the Group expects the provision for claims recognised on adoption of IFRS 17 to be lower than IFRS 4 technical provisions, which have historically been near the upper-end or above the preferred reserve range we will be using under IFRS 17. This is because under IFRS 17, the level of reserve margin has been calculated on a ground up basis with consideration of the compensation we target for each line of business, in line with IFRS 17 principles.

Reserve releases
Prior year reserve releases in 2022 totalled $132.6m (2021: $209.8m) which represented 3.7% of earned premium. The reduction in reserve releases was driven primarily by a reduction in releases from Cyber Risks and Property Risks.

Once again each of the divisions released reserves off of prior years in total. MAP Risks saw strong releases across all year of account totalling $66.2m, while the other four divisions released off two of the prior years.

Prior year reserve adjustments

	2018	**2019**	**2020**	**2021**	**2022**	**5 year average**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Cyber Risks	17.5	51.1	54.5	26.3	8.0	31.5
Digital	22.5	23.4	31.9	39.7	15.5	26.6
MAP Risks	27.3	10.4	14.4	63.0	66.2	36.3
Property Risks	(23.5)	(47.2)	25.1	59.1	14.7	5.6
Specialty Risks	71.2	(28.2)	(32.8)	21.7	28.2	12.0

Total	115.0	9.5	93.1	209.8	132.6	112.0
Releases as a percentage of net earned premium	5.5%	0.4%	3.5%	6.7%	3.7%	4.0%

Acquisition costs and administrative expenses
Business acquisition costs and administrative expenses increased during 2022 to $1,255.8m from $1,104.8m in 2021. The breakdown of these costs is shown below.

Brokerage costs are the premium commissions paid to insurance intermediaries for providing business. As a percentage of net earned premiums they have increased to 23% in the current year (2021: 22%). Brokerage costs are deferred and expensed over the life of the associated premiums in accordance with the Group's accounting policy. Other acquisition costs comprise costs that have been identified as being directly related to underwriting activity (e.g. underwriters' salaries and Lloyd's box rental). These costs are also deferred in line with premium earning patterns.

	2022	**2021**
	$m	**$m**
Brokerage costs	825.0	707.5
Other acquisition costs	127.1	114.3
Total acquisition costs	**952.1**	**821.8**
Administrative expenses	303.7	283.0
Total acquisition costs and administrative expenses	**1,255.8**	**1,104.8**

Beazley focuses on improving our expense ratio during times of strong growth. Given our increased spend in 2022 on our infrastructure, plus the world fully opening again after COVID-19 restrictions, it is pleasing that we maintained a flat expense ratio of 35% compared to 2021.

Foreign exchange
The majority of Beazley's business is transacted in US dollars, which is the currency we have reported in since 2010 and the currency in which we aim to hold the company's net assets. Changes in the US dollar exchange rate with sterling, the Canadian dollar and the euro do have an impact as we receive premiums in those currencies and a material number of our staff receive their salary in sterling. Beazley's foreign exchange loss taken through the statement of profit or loss in 2022 was $24.0m (2021: $7.2m loss). The higher than average loss was driven primarily by the revaluation of our non-monetary items, such as deferred acquisition costs and unearned premium reserve, back to historic rates. From 2023, this revaluation of our non-monetary items will no longer take place as IFRS 17 mandates that all insurance items are now treated as monetary.

Investment performance
Recent rapid growth in our financial assets continued in 2022 as the business grew significantly and the value of our investments, cash and cash equivalents increased to $8,998.1m at year end (2021: $7,875.3m). We generated an investment return of $(179.7)m, or (2.1)% (2021: $116.4m, 1.6%) on these assets during the year.

Inflation became the key consideration for financial markets in 2022, as remaining supply-chain pressures arising from the COVID-19 pandemic were exacerbated by the war in Ukraine, affecting energy and food costs. Earlier expectations that higher inflation would be temporary were revised and central banks became increasingly aggressive in raising interest rates as inflation accelerated. Unusually, both Sovereign bonds and risk assets saw significant losses, as yields rose and economic growth forecasts declined.

US Treasury yields at shorter maturities increased by more than four percentage points during 2022; the biggest increase in more than half a century. We acted to reduce portfolio duration for much of the period, which helped to reduce the adverse impact of rising yields, but our fixed income investments still generated a loss of 3.0%. Global equities lost more than 18% in 2022 and our equity portfolio, which reflects our responsible investment objectives, saw modestly greater losses. However, equities make up less than 3% of our portfolio and all of our other capital growth investments achieved positive returns. Our hedge funds, in particular, proved resilient in the difficult market conditions, returning more than 7% in a year when the hedge fund universe recorded losses. Overall, our capital growth investments returned a small gain, of 0.3%. As part of our responsible investment initiative we have committed to build an 'impact' portfolio, of up to $100m, targeting investment opportunities which have measurable social or environmental benefits. We made our first such investment in the fourth quarter of 2022, in a private equity fund supporting the creation of renewable energy capacity in Europe. We expect to make further investments throughout 2023.

The unrealised investment loss in 2022 is significant, notwithstanding some recovery in the fourth quarter, as yields stabilised. However, losses were mostly the result of rising yields, which have also acted to reduce the present value of our Solvency II liabilities, such that our capital position has not been materially affected. Bond yields are now much higher than they were a year ago (our fixed income portfolio yield at 31 December 2022 was 4.7%), suggesting that future investment returns may be better than we have seen for some years. However, many of the factors that drove financial market volatility in 2022, including rampant inflation and rising interest rates, remain unresolved, such that investment returns are likely to remain volatile.

The table below details the breakdown of our portfolio by asset class:

	31 Dec 2022		**31 Dec 2021**	
	$m	**%**	**$m**	**%**
Cash and cash equivalents	652.5	7.3	591.8	7.5
Fixed and floating rate debt securities				
- Government issued	5,006.3	55.6	4,008.1	50.9
- Corporate bonds				
- Investment grade	2,050.5	22.8	1,861.9	23.6
- High yield	308.7	3.4	402.3	5.1
Syndicate loans	32.5	0.4	37.9	0.5

Derivative financial instruments	34.7	0.4	7.6	0.1
Core portfolio	**8,085.2**	**89.9**	**6,909.6**	**87.7**
Equity funds	159.4	1.8	209.6	2.7
Hedge funds	530.6	5.9	478.2	6.1
Illiquid credit assets	222.9	2.4	277.9	3.5
Total capital growth assets	**912.9**	**10.1**	**965.7**	**12.3**
Total	**8,998.1**	**100.0**	**7,875.3**	**100.0**

Comparison of return by major asset class:

	31 Dec 2022		**31 Dec 2021**	
	$m	**%**	**$m**	**%**
Core portfolio	(182.8)	(2.4)	7.2	0.1
Capital growth assets	3.1	0.3	109.2	11.9
Overall return	**(179.7)**	**(2.1)**	**116.4**	**1.6**

Tax
Beazley is liable to corporation tax in a number of jurisdictions, notably the UK, the US and Ireland. Beazley's effective tax rate is thus a composite tax rate mainly driven by the Irish, UK and US tax rates. The weighted average of the statutory tax rates for the year was 21.2% (2021: 17.2%). The tax rate of 21.2% is higher than last year due to this year's composition of profits and losses across the Group.

The effective tax rate has decreased in 2022 to 15.8% (2021: 16.4%). The decrease has been a result of favourable prior year tax adjustments in 2022.

Balance sheet management
Summary statement of financial position

	2022	**2021**	**Movement**
	$m	**$m**	**%**
Intangible assets	128.8	123.5	4
Reinsurance assets	3,286.6	2,386.4	38
Insurance receivables	1,811.7	1,696.1	7
Other assets	873.8	726.1	20
Financial assets at fair value and cash and cash equivalents	8,998.1	7,875.3	14
Total assets	**15,099.0**	**12,807.4**	**18**
Insurance liabilities	10,354.2	8,871.8	17
Financial liabilities	562.5	554.7	1
Other liabilities	1,608.8	1,250.1	29
Total liabilities	**12,525.5**	**10,676.6**	**17**
Net assets	2,573.5	2,130.8	21
Net assets per share (cents)	420.8c	351.6c	20
Net tangible assets per share (cents)	399.7c	331.2c	21
Net assets per share (pence)	343.4p	265.8p	29
Net tangible assets per share (pence)	326.2p	250.4p	30
Number of shares[1]	665.4m	606.1m	10

1 Excludes shares held in the employee share trust and treasury shares.

Intangible assets
Intangible assets consist of goodwill on acquisitions of $62.0m (2021: $62.0m), purchased syndicate capacity of $13.7m (2021: $10.7m), US admitted licences of $9.3m (2021: $9.3m) and capitalised expenditure on IT projects of $43.8m (2021: $41.1m).

Reinsurance assets
Reinsurance assets represent recoveries from reinsurers in respect of incurred claims of $2,487.4m (2021: $1,829.4m), and the unearned reinsurance premiums reserve of $799.2m (2021: $557.0m). The reinsurance receivables from reinsurers are split between recoveries on claims paid or notified of $420.6m (2021: $371.4m), and an actuarial estimate of recoveries on claims that have not yet been reported of $2,066.8m (2021: $1,458.0m).

The Group's exposure to reinsurers is managed through:

- minimising risk through selection of reinsurers who meet strict financial criteria (e.g. minimum net assets, minimum 'A' rating by S&P). These criteria vary by type of business (short vs medium tail);
- timely calculation and issuance of reinsurance collection notes from our ceded reinsurance team; and
- regular monitoring of the outstanding debtor position by our Reinsurance Security Committee and Credit Control Committee. We continue to provide against impairment of reinsurance recoveries and at the end of 2022 our provision in respect of reinsurance recoveries totalled $29.3m (2021: $11.5m). The increase is driven by a provision made against reinsurance on our Cyber book.

Insurance receivables
Insurance receivables are amounts receivable from brokers in respect of premiums written. The balance at 31 December 2022 was $1,811.7m (2021: $1,696.1m). The amount of estimated future premium that remains in insurance receivables relating to years of account that are more than three years developed at 31 December 2022 is $29.8m (2021: $15.4m).

Insurance liabilities
Insurance liabilities of $10,354.2m (2021: $8,871.8m) consist of two main elements, being the unearned premium reserve (UPR) and gross insurance claims liabilities. Our UPR has increased by 20% to $2,971.7m (2021:$2,472.7m). The majority of the UPR balance relates to current year premiums that have been deferred and will be earned in future periods. Current indicators are that the business is profitable.

Gross insurance claims reserves are made up of claims which have been notified to us but not yet paid of $1,758.4m (2021: $1,627.5m), and an estimate of claims incurred but not yet reported (IBNR) of $5,624.1m (2021: $4,771.7m). These are estimated as part of the quarterly reserving process involving the underwriters and Group Actuary. Gross insurance claims reserves have increased 15% from 2021 to $7,382.5m (2021: $6,399.1m).

Financial liabilities
Financial liabilities comprise borrowings and derivative financial liabilities. The Group utilises two long-term debt facilities:
- in November 2016, Beazley Insurance dac issued $250m of 5.875% subordinated tier 2 notes due in 2026; and
- in September 2019, Beazley Insurance dac issued $300m of 5.5% subordinated tier 2 notes due in 2029.

A syndicated short-term banking facility led by Lloyds Banking Group plc provides potential borrowings up to $450m. Under the facility $450m may be drawn as letters of credit to support underwriting at Lloyd's, and up to $225m may be advanced as cash under a revolving facility. The cost of the facility is based on a commitment fee of 0.4725% per annum, and any amounts drawn are charged at a margin of 1.35% per annum.

The cash element of the facility will expire on 23 July 2024, whilst letters of credit issued under the facility can be used to provide support for the 2021, 2022 and 2023 underwriting years. In 2022 $225m has been placed as a letter of credit as Funds at Lloyd's (FAL).

Other assets
Other assets are analysed separately in the notes to the financial statements. The items included comprise:
- deferred acquisition costs of $550.1m (2021: $477.8m); and
- deferred tax assets available for use against future taxes payable of $35.2m (2021: $16.3m).

Judgement is required in determining the policy for deferring acquisition costs. Beazley's policy assumes that variable reward paid to underwriters relates to prior years' business and is not an acquisition cost. As a result, the quantum of costs classified as acquisition is towards the lower end of the possible range seen across the insurance market. Costs identified as related to acquisition are then deferred in line with premium earnings.

Capital structure
Beazley aims to hold capital in excess of regulatory requirements in order to be best placed to swiftly take advantage of growth opportunities arising outside of our business plan, as well as to provide additional protection against downside events.

The Group actively seeks to manage its capital structure. Our preferred use of capital is to deploy it on opportunities to underwrite profitably.

Beazley has a number of requirements for capital at a Group and subsidiary level. Capital is primarily required to support underwriting at Lloyd's, in the US and through our European branches and is subject to prudential regulation by local regulators (the Prudential Regulation Authority, Lloyd's, the Central Bank of Ireland, and the US state level supervisors). Beazley is subject to the capital adequacy requirements of the European Union (EU) Solvency II regime (SII). We comply with all relevant SII requirements.

Further capital requirements come from rating agencies which provide ratings for Beazley Insurance Company, Inc and Beazley Insurance dac. We aim to manage our capital levels to obtain the ratings necessary to trade with our preferred client base.

Beazley holds a level of capital over and above its regulatory requirements. The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework, opportunities for organic or acquisitive growth and a desire to maximise returns for investors.

In November 2022 we raised $404m of new capital through a non-pre-emptive share issuance. The decision to raise this additional equity was taken following the market dislocation across the Property market. We see this as an opportunity to expand our Property and Reinsurance books, whilst also enabling further growth within our Cyber Risks and Specialty Risks books, net of reinsurance.

	2022	**2021**
	$m	**$m**
Shareholders' funds	2,573.5	2,130.8
Tier 2 subordinated debt (2026)	249.4	249.1
Tier 2 subordinated debt (2029)	298.6	298.3
Drawdown of letter of credit	225.0	225.0

	3,346.5	**2,903.2**

During 2022 the equity raise further strengthened our capital base which will enable us to deliver our underwriting plan. Our funding comes from a mixture of our own equity alongside $548.0m ($550.0m gross of capitalised borrowing costs) of tier 2 subordinated debt. We also have a banking facility of $450m (31 December 2021: $450m) of which, $225m has been utilised and placed as a letter of credit at Lloyd's to support our Funds at Lloyd's (FAL).

The following table sets out the Group's capital requirement selected for our internal measure of the Group's capital surplus position:

	2022	**2021**
	$m	**$m**
Lloyd's economic capital requirement (ECR)	2,577.1	2,225.3
Capital for US insurance companies	180.9	247.8
	2,758.0	**2,473.1**

The final Lloyd's economic capital requirement (ECR) at year end 2022, as confirmed by Lloyd's, reflects the business we expect to write through to the end of 2023 as per our business plan which is targeting net growth of upwards of 20%. Furthermore, rather than taking a one year view of this business, it assumes that all risks run to ultimate. Finally, Lloyd's apply a 35% uplift to this number. These three factors make the ECR requirement considerably more onerous than the standard Solvency II measure which considers a one year time horizon and contains no uplift.

In general we expect our capital requirement to grow broadly in line with the net written premiums in our business plan, which in the short term should be double digit growth; however, premium growth due to rate change has a more limited impact on the capital requirement, as the amount of risk stays broadly the same.

At Beazley we aim to hold excess capital over the Lloyd's ECR and US capital requirement, expressed as a percentage of Lloyd's ECR, and have a preferred range of 15-25%. Given the stringent nature of the Lloyd's ECR as noted above, our Group surplus capital ratio is not directly comparable to the standard Solvency II capital ratio which is based on a one year time horizon.

At 31 December 2022, we have surplus capital (on a Solvency II basis) of 44%, above our current preferred range of 15% to 25% of ECR. Following payment of the proposed interim dividend of 13.5p, this surplus reduces to 40%.

In addition to the surplus above, we have two further capital levers which may be called upon. Firstly, the remaining undrawn banking facility of $225m may be utilised and is not included within the capital stack used in the capital surplus calculation. Secondly, we continue to use reinsurance as a tool to manage our capital position.

To ensure capital efficiency is maintained for our operations in the US, we continue to use a captive arrangement through Beazley NewCo Captive Company, Inc. that we set up in 2020.

Both tier 2 subordinated debt issuances issued by Beazley Insurance dac in 2016 and 2019 were assigned and maintain an Insurer Financial Strength (IFS) rating of 'A+' by Fitch.

Solvency II
The Solvency II regime came into force on 1 January 2016. Beazley continue to provide quarterly Solvency II pillar 3 reporting to both Lloyd's for the Beazley managed syndicates and the Central Bank of Ireland and the Prudential Regulation Authority for Beazley Insurance dac and Beazley plc.

Under Solvency II requirements, the Group is required to produce a Solvency Capital Requirement (SCR) which sets out the amount of capital that is required to reflect the risks contained within the business. Lloyd's reviews the syndicates' SCRs to ensure that SCRs are consistent across the market.

The current SCR has been established using our Solvency II approved internal model approved by Central Bank of Ireland (CBI) which has been run within the regime as prescribed by Lloyd's. In order to perform the capital assessment:

- we use sophisticated mathematical models that reflect the key risks in the business allowing for probability of occurrence, impact if they do occur, and interaction between risk types. A key focus of these models is to understand the risk posed to individual teams, and to the business as a whole, of a possible deterioration in the underwriting cycle; and
- the internal model process is embedded so that teams can see the direct and objective link between underwriting decisions and the capital allocated to each team. This gives a consistent and comprehensive picture of the risk/ reward profile of the business and allows teams to focus on strategies that improve return on capital.

IFRS 17
The implementation of the IFRS 17: Insurance Contracts standard came into force for accounting periods commencing on 1 January 2023. Applying this standard has been a major undertaking and involved a multi-functional project over the past six years.

Since the start of 2023, we have been accounting under IFRS 17 for insurance contracts at a Group level. The expected impact on equity at the date of transition, 1 January 2022, is an increase of at least 2% of equity. This increase is primarily driven by discounting, alongside a reduction in reserves held on the balance sheet. These reserve reductions are driven by the different approach to calculating the reserve margin between IFRS 4 and IFRS 17, moving to a confidence level led approach. It is important to note that interest rates have increased since the date of transition, so the discounting effect on more recent balance sheet dates is expected to be more significant at other dates.

Group structure
The Group operates across Europe, Asia, Canada and the US through a variety of legal entities and structures. As at 31 December 2022, the main entities within the legal entity structure are as follows:

- Beazley plc - Group holding company, listed on the London Stock Exchange;
- Beazley Ireland Holdings plc - intermediate holding company;
- Beazley Underwriting Limited - corporate member at Lloyd's writing business through syndicates 2623, 3622 and 3623;
- Beazley Furlonge Limited - managing agency for the seven syndicates managed by the Group 623, 2623, 3622, 3623, 6107, 5623 and 4321;
- Beazley Insurance dac - insurance company based in Ireland that accepts non-life reinsurance premiums ceded by the corporate member Beazley Underwriting Limited, and also writes business directly from Europe;
- Syndicate 2623 - corporate body regulated by Lloyd's through which the Group underwrites its general insurance business excluding accident, life and facilities. Business is written in parallel with syndicate 623;
- Syndicate 623 - corporate body regulated by Lloyd's which has its capital supplied by third party names;
- Syndicate 6107 - special purpose syndicate writing reinsurance business, and from 2017 cyber, on behalf of third party names;
- Syndicate 3622 - corporate body regulated by Lloyd's through which the Group underwrites its life insurance and reinsurance business;
- Syndicate 3623 - corporate body regulated by Lloyd's through which the Group underwrites its personal accident, BICI reinsurance business and, from 2018, Market Facilities business;

- Syndicate 5623 - corporate body regulated by Lloyd's through which the Group underwrites across a diverse mix of classes;
- Syndicate 4321 - a Lloyd's syndicate in a box focussing on writing business on a consortium basis led by syndicate 2623/623 based on ESG scores of insureds;
- Beazley America Insurance Company, Inc. (BAIC) - insurance company regulated in the US. In the process of obtaining licenses to write insurance business in all 50 states;
- Beazley Insurance Company, Inc. (BICI) - insurance company regulated in the US. Licensed to write insurance business in all 50 states;
- Beazley USA Services, Inc. (BUSA) - service company based in Farmington, Connecticut. Underwrites business on behalf of Beazley syndicates, 2623 and 623, BICI and BAIC; and
- Beazley NewCo Captive Company, Inc. - provides internal reinsurance to BICI on older accident years.

Consolidated statement of profit or loss for the year ended 31 December 2022

	2022	**2021**
	$m	**$m**
Gross premiums written	5,268.7	4,618.9
Written premiums ceded to reinsurers	(1,392.5)	(1,106.5)
Net premiums written	**3,876.2**	**3,512.4**
Change in gross provision for unearned premiums	(507.3)	(545.0)
Reinsurers' share of change in the provision for unearned premiums	245.3	179.9
Change in net provision for unearned premiums	**(262.0)**	**(365.1)**
Net earned premiums	**3,614.2**	**3,147.3**
Net investment (loss)/income	(179.7)	116.4
Other income	32.1	28.2
Gain from sale of business	-	54.4
	(147.6)	199.0
Revenue	**3,466.6**	**3,346.3**
Insurance claims	3,046.3	2,734.3
Insurance claims recoverable from reinsurers	(1,089.9)	(908.1)
Net insurance claims	**1,956.4**	**1,826.2**
Expenses for the acquisition of insurance contracts	952.1	821.8
Administrative expenses	303.7	283.0
Foreign exchange loss	24.0	7.2
Operating expenses	**1,279.8**	**1,112.0**
Expenses	**3,236.2**	**2,938.2**
Results of operating activities	**230.4**	**408.1**
Finance costs	(39.4)	(38.9)
Profit before income tax	**191.0**	**369.2**
Income tax expense	(30.2)	(60.5)
Profit for the year attributable to equity shareholders	**160.8**	**308.7**
Earnings per share (cents per share):		
Basic	26.3	50.9
Diluted	25.9	50.3

Earnings per share (pence per share):		
Basic	21.1	37.0
Diluted	20.8	36.5

Statement of comprehensive income for the year ended 31 December 2022

	2022	2021
	$m	$m
Group		
Profit for the year attributable to equity shareholders	160.8	308.7
Other comprehensive (expense)/income		
Items that will never be reclassified to profit or loss:		
(Loss)/gain on remeasurement of retirement benefit obligations	(12.5)	13.0
Income tax on defined benefit obligation	2.7	(1.8)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	(12.2)	(5.9)
Total other comprehensive income	(22.0)	5.3
Total comprehensive income recognised	**138.8**	**314.0**

Statement of comprehensive income for the year ended 31 December 2022

	2022	2021
	$m	$m
Company		
Profit for the year attributable to equity shareholders	303.1	37.2
Total comprehensive income recognised	**303.1**	**37.2**

Statement of changes in equity for the year ended 31 December 2022

	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Total
	$m	$m	$m	$m	$m	$m
Group						
Balance at 1 January 2021	**42.9**	**5.3**	**(91.3)**	**(9.4)**	**1,862.0**	**1,809.5**
Total comprehensive (loss) / income recognised	-	-	(5.9)	-	319.9	314.0
Equity settled share based payments	-	-	-	11.0	-	11.0
Tax on share option vestings	-	-	-	(3.9)	-	(3.9)
Transfer of shares to employees	-	-	-	(1.7)	1.9	0.2
Balance at 31 December 2021	**42.9**	**5.3**	**(97.2)**	**(4.0)**	**2,183.8**	**2,130.8**
Balance at 1 January 2022	**42.9**	**5.3**	**(97.2)**	**(4.0)**	**2,183.8**	**2,130.8**
Total comprehensive (loss) / income recognised	-	-	(12.2)	-	151.0	138.8
Dividends paid	-	-	-	-	(103.0)	(103.0)
Issue of shares	0.1	0.8	-	-	-	0.9
Equity raise[1]	3.6	3.6	-	397.2	-	404.4
Transfer of merger reserve to retained earnings[1]	-	-	-	(397.2)	397.2	-
Equity settled share based payments	-	-	-	15.7	-	15.7
Acquisition of own shares held in trust	-	-	-	(17.8)	-	(17.8)
Tax on share option vestings	-	-	-	3.1	0.6	3.7
Transfer of shares to employees	-	-	-	(4.6)	4.6	-
Balance at 31 December 2022	**46.6**	**9.7**	**(109.4)**	**(7.6)**	**2,634.2**	**2,573.5**

1 In November 2022, the Company issued 60,959,017 new ordinary shares of 5 pence each, comprising the 'Placing Shares', the 'Retail Offer Shares' and the 'Subscription Shares'. No share premium was recorded in relation to the Placing Shares as

merger relief under the Companies Act was available. The premium over the nominal value of these shares was credited to a merger reserve and subsequently recognised in retained earnings as it was deemed to be distributable.

Statement of changes in equity for the year ended 31 December 2022

	Share capital	Share premium	Merger reserve[1]	Foreign currency translation reserve	Other reserves	Retained earnings	Total
	$m	$m	$m	$m	$m	$m	$m
Company							
Balance at 1 January 2021	**42.9**	**5.3**	**55.4**	**0.7**	**(16.9)**	**904.1**	**991.5**
Total comprehensive income recognised	-	-	-	-	-	37.2	37.2
Equity settled share based payments	-	-	-	-	11.0	-	11.0
Transfer of shares to employees	-	-	-	-	(1.7)	1.9	0.2
Balance at 31 December 2021	**42.9**	**5.3**	**55.4**	**0.7**	**(7.6)**	**943.2**	**1,039.9**
Balance at 1 January 2022	42.9	5.3	55.4	0.7	(7.6)	943.2	1,039.9
Total comprehensive income recognised	-	-	-	-	-	303.1	303.1
Dividends paid	-	-	-	-	-	(103.0)	(103.0)
Issue of shares	0.1	0.8	-	-	-	-	0.9
Equity raise[2]	3.6	3.6	397.2	-	-	-	404.4
Transfer of merger reserve to retained earnings	-	-	(397.2)	-	-	397.2	-
Equity settled share based payments	-	-	-	-	15.7	-	15.7
Acquisition of own shares held in trust	-	-	-	-	(17.8)	-	(17.8)
Transfer of shares to employees	-	-	-	-	(4.6)	4.6	-
Balance at 31 December 2022	**46.6**	**9.7**	**55.4**	**0.7**	**(14.3)**	**1,545.1**	**1,643.2**

1 A merger reserve was created through a scheme of arrangement on 13 April 2016, in which Beazley plc became the parent company of the Group.

2 In November 2022, the Company issued 60,959,017 new ordinary shares of 5 pence each, comprising the 'Placing Shares', the 'Retail Offer Shares' and the 'Subscription Shares'. No share premium was recorded in relation to the Placing Shares as merger relief under the Companies Act was available. The premium over the nominal value of these shares was credited to a merger reserve and subsequently recognised in retained earnings as it was deemed to be distributable.

Statements of financial position as at 31 December 2022

	2022		2021	
	Group	**Company**	**Group**	**Company**
	$m	**$m**	**$m**	**$m**
Assets				
Intangible assets	128.8	-	123.5	-
Plant and equipment	14.9	-	19.2	-
Right of use assets	60.5	-	75.5	-
Deferred tax asset	35.2	-	-	-
Investment in subsidiaries	-	724.6	-	724.6
Investment in associates	0.4	-	0.6	-
Deferred acquisition costs	550.1	-	477.8	-
Retirement benefit asset	4.6	-	18.1	-
Reinsurance assets	3,286.6	-	2,386.4	-
Financial assets at fair value	8,345.6	-	7,283.5	-
Insurance receivables	1,811.7	-	1,696.1	-
Other receivables	196.4	919.1	-	315.0
Current income tax asset	11.7	0.3	11.9	0.7
Cash and cash equivalents	652.5	3.4	591.8	0.3
Total assets	**15,099.0**	**1,647.4**	**12,807.4**	**1,040.6**
Equity				
Share capital	46.6	46.6	42.9	42.9
Share premium	9.7	9.7	5.3	5.3
Merger reserve	-	55.4	-	55.4
Foreign currency translation reserve	(109.4)	0.7	(97.2)	0.7
Other reserves	(7.6)	(14.3)	(4.0)	(7.6)

Retained earnings	2,634.2	1,545.1	2,183.8	943.2
Total equity	**2,573.5**	**1,643.2**	**2,130.8**	**1,039.9**
Liabilities				
Insurance liabilities	10,354.2	-	8,871.8	-
Financial liabilities	562.5	-	554.7	-
Lease liabilities	72.7	-	84.3	-
Current income tax liability	8.6	-	24.5	-
Other payables	1,527.5	4.2	1,141.3	0.7
Total liabilities	**12,525.5**	**4.2**	**10,676.6**	**0.7**
Total equity and liabilities	**15,099.0**	**1,647.4**	**12,807.4**	**1,040.6**

No income statement is presented for the parent company as permitted by Section 408 of the Companies Act 2006. The profit after tax of the parent company for the period was $303.6m (2021: $37.2m).

Statements of cash flows for the year ended 31 December 2022

	2022		**2021**	
	Group	**Company**	**Group**	**Company**
	$m	**$m**	**$m**	**$m**
Cash flow from operating activities				
Profit before income tax	191.0	303.3	369.2	36.4
Adjustments for:				
Amortisation of intangibles	14.3	-	20.5	-
Equity settled share based compensation	15.7	15.7	11.0	11.0
Net fair value loss/(gain) on financial assets	274.4	-	(45.8)	-
Depreciation of plant and equipment	3.3	-	4.9	-
Depreciation of right of use assets	12.3	-	15.0	-
Impairment/(write back) of reinsurance assets recognised	17.8	-	(3.3)	-
Increase/(decrease) in insurance and other payables	1,868.6	3.5	1,900.8	(3.1)
(Increase) in insurance, reinsurance and other receivables	(1,105.5)	(3.4)	(950.1)	(47.1)
(Increase) in deferred acquisition costs	(72.3)	-	(92.9)	-
Interest and dividends received on investments	(101.1)	(305.0)	(76.5)	(40.0)
Finance costs	39.4	4.8	38.9	3.6
Income tax paid	(61.1)	-	(22.2)	-
Net cash from/(used in) operating activities	**1,096.8**	**18.9**	**1,169.5**	**(39.2)**
Cash flow from investing activities				
Purchase of plant and equipment	(1.0)	-	(4.5)	-
Expenditure on software development and other intangible assets	(22.7)	-	(17.7)	-
Purchase of investments	(6,645.4)	-	(7,979.1)	-
Proceeds from sale of investments	5,325.3	-	7,037.1	-
Proceeds from sale of business	-	-	54.4	-
Loan to subsidiary	-	(600.7)	-	-
Interest and dividends received	94.2	305.0	70.6	40.0
Net cash (used in)/from investing activities	**(1,249.6)**	**(295.7)**	**(839.2)**	**40.0**
Cash flow from financing activities				
Acquisition of own shares in trust	(17.8)	(17.8)	-	-
Payment of lease liabilities	(11.6)	-	(12.8)	-
Equity raise	404.4	404.4	-	-
Finance costs	(36.3)	(4.8)	(35.2)	(3.6)
Issuance of shares	-	-	-	-
Dividend paid	(103.0)	(103.0)	-	-
Net cash from/(used in) financing activities	**235.7**	**278.8**	**(48.0)**	**(3.6)**
Net increase/(decrease) in cash and cash equivalents	82.9	2.0	282.3	(2.8)
Cash and cash equivalents at beginning of year	591.8	0.3	309.5	0.9
Effect of exchange rate changes on cash and cash equivalents	(22.2)	1.1	-	2.2
Cash and cash equivalents at end of year	**652.5**	**3.4**	**591.8**	**0.3**

1 Statement of accounting policies
Beazley plc (registered number 09763575) is a public company incorporated in England and Wales. The company's registered address is 22 Bishopsgate, London, EC2N 4BQ, United Kingdom. The principal activity of the company and its subsidiaries (the

'Group') is to participate as a specialist insurer which transacts primarily in commercial lines of business through its subsidiaries and through Lloyd's syndicates. The Group financial statements for the year ended 31 December 2022 comprise the parent company, its subsidiaries and the Group's interest in associates.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2022 or 2021 but is derived from those accounts. Statutory accounts for 2021 have been delivered to the registrar of companies, and those for 2022 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial statements of the parent company, Beazley plc, and the Group's consolidated financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2006.

In the current year, the Group have applied amendments to IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the UK Endorsement Board (UKEB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The new effective amendments are:

- Amendments to IAS 37 'Onerous contracts - Cost of Fulfilling a Contract' issued in May 2020;
- Annual Improvements to IFRS Standards 2018-2020 issued in May 2020;
- Amendments to IAS 16 'Property, Plant and Equipment - Proceeds before Intended Use' issued in May 2020; and
- Reference to the Conceptual Framework - Amendments to IFRS 3 'Business combinations' issued in May 2020.

None of the amendments issued by the IASB and endorsed by the UKEB have had a material impact to the Group.

A number of new standards and interpretations adopted by the UKEB which are not mandatorily effective, as well as standards and interpretations issued by the IASB but not yet adopted by the UKEB, have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it expects to apply them from their effective dates as determined by their dates of UKEB endorsement. The Group expects the following upcoming standards to have an impact on its future financial statements:

- IFRS 9: Financial Instruments (UKEB effective date: 1 January 2018, deferred in line with implementation of IFRS 17);
- IFRS 9: Amendment: Prepayment Features with Negative Compensation (UKEB effective date: 1 January 2019, deferred in line with implementation of IFRS 17); and
- IFRS 17: Insurance Contracts (UKEB effective date: 1 January 2023);

The IASB have issued a number of other minor amendments to standards which are not yet effective. None of these are expected to have a material impact on the Group.

Significant changes in accounting policy not yet effective
International Financial Reporting Standard 17, Insurance Contracts ('IFRS 17')
IFRS 17, Insurance Contracts, was issued by the International Accounting Standards Board (IASB) in May 2017 and was approved for adoption in the United Kingdom by the UK endorsement Board on 16 May 2022. UK-adopted IFRS 17 is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 will materially change the way the Group accounts for, and reports, (re)insurance contracts issued and reinsurance contracts entered into in its consolidated financial statements.

Changes to accounting policies
The IFRS 17 general measurement model requires that the following balances are recognised on initial recognition of an insurance contract:

- a discounted probability-weighted best estimate of future cash flows relating to the insurance contract;
- a risk adjustment for non-financial risk; and
- a contractual service margin ('CSM') representing the unearned profit that will be recognised over the coverage period of the contract. The CSM is measured such that no profit arises on initial recognition.

The Group intends to measure all contracts consistently using the general measurement model set out above and does not expect to use the simplified premium allocation approach for any portfolios or groups of insurance contracts currently issued. A discount rate to discount future cash flows will be derived using the 'bottom-up' approach, based on a risk-free discount rate that is then adjusted with an illiquidity premium. Subsequent changes in discount rates on remeasurement will be accounted for through the statement of profit or loss.

IFRS 17 requires that insurance contracts where the underlying risks are of a similar nature and where they are managed together be aggregated into groups of insurance contracts. These will then be subdivided based on the year coverage begins and whether it is onerous on initial recognition. The Group intends to align its IFRS 17 groupings with the way it currently manages and reports its business. Where a contract is onerous on initial recognition, the Group will be required to recognise any losses up-front. The Group is currently assessing the extent to which contracts currently in issue may be onerous.

Reinsurance contracts which the Group takes out (reinsurance contracts held) will be measured similarly to (re)insurance contracts issued. However the concept of onerosity does not exist in IFRS 17 for reinsurance and therefore the reinsurance CSM is measured such that no income or expense is recognised on initial recognition.

Changes to presentation of financial statements on adoption of IFRS 17
The adoption of IFRS 17 will result in significant changes to the consolidated statement of profit or loss, the consolidated statement of financial position and related notes. These include:

- An insurance service result comprised of insurance revenue, insurance service expense and insurance finance income or expense will replace the current premium and claims lines in the statement of profit or loss.
- Reinsurance will be presented separately to insurance contracts issued.
- The statement of financial position will contain less detail, with all balances in the scope of IFRS 17 being included in insurance assets/liabilities or reinsurance assets/liabilities.
- More extensive analysis of the IFRS 17 balances will be found in the notes to the financial statements.

Estimated impact of the adoption of IFRS 17
IFRS 17 requires that on transition comparative information is restated in accordance with the new accounting policies in force. The Group expects to apply the fully retrospective transition approach. Contracts in the scope of IFRS 17 will be recognised and measured as if IFRS 17 had always applied, and previously reported balances which would not have existed if IFRS 17 had always been applied (such as certain insurance receivables and some deferred acquisition costs) will be derecognised. Any resulting net difference will be included as a transition adjustment to retained earnings.

The Group has assessed the initial impact of IFRS 17 will have on its statement of financial position as at 1 January 2022. Based on assessments undertaken to date, the total adjustment (after tax) to the balance of the Group's consolidated retained earnings is expected to be an increase of at least 2% of equity.

This increase is due to a number of valuation differences between IFRS 4 and IFRS 17:

- IFRS 17 technical provisions are discounted to reflect the time value of money. Under IFRS 4 the Group does not discount technical provisions, and thus under IFRS 17 net technical provisions will be less than when measured under IFRS 4.

- In order to cover claims expected to be paid, the Group has historically held reserves within a range of 5-10% over an actuarial estimate. This actuarial estimate itself has a level of prudence within it. Under IFRS 17, reserves will be held at a best estimate (with no prudence), with an added risk adjustment calculated to a specified confidence level. This will show a percentile giving an indication about where reserves sit compared to the best estimate and the capital requirement. The reserve margin at date of transition had a confidence level at the upper end of a 80th to 90th percentile range under IFRS 4. Under IFRS 17 we expect the confidence level on transition to be nearer the middle of this range. Accordingly, the Group expects the provision for claims recognised on adoption of IFRS 17 to be lower than current IFRS 4 technical provisions.
- Under IFRS 4 unearned premium reserves and deferred acquisition costs are treated as non-monetary and are translated to the Group's functional currency using historic exchange rates. These balances are eliminated upon adoption of IFRS 17 and all insurance contract balances are considered to be monetary and are revalued using spot rates at each reporting date.

The assessment above is preliminary as we work to finalise the transition to IFRS 17. The actual impact of the adoption of IFRS 17 may change as the Group refines the accounting processes and internal controls required for applying IFRS 17 whilst carrying out parallel runs alongside IFRS 4 reporting. Additionally, the new accounting policies, judgements and estimation techniques which will be adopted are subject to change until the Group finalises its first set of IFRS 17 compliant financial reporting in 2023.

As at the date of approval of these financial statements, the Group is conducting parallel runs of the IFRS 17 model which will produce an IFRS 17 compliant result for the year ended 31 December 2022. The output of these parallel runs is currently being reviewed by management and will be subject to external audit. As the quantification of the impact of IFRS 17 on these financial statements for the year ended 31 December 2022 is not fully audited, the Group has not disclosed this impact.

International Financial Reporting Standard 9, Financial Instruments ('IFRS 9')
IFRS 9 was issued by the IASB in July 2014 and became effective for accounting periods beginning on or after 1 January 2018. The IASB issued amendment to IFRS 4, Insurance Contracts in September 2016 and June 2020 which exempts eligible entities from applying IFRS 9 for accounting periods beginning before 1 January 2023. The Group remains eligible to apply the temporary exemption in IFRS 4 and thus will begin to apply IFRS 9 for accounting periods beginning on 1 January 2023.

The Group qualifies for this exemption because, as at 31 December 2015, $5,040.7m or 95% of its total liabilities were connected with insurance. There has been no material change in the Group's activities since 31 December 2015, therefore the Group is still eligible to use the exemption. The Group has also disclosed information in relation to specific types of financial instruments to ensure the comparability with the entities applying IFRS 9. As such, fair values are disclosed separately for the Group's financial assets which are managed and evaluated on a fair value basis and those which meet the solely payments of principal and interest (SPPI) test under IFRS 9.

The below table sets out the disclosures required by the amendments to IFRS 4 for the deferral of IFRS 9 and sets out the fair value of assets which are managed and evaluated on a fair value basis and those which meet the SPPI test under IFRS 9.

	2022	**2021**
	$m	**$m**
Financial assets managed and evaluated on a fair value basis		
Fixed and floating rate debt securities:		
- Government issued	5,006.3	4,008.1
- Corporate bonds		
- Investment grade	2,050.5	1,861.9
- High yield	308.7	402.3
Syndicate loans	32.5	37.9
Equity funds	159.4	209.6
Hedge funds	530.6	478.2
Illiquid credit assets	222.9	277.9
Derivative financial assets	34.7	7.6
Total financial assets managed and evaluated on a fair value basis	**8,345.6**	**7,283.5**
Financial assets meeting the SPPI test		
Cash and cash equivalents	652.5	591.8
Other receivables	196.4	106.7
Total financial assets meeting the SPPI test	**848.9**	**698.5**

Estimated impact of the adoption of IFRS 9
The Group expects the impact of IFRS 9 on the valuation of financial assets to be immaterial at transition as these assets are already held at fair value through profit or loss in accordance with IAS 39. This practice will continue under IFRS 9 as the Group does not manage its investments using a 'hold to collect' or 'hold to collect and sell' business model and therefore is required to measure its investments at fair value through profit or loss. Certain receivable balances will continue to be measured at amortised cost and will have an expected credit loss applied on adoption of IFRS 9. The Group will continue to measure borrowings at amortised cost. The Group does not expect the adoption of IFRS 9 to have a material impact on the Group's earnings or the timing of when profits are recognised.

IFRS 9 is not required to be applied retrospectively, as such the new standard will be applied prospectively from 1 January 2023. At this point an expected credit loss provision will be recognised with the resulting difference recognised as an adjustment in retained earnings. The Group expects this resulting difference to be insignificant on the date of transition.

Beazley plc as a standalone entity adopted IFRS 9 from 1 January 2018, which had an immaterial impact on its financial statements.

Basis of presentation

The Group financial statements are prepared on the historical cost basis, with the exception of financial assets and derivative financial instruments which are stated at their fair value, and the defined benefit pension asset which is measured as the fair value of plan assets less the present value of the defined benefit pension obligation. All amounts presented are in US dollars and millions, unless stated otherwise.

Going concern

The consolidated financial statements of Beazley plc and the standalone financial statements of the company have been prepared on a going concern basis. In adopting the going concern basis, The Board has reviewed the Group's current and forecast solvency and liquidity positions for the next 12 months from the date that the financial statements are authorised for issue. The Group's business activities, together with the factors likely to affect its future development, performance, and position, are set out in the strategic report contained in the Group's Annual Report & Accounts. In addition, the risk report and financial review includes the Group's risk management objectives and the Group's objectives, policies and processes for managing its capital.

In assessing the Group's going concern position as at 31 December 2022, the Directors have considered a number of factors, including:

- the current statement of financial position and in particular the adequacy of technical provisions;
- the Group's strategic and financial plan for the next 12 months, taking account of possible changes in trading performance and funding retention;
- the Group's capital forecast, which takes into account the capital requirements of major subsidiaries and their current external credit rating and outlook;
- the Group's liquidity at both a group and material subsidiary level;
- stress testing and scenario analysis which, among others, assess the impact of natural and cyber catastrophe events on the Group's capital and liquidity positions and reverse stress test scenarios designed to render the business model unviable; and
- other qualitative factors, such as the market environment and the Group's ability to raise additional capital and/or liquidity.

As a result of the assessment, no material uncertainty in relation to going concern has been identified. As at its most recent regulatory submission, the Group's capital ratios and its total capital resources are comfortably in excess of regulatory solvency requirements, and internal stress testing indicates the Group can withstand severe economic and competitive stresses.

Based on the going concern assessment performed, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence over a period of at least 12 months from the date of this report and therefore believe that the Group is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Use of estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those on which management's estimates are based. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Estimates which are sensitive to economic, regulatory and geopolitical conditions could be impacted by significant changes in the external environment such as rising inflation, rising interest rates, climate change, the Russia-Ukraine conflict, and US legislation.

Specific to climate change, since responses to it are still developing, it is not possible to consider all possible future outcomes when determining asset and liability valuations, and timing of future cash flows, as these are not yet known. Nevertheless, the current management view is that reasonably possible changes arising from climate risks would not have a material impact on asset and liability valuations at the year-end date.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Valuation of insurance contract liabilities

The most critical estimate included within the Group's financial position is the estimate for insurance losses incurred but not reported (IBNR), which is included within total insurance liabilities and reinsurance assets in the statement of financial position. This estimate is critical as it outlines the current liability for future expenses expected to be incurred in relation to claims. If this estimation was to prove inadequate then an exposure would arise in future years where a liability has not been provided for.

The best estimate of the most likely ultimate outcome is used when calculating notified claims. This estimate is based upon the facts available at the time, in conjunction with the claims manager's view of likely future developments.

Valuation of unquoted and illiquid financial assets

Determination of fair value of unquoted and illiquid assets involves judgement in model valuations, through the incorporation of both observable and unobservable market inputs. These inputs include assumptions that lead to the existence of a range of plausible valuations.

Premium estimates

A portion of gross written premiums is based on the estimated premium income (EPI) of each contract, which is an underwriters' estimate of the ultimate premium expected to be paid over the life of the contract. Where premium is written through dele gated authority agreements, the EPI is pro-rated across the agreement period. Judgement is involved in determining the ultimate estimates in order to establish the appropriate premium value and, ultimately, the cash to be received. EPI estimates are updated to reflect changes in an underwriters expectation through consultation with brokers and third-party coverholders, changes in market conditions, historic experience and to reflect actual cash received for a contract.

Due to the nature of the Lloyd's business and the settlement patterns of the underlying business it is also not uncommon for some contracts to take a number of years to finalise and settle, and a receivable on the balance sheet remains. The amount of estimated future premium that remains in insurance receivables relating to years of account that are more than three years developed at 31 December 2022 is $29.8m (2021: $15.4m).

Assessing indicators of impairment of Goodwill

A number of estimates are used in determining the key assumptions underlying the recoverable amounts used in assessing the impairment of goodwill. The key assumptions used in the preparation of future cash flows are: premium growth rates, claims experience, discount rates, retention rates and expected future market conditions.

2 Segmental analysis

a) Reporting Segments

Segment information is presented based on the Group's management and internal reporting structures, which represent the level at which financial information is reported, performance is analysed and resources are allocated by the Group's Executive Committee, being the chief operating decision maker as defined in IFRS 8.

In March 2022, the Group updated its underwriting team structure with the creation of four underwriting divisions: Cyber Risks, Marine, Accident and Political (MAP) Risks, Property Risks and Specialty Risks.

From January 2022, the Group began separately reporting the performance of the Digital division, following the creation of that team in 2021.

Accordingly the Group has determined that its reporting segments are now as follows:

Cyber Risks
This segment underwrites cyber and technology risks.

Digital
This segment underwrites a variety of marine, contingency and SME liability risks through digital channels such as e-trading platforms and broker portals.

MAP Risks
This segment underwrites marine, portfolio underwriting and political and contingency business.

Property Risks
This segment underwrites first party property risks and reinsurance business.

Specialty Risks
This segment underwrites a wide range of liability classes, including employment practices risks and directors and officers, as well as healthcare, lawyers and international financial institutions.

b) Segment information
Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those items that are allocated on a reasonable basis, including net investment income, are split based on each segment's capital requirements which is taken from the Group's most up to date business plan.

Finance costs and taxation have not been allocated to operating segments as these items are determined at a consolidated level and do not relate to operating performance.

As a result of the changes in reporting segments, prior period comparative information has been re-presented in accordance with the requirements of IFRS 8.

12 months ended 31 December 2022

	Cyber Risks	Digital	MAP Risks	Property Risks	Specialty Risks	Total
2022	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Gross premiums written	1,156.1	204.9	1,107.8	859.8	1,940.1	5,268.7
Net premiums written	832.3	168.8	777.0	687.9	1,410.2	3,876.2
Net earned premiums	783.9	163.4	726.5	663.4	1,277.0	3,614.2
Net investment loss	(34.5)	(8.7)	(20.5)	(27.1)	(88.9)	(179.7)
Other income	7.9	2.3	1.0	7.4	13.5	32.1
Revenue	**757.3**	**157.0**	**707.0**	**643.7**	**1,201.6**	**3,466.6**
Net insurance claims	432.1	74.4	312.1	403.2	734.6	1,956.4
Expenses for the acquisition of insurance contracts	155.7	47.8	232.2	170.9	345.5	952.1
Administrative expenses	34.5	19.3	66.3	74.4	109.2	303.7
Foreign exchange loss	5.2	1.1	4.8	4.4	8.5	24.0
Expenses	**627.5**	**142.6**	**615.4**	**652.9**	**1,197.8**	**3,236.2**
Segment result	**129.8**	**14.4**	**91.6**	**(9.2)**	**3.8**	**230.4**
Finance costs						(39.4)
Profit before income tax						**191.0**
Income tax expense						(30.2)
Profit after income tax						**160.8**
Claims ratio	55%	46%	43%	61%	57%	54%
Expense ratio	24%	41%	41%	37%	36%	35%
Combined ratio	79%	87%	84%	98%	93%	89%
Segment assets and liabilities						
Segment assets	2,964.1	461.5	2,258.4	2,370.8	7,044.2	15,099.0
Segment liabilities	(2,244.6)	(359.3)	(1,980.6)	(1,920.3)	(6,020.7)	(12,525.5)
Net assets	**719.5**	**102.2**	**277.8**	**450.5**	**1,023.5**	**2,573.5**

12 months ended 31 December 2021 (re-presented)

	Cyber Risks	Digital	MAP Risks	Property Risks	Specialty Risks	Total
2021	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Gross premiums written	814.3	190.8	897.5	812.6	1,903.7	4,618.9

Net premiums written	624.8	166.2	671.5	573.1	1,476.8	3,512.4
Net earned premiums	499.7	149.3	613.3	521.7	1,363.3	3,147.3
Net investment income	14.5	3.6	17.0	22.6	58.7	116.4
Other income	4.6	1.9	2.7	7.5	11.5	28.2
Gain from sale of business[1]	-	-	54.4	-	-	54.4
Revenue	**518.8**	**154.8**	**687.4**	**551.8**	**1,433.5**	**3,346.3**
Net insurance claims	326.9	56.1	252.5	335.4	855.3	1,826.2
Expenses for the acquisition of insurance contracts	100.7	42.2	206.8	149.4	322.7	821.8
Administrative expenses	29.0	15.6	59.2	66.9	112.3	283.0
Foreign exchange gain	1.2	0.3	1.4	1.3	3.0	7.2
Expenses	**457.8**	**114.2**	**519.9**	**553.0**	**1,293.3**	**2,938.2**
Segment result	**61.0**	**40.6**	**167.5**	**(1.2)**	**140.2**	**408.1**
Finance costs						(38.9)
Profit before income tax						369.2
Income tax expense						(60.5)
Profit for the year attributable to equity shareholders						**308.7**
Claims ratio	65%	37%	41%	64%	63%	58%
Expense ratio	26%	39%	44%	42%	32%	35%
Combined ratio	91%	76%	85%	106%	95%	93%
Segment assets and liabilities						
Segment assets	2,289.7	432.1	1,844.6	2,244.5	5,996.5	12,807.4
Segment liabilities	(1,737.8)	(322.7)	(1,599.6)	(1,809.8)	(5,206.7)	(10,676.6)
Net assets	551.9	109.4	245.0	434.7	789.8	2,130.8

1 The gain from sale of business relates to the sale of the Beazley Benefits business in the second half of 2021. A net gain of $54.4m was recognised, following the receipt of gross proceeds of $56.7m and recognised closing costs of $2.3m.

c) Information about geographical areas

The Group's generates revenue in multiple geographies, an overview of which is set out below. UK earned premium in the analysis below represents all risks placed at Lloyd's; US earned premium represents all risks placed at the Group's US insurance companies, Beazley Insurance Company, Inc. and Beazley America Insurance Company, Inc; and Europe earned premium represents all risks placed at the Group's European insurance company, Beazley Insurance dac.

	2022	2021
	$m	$m
Net earned premiums		
UK (Lloyd's)	3,008.7	2,550.6
US (Non-Lloyd's)	437.6	477.1
Europe (Non-Lloyd's)	167.9	119.6
	3,614.2	**3,147.3**

	2022	2021
	$m	$m
Assets by Geography		
UK (Lloyd's)	13,256.7	11,267.5
US (Non-Lloyd's)	1,281.5	1,164.9
Europe (Non-Lloyd's)	560.8	375.0
	15,099.0	**12,807.4**

Segment assets are allocated based on where the assets are located.

3 Net investment income

	2022	2021
	$m	$m
Interest and dividends on financial investments at fair value through profit or loss	101.1	76.5

Interest on cash and cash equivalents	0.5	-
Net realised (losses)/gains on financial investments at fair value through profit or loss	(7.6)	79.8
Net unrealised fair value (losses) on financial investments at fair value through profit or loss	(266.8)	(34.0)
Investment income from financial investments	**(172.8)**	**122.3**
Investment management expenses	(6.9)	(5.9)
	(179.7)	**116.4**

4 Other Income

	2022	2021
	$m	$m
Commissions received by Beazley service companies	20.0	19.4
Profit commissions from syndicates	7.2	3.8
Agency fees from syndicate 623	4.0	3.9
Other income	0.9	1.1
	32.1	**28.2**

Profit commissions
There is an agreement between syndicate 623 and Beazley Furlonge Limited (the managing agent) where the syndicate remunerates Beazley for writing business in parallel with syndicate 2623. As such, profitability of 623 is a performance criterion for this contract. The transaction price represents a fixed percentage on profit by YOA. No other variable considerations (for example: discounts, rebates, refunds, incentives) are attached. The value of a transaction price is derived at each reporting period from the actual profit syndicate 623 has made to date and therefore represents the most likely amount of consideration at the reporting date.

Commissions received from service companies
Commission is payable to the Group by syndicate 623 due to Group service companies writing business on behalf of the syndicate. While the commercial purpose of the contract is to pass business to syndicate 623, the remuneration is triggered by incurring expenses, irrespective of volume of business gained. The performance criterion is deemed to be the realisation of expenses.

5 Auditor's Remuneration

	2022	2021
	$m	$m
Operating expenses include amounts receivable by the Group's auditors in:		
- audit of the Group's annual report & accounts	1.7	0.8
- audit of subsidiaries pursuant to legislation	3.1	1.9
- audit-related assurance services	1.4	1.1
- other non-audit services	0.7	0.6
	6.9	4.4

Other than the fees disclosed above, no other fees were paid to the company's auditor. Audit-related assurance services primarily comprise the review and audit of regulatory reporting pursuant to legislation and review of the Group's condensed interim financial statements.

6 Employee benefit expenses

	2022	2021
	$m	$m
Wages and salaries	215.8	199.1
Short term incentive payments	78.1	82.5
Social security	30.0	26.6
Share based remuneration	14.7	11.6
Pension costs[1]	17.0	15.7
	355.6	**335.5**
Recharged to syndicate 623	(53.1)	(48.5)
	302.5	**287.0**

1 Pension costs primarily include contributions made under the defined contribution scheme.

The average number of employees for 2022 was 1,808 (2021: 1,617).

7 Finance costs

	2022	2021
	$m	$m

Interest expense on financial liabilities	35.6	35.2
Interest expense on lease liabilities	3.1	3.7
Equity raise costs not charged to share premium	0.7	-
	39.4	**38.9**

8 Income tax expense

	2022	**2021**
	$m	**$m**
Current tax expense		
Current tax expense	53.2	64.0
Prior year adjustment	(9.9)	(7.5)
	43.3	**56.5**
Deferred tax expense		
Origination and reversal of temporary differences	(12.0)	4.4
Impact of change in UK/US tax rates	(1.0)	(0.6)
Prior year adjustments	(0.1)	0.2
	(13.1)	4.0
Income tax charge	**30.2**	**60.5**

Reconciliation of tax expense
The Group makes the majority of its profit in Ireland, the UK and the US. The weighted average of statutory tax rates applied to the profits earned in each country in which the Group operates is 21.2% (2021: 17.2%), whereas the tax charged for the year ending 31 Dec 22 as a percentage of profit before tax is 15.8% (2021: 16.4%). The reasons for the difference are explained below:

	2022	**2022**	**2021**	**2021**
	$m	**%**	**$m**	**%**
Profit before tax	**191.0**		**369.2**	
Tax calculated at the weighted average of statutory tax rate	40.6	21.2	63.3	17.2
Effects of:				
- non-deductible expenses	1.8	1.0	3.5	1.0
- tax relief on remuneration	(1.2)	(0.6)	1.6	0.4
- over provided in prior years	(10.0)	(5.2)	(7.3)	(2.0)
- change in UK/US tax rates[1]	(1.0)	(0.5)	(0.6)	(0.2)
Tax charge for the period	**30.2**	**15.8**	**60.5**	**16.4**

1 The Finance Act 2021, which provides for an increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 received Royal Assent on 10 June 2021. This tax rate change to 25% will increase the Group's future current tax charge. It was reflected in the calculation of the deferred tax balances as at 31 December 2021 for relevant temporary differences expected to reverse on or after 1 April 2023.

The Tax Act (the Tax Cuts and Jobs Act) was signed into law in the US in December 2017. The Tax Act includes base erosion anti-avoidance tax provisions (the 'BEAT'). We have performed an assessment for our intra-group transactions potentially in scope of BEAT. The application of this new BEAT legislation is still uncertain for some types of transaction and we are keeping developments under review. With support from external advisors, we believe that the BEAT impact on the Group is not significant. No amount has been provided for BEAT liabilities in these financial statements (2021: nil). The ultimate outcome may differ and if any additional amounts did fall within the scope of the BEAT, incremental tax at 10% might arise on some or all of those amounts.

The Group is monitoring the impact of the implementation of a Global Minimum Tax Rate of 15%, expected to apply in some countries from 2024. Our initial assessment is that the impact will not be significant as the Group mainly operates in jurisdictions with a statutory tax rate above 15%. We anticipate some additional tax arising in Ireland if profits are taxed at 15% rather than 12.5%.

Amounts recognised directly in equity
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

	2022	**2021**
	$m	**$m**
Current tax: share based payments	(0.6)	-
Deferred tax: share based payments	(3.1)	3.9
	(3.7)	**3.9**

9 Earnings per share

	2022	2021
Basic (cents)	26.3c	50.9c
Diluted (cents)	25.9c	50.3c
Basic (pence)	21.1p	37.0p
Diluted (pence)	20.8p	36.5p

Basic
Basic earnings per share are calculated by dividing profit after tax of $160.8m (2021: $308.7m) by the weighted average number of shares in issue during the year of 611.7m (2021: 606.0m). The shares held in the Beazley plc Employee Benefit Trust of 5.7m (2021: 3.1m) have been excluded from the calculation, until such time as they vest unconditionally with the employee.

Diluted
Diluted earnings per share are calculated by dividing profit after tax of $160.8 (2021: $308.7m) by the adjusted weighted average number of shares of 619.7m (2021: 614.3m). The adjusted weighted average number of shares assumes conversion of dilutive potential ordinary shares, being shares from the equity settled compensation schemes. The shares held in the Employee Benefit Trust of 5.7m (2021: 3.1m) have been excluded from the calculation, until such time as they vest unconditionally with the employees.

10 Dividends per share

An interim dividend of 13.5p covering the whole of 2022 (2021: 12.9p) will be payable on 28 April 2023 to Beazley plc shareholders registered on 10 March 2023. The company expects the total amount to be paid in respect of the interim dividend to be approximately £91m (2021: £78m). These financial statements do not provide for the interim dividend as a liability.

11 Insurance liabilities and reinsurance assets

	2022	2021
	$m	$m
Gross		
Claims reported and loss adjustment expenses	1,758.4	1,627.4
Claims incurred but not reported	5,624.1	4,771.7
Gross claims liabilities	7,382.5	6,399.1
Unearned premiums	2,971.7	2,472.7
Total insurance liabilities, gross	**10,354.2**	**8,871.8**
Recoverable from reinsurers		
Claims reported and loss adjustment expenses	420.6	371.4
Claims incurred but not reported	2,066.8	1,458.0
Reinsurers' share of claims liabilities	2,487.4	1,829.4
Unearned premiums	799.2	557.0
Total reinsurers' share of insurance liabilities	**3,286.6**	**2,386.4**
Net		
Claims reported and loss adjustment expenses	1,337.8	1,256.0
Claims incurred but not reported	3,557.3	3,313.7
Net claims liabilities	**4,895.1**	**4,569.7**
Unearned premiums	2,172.5	1,915.7
Total insurance liabilities, net	**7,067.6**	**6,485.4**

The gross claims reported, the loss adjustment liabilities and the liabilities for claims incurred but not reported are net of recoveries from salvage and subrogation.

11.1 Movements in insurance liabilities and reinsurance assets

a) Claims and loss adjustment expenses`

	2022			2021		
	Gross $m	**Reinsurance $m**	**Net $m**	**Gross $m**	**Reinsurance $m**	**Net $m**
Claims reported and loss adjustment expenses	1,627.4	(371.4)	1,256.0	1,507.3	(262.2)	1,245.1
Claims incurred but not reported	4,771.7	(1,458.0)	3,313.7	3,855.3	(1,034.4)	2,820.9
Unexpired risk reserve	-	-	-	91.5	(9.0)	82.5
Balance at 1 January	**6,399.1**	**(1,829.4)**	**4,569.7**	**5,454.1**	**(1,305.6)**	**4,148.5**
Claims paid	(1,936.7)	371.7	(1,565.0)	(1,718.5)	378.9	(1,339.6)
Increase in claims						
Arising from current year claims	3,093.0	(1,003.9)	2,089.1	2,911.5	(875.5)	2,036.0
Arising from prior year claims	(46.8)	(85.9)	(132.7)	(177.2)	(32.6)	(209.8)
Net exchange differences	(126.1)	60.1	(66.0)	(70.8)	5.4	(65.4)
Balance at 31 December	**7,382.5**	**(2,487.4)**	**4,895.1**	**6,399.1**	**1,829.4**	**4,569.7**
Claims reported and loss adjustment expenses	1,758.4	(420.6)	1,337.8	1,627.4	(371.4)	1,256.0
Claims incurred but not reported	5,624.1	(2,066.8)	3,557.3	4,771.7	(1,458.0)	3,313.7
Unexpired risk reserve	-	-	-	-	-	-
Balance at 31 December	**7,382.5**	**(2,487.4)**	**4,895.1**	**6,399.1**	**(1,829.4)**	**4,569.7**

b) Unearned premiums reserve

	2022			2021		
	Gross $m	**Reinsurance $m**	**Net $m**	**Gross $m**	**Reinsurance $m**	**Net $m**
Balance at 1 January	2,472.7	(557.0)	1,915.7	1,924.3	(379.1)	1,545.2
Increase in the year	5,268.7	(1,392.5)	3,876.2	4,618.9	(1,122.8)	3,496.1
Release in the year	(4,769.7)	1,150.3	(3,619.4)	(4,070.5)	944.9	(3,125.6)
Balance at 31 December	2,971.7	(799.2)	2,172.5	2,472.7	(557.0)	1,915.7

11.2 Assumptions, changes in assumptions and claims reserve strength analysis

a) Process used to decide on assumptions

The peer review reserving process

Beazley uses a quarterly dual track process to set its reserves:

- the actuarial team uses several actuarial and statistical methods to estimate the ultimate premium and claims costs, with the most appropriate methods selected depending on the nature of each class of business; and
- the underwriting teams concurrently review the development of the incurred loss ratio over time, work with our claims managers to set reserve estimates for identified claims and utilise their detailed understanding of both risks underwritten and the nature of the claims to establish an alternative estimate of ultimate claims cost, which is compared to the actuarially established figures.

A formal internal peer review process is then undertaken to determine the reserves held for accounting purposes which, in totality, are not lower than the actuarially established figure.

The Group has a consistent reserving philosophy, with initial reserves being set to include risk margins which may be released over time as uncertainty reduces.

Actuarial assumptions

Chain-ladder techniques are applied to premiums, paid claims and incurred claims (i.e. paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on historical patterns. The selected development factors are then applied to cumulative claims data for each underwriting year that is not yet fully developed to produce an estimated ultimate claims cost for each underwriting year.

Chain-ladder techniques are most appropriate for classes of business that have a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business, or for underwriting years that are still at immature stages of development where there is a higher level of assumption volatility.

The Bornhuetter-Ferguson method uses a combination of a benchmark/market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims observed to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations where developed claims experience was not available for the projection (e.g. recent underwriting years or new classes of business).

The expected loss ratio method uses a benchmark/market-based estimate applied to the expected premium and is used for classes with little or no relevant historical data.

The choice of selected results for each underwriting year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual underwriting years or groups of underwriting years within the same class of business. As such, there are many assumptions used to estimate general insurance liabilities.

We also review triangulations of the paid/outstanding claim ratios as a way of monitoring any changes in the strength of the outstanding claim estimates between underwriting years so that adjustments can be made to mitigate any subsequent over/(under) reserving. To date, this analysis indicates no systematic change to the outstanding claim strength across underwriting years.

Where significant large losses impact an underwriting year (e.g. first-party COVID-19 losses, the events of 11 September 2001, the hurricanes in 2004, 2005, 2008, 2012, 2017, 2018 and 2019, the typhoons in 2018 and 2019, or the earthquakes in 2010, 2011 and 2017), the development is usually very different from the attritional losses. In these situations, the large loss total is extracted from the remainder of the data and analysed separately by the respective claims managers using exposure analysis of the policies in force in the areas affected.

Further assumptions are required to convert gross of reinsurance estimates of ultimate claims cost to a net of reinsurance level and to establish reserves for unallocated claims handling expenses and reinsurance bad debt.

b) Major assumptions
The main assumption underlying these techniques is that the Group's past claims development experience (with appropriate adjustments for known changes) can be used to project future claims development and hence ultimate claims costs. As such these methods extrapolate the development of premiums, paid and incurred losses, average costs per claim and claim numbers for each underwriting year based on the observed development of earlier years.

Another assumption used within insurance liabilities is the estimation of an unexpired risk reserve (URR) for the expected value of net claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date which exceeds the unearned premium reserve.

Throughout, judgement is used to assess the extent to which past trends may or may not apply in the future; for example, to reflect changes in external or market factors such as economic conditions, public attitudes to claiming, levels of claims inflation, premium rate changes, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

c) Changes in assumptions
As already discussed, general insurance business requires many different assumptions. The diagram below illustrates the main categories of assumptions used for each underwriting year and class combination.

The risks associated with general insurance contracts are complex and do not readily lend themselves to meaningful sensitivity analysis. Given the range of assumptions used, the Group's profit or loss is relatively insensitive to changes to an individual assumption used for an underwriting year/class combination.

The Group's profit or loss is potentially more sensitive to a systematic change in assumptions that affect many classes, such as judicial changes or when catastrophes produce more claims than expected. The impact of an unreported event could lead to a significant increase in the Group's loss reserves. The Group believes that the loss reserves established are adequate, however a 20% increase in estimated losses would lead to a $1,476.5m (2021: $1,279.8m) increase in gross loss reserves and a $979.0m (2021: $913.9m) increase in net loss reserves. The Group uses a range of risk mitigation strategies to reduce such volatility including the purchase of reinsurance. In addition, the Group holds capital to absorb volatility.

d) Claims reserve strength analysis
The estimation of IBNR reserves for future claim notifications is subject to a greater degree of uncertainty than the estimation of the outstanding claims already notified. This is particularly true for the Specialty Risk business, which will typically display greater variations between initial estimates and final outcomes as a result of the greater degree of difficulty in estimating these reserves. The estimation of IBNR reserves for other business written is generally subject to less variability as claims are generally reported and settled relatively quickly.

As such, our reserving assumptions contain a reasonable margin for prudence given the uncertainties inherent in the insurance business underwritten, particularly on the longer tailed Specialty Risk classes.
Since year end 2004, we have identified a range of possible outcomes for each class and underwriting year combination directly from our internal model (previously our individual capital assessment (ICA)) process. Comparing these with our pricing assumptions and reserving estimates gives our management team increased insight into our perceived reserving strength and the relative uncertainties of the business written.

To illustrate the robustness of our reserves, the loss development tables below provide information about historical claims development by the five segments - Cyber Risks, Digital, MAP Risks, Property Risks and Specialty Risks. The tables are by underwriting year which in our view provides the most transparent reserving basis. We have supplied tables for both ultimate gross claims and ultimate net claims.

The top part of the table illustrates how the Group's estimate of the claims ratio for each underwriting year has changed at successive year ends. The bottom half of the table reconciles the gross and net claims to the amount appearing in the statement of financial position.

While the information in the table provides a historical perspective on the adequacy of the claims liabilities established in previous years, users of these financial statements are cautioned against extrapolating past redundancies or deficiencies on current claims liabilities. The Group believes that the estimate of total claims liabilities as at 31 December 2022 is adequate. However, due to inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Gross ultimate claims	**2012 ae**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
	%	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Cyber Risks											
12 months		67.8	62.9	60.7	57.5	55.1	56.7	57.6	79.9	65.6	56.0
24 months		68.3	61.9	60.8	58.0	55.2	57.7	74.6	91.1	58.1	
36 months		69.5	55.6	52.8	52.8	45.8	53.0	79.1	110.9		
48 months		74.3	60.3	44.4	48.3	42.0	54.8	81.4			
60 months		74.1	68.4	42.4	47.8	42.5	50.5				
72 months		71.7	64.9	41.2	45.7	41.1					
84 months		69.0	65.3	41.0	43.2						
96 months		71.5	64.9	38.7							
108 months		71.8	69.3								
120 months		66.5									
Digital											
12 months		71.5	64.9	64.1	60.1	55.2	62.0	61.6	65.9	64.6	55.3
24 months		72.2	59.4	64.2	59.8	56.3	60.8	70.4	70.6	65.3	
36 months		48.8	36.7	26.9	32.5	41.5	50.5	50.6	63.4		
48 months		24.7	28.7	24.2	21.5	31.2	40.6	42.9			

60 months		23.2	25.4	22.3	20.9	27.1	43.6				
72 months		20.3	25.4	21.8	19.8	27.9					
84 months		18.0	23.1	21.6	19.7						
96 months		17.5	23.2	21.5							
108 months		17.5	23.2								
120 months		17.5									
MAP Risks											
12 months		57.7	58.5	58.5	60.7	63.9	61.0	60.0	81.0	58.9	61.9
24 months		51.5	49.1	56.8	63.5	56.9	62.7	93.0	80.2	71.2	
36 months		44.8	47.6	52.7	58.3	55.1	76.1	87.8	80.9		
48 months		43.3	48.4	52.0	56.8	54.3	76.7	89.7			
60 months		43.6	54.0	49.1	55.2	51.5	77.6				
72 months		43.0	52.5	48.3	53.7	51.9					
84 months		42.1	52.3	48.0	53.5						
96 months		41.4	52.7	47.9							
108 months		41.2	52.2								
120 months		40.6									
Property Risks											
12 months		55.9	56.0	58.5	61.7	92.5	75.4	70.4	72.0	72.8	69.8
24 months		47.1	42.7	43.4	58.5	100.1	84.3	64.7	75.7	74.5	
36 months		44.0	37.5	38.6	60.1	106.0	84.6	58.4	73.9		
48 months		43.5	35.9	37.8	60.8	106.7	82.0	54.9			
60 months		42.4	35.2	37.0	60.6	106.2	81.7				
72 months		43.4	35.4	38.4	60.2	105.4					
84 months		42.7	35.1	38.0	60.1						
96 months		43.0	35.3	37.8							
108 months		43.0	34.9								
120 months		42.9									
Specialty Risks											
12 months		74.7	70.0	69.6	68.7	67.3	69.4	68.2	68.0	66.8	65.5
24 months		74.4	70.6	70.1	68.5	69.1	70.3	69.1	68.6	65.2	
36 months		74.8	69.7	71.1	69.6	71.6	70.3	64.3	62.3		
48 months		70.1	66.5	70.9	71.6	71.1	69.1	64.4			
60 months		64.9	64.5	74.7	70.1	73.9	75.6				
72 months		62.0	63.0	83.0	70.7	79.4					
84 months		62.5	62.2	87.5	72.7						
96 months		61.0	63.3	89.6							
108 months		59.6	63.4								
120 months		59.5									
Total											
12 months		63.6	62.1	62.6	63.2	70.4	66.8	65.1	73.2	66.1	62.9
24 months		59.2	55.9	58.5	62.9	71.5	69.7	74.1	75.7	66.7	
36 months		56.4	52.7	54.5	60.7	71.4	71.2	69.8	75.4		
48 months		54.4	51.7	52.7	60.2	70.2	70.1	69.6			
60 months		52.4	53.2	52.8	59.2	70.4	72.1				
72 months		51.4	52.0	55.6	58.5	71.9					
84 months		50.8	51.6	56.8	58.7						
96 months		50.5	52.1	57.2							
108 months		50.0	52.3								
120 months		49.3									
Estimated total ultimate losses ($m)	8,586.5	886.4	985.6	1,135.5	1,242.1	1,731.5	1,892.2	2,117.4	2,711.2	3,033.0	3,286.9
Less paid claims ($m)	(8,415.5)	(831.2)	(932.8)	(991.1)	(1,055.7)	(1,379.1)	(1,377.6)	(1,252.3)	(1,168.4)	(566.0)	(72.6)
Less unearned portion of ultimate losses ($m)	-	-	-	-	-	-	-	-	(43.9)	(288.8)	(1,850.8)
Gross claims liabilities ($m)	**171.0**	**55.2**	**52.8**	**144.4**	**186.4**	**352.4**	**514.6**	**865.1**	**1,498.9**	**2,178.2**	**1,363.5**

Net ultimate claims	2012 ae %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %	2020 %	2021 %	2022 %
Cyber Risks											
12 months		63.6	60.4	56.9	54.8	53.7	53.5	55.6	80.2	64.6	53.9
24 months		64.1	59.4	57.1	55.5	53.1	55.6	71.2	79.0	56.1	
36 months		61.7	53.6	50.3	51.0	44.0	54.0	72.7	86.9		
48 months		65.8	56.0	41.7	46.6	41.1	53.3	73.5			
60 months		64.5	62.4	38.7	42.9	40.1	45.1				
72 months		62.6	58.5	34.2	41.2	36.6					
84 months		59.7	59.3	33.6	39.1						
96 months		61.6	58.3	31.3							
108 months		61.8	63.2								
120 months		56.2									
Digital											
12 months		65.7	62.9	60.5	57.8	54.0	59.7	60.8	65.2	63.0	52.2
24 months		66.8	56.9	60.9	57.7	54.9	59.9	68.8	69.0	61.9	
36 months		47.2	36.8	25.0	31.7	40.8	49.6	49.1	60.9		
48 months		22.8	28.9	22.4	21.6	30.9	38.7	41.0			
60 months		21.4	25.0	20.5	20.7	27.0	40.4				
72 months		18.9	24.9	20.0	19.6	27.7					
84 months		16.6	22.6	19.9	19.4						
96 months		16.1	22.7	19.1							
108 months		16.0	22.8								
120 months		16.0									
MAP Risks											
12 months		57.3	56.9	57.5	58.8	57.5	58.2	55.3	67.5	51.5	51.2
24 months		52.8	49.5	54.7	59.1	56.2	60.8	78.2	63.8	53.0	
36 months		47.7	46.5	51.6	56.5	54.6	72.6	73.1	59.4		
48 months		45.7	47.6	51.0	55.5	53.5	73.8	72.3			
60 months		45.4	48.5	49.0	54.0	51.4	72.6				
72 months		45.0	47.7	48.4	52.7	50.7					
84 months		43.6	47.5	47.5	51.9						
96 months		43.5	47.2	47.8							
108 months		43.3	46.7								
120 months		42.8									
Property Risks											
12 months		56.0	56.0	57.0	58.5	86.5	71.1	65.6	73.1	64.3	65.6
24 months		54.4	47.5	45.7	60.4	94.8	76.3	67.1	79.9	69.7	
36 months		50.6	41.4	40.4	61.7	99.5	76.4	61.5	77.1		
48 months		48.9	39.5	38.9	62.0	98.9	73.7	57.2			
60 months		47.5	38.8	38.7	61.6	99.7	73.4				
72 months		48.5	39.4	40.0	61.4	98.7					
84 months		48.3	39.0	38.7	61.3						
96 months		48.5	38.8	38.4							
108 months		48.2	38.4								
120 months		48.1									
Specialty Risks											
12 months		70.8	67.4	65.7	66.4	65.3	67.2	66.3	65.0	64.9	61.9
24 months		70.3	68.2	66.2	66.3	66.7	68.9	65.3	63.4	62.9	
36 months		71.1	68.4	67.0	66.0	69.8	69.5	60.9	55.6		
48 months		65.3	63.9	63.1	65.7	68.2	67.8	59.7			
60 months		60.5	62.5	65.6	62.7	69.2	69.4				
72 months		58.5	62.1	69.2	62.6	71.8					
84 months		59.0	61.1	73.7	63.7						
96 months		57.6	62.6	75.5							
108 months		56.3	62.6								
120 months		56.2									

Total											
12 months		62.0	60.7	60.1	60.7	66.2	63.7	62.1	69.5	62.1	58.1
24 months		60.2	56.4	56.9	61.2	68.1	66.4	69.3	69.1	60.9	
36 months		57.4	53.1	53.0	59.0	68.1	68.2	64.7	65.1		
48 months		54.4	51.4	50.0	57.7	66.2	66.6	63.1			
60 months		52.2	51.6	49.9	55.7	65.7	65.6				
72 months		51.5	51.0	50.7	55.0	65.8					
84 months		50.9	50.5	51.7	54.8						
96 months		50.6	50.8	51.9							
108 months		50.1	51.1								
120 months		49.4									
Estimated total ultimate losses ($m)	6,395.5	756.4	825.7	868.3	975.6	1,335.0	1,453.5	1,638.9	1,871.2	2,163.3	2,150.9
Less paid claims ($m)	(6,230.6)	(710.5)	(783.3)	(803.7)	(870.1)	(1,106.6)	(1,102.9)	(1,003.5)	(891.4)	(459.2)	(47.7)
Less unearned portion of ultimate losses ($m)	-	-	-	-	-	-	-	-	(30.3)	(217.1)	(1,282.3)
Net claims liabilities ($m)	**164.9**	**45.9**	**42.4**	**64.6**	**105.5**	**228.4**	**350.6**	**635.4**	**949.5**	**1,487.0**	**820.9**

Analysis of movements in loss development tables
We have updated our loss development tables to show the ultimate loss ratios as at 31 December 2022 for each underwriting year. The impact of amounts reported in respect of the unexpired risk reserve are embedded within the loss ratios presented.

Cyber Risks
The 2021 underwriting year has released following favourable experience. The 2019 and 2020 underwriting years have strengthened in response to adverse claims development on existing claims. However, as these years are recovering under aggregate excess of loss reinsurance programmes, the impact is reduced net of reinsurance.

Digital
The deterioration on the 2018 underwriting year arises from adverse claims experience on the tech & media private enterprise class. The recent underwriting years have released following the expiry of risk.

MAP Risks
The 2019 to 2021 underwriting years have been impacted by the Russian invasion of Ukraine. The impact is lower net of reinsurance as a result of the excess of loss reinsurance programmes in place.

Property Risks
Favourable developments on attritional claims and established catastrophe events have led to releases on the 2019 and 2020 underwriting years. The 2021 underwriting year has been impacted by weather related events in the US during 2022. The impact is less gross of reinsurance due to favourable developments on established catastrophe events.

Specialty Risks
The 2017 and 2018 underwriting years have seen adverse claims development gross of reinsurance predominantly driven by the healthcare book. Both these years are recovering under aggregate excess of loss reinsurance programmes, so the impact is lower net of reinsurance. Recent underwriting years continue to improve as the risk expires.

Claim releases
The below table analyses our net claims between current year claims and adjustments to prior year net claims reserves. These have been broken down by segment and underwriting year. Beazley's reserving policy is to maintain catastrophe reserve margins either until the end of the exposure period or until catastrophe events occur. Therefore margins have been released from prior year reserves where risks have expired during 2022.

The below table has been prepared on an underwriting year of account basis, whereas the net loss development tables have been prepared on an accident year basis in relation to our US admitted business. However, in aggregate the net release or strengthening is consistent. Reserve releases during the year totalled $132.6m (2021: $209.8m). The net of reinsurance estimates of ultimate claims costs have improved on the 2021, 2020 and 2019 and earlier underwriting years, with releases of $13.3m, $96.6m and $22.7m respectively. Our MAP Risks division saw strong releases across all years of account, while the other four divisions each saw a strengthening on one of the years of account. Our Cyber Risks division saw a large strengthening on the 2020 year of account, while Specialty Risks saw a strengthening on 2019 year and earlier.

The movements shown on 2019 and earlier are absolute claim movements and are not impacted by any current year movements in premium on those underwriting years.

	Cyber Risks	Digital	MAP Risks	Property Risks	Specialty Risks	Total
2022	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Current year	440.1	89.9	378.3	417.8	762.9	2,089.0

Prior year						
- 2019 underwriting year and earlier	(31.2)	(6.5)	(13.5)	(19.1)	47.6	(22.7)
- 2020 underwriting year	33.2	(9.8)	(32.0)	(16.8)	(71.2)	(96.6)
- 2021 underwriting year	(10.0)	0.8	(20.7)	21.2	(4.6)	(13.3)
	(8.0)	(15.5)	(66.2)	(14.7)	(28.2)	(132.6)
Net insurance claims	**432.1**	**74.4**	**312.1**	**403.1**	**734.7**	**1,956.4**

	Cyber Risks	**Digital**	**MAP Risks**	**Property Risks**	**Specialty Risks**	**Total**
2021	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Current year	353.1	95.8	315.4	394.6	877.1	2,036.0
Prior year						
- 2018 underwriting year and earlier	(38.3)	(21.2)	(15.6)	(19.5)	11.0	(83.6)
- 2019 underwriting year	20.2	(19.5)	(36.6)	(31.1)	(30.6)	(97.6)
- 2020 underwriting year	(8.2)	1.0	(10.8)	(8.5)	(2.1)	(28.6)
	(26.3)	(39.7)	(63.0)	(59.1)	(21.7)	(209.8)
Net insurance claims	**326.8**	**56.1**	**252.4**	**335.5**	**855.4**	**1,826.2**

13 Subsequent events

There are no events that are material to the operations of the Group that have occurred since the reporting date.

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