AmTrust International Limited

Solvency and Financial Condition Report

For the year ended 31 December 2020

AmTrust International

AmTrust International

Contents

Summary (unaudited)

Overview of the Business & Context of this report

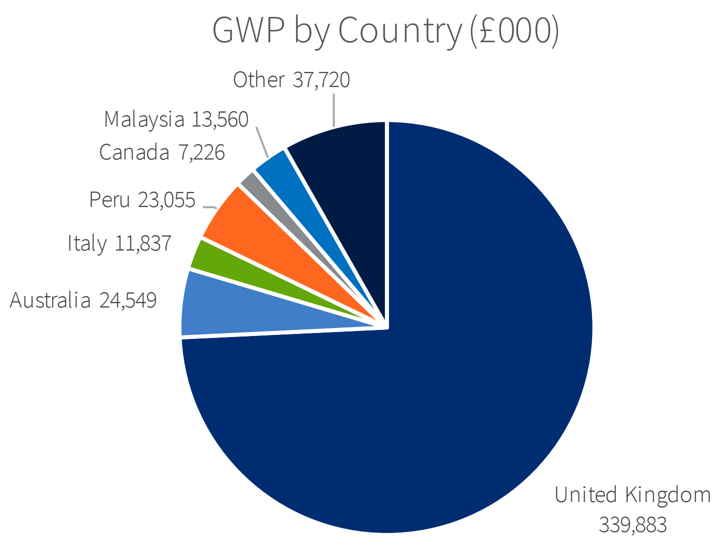
Business model

AmTrust International Limited (AIL and including its subsidiaries, the AIL Group) is the UK holding company for the UK-based insurance operations of AmTrust Financial Services Inc. (AFSI and including its subsidiaries, the AmTrust Group). AIL is a subsidiary of the AmTrust Group, a privately held company as of 29 November 2018. The AmTrust Group is a multinational property and casualty insurer specialising in coverage for small businesses.

The AIL Group is headquartered in the UK and includes the following principal insurance subsidiaries:

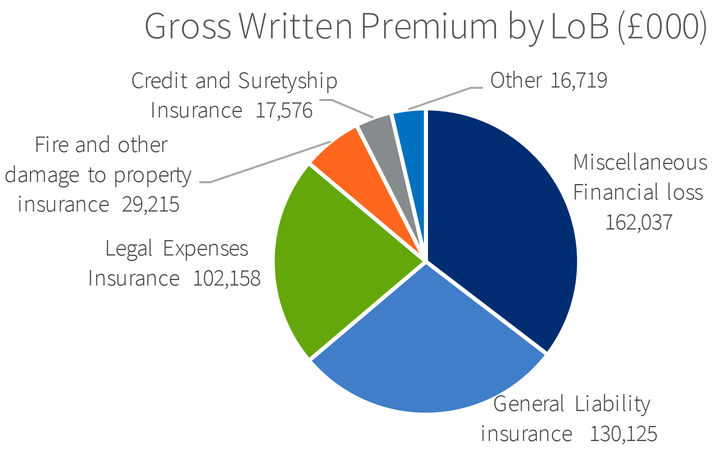
- AmTrust Europe Limited (AEL);
- Motors Insurance Company Limited (MICL); and
- AMT Mortgage Insurance Limited (AMIL).

AIL also owns a number of intermediaries in the UK, Europe, Asia and South America, as well as the remainder of the AmTrust Group's Lloyd's platform which includes three Corporate Capital Vehicles (CCVs). Two of these CCVs are inactive and the third is in run-off. Under Solvency II, the Lloyd's CCVs are not deemed insurance companies and are therefore not consolidated within the AIL Group as with the regulated insurance entities. Instead, these entities are brought into the AIL Group under the adjusted equity method along with the intermediaries. This means that the underlying results and risk exposures of the Lloyd's businesses and the intermediaries are brought in through a single line item called "Holdings in related undertakings, including participations", rather than on a line-by-line fully consolidated basis. This is further explained in Section D.



The AIL Group's primary underwriting activities are within the following classes of business:

- *Miscellaneous financial loss*
    - Warranty
    - Structural defects (in run-off)
    - Mechanical breakdown
    - Guaranteed asset protection
- *Legal expenses*
- *General liability*
    - Medical malpractice (up to July 2020)
    - Professional indemnity
- *Fire and other damage to property*
    - Property
- *Credit and suretyship*
    - Mortgage insurance
    - Surety bonds
- *Other/remaining lines of business*
    - Medical expense
    - Motor vehicle liability
    - Other motor insurance and assistance



AIL is classified as an insurance holding company under Solvency II. Its main business is to acquire and hold participations in subsidiary undertakings that are exclusively or mainly insurance undertakings; AIL does not, in itself, write any insurance business. AIL's regulated insurance companies are all registered in the UK, which means they must comply with the Solvency II regulatory regime on a solo basis.

This report is a Solvency II requirement, which is designed to give AIL's external stakeholders an insight into the solvency and financial condition of the AIL Group. This SFCR report covers the year ended 31 December 2020.

Material changes to AIL's business model

The following significant events impacted the AIL Group during the year, or are expected to impact the AIL Group in the future:

- Prepared for continuing operations post-Brexit – In order to ensure the AIL Group would be able to provide continuity of service to its current policyholders in EEA countries after the end of the Brexit transition period on 31

December 2020, the AIL Group has been moving most of its new business and renewals in these countries to AmTrust International Underwriters Designated Activity Company (AIU), the AmTrust Group's Irish based insurer, and AmTrust Assicurazioni (AA), the AmTrust Group's Italian based insurer. In 2020 the AIL Group executed on three business transfers impacting European policyholders: AEL transferred its Italian Medical Malpractice business to AA and its other EEA business to AIU on 31 July 2020, and AMIL transferred its remaining European Mortgage and Credit busines to AIU on 31 October 2020. These transfers were conducted through a court-sanctioned legal transfer of the respective policies to AA and AIU governed by Part VII of the Financial Services and Markets Act 2000 with supplementary guidance set out in SUP 18 of the FSA handbook (Part VII Transfers).

- Outbreak of Coronavirus ('COVID-19') – As the effects of the coronavirus pandemic have been felt on a global scale, the AIL Group, as with many of its policyholders, distribution partners and vendors, took steps to alter or reduce normal business activity to help control the spread of the outbreak. Some of the steps which the AIL Group took involved:
  - The implementation of business continuity plans which included the temporary closure of the AIL Group's offices and strong encouragement of employees to work from home;
  - Increased communication and coordination with the AIL Group's stakeholders and shared service partners; and
  - Increased monitoring of debtor collection periods to ensure the AIL Group maintains adequate cash to honour its commitment to policyholders, employees and vendors.

Given that the AIL Group's insurance portfolio is diversified across six core lines of business, and that these lines do not demonstrate a high level of correlation in performance, the Directors believe that this helped balance the impact of this event from both a top line (gross written premium) and bottom line (technical result) perspective. Management conducted a review of the AIL Group's insurance portfolio risks within the respective insurance carriers with a deep dive analysis of exposed subsegments, and did not identify any segments of the portfolio that represented a substantial challenge to its business model sustainability.

The Directors anticipate that there may be some near- to mid-term impact on the AIL Group's financial, liquidity and solvency positions from changes in the external environment. The Directors have performed sensitivity tests on AEL and MICL, the AIL Group's active insurance carriers, to assess the impact on the AIL Group's resources.

On AEL, the primary asset of the AIL Group, the stresses included potential scenarios related to extended COVID-19 restrictions and/or economic side effects from the various actions taken by the government to contain the spread of COVID-19 and two reverse stress scenarios targeted at reducing AEL's SCR Solvency Ratio to 100%. The stress scenarios considered are as follows:

1. A new wave of coronavirus with an outbreak of infections and return to lockdown in 2021 but with limited intervention to support the economy from the government and no reinstatement of such measures as job retention (furlough) scheme and self-employment income support scheme;
2. Economic downturn of an equal magnitude to the 2008 recession occurs from the beginning of the business planning period;
3. A one-off reduction in assets that could be caused by natural catastrophe, cyber-attack, asset shock, compliance breach or any other isolated event that would decrease the solvency ratio down to 100%; and
4. 1-in-5 stress to ultimate loss ratios on both existing and new business for each line of business and its impact on claims reserves and premium provisions.

Under the first two possible stresses, continued Pandemic (#1) and an Economic Downturn (#2), AEL's solvency position is negatively impacted but its SCR solvency ratio remained at 125% or greater. The other two scenarios (#3 and #4) are considered to be extreme stresses representing a reverse stressing of the business up to the point at which AEL's SCR solvency ratio reduces to 100%. This is before the impact of any Management actions to mitigate these effects.

On MICL, whilst there were some short term impacts on its investment and liquidity, the main effects of the pandemic were a reduction in GWP as dealers closed during the lockdown periods and a reduction in claims frequency across all products as vehicle usage levels decreased. Stress and scenario testing has taken place throughout the pandemic including regular analyses of the potential impact on MICL's SCR. The Directors remain confident that MICL will continue to operate successfully as the country emerges from the pandemic, but will continue to utlise stress and scenario testing to support its future actions.

Assessment of potential causes for a large one-off loss event suggests that discussed risk events are not anticipated to result in a loss of such magnitude as to reduce the AIL Group's Solvency Ratio to 100%. Given the maintenance of a 100% SCR Solvency Ratio after incorporating this stress scenario, it would indicate that the AIL Group could continue to honour its obligations through an additional 1 in 200 event level stress.

- Focused on fewer lines of business and geographies - As part of the AmTrust Group's new "AmTrust Forward" strategy, the AIL Group has continued to focus on six core lines of business (warranty, legal expenses, professional indemnity, accident & health, property and mortgage & credit). The transfer of European busines (including medical malpractice) to AIU and AA ,and the exit from lines of business (structural defects and UK liability) which have not met profitability measures, have resulted in the reduction of 18% in gross written premiums for the AIL Group in 2020 to £465.2m (2019: £564.9m).
- Progressed group restructuring to deliver a more capital and operationally efficient structure – During 2020, the AIL Group continued to take steps to simplify its legal entity structure. As a result the following direct and indirect subsidiaries of AIL, which are dormant in nature or are subsidiary holding companies, have been liquidated in the year:
    - IGI Intermediaries Limited
    - Amtrust Revive Limited
    - Dore & Associates Holdings Limited
    - Dore Underwriting Limited
    - IGI Administration Services Limited
    - AmTrust Europe Legal Limited
    - AmTrust Syndicate Services Limited

  Following the Part VII transfer of its remaining insurance business to AIU on 31 October 2020 AMIL has subsequently filed an application with the FCA and the PRA to be de-authorised , in preparation for its planned dissolution in 2021,

  In addition to the dissolutions, certain subsidiaries were sold/acquired between AIL and other fellow AIL Group subsidiaries. These companies are listed below:
    - Amtrust France SAS
    - Runnymede Law Limited
    - Arc Legal Assistance Limited
    - Caravan Security Storage Limited
    - Legal Insurance Management Limited
    - Collegiate Management Services Limited
    - AmTrust Syndicates Limited
    - AmTrust Mortgage Services Ltd

Business performance

Underwriting Performance – by material insurance entities in the AIL Group

AEL

AEL's net technical result in 2020 was a £29m loss, primarily driven by reserve strengthening on certain exited lines of business and losses on travel policies impacted by the emergence of the coronavirus (or COVID-19) pandemic.

AEL has reduced underwriting volumes by focusing on fewer lines of business and geographies – through transferring business in EEA countries to the European based companies within the AIL Group and exiting lines of business which have not achieved its target profitability measures. In addition, on 31 July 2020 AEL completed the transfer of its remaining active EEA policies to AIU and AA.

These actions resulted in a reduction in gross written premiums in 2020 of £80m or 19% to £346m (2019: £426m), resulting in AEL being a smaller insurance operation focused on mostly short to medium risk exposures.

MICL

2020 was dominated by the COVD-19 pandemic ,which saw gross written premium fall by just under 17% but the net technical result improved by approximately 31%. The fall in gross written premiums reflected the "lockdowns" imposed globally, but in the UK in particular, where automotive dealerships were closed which led to a lower level of product sales.

This largest contributor to the successful underwriting performance was the Mechanical Breakdown Insurance portfolio, which accounted for 78% (2019: 70%) of total gross written premiums, but all products performed well as lower vehicle usage resulted in a lower level of claims. The UK market remains the largest market, accounting for 83% (2019: 80%) of the Mechanical Breakdown Insurance gross written premiums.

AMIL

As at 31 December 2019, AMIL was no longer writing new business and was running off its European portfolios. AMIL completed a Part VII transfer of its UK business to AEL on 1 July 2019 and all other business to AIU on 31 October 2020, with an intention to then de-authorise and dissolve AMIL in due course. The amount of net written premium reduced to -£2.2m (-€2.5m) from £1.8m (€2.1m) in 2019. Net earned premium decreased to £4.9m (€5.6m) from £7.3m (€8.3m) in 2019. The 2020 premiums are lower than in 2019 due to the transfer of the UK business to AEL and movement of renewing European lenders to AIU.

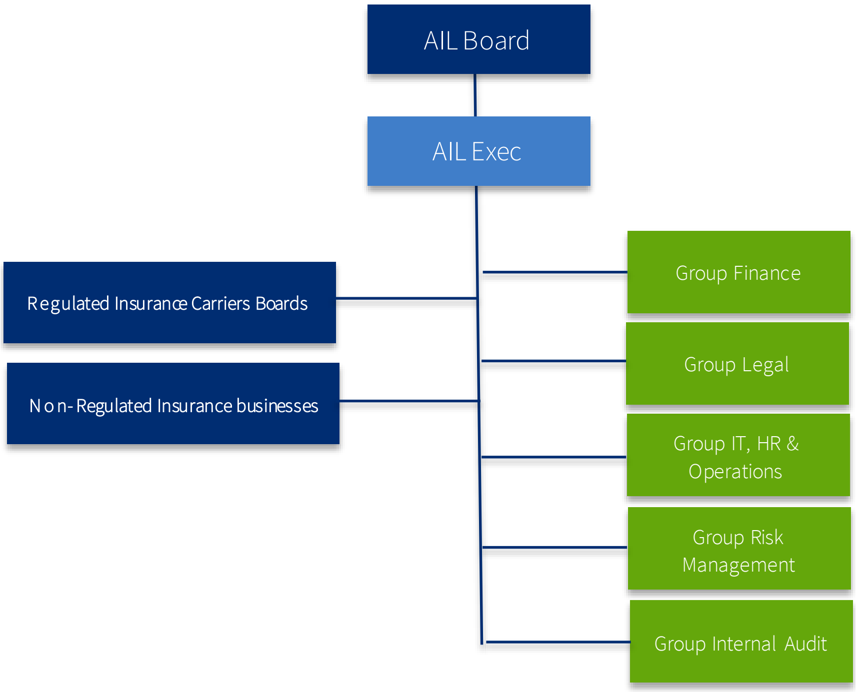
The loss ratio decreased to -54% from 3% in 2019 due to favourable reserve movements related to the Italian and Irish books. Net claims paid were £0.5m (€0.5m) compared to £0.4m (€0.6m) in 2019.

Systems of governance

AIL operates a decentralised Group Governance model where the primary accountability and day-to-day decision-making is carried out at a local subsidiary level. AIL's regulated insurance entities are all compliant with Solvency II on a solo basis, and are managed by standalone local boards, which are composed of executive directors, group non-executive directors and independent non-executive directors. They also have formal sub-committee structures that report into the board of directors. Members of the AIL Executive Committee hold non-executive roles on the regulated insurance platforms to provide support from a Group strategic oversight perspective. All significant subsidiaries within the AIL Group follow a 'three lines of defence' model from a local corporate governance point of view.

In respect of underwriting, day-to-day control and decision-making is maintained at a local entity level by independent boards, but the annual Business Plans for 2021 received strategic input and oversight from AIL.

The following diagram shows the high-level group governance structure that AIL operates:



AIL's primary purpose is to provide alignment and economic efficiencies at a group level by identifying shared services that can be performed centrally for its primary insurance businesses, and ensuring that entities operate to consistent group wide standards for risk management. It does this primarily through an Executive Committee. Underwriting control and decision-making is maintained at a local entity level, but the annual Business Plans receive strategic input and oversight from AIL and also AFSI.

Risk Profile

The AIL Group calculates its required capital from a regulatory and from an internal economic capital perspective by reference to certain risk categories that it is exposed to within the AIL Group. AIL is exposed to the following primary risks through its regulated insurance companies:

- Underwriting risk;
- Market risk; and
- Credit risk.

Each AIL subsidiary carries out key risk management activities which are proportionate to the size and risk exposure of the business. For each risk category, the principal entities of the AIL Group have articulated how much risk they are willing and able to accept based on their strategic profile and capital position. The entities have put in place systems and controls to manage their risk profile within their risk appetite statements. Key Risk Indicators (KRIs) are used to monitor exposure to the various risks to which the entities are exposed and are reported to the Executive Committee and Risk & Compliance Committee of the respective entity.

Underwriting Risk

AIL's largest risk exposure is in respect of underwriting risk (premium risk and reserve risk) in its insurance carrying subsidiaries. Premium risk is the risk that premiums are insufficient to cover the value of claims made; and reserve risk is the risk that on-going claims are settled at a higher value than previously expected. The majority of the AIL Group's material underwriting risk exposure comes from the Miscellaneous Financial Loss class of business underwritten by AEL and MICL, which represented the largest line of business during 2020 both in terms of premiums and claims.

Market Risk

Market risk is the risk of loss of income or decrease in the value of assets caused by movements in the level and prices of financial instruments. Market risk includes factors such as equity values, property values, interest rates and foreign exchange risk.

AIL's material exposure to market risk is within the investment and foreign currency balances held within its insurance subsidiaries, and in the equity risk on its strategic investments in subsidiaries.

Credit Risk

Credit risk is the potential loss arising principally from adverse changes in the financial condition of intermediaries who sell the Company's policies, the issuers of fixed maturity securities and the financial condition of its reinsurers.

The AIL Group is subject to material risk exposures with respect to its reinsurers, banks and bond counterparties that are counterparties to its insurance subsidiaries. The AIL Group's largest bank exposures are to Lloyds Bank and JP Morgan.

Through AEL, the largest reinsurance counterparty exposures that the AIL Group is exposed to relate to balances with Swiss Re and Amtrust International Insurance Limited (AII). AEL's exposures to AII is fully collateralised, and the exposure to Swiss Re is on a funds withheld basis. The credit quality of reinsurers is monitored when placing new and renewal reinsurance, as well as on an ongoing, current basis.

The AIL Group is exposed to general economic, business and industry conditions. Adverse general economic conditions may cause, among other things, significant reductions in available capital and liquidity from banks and other credit providers.

Other risks

The AIL Group is also exposed to the following other risks:

- Liquidity risk;
- Operational risk; and
- Legal & regulatory risk.

Further information on AIL's risk profile is included in Section C below.

Valuation for solvency purposes

Under Solvency II valuation principles, items in the AIL Group's balance sheet are valued at the amount at which the assets and liabilities could be exchanged between knowledgeable willing parties in an arm's length transaction. This differs from the valuation under UK Generally Accepted Accounting Principles (UK GAAP).

As at 31 December 2020, the AIL Group's assets less liabilities were valued at £304.3m under Solvency II, compared with £349.5m under UK GAAP. The causes of the difference are explained in detail in Section D.

The approach to consolidating entities within the AIL Group's balance sheet also differs between UK GAAP and the Solvency II Directive and the Delegated Acts. As per Delegated Regulation (EU) 2015/35 Article 335, the following approach is taken to consolidate entities in the Solvency II group balance sheet:

- Insurance undertakings are fully consolidated on a line-by-line basis based on their Solvency II balance sheets reported within their individual regulated entity Solvency II returns;
- Insurance holding companies are fully consolidated on a line-by-line basis based on their Solvency II balance sheets, which have been prepared using their UK GAAP balance sheets as a starting point and then adjusting for Solvency II Valuation principles;
- Ancillary service undertakings are fully consolidated on a line-by-line basis based on their Solvency II balance sheets, which have been prepared using their UK GAAP balance sheets as a starting point and then adjusting for Solvency II Valuation principles;
- All other entities are included as investments in participations valued in accordance with Article 13 of Delegated Regulation (EU) 2015/35, which is further described in Section D.1.5.1 below. Note that holding companies owning entities that participate within the Society of Lloyd's are not considered to be insurance holding companies as the Syndicates and their respective Corporate Capital Vehicles are not considered insurance companies. This point was clarified in EIOPA Q&A 549 on the Guidelines on group solvency; and
- Intra-group balances are eliminated between those entities which are fully consolidated on a line-by-line basis.

Capital Management

AIL uses the Standard Formula to calculate its Solvency Capital Requirement (SCR) and its Minimum Consolidated Group SCR (MCR). The AIL Group does not use any Undertaking Specific Parameters (USPs), nor does it use simplified calculations for any of the risk modules.

Solvency Capital Requirement

Capital Requirements	31 Dec 2020 £000	31 Dec 2019 £000
Overall SCR	233,524	355,524
Own funds eligible for SCR coverage	304,267	500,608
SCR coverage	130%	141%
MCR	71,764	128,491
Own funds eligible for MCR coverage	303,023	491,807
MCR coverage	422%	383%

AIL's SCR split by risk module as of 31 December 2020 is shown in the table below.

Solvency Capital Requirement	31 Dec 2020 £000	31 Dec 2019 £000
Health NSLT underwriting risk	951	1,506
Non-Life underwriting risk	165,259	255,144
Market risk	43,973	73,841
Counterparty default risk	35,915	39,125
Undiversified Basic SCR	246,098	369,615
Diversification credit	(43,783)	(64,631)
Basic SCR	202,315	304,985
Operational risk	18,705	36,767
Loss absorbing capacity of DT	(3,417)	(2,876)
SCR Diversified	217,603	338,876
Capital requirement for residual undertakings	15,921	16,648
Overall SCR	233,524	355,524

AIL's solvency coverage has decreased during the year from 141% to 130%. Own Funds have decreased £196.3m over the year while the SCR has decreased by £122m, largely due to accepting consolidating loans and a decrease in concentration risk, following the restructure of intergroup balances.

Event After the Statement of Financial Position Date

None note.

Directors' Statement of Responsibilities in respect of the AIL Group Solvency and Financial Condition Report

The Board acknowledge their responsibility for preparing the AIL Group Solvency and Financial Condition Report in all material respects in accordance with the PRA rules and the Solvency II Regulations.

The Directors are satisfied that:

- Throughout the financial year in question, the AIL Group has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable at the level of the AIL Group; and
- It is reasonable to believe that the AIL Group has continued to comply and will continue so to comply in the future.

Signed on behalf of the Board of Directors

J Cadle (Director)

10 June 2021

Report of the external independent auditor to the Directors of AmTrust International Limited ('the Company' or 'the Group') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the Relevant Elements of the AIL Group Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by AmTrust International Limited as at 31 December 2020:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of AmTrust International Limited as at 31 December 2020, (**'the Narrative Disclosures subject to audit'**); and

- Group templates S02.01.02, S23.01.22, S25.01.22 and S32.01.22 (**'the Templates subject to audit'**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the '**Relevant Elements of the Group Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Group Solvency and Financial Condition Report;
- Group templates S05.01.02, S05.02.01;
- the written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('**the Responsibility Statement**');
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations ('**the sectoral information'**).

To the extent the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report of AmTrust International Limited as at 31 December 2020 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of AmTrust International Limited in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – special purpose basis of accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' of the Group Solvency and Financial Condition Report, which describe the basis of accounting. The Group Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Group Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Going concern

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

We used our knowledge of the Company and the Group, the industry and the general economic environment in which they operate to identify the inherent risks in their business model and analysed how those risks might affect the Company's and the Group's financial resources or ability to continue operations over the going concern period. The risks that were considered most likely to adversely affect the Company's and the Group's available financial resources over this period were:

- adverse insurance reserves development, potentially caused by the impacts of the COVID-19 pandemic; and
- a deterioration in the valuation of the Group's investments arising from a significant change in the economic environment.

We considered whether these risks could plausibly affect the liquidity, profitability or solvency in the going concern period by performing our sensitivity analysis taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the Group Solvency and Financial Condition Report is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the audit committee, internal audit, legal and risk, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board committee, Risk committee, Reserving committee, Remuneration committee and Audit committee minutes.

- Considering remuneration incentive schemes and performance targets for management and directors.

- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Company and the Group.

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

As required by auditing standards, and taking into account possible pressures to meet solvency targets, we perform procedures to address the risk of management override of controls, in particular the risk that the Company's and the Group's management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the Solvency II technical provisions. We do not believe there is a fraud risk related to revenue recognition because the Group Solvency and Financial Condition Report is a balance sheet driven report.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Evaluating the business purpose of significant unusual transactions; and
- Assessing significant accounting estimates for bias.

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

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

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the procedures for complying with regulatory requirements.

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

The potential effect of these laws and regulations on the Group Solvency and Financial Condition Report varies considerably.

The Group is subject to laws and regulations that directly affect the Group Solvency and Financial Condition Report including regulatory capital and liquidity legislation and we assessed the extent of compliance with the PRA Rules and Solvency II regulations as part of our procedures on the Group Solvency and Financial Condition Report.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the Group Solvency and Financial Condition Report, other than those in respect of financial reporting legislation, recognising the regulated nature of the Group and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Other Information

The Directors are responsible for the Other Information.

Our opinion on the Relevant Elements of the Group Solvency and Financial Condition Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Relevant Elements of the Group Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Relevant Elements of the Group Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the AIL Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Relevant Elements of the AIL Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the Relevant Elements of the Group Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which it they based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Our objectives are to obtain reasonable assurance about whether the Relevant Elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Relevant Elements of the Group Solvency and Financial Condition Report.

A fuller description of our responsibilities is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities

Report on Other Legal and Regulatory Requirements.

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook for Solvency II firms, the sectoral information has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Group's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

This report of the external auditor is made solely to the Company's directors, as its governing body, in accordance with the requirement in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and the terms of our engagement. We acknowledge that the directors are required to submit the report to the PRA, to enable the PRA to verify that an auditor's report has been commissioned by the company's directors and issued in accordance with the requirement set out in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and to facilitate the discharge by the PRA of its regulatory functions in respect of the company, conferred on the PRA by or under the Financial Services and Markets Act 2000.

Our audit has been undertaken so that we might state to the Company's directors those matters we are required to state to them in an auditor's report issued pursuant to Rule 4.1 (2) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company through its governing body, for our audit, for this report, or for the opinions we have formed.

Ben Priestley for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

E14 5GL, London

10 June 2021

Appendix – relevant elements of the AIL Group Solvency and Financial Condition Report that are not subject to audit

Group standard formula

The relevant elements of the AIL Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template S.22.01.22
  - Column C0030 – Impact of transitional measures on technical provisions

- The following elements of Group template S.23.01.22
  - Rows R0410 to R0440 – Own funds of other financial sectors

- The following elements of Group template S.25.01.22
  - Rows R0500 to R0530 – Capital requirement for other financial sectors (Non-insurance capital requirements)

- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Business and Performance

Section A

A. Business and Performance (unaudited)

A.1 Business

A.1.1 Name and legal form of undertaking

AIL is a company limited by shares, recognised as an insurance holding company in accordance with Solvency II. Its main business is to acquire and hold participations in subsidiary undertakings that are exclusively or mainly insurance undertakings. AIL does not, in itself, write any insurance business.

AIL is headquartered in the UK and includes the following principal insurance subsidiaries:

- AmTrust Europe Limited (AEL);
- Motors Insurance Company Limited (MICL); and
- AMT Mortgage Insurance Limited (AMIL).

AIL also owns a number of intermediaries in the UK, Europe, Asia and South America, as well as the remainder of the AmTrust Group's Lloyd's platform which includes three Corporate Capital Vehicles (CCVs). Two of these CCVs are inactive and the third is in run-off. Under Solvency II, the Lloyd's CCVs are not deemed insurance companies and are therefore not consolidated within the AIL Group as with the regulated insurance entities. Instead, these entities are brought into the AIL Group under the adjusted equity method along with the intermediaries. This means that the underlying results and risk exposures of the Lloyd's businesses and the intermediaries are brought in through a single line item called "Holdings in related undertakings, including participations", rather than on a line-by-line fully consolidated basis. This is further explained in Section D.

AIL's registered address is as follows:

AmTrust International Limited (AIL)
10th Floor, Market Square House,
St James's Street,
Nottingham,
NG1 6FG
Incorporated in England and Wales
Registration Number: 01683840

A.1.2 Supervisory authority

AIL is subject to the AIL Group Supervision requirements of Solvency II. Insurance entities within the AIL Group are regulated by the Prudential Regulatory Authority (PRA). The PRA was created as a part of the Bank of England by the Financial Services Act (2012) and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA's objectives are set out in the Financial Services and Markets Act 2000 (FSMA).

The PRA's registered address is as follows:

Prudential Regulation Authority,
Bank of England,
Threadneedle St,
London,
EC2R 8AH
Tel 020 7061 4878
enquiries@bankofengland.co.uk

A.1.3 External auditor

KPMG LLP is the appointed statutory auditor of AIL, together with the AmTrust Group.

KPMG's UK office is located at:

KPMG LLP,
15 Canada Square,
London,

E14 5GL
Tel 020 7311 1000

A.1.4 Shareholders of qualifying holdings in the undertaking

AIL is a wholly owned subsidiary of AmTrust Equity Solutions Limited (AES).

AES is a holding company for part of the AmTrust Group's International operations domiciled in Bermuda.

AES's registered address is as follows:

AmTrust Equity Solutions Limited
7 Reid Street
Suite 400
Hamilton
HM 11
Bermuda

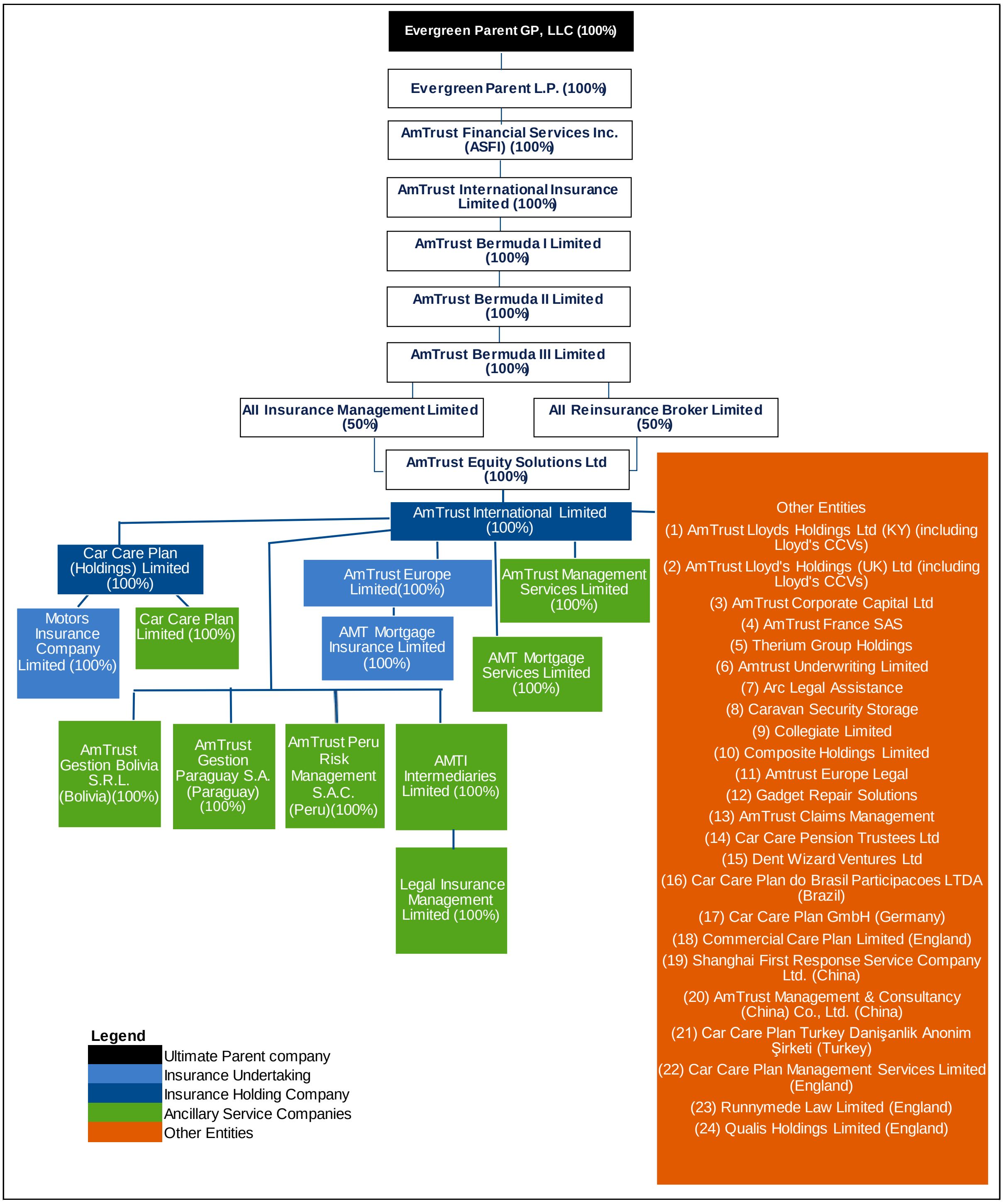
AIL's ultimate parent is Evergreen Parent GP, LLC (Evergreen), a Delaware registered US limited liability company. Evergreen is an entity formed by private equity funds managed by Stone Point Capital LLC, together with Barry Zyskind, Chairman and CEO of the AmTrust Group, George Karfunkel and Leah Karfunkel (collectively, the Karfunkel-Zyskind Family).

Evergreen's registered address is as follows:

Evergreen Parent GP, LLC
c/o AmTrust Financial Services, Inc.
59 Maiden Lane, 43rd Floor
New York, New York 10038

As a member of the AmTrust Group, the AIL Group benefits from financial, operational and management support. The AmTrust Group is a multinational property and casualty insurer specialising in small to medium sized businesses. With extensive underwriting experience and a prestigious "A-" (Excellent) Financial Size "XV" rating from A.M. Best. Commitment to excellence is a common thread connecting each of the AmTrust Group companies. The AmTrust Group's business model focuses on achieving targeted returns and profit growth with the careful management of risk. The AmTrust Group pursues these goals through geographic and product diversification, as well as an in-depth understanding of its insured exposure. The product mix includes, primarily: workers' compensation; extended warranty; and other commercial property/casualty insurance products, including title insurance. Workers' compensation and property/casualty insurance policyholders in the United States are generally small and middle market businesses. Extended warranty customers are manufacturers, distributors and retailers of commercial and consumer products. The AmTrust Group has also built a strong and growing distribution of extended warranty and specialty risk products, including liability and other property/casualty products, in Europe.

The diagram below shows the position of AIL within the AmTrust Group, and the entities within the scope of AIL Group Supervision by the PRA. All entities indicated as insurance undertakings, insurance holding companies and ancillary service companies are fully consolidated line-by-line in the AIL Group's balance sheet. All "Other" entities are brought in via the Adjusted Equity Method as specified in Article 13(3) of the Delegated Acts.



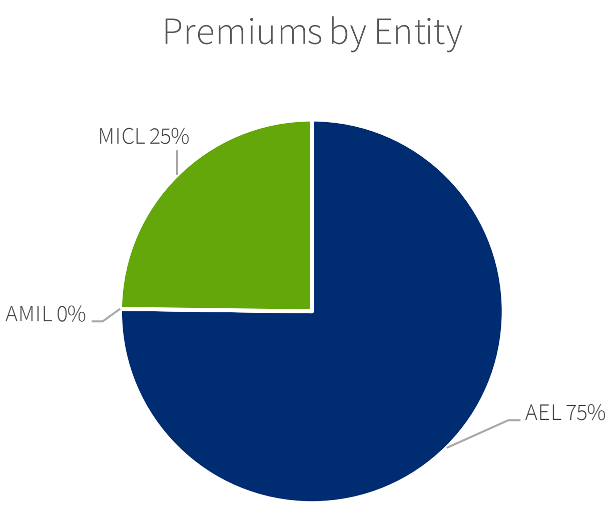
A.1.5 Material lines of business and material geographical areas

As shown in the legal entity structure chart above, the AIL Group operates in a variety of geographic locations and across multiple insurance product lines. Each of the main insurance carrying subsidiaries and their key lines of business are briefly discussed below:

1. AmTrust Europe Limited (AEL) – UK registered insurance company writing general insurance business in the UK and other non-European countries. The material lines of business are General Liability Insurance (Medical Malpractice through July 2020 and Professional Indemnity), Miscellaneous Financial Loss, Legal Expenses, Fire and Other Damage to Property and Credit and Suretyship.
2. Motors Insurance Company Limited (MICL) - UK registered insurance company writing motor breakdown insurance and other ancillary motor lines of business (excluding motor liability) across the UK, Europe, China and South America. MICL's primary underwriting focus is in the motor add-on insurance market, offering a number of distinct products within this segment.
3. AMT Mortgage Insurance Limited (AMIL) – UK registered mono-line insurance company writing solely Business-to-Business (B2B) products insuring mortgage lenders in respect of borrower default. As at 31 December 2019, AMIL was no longer writing new business and was running off its European portfolios. AMIL completed a Part VII transfer of is active EEA policies to AIU on 31 October 2020, with an intention to then de-authorise and dissolve AMIL in due course.

The split of earned premiums for each of the insurance businesses within the AIL Group is shown in the chart below.

Earned Premiums



As the above shows, AEL remains the largest insurance subsidiary by premium volume in the AIL Group and largely drives the insurance related risk exposures in the AIL Group.

Although the AIL Group also owns Lloyd's CCVs, these entities are brought into the AIL Group under the adjusted equity method. This means that the underlying results and risk exposures of the Lloyd's businesses are brought in through a single line item called "Holdings in related undertakings, including participations", rather than on a line-by-line fully consolidated basis.

A.1.6 Events that have had a material impact on the AIL Group

The following significant events impacted the AIL Group during the year, or are expected to impact the AIL Group in the future:

- Prepared for continuing operations post-Brexit – In order to ensure the AIL Group would be able to provide continuity of service to its current policyholders in EEA countries after the end of the Brexit transition period on 31 December 2020, the AIL Group has been moving most of its new business and renewals in these countries to AmTrust International Underwriters Designated Activity Company (AIU), the AmTrust Group's Irish based insurer, and AmTrust Assicurazioni (AA), the AmTrust Group's Italian based insurer. In 2020 the AIL Group executed on three business transfers impacting European policyholders: AEL transferred its Italian Medical Malpractice business to AA and its other EEA business to AIU on 31 July 2020, and AMIL transferred its remaining European Mortgage and Credit busines to AIU on 31 October 2020. These transfers were conducted through a court-sanctioned legal transfer of the respective policies to AA and AIU governed by Part VII of the Financial Services and Markets Act 2000 with supplementary guidance set out in SUP 18 of the FSA handbook (Part VII Transfers).
- Outbreak of Coronavirus ('COVID-19') – As the effects of the coronavirus pandemic have been felt on a global scale, the AIL Group, as with many of its policyholders, distribution partners and vendors, took steps to alter or reduce normal business activity to help control the spread of the outbreak. Some of the steps which the AIL Group took involved:
  - The implementation of business continuity plans which included the temporary closure of the AIL Group's offices and strong encouragement of employees to work from home;
  - Increased communication and coordination with the AIL Group's stakeholders and shared service partners; and
  - Increased monitoring of debtor collection periods to ensure the AIL Group maintains adequate cash to honour its commitment to policyholders, employees and vendors.

  Given that the AIL Group's insurance portfolio is diversified across six core lines of business, and that these lines do not demonstrate a high level of correlation in performance, the Directors believe that this helped balance the impact of this event from both a top line (gross written premium) and bottom line (technical result) perspective. Management conducted a review of the AIL Group's insurance portfolio risks within the respective insurance carriers with a deep dive analysis of exposed subsegments, and did not identify any segments of the portfolio that represented a substantial challenge to its business model sustainability.

  The Directors anticipate that there may be some near- to mid-term impact on the AIL Group's financial, liquidity and solvency positions from changes in the external environment. The Directors have performed sensitivity tests on AEL and MICL, the AIL Group's active insurance carriers, to assess the impact on the AIL Group's resources.

  On AEL, the primary asset of the AIL Group, the stresses included potential scenarios related to extended COVID-19 restrictions and/or economic side effects from the various actions taken by the government to contain the spread of COVID-19 and two reverse stress scenarios targeted at reducing AEL's SCR Solvency Ratio to 100%. The stress scenarios considered are as follows:

  1. A new wave of coronavirus with an outbreak of infections and return to lockdown in Q1 2021 but with limited intervention to support the economy from the government and no reinstatement of such measures as job retention (furlough) scheme and self-employment income support scheme;
  2. Economic downturn of an equal magnitude to the 2008 recession occurs from the beginning of the business planning period;
  3. A one-off reduction in assets that could be caused by natural catastrophe, cyber-attack, asset shock, compliance breach or any other isolated event that would decrease the solvency ratio down to 100%; and
  4. 1-in-5 stress to ultimate loss ratios on both existing and new business for each line of business and its impact on claims reserves and premium provisions.

  Under the first two possible stresses, continued Pandemic (#1) and an Economic Downturn (#2), AEL's solvency position is negatively impacted but its SCR solvency ratio remained at 125% or greater. The other two scenarios (#3 and #4) are considered to be extreme stresses representing a reverse stressing of the business up to the point at which AEL's SCR solvency ratio reduces to 100%. This is before the impact of any Management actions to mitigate these effects.

On MICL, whilst there were some short term impacts on its investment and liquidity, the main effects of the pandemic were a reduction in GWP as dealers closed during the lockdown periods and a reduction in claims frequency across all products as vehicle usage levels decreased. Stress and scenario testing has taken place throughout the pandemic including regular analyses of the potential impact on MICL's SCR. The Directors remain confident that MICL will continue to operate successfully as the country emerges from the pandemic, but will continue to utlise stress and scenario testing to support its future actions .

Assessment of potential causes for a large one-off loss event suggests that discussed risk events are not anticipated to result in a loss of such magnitude as to reduce the AIL Group's Solvency Ratio to 100%. Given the maintenance of a 100% SCR Solvency Ratio after incorporating this stress scenario, it would indicate that the AIL Group could continue to honour its obligations through an additional 1 in 200 event level stress.

- Focused on fewer lines of business and geographies - As part of the AmTrust Group's new "AmTrust Forward" strategy, the AIL Group has continued to focus on six core lines of business (warranty, legal expenses, professional indemnity, accident & health, property and mortgage & credit). The transfer of European busines (including medical malpractice) to AIU and AA ,and the exit from lines of business (structural defects and UK liability) which have not met profitability measures, have resulted in the reduction of 18% in gross written premiums for the AIL Group in 2020 to £465.2m (2019: £564.9m).

- Progressed group restructuring to deliver a more capital and operationally efficient structure – During 2020, the AIL Group continued to take steps to simplify its legal entity structure. As a result, the following direct and indirect subsidiaries of AIL, which are dormant in nature or are subsidiary holding companies, have been liquidated in the year:
    - IGI Intermediaries Limited
    - Amtrust Revive Limited
    - Dore & Associates Holdings Limited
    - Dore Underwriting Limited
    - IGI Administration Services Limited
    - AmTrust Europe Legal Limited
    - AmTrust Syndicate Services Limited

  Following the Part VII transfer of its remaining insurance business to AIU on 31 October 2020 AMIL has subsequently filed an application with the FCA and the PRA to be de-authorised , in preparation for its planned dissolution in 2021.

  In addition to the dissolutions, certain subsidiaries were sold/acquired between AIL and other fellow AIL Group subsidiaries. These companies are listed below:
    - Amtrust France SAS
    - Runnymede Law Limited
    - Arc Legal Assistance Limited
    - Caravan Security Storage Limited
    - Legal Insurance Management Limited
    - Collegiate Management Services Limited
    - AmTrust Syndicates Limited
    - AmTrust Mortgage Services Ltd

A.2 Underwriting Performance

A.2.1 Overview

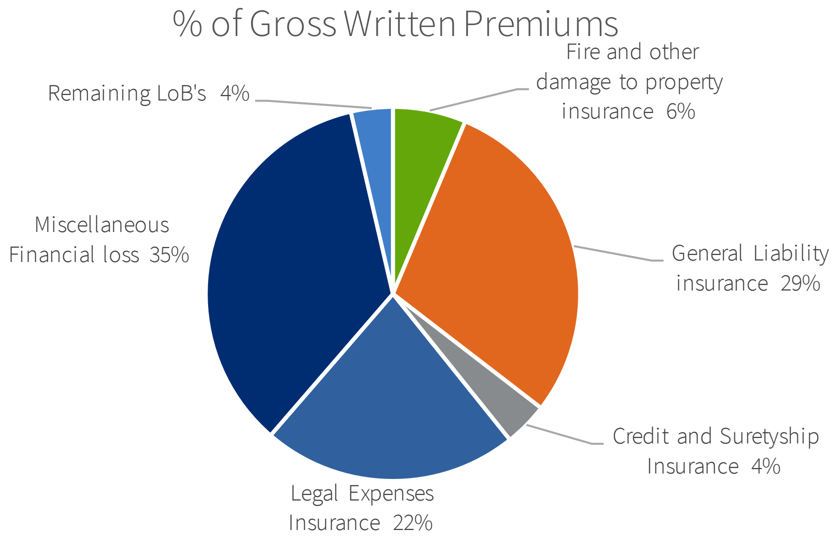
All insurance entities within the AIL Group seek to adopt strong risk appetites and underwriting disciplines in the lines of business that they participate in, and employ experienced and professional underwriters that have a good track record of underwriting profitably throughout the insurance cycle.

In the section below, perfomance of the three active insurance companies is briefly discussed by key technical account drivers; material entity; lines of businesses; and material geographic locations.

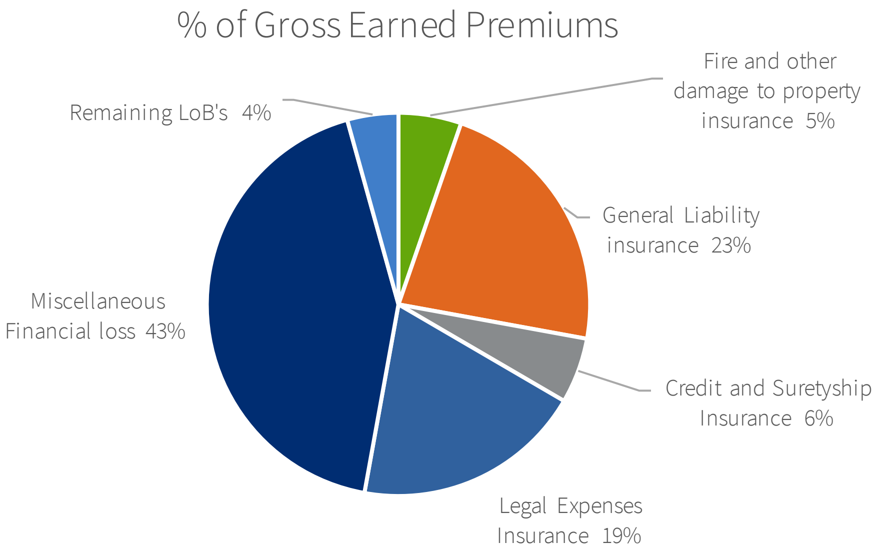
A.2.2 Underwriting Performance – by Premium, Claims, and Expenses

A.2.2.1 Gross Written Premiums (GWP)

The gross written premiums for the AIL Group amounted to £465.2m (2019: £564.9m) with earned premiums of £490m (2019: £551.9m) for the 12 months ended 31 December 2020 The split by line of business on written and earned premiums is given below:

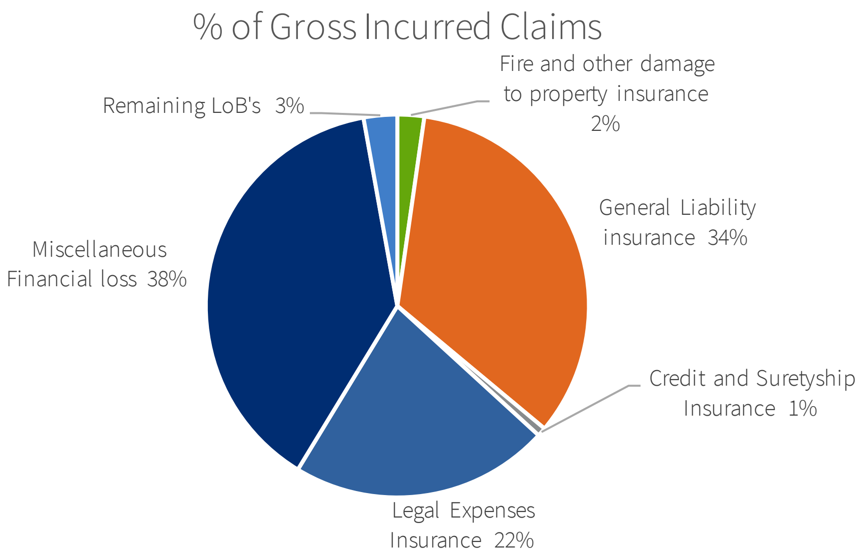


A.2.2.2 Gross Earned Premiums (GEP)



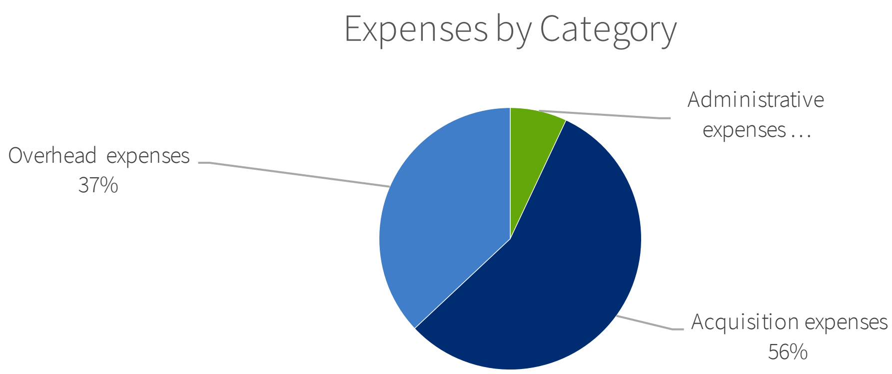
A.2.2.3 Gross Incurred Claims (GIC)

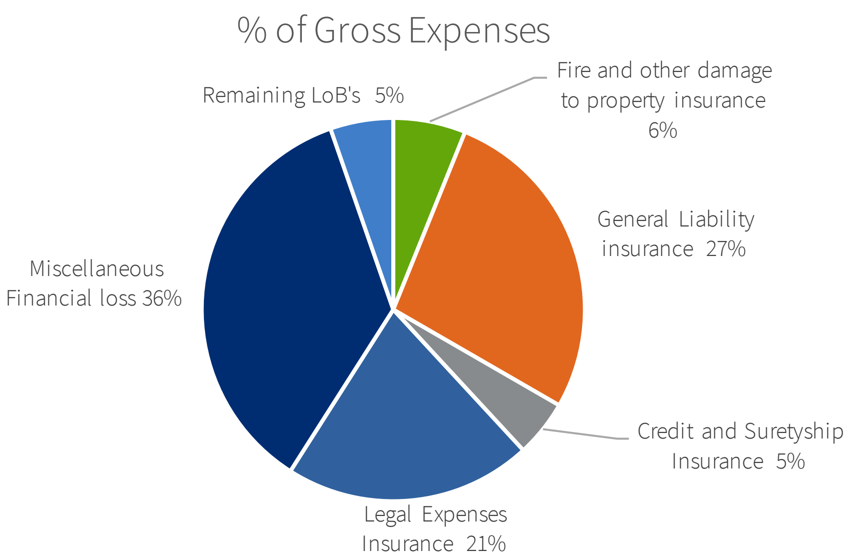
Gross incurred claims amounted to £337.7m (2019: £408m), which is split by line of business below:



A.2.2.4 Gross Expenses & Expenses by Category

Technical expenses, including acquisition costs and operating expenses, for the year amounted to £150.4m (2019: £162.6m). A more detailed breakdown of expenses by line of business and by expense category is shown below:





A.2.3 Underwriting Performance – by material Entity in the AIL Group

A.2.3.1 AEL

AEL's net technical result in 2020 was a £29m loss, primarily driven by reserve strengthening on certain exited lines of business and losses on travel policies impacted by the emergence of the coronavirus (or COVID-19) pandemic.

AEL has reduced underwriting volumes by focusing on fewer lines of business and geographies – through transferring business in EEA countries to the European based companies within the AIL Group and exiting lines of business which have not achieved its target profitability measures. In addition, on 31 July 2020 AEL completed the transfer of its remaining active EEA policies to AIU and AA.

These actions resulted in a reduction in gross written premiums in 2020 of £80m or 19% to £346m (2019: £426m), resulting in AEL being a smaller insurance operation focused on mostly short to medium risk exposures.

A.2.3.2 MICL

2020 was dominated by the COVD-19 pandemic ,which saw gross written premiums fall by just under 17% but the net technical result improved by approximately 31%. The fall in gross written premiums reflected the “lockdowns” imposed globally, but in the UK in particular, where automotive dealerships were closed which led to a lower level of product sales.

This largest contributor to the successful underwriting performance was the Mechanical Breakdown Insurance portfolio, which accounted for 78% (2019: 70%) of total gross written premiums, but all products performed well as lower vehicle usage resulted in a lower level of claims. The UK market remains the largest market, accounting for 83% (2019: 80%) of the Mechanical Breakdown Insurance gross written premiums.

A.2.3.3 AMIL

As at 31 December 2019, AMIL was no longer writing new business and was running off its European portfolios. AMIL completed a Part VII transfer of its UK business to AEL on 1 July 2019 and all other business to AIU on 31 October 2020, with an intention to then de-authorise and dissolve AMIL in due course. The amount of net written premium reduced to -£2.2m (-€2.5m) from £1.8m (€2.1m) in 2019. Net earned premium decreased to £4.9m (€5.6m) from £7.3m (€8.3m) in 2019. The 2020 premiums are lower than in 2019 due to the transfer of the UK business to AEL and movement of renewing European lenders to AIU.

The loss ratio decreased to -54% from 3% in 2019 due to favourable reserve movements related to the Italian and Irish books. Net claims paid were £0.5m (€0.5m) compared to £0.4m (€0.6m) in 2019.

A.2.4 Underwriting Performance – by material line of business (LoB)

Description	Miscellaneous Financial loss	General Liability insurance	Legal Expenses Insurance	Credit and Suretyship Insurance	Fire and other damage to property insurance	Remaining LoBs	Total
2020	£’000	£’000	£’000	£’000	£’000	£’000	£’000
GWP	162,037	130,125	102,158	17,576	29,215	16,720	457,831
RI share	68,466	47,302	52,586	12,319	10,296	5,939	196,908
NWP	93,571	82,823	49,572	5,257	18,919	10,781	260,923
GEP	209,908	110,610	87,851	27,089	25,974	21,141	482,573
RI share	63,605	41,571	37,769	14,744	8,489	3,889	170,067
NEP	146,303	69,039	50,082	12,345	17,485	17,252	312,506
	-						
GIC	129,916	114,128	73,926	2,530	7,638	9,576	337,714
RI share	47,613	67,785	34,328	3,281	4,284	4,611	161,902
NIC	82,303	46,343	39,598	(751)	3,354	4,965	175,812
	-						
Gross expenses	64,262	49,049	37,689	8,642	11,026	9,588	180,256
RI share	12,957	6,685	4,212	4,345	1,196	443	29,838
Net expenses	51,305	42,364	33,477	4,297	9,830	9,145	150,418
Net result							(13,725)

Description	Miscellaneous Financial loss	General Liability insurance	Legal Expenses Insurance	Credit and Suretyship Insurance	Fire and other damage to property insurance	Remaining LoBs	Total
2019	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	277,979	100,521	103,461	26,174	27,452	29,356	564,943
RI share	(63,542)	(27,675)	(32,980)	(12,681)	(7,666)	(6,070)	(150,614)
NWP	214,437	72,846	70,481	13,493	19,786	23,286	414,329
GEP	251,466	112,727	61,798	32,759	34,216	27,595	520,561
RI share	(51,276)	(26,445)	(16,901)	(16,152)	(7,873)	(3,932)	(122,579)
NEP	200,190	86,282	44,897	16,606	26,343	23,663	397,961
GIC	172,469	134,528	43,940	8,473	18,684	29,862	407,956
RI share	(49,359)	(64,513)	(13,787)	(4,772)	(4,271)	(12,137)	(148,839)
NIC	123,110	70,015	30,153	3,701	14,413	17,725	259,117
Gross expenses	83,800	39,338	20,625	12,134	11,938	12,362	180,197
RI share	(6,399)	(2,783)	(2,012)	(5,887)	(586)	(39)	(17,628)
Net expenses	77,402	36,556	18,613	6,246	11,352	12,401	162,569
Net result							(23,704)

A.2.4.1 General Liability Insurance

A.2.4.1.1 Medical Malpractice

AEL (100% of GEP)

AEL's medical malpractice products protect hospitals, smaller associations and individual doctors. As part of the AmTrust Group's Brexit strategy, AEL is no longer responding to new medical malpractice tenders in Italy. Business written in AEL in 2020 was limited to renewals and extensions of contracts with existing hospitals and policies for smaller associations and individual doctors. Further, AEL completed a Part VII FSMA 2000 transfer of its remaining medical malpractice business to AA in July 2020 and has no further exposure to this class of business.

The impact of this change on AEL is expected to be minimal in the medium to long term as AEL is expanding its business in other profitable lines.

The AmTrust Group continues to hold a strong position in the medical malpractice marketplace.

A.2.4.1.2 Casualty

AEL (100% of GEP)

AEL's PI product protects professionals against their legal liability for claims arising as a result of negligence during the course of carrying out their professional duties. AEL distributes PI through brokers, binders and an AmTrust Group owned MGA, Collegiate Management Services Limited. These products almost exclusively targets UK SMEs. AEL target UK domiciled companies.

Profitability in one sub-segment of this line of business, the solicitors' book, was impacted by an increase in buyer funded development claims (mostly from the 2015, 2016 & 2018 underwriting years) which related primarily to two firms of solicitors. The issues related to these claims are not prevalent in the remainder of AEL's other business in this class. AEL has been focused on growing the PI book as rates have hardened considerably in the last 18 months, particularly in the solicitors and construction sectors presenting opportunities, albeit paying appropriate attention to the conduct risk associated with the SME client base. AEL has continued to improve the renewal book through underwriting and risk selection.

A.2.4.2 Miscellaneous Financial Loss

AEL (46% of GEP)

The main lines of business within this class are warranty and structural defects.

AEL offers a variety of warranty products including, but not limited to, motor, electrical device, home emergency and plant and equipment. The portfolio is balanced between coverholder-managing general agent ('MGA') arrangements and reinsurance/contractual liability insurance policies ('CLIPs'); taking into account the conduct and compliance resources required to manage the business effectively. The majority of the portfolio is dedicated to consumer programmes, typically where the general public are purchasing insurable products from AEL's clients. AEL also offers warranties on commercial plant and machinery, where customers are small or large businesses.

Profitability in sub-segments has been steady, supported by receipt and analysis of detailed performance information. AEL's aim is to manage a smaller number of higher premium accounts, targeting a balanced portfolio mix in relation to short- and long-term risks.

In relation to structural defects, AEL elected to exit the structural defects market in 2019 and issued notice of termination on its remaining contracts. All accounts were terminated during 2019 except for one, which terminated in March 2020. This is long-tail business with up to ten years cover, so the business will be in run-off up until 2030.

MICL (54% of GEP)

MICL's core product lines in this class of business are MBI and guaranteed asset protection (GAP). MICL also has a small portfolio of cosmetic repair, alloy wheel repair and tyre insurance products which are not material. The material geographic areas are UK, Europe, China and South America.

The Covid-19 pandemic had a material impact on MICL. Gross written premium fell by just under 17% but the net technical result improved by just approximately 31%. The fall in gross written premiums reflected the "lockdowns" imposed globally, but in the UK in particular, where automotive dealerships were closed which led to a lower level of product sales.

All products performed well as lower vehicle usage resulted in a lower level of claims, with the Mechanical Breakdown Insurance portfolio which accounted for 78% (2019: 70%) of total gross written premium being the largest contributor to the successful underwriting performance.

A.2.4.3 Legal Expense Insurance

AEL (100% of GEP)

AEL's legal expenses portfolio consists of a wide variety of products that fall into before the event ('BTE'), commercial and personal after the event ('ATE') and litigation funding business segments. AEL predominately utilises coverholder-MGAs to write BTE legal expenses business; and mainly distributes directly or via brokers without delegation for ATE and Litigation Funding business. These products are primarily targeted at consumer and commercial customers; however, circa 25-30% of the consumer BTE business is through inwards reinsurance. Distribution varies, with BTE and Personal ATE geographically focused in the UK; whilst Commercial ATE and Litigation Funding targets both the UK and overseas.

This business continued to be a specific area of growth for the 2020 year and will continue to be so for the foreseeable future; and as an 'A-' rated insurer, the Company is well positioned to take advantage of this market. AEL has a broad range of experience and skills that have allowed the development of innovative solutions suited to its current customer base. Across segments, AEL's strategic objective is to be the leading provider, ensuring competitive edge is maintained through quality underwriting, providing a bespoke rather than commoditised service where possible and ensuring distribution is well considered.

Profitability in sub-segments has been steady. The markets for BTE and commercial ATE are highly competitive, whilst the personal ATE market has consolidated following government reforms.

A.2.4.4 Credit and Suretyship Insurance

AEL (70% of GEP)

The main lines of business within this class are Mortgage & Credit and Surety

AEL's mortgage & credit products protect banks, building societies and consumers. AEL transacts the mortgage products directly; whilst the credit products are provided in conjunction with delegated partners through brokers. Starting in 2021, mortgage products will be transacted through a newly created AmTrust Group MGA, Qualis U.K. Limited. The Company's target mortgage insurance channels are mainly small to medium-sized banks and building societies in the UK and globally through reinsurance contracts in non-EEA countries. AEL's target credit customers are consumers within the UK purchasing income protection products. Profitability in sub-segments has been steady. Because of the impacts of the COVID-19 pandemic, AEL reduced overall production within the mortgage insurance segment whilst consolidating within the credit segment applying pricing corrections.

The AIL Group sold its wholly owned managing agent in Spain, and the surety business generated by it, to Liberty Mutual Insurance Company in October 2019. AEL will continue to run-off its existing policies but is not originating new business in the UK or mainland Europe.

AEL is still participating in the reinsurance inwards business from Latin America ('LATAM'). In line with AEL's risk appetite both quota share and excess of loss reinsurance is utilised to protect the account. The account is overseen by a professional team including lawyers, economists and accountants.

AMIL (30% of GEP)

The principal activity of AMIL is the underwriting of general insurance business, insuring mortgage lenders in respect of borrower default. AMIL is a mono-line insurer, and writes solely "B2B" (Business-to-Business) insurance products.

As at 31 December 2019, AMIL was no longer writing new business and was running off its European portfolios. AMIL completed a Part VII transfer of its UK business to AEL on 1 July 2019 and all other business to AIU on 31 October 2020, with an intention to then de-authorise and dissolve AMIL in due course. This will lead to greater efficiencies for the AIL Group and conclude a full integration of this business into their existing structure. Consequently, the AIL Group now underwrites new mortgage and credit transactions on other rated UK and European insurance companies.

A.2.4.5 Fire and Other Damage to Property Insurance

AEL (100% of GEP)

AEL offers a wide range of specialist property insurance products, all of which are currently underwritten by coverholder-MGAs. Although AEL remains a small player in the overall property insurance sector, it is established in a number of smaller sub-segments of the market such as caravan, residential let (commercial and retail), tenants' contents, and unoccupied property insurance.

AEL also writes commercial property insurance covering predominantly small to medium size commercial premises and targeted at a mixture of retail and SME commercial customers. AEL is, however, close to launching products on a Direct / Reinsurance basis writing predominately excess of loss commercial Property business for Corporate Customers.

The majority of AEL's customers are based in the UK with currently only 2 Coverholders having no UK business.

The sub-segments of caravan and residential let are underserved niches in the market that have relatively low competition and have proved to be consistently profitable. AEL's strategic aim in the property insurance market is to grow its presence in existing niche segments where it operates (e.g. unoccupied, caravan) paying appropriate attention to the conduct risk associated with its client base.

A.2.4.6 Remaining Lines of business

The remaining lines of business are the following:

- Medical Expense Insurance;
- Motor Vehicle Liability Insurance;
- Other Motor Insurance; and
- Assistance.

These lines of business account for the following:

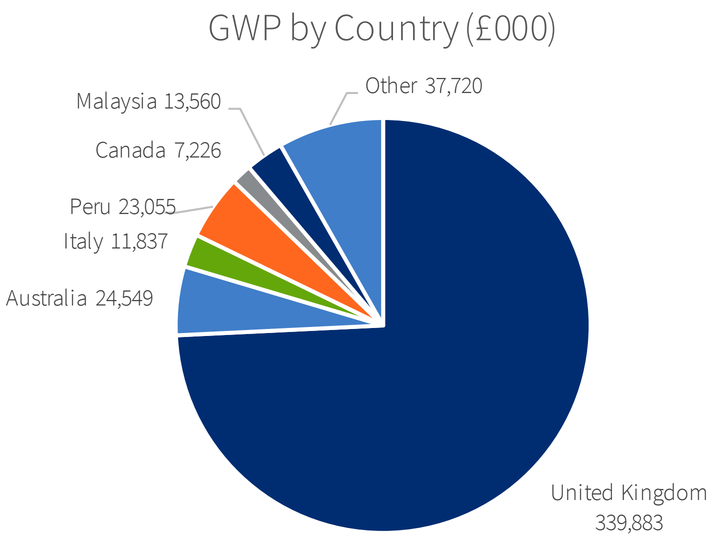
- Gross Written Premium – 4%

- Gross Earned Premium - 4%
- Gross Claims Incurred – 3%
- Gross Expenses incurred – 5%

The majority of this remaining business originates from AEL as motor vehicle liability and medical expenses.

A.2.5 Material Geographic Locations

Performance in the top six material countries in which the AIL Group operates is summarised in the table below.



Country	United Kingdom	Australia	Peru	Italy	Malaysia	Canada	Other countries	Total
2020	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	339,883	24,549	23,055	11,837	13,560	7,226	37,720	457,830
RI share	143,954	9,492	11,793	4,570	7,145	4,165	15,789	196,908
NWP	195,929	15,057	11,262	7,267	6,415	3,061	21,931	260,922
GEP	357,864	14,281	15,027	13,914	13,865	14,306	53,315	482,572
RI share	123,775	4,356	7,256	4,839	7,660	4,910	17,269	170,065
NEP	234,089	9,925	7,771	9,075	6,205	9,396	36,046	312,507
GIC	265,475	4,992	13,647	-513	3,550	19,940	30,623	337,714
RI share	129,401	1,616	5,814	1,014	1,963	6,397	15,697	161,902
NIC	136,074	3,376	7,833	-1,527	1,587	13,543	14,926	175,812
Gross expenses	103,878	10,541	2,770	6,774	4,663	(496)	22,290	150,420
RI share								
Net expenses	103,878	10,541	2,770	6,774	4,663	(496)	22,290	150,420
Net result								(13,725)

Country	United Kingdom	Italy	Malaysia	Norway	Peru	Sweden	Other countries	Total
2019	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	351,605	64,216	29,516	20,167	12,580	11,545	75,313	564,943
RI share	(97,116)	(15,152)	(6,635)	(1,755)	(6,750)	(3,129)	(20,076)	(150,614)
NWP	254,488	49,064	22,881	18,412	5,830	8,416	55,237	414,329
GEP	297,967	82,744	21,952	23,115	13,833	11,172	69,777	520,561
RI share	(64,512)	(19,485)	(4,941)	(5,090)	(7,308)	(4,199)	(17,045)	(122,579)
NEP	233,455	63,260	17,012	18,025	6,524	6,974	52,732	397,981
GIC	213,979	99,260	16,900	19,832	3,912	8,810	45,263	407,956
RI share	(67,614)	(48,819)	(4,217)	(6,454)	(2,334)	(4,174)	(15,228)	(148,839)
NIC	146,365	50,441	12,683	13,379	1,579	4,636	30,035	259,117
Gross expenses	101,808	20,023	6,232	7,349	5,451	1,713	19,993	162,569
RI share	-	-	-	-	-	-	-	-
Net expenses	101,808	20,023	6,232	7,349	5,451	1,713	19,993	162,569
Net result								(23,704)

A.3 Investment Performance

The AIL Group invests mainly in corporate bonds and some government bonds, property as well as equity investments comprising mainly of subsidiary investments and associates.

The management of the bond portfolio is outsourced to another company within the AmTrust Group, which has a dedicated team of investment managers. A set of investment management guidelines exists for each of the regulated entities with reference to the prudent person principle. The respective Investment Management Committees monitor adherence to these guidelines.

Net income from the bond and equity investments was lower by £9m versus prior year at £21m in 2020 (2019: £30m). This represents interest income, net of investment expenses, of £15m (2019: £12m), unrealised losses of £2m (2019: gain of £8m) and realised gains on sale of £9m (2019: £10m). The decrease in net income from these investments year on year was primarily related to the impact of COVID-19 on bond valuations in the countries in which the Company invests and the relative valuation of the Pounds Sterling in relation to foreign currencies in which some of the investments are denominated.

Income from equity instruments is derived from other AIL Group entities, which are not fully consolidated for Solvency II purposes. Where dividends are paid by unconsolidated subsidiaries this is offset by corresponding falls in value of the underlying net assets and therefore carrying value of those subsidiaries. In net terms, the profitability of subsidiaries outweighs the dividends paid in the period.

The property investment is a building in Nottingham, which the Company occupies and rents out the remaining floors to other local businesses.

The AIL Group's material insurance subsidiaries which hold these investments are AEL, AMIL and MICL.

Income and expenses during the year are shown in the table below.

2020	Dividends £'000	Interest £'000	Rent £'000	Net gains and losses £'000	Unrealised gains and losses £'000	Total £'000
Government Bonds	-	1,934	-	(2,536)	1,777	1,175
Corporate Bonds	-	12,680	-	11,633	(4,141)	20,172
Equity instruments	10,033	-	-	(1,205)	5,400	14,228
Investment funds	-	1	-	-	-	1
Collateralised securities	-	-	-	(407)	(40)	(447)
Cash and deposits	-	1,117	-	520	-	1,637
Mortgages and Loans	-	2,530	-	-	-	2,530
Properties	-	-	617	-	(2,845)	(2,228)
Total	10,033	18,262	617	8,005	151	37,067

2019	Dividends £'000	Interest £'000	Rent £'000	Net gains and losses £'000	Unrealised gains and losses £'000	Total £'000
Government Bonds	-	1,682	-	(1,111)	1,274	1,845
Corporate Bonds	-	10,113	-	11,322	7,056	28,491
Equity instruments	14,104	-	-	51,118	3,914	69,136
Investment funds	-	-	-	(2)	-	(2)
Collateralised securities	-	85	-	308	(5)	388
Cash and deposits	-	(6)	-	(324)	-	(329)
Mortgages and Loans	-	2,050	-	-	-	2,050
Properties	-	(155)	639	-	339	823
Total	14,104	13,769	639	61,311	12,578	102,401

A.4 Performance of other activities

AmTrust Management Services Ltd. (AMSL), a subsidiary of AIL, earned £12.3m (2019: £12.3m) in respect of fee income in the year for services performed in relation to the whole account quota-share reinsurance programme in AEL with AII. The fee income is received from entities outside the insurance group for activities not strictly as an insurance company and therefore is not considered as part of underwriting performance discussed in Section A.2 above.

Additionally, Car Care Plan Limited, a subsidiary of Car Care Plan(Holdings) Limited, the parent entity of MICL, administers and markets motor vehicle warranty products.

A.5 Any other information

None noted.

System of Governance

Section B

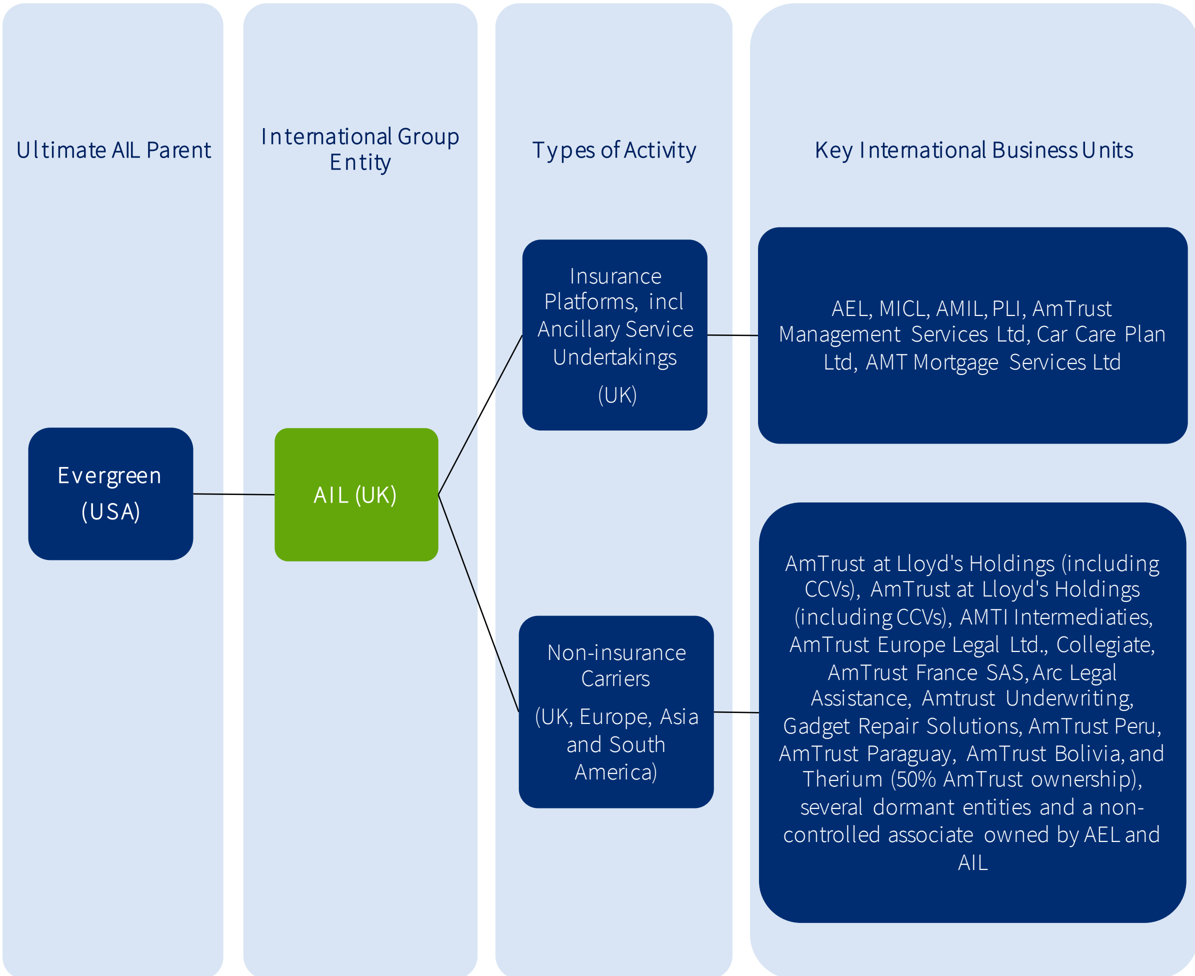
B. System of Governance (unaudited)

B.1 General information on the system of governance

AIL is the holding company that sits above a number of AmTrust's insurance carriers and activities within the UK, Asia and South America. The AIL Group manages two fully owned legal subsidiaries that carry out insurance and/or reinsurance activities, as well as a number of non-insurance carriers based in the UK, Asia and South America . AIL is a holding company and does not carry out any insurance and reinsurance activities itself. Its primary purpose is to provide alignment and economic efficiencies at a group level by identifying shared services that can be performed centrally for its primary insurance businesses. The AIL Executive Committee oversees the operations of its subsidiaries in the UK, Asia and South America.

The AIL insurance carriers include AEL and MICL. As at the end of 2020, AMIL no longer holds any insurance liabilities, following portfolio transfers in 2020. All insurance carriers are UK regulated entities operating under the Solvency II regime.

The diagram below outlines the high-level structure of the AIL Group as at 31 December 2020:

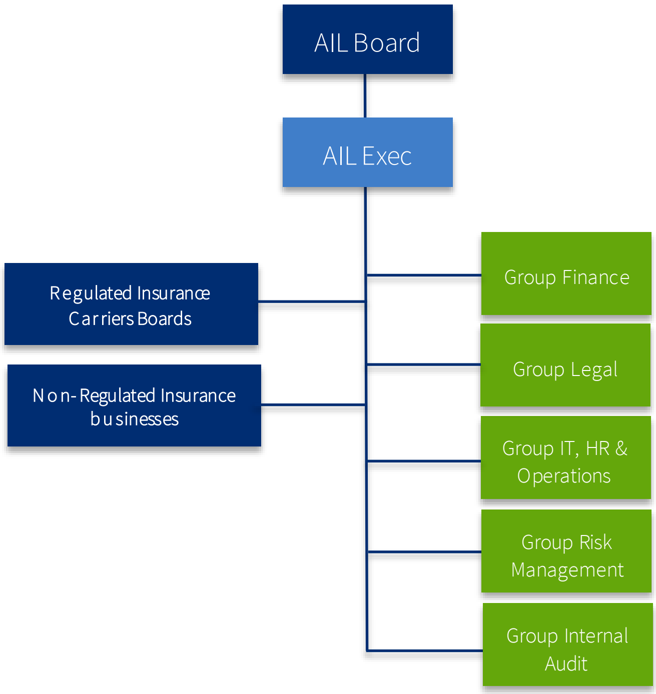


B.1.1 The Board and System of Governance

AIL operates a decentralised Group Governance model where the primary accountability and day-to-day decision-making is carried out at a local subsidiary level. AIL's regulated insurance entities are all compliant with Solvency II on a solo basis, and are managed by standalone local boards, which are composed of executive directors, group non-executive directors and independent non-executive directors. They also have formal sub-committee structures that report into the board of directors. Members of the AIL Executive Committee hold non-executive roles on the regulated insurance platforms to provide support from a Group strategic oversight perspective. The SFCRs for AIL's regulated insurance entities can be found on its website (*https://amtrustfinancial.com/amtrustinternational/corporate-governance/solvency-financial-condition-reports*).

All significant subsidiaries within the AIL Group follow a 'three lines of defence' model from a local corporate governance point of view.

In respect of underwriting, day-to-day control and decision-making is maintained at a local entity level by independent boards, but the annual Business Plans for 2021 received strategic input and oversight from AIL.



B.1.1.1 Board

The AIL Board is made up of the AmTrust Group CEO, the AIL CEO and the AIL Group Legal Counsel. The Board delegates its day-to-day activities across the AIL Group to the AIL Executive Committee.

B.1.1.2 Executive Committee

The key purpose of the Executive Committee is to support the AIL CEO in delivering AIL's strategic goals and objectives. The main responsibilities of the Committee include:

key purpose of the Executive Committee is to support the AIL CEO in delivering AIL's strategic goals and objectives. The main responsibilities of the Committee include:

- the generation of underwriting and operating income, including premium and revenue generation and loss and expense management;
- the development and implementation of strategy, operational plans, policies, procedures and budgets;
- the monitoring of operating and financial performance;
- the assessment and control of risk; and
- the prioritisation and allocation of resources.

The Committee is composed of the following Executive Members:

Executive Member	Key Role
AIL CEO	Chairing the AIL Executive Committee, Business Unit Management and Managing the AIL Executive team
AIL Group CFO	Finance & Capital Management across the AIL Group
AIL Group Legal Counsel	Compliance with International Laws & Regulations and Group M&A activity

The following functions are not direct members of the AIL Executive Committee, but will report in on various issues from time to time:

- AIL Risk Management;
- AIL Group Actuarial;
- AIL Group Internal Audit;
- Underwriting; and
- Entity CEOs.

B.1.1.3 Key Functions:

AIL complies with the AIL Group governance requirements from Solvency II by operating a decentralised governance model where the local solo entities maintain the primary responsibility for complying with the Systems of Governance requirements. The AIL Group ensures that there is commonality around the standards of operation and that the local entities follow business plans that are consistent with the wider AmTrust strategy and risk appetite. The AIL Group also ensures that AmTrust unlocks efficiencies by offering shared services, considering optimal corporate and capital structures, and local board accountability and ownership of business plans.

The four key functions are Risk Management, Compliance, Internal Audit and Actuarial. Further information on each of these key functions is detailed in sections B.3, B.4, B.5 and B.6 respectively.

B.1.2 Governance Structures of the Insurance Carriers within the AIL Group

A brief summary of the Governance Structures of the insurance carriers reporting to AIL is provided below. Each company operates a system of corporate governance to ensure that there is a clear process of decision-making combined with accountability and transparency. In line with established best practices within the Insurance market, each company follows the “Three Lines of Defence” model of corporate governance. More detailed information on the Systems of Governance of the insurance carriers within AIL can be found in Section B.1 of the SFCR reports for each insurance entity.

Key Entities within the AIL Group	AmTrust Europe Ltd (AEL)	Motors Insurance Company Ltd (MICL)	Non-Insurance Carrying Entities
Company Overview	UK Insurance Company writing multiple classes of business in UK & Europe	UK Insurance Company writing primarily UK Extended Motor Warranty	A number of intermediaries or fee earning entities. Largest entities include Car Care Plan (CCP) and Therium
Key Classes of Business	General Liability, PI, Legal Expenses, Property, Warranty, Mortgage Indemnity	Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP)	
Board of Directors	●	●	●
Independent Non-Executive Directors	●	●	
Executive Committee	●	●	
Board Audit Committee	●	●	
Board Risk Committee	●	●	
Board Reserving Committee	●	●	
Board Remuneration Committee	●	●	
Dedicated Risk Function	●	●	
Dedicated Actuarial Function	●	●	
Standalone Compliance Function	●	●	

B.1.2.1 Material changes in the system of governance that have taken place over the reporting period

The AmTrust International underwriting portfolio is grouped by product, platform and geography. This change, effective from the start of 2019, was made with the intention of maximising underwriting efficiency and control and optimising AmTrust's strategic presence through different lines of business, geographies and relationships in which it operates.

A Managing Director (MD) was appointed to manage each business unit within the portfolio. Each Managing Director has clear accountability for the performance of their business unit. The business is managed in a matrix, with business line level responsibilities coexisting with entity level responsibilities. These business units are supported by global functions for HR, Finance, Legal and IT. The Global Claims and Underwriting groups provide International with support, challenge and expertise, with the model varying by business unit.

The following material changes in the AIL system of governance took place in 2020:

- Appointment of a new Delegated Claims Manager in March 2020;
- New Underwriting Governance Manager appointed in April 2020;
- Appointment of New Property Lead Underwriter in May 2020;
- Appointment of New A&H Lead Underwriter in October 2020; and
- New General Counsel appointed in November 2020.

B.1.3 Remuneration

The subsidiary level boards are responsible for the establishment and implementation by management of the remuneration policies for their entities and are authorised to review and approve the remuneration plans and programmes that fall within the remuneration policies. Policies, plans and programmes are either defined at AIL Group level or follow AmTrust Group principles with variation as appropriate to the Company and prevailing regulatory and / or legislative requirements.

B.1.3.1 Key Principles

As above, the policies vary by entity, but the remuneration frameworks follow similar key principles:

- Provide market-competitive pay for the business sector, role and location of the relevant employees - individual pay rates may fall above or below market median based upon experience and performance in role as well as the market supply and demand for a particular skill set;
- Enable the respective company to attract and retain the right talent for the business at a business-appropriate and sustainable cost;
- Provide market-appropriate pay structures which include a role-appropriate level of variable pay in line with market norms and an appropriate benefits programme;
- Ensure that pay programmes are aligned to the respective company's business strategy, risk appetite statements, codes of conduct and applicable regulations and reward only appropriate behaviour with both short and long term performance is taken into consideration as appropriate;
- Ensure the appropriate governance and independence as it relates to pay decisions and the appropriate scrutiny as it relates to key employees including those designated as Solvency II employees; and
- No member of the Remuneration Committee is involved in deliberations or decision making on their own pay or the pay of the other members of the Remuneration Committee.

B.1.3.2 Variable Pay

The policies differ in detail depending on the entity, but all of the AIL Group's remuneration frameworks contain similar features around variable pay as follows:

- Variable pay and the associated programmes and awards are structured according to the nature of the role and its position within the business;
- Fixed and variable pay are broadly aligned to market norms, with a sufficiently high proportion of pay delivered in fixed base pay as relevant to remit and seniority;
- The proportion of pay delivered through variable remuneration generally increases with seniority within the organisation. This reflects the increased ability to impact the success of the organisation with increased seniority, and is in line with general market practice;
- Variable pay awards are designed to take into consideration both individual and business performance as appropriate for the role. Individual performance is assessed based upon performance against objectives (financial and non-financial) and also in line with the applicable competency framework. Business performance is aligned to agreed financial metrics and the individual component is designed to drive certain behaviours, including the exhibiting of the Company's values, advancing our culture and complying with the requirements of the regulatory regimes;
- All programmes allow flexibility and discretion which permit the respective board and management to ensure appropriate awards are made in all circumstances;
- Variable pay structures ensure that AmTrust's senior employees are aligned not only to the annual goals but also the long term success of the relevant business and AmTrust group through deferral and long term incentive arrangements linked to group performance over a multi-year period, typically 4 years; and
- Ensure alignment to risk and performance of the business with provisions as applicable to the business and/or population enabling the relevant Boards or Remuneration Committees to make a downward adjustment to

proposed awards at either aggregate or individual level or to prevent the vesting of some or all of a tranche of a deferred award in line with the performance of either the individual or business.

B.1.3.3 Supplementary pension scheme for Board members

Across the AIL Group, Board members who are also employees are entitled to join an applicable and appropriate workplace pension scheme. The AIL Group does not provide any supplementary pension to its Independent Non-Executives.

B.1.3.4 Material transactions with Directors and Shareholders during the reporting period

AIL did not enter into any material transactions with persons with significant influence or members of the Board during the reporting period.

AIL also has had no material transactions with members of the Board during the reporting period.

B.1.3.5 Adequacy of the system of governance

The Board is satisfied that the system of governance of the Company is adequate for the nature, scale and complexity of the risks inherent in its business.

B.2 Fit and Proper Requirements

AIL is an insurance holding company, as classified under Solvency II. AIL does not carry out any regulated insurance activities in its own right. All of AIL's regulated insurance activities take place through its two main insurance carrying subsidiaries. Each insurance subsidiary is regulated independently by the PRA and FCA, and subject to the requirements of the Senior Manager and Certification Regime (SMCR).

Within this framework, the PRA and FCA expect that individuals performing Senior Management Function (SMF) or, Certified Person roles remain fit and proper to undertake the role. Each of AIL's regulated insurance subsidiaries has a Fit and Proper Policy in place that outlines the various checks conducted at recruitment and throughout employment. In particular, when deciding whether a person is fit and proper, each AIL entity satisfies itself that the individual:

- has the required personal characteristics (including being of good repute and integrity);
- possesses the appropriate level of competence, knowledge and experience;
- has the qualifications to undertake the role; and
- has undergone or is undergoing all training required to enable such person to perform his or her key function effectively and in accordance with any relevant regulatory requirements, including those under the regulatory system, and to enable sound and prudent management of that company.

When deciding whether the Board is fit and proper, each AIL entity seeks to ensure that the Directors collectively possess appropriate qualifications, experience and knowledge about at least:

- Insurance and financial markets;
- Business strategy and business model;
- Systems of governance;
- Financial and actuarial analysis; and
- Regulatory framework and requirements.

Fitness and propriety is checked at recruitment stage through appropriate due diligence and challenge of an individual's CV. Appropriate financial and criminal checks are carried out prior to recruitment of an individual and probation periods are set commensurate with the role. Ongoing assessment of fitness and propriety of all employees is assessed through the annual appraisal process. Performance of the Board is also assessed annually through the Board performance review process.

B.3 Risk management system including the own risk and solvency assessment

The Group Risk Management function is managed by the Group Chief Risk Officer. Each of AIL's regulated insurance subsidiaries maintains a dedicated risk function, that works in collaboration with the Group Risk Management function. The standalone risk functions are led by a Chief Risk Officer or Head of Risk, and are responsible for the co-ordination of the identification, management, monitoring and reporting of risks to the local entity boards.

The Group Risk function ensures that the interests of the regulated legal entities within the AIL Group are protected and reports of the risks captured at the legal entities level to the AIL Executive Committee. Group Risk also provides challenge and independent advice to the AIL Executive Committee on strategic matters, including Group strategy, capital allocation, mergers and acquisitions and business planning.

B.3.1 Risk Management Strategy

Each regulated insurance entity within the AIL Group follows the "three lines of defence" model: risk taking and management in the first line; risk control and oversight in the second line; and independent assurance in the third line.

The Group Risk Management function collaborates with local entity Risk functions and the Group Internal Audit function to monitor and report the relevant entities' risk profile up to the AIL Executive Committee.

The table below presents an overview of the key risk management activities that take place in the three operating regulated insurance subsidiaries within the AIL Group:

ERM Process	AEL	MICL	Summary Description of the ERM Processes
Risk Registers & Risk and Control Self- Assessment (RCSAs)	●	●	Entity records its key risks and controls within a risk register and periodically communicates with the risk owners to verify the accuracy of the risk registers
Risk and ORSA Policies	●	●	Documented Risk and ORSA Policies in place, owned and signed off by the entity level boards
Top-down Risk Assessment	●	●	Ground up assessments of risks, captured on risk registers, are supplemented by top-down risk assessments that include Executives, Non-Executives and Internal Audit
Key Risk Indicators (KRIs) Reporting	●	●	KRIs measure amount of risk using risk tolerances. These are monitored by Risk Management and reported to the Executive Committee and Risk & Compliance Committee
Stress Tests	●	●	Periodic stress testing, including reverse stress, to determine the impact to the entity's balance sheet and capital position of various events. The Risk Management function and Capital Management function work collaboratively to consider a range of scenarios based on the risks identified in the RCSAs and top-down risk assessments.
Incident Reporting and Escalation	●	●	Capturing, reporting, and escalating of incidents (risk events) for the purpose of analysis, reporting and improvement of internal controls
Controls & Compliance Monitoring	●	●	Key controls subjected to regular independent testing by Internal Audit and Compliance
Capital Modelling and Capital Allocation	●	●	Economic or Regulatory capital modelling using a stochastic capital model or the Solvency II Standard Formula calculation. Results are regularly reviewed with representation from both the Risk and Capital Management functions to ensure all material risks are considered.
ORSA	●	●	Formal ORSA process in line with Solvency II, signed off by the Board. The process brings together all aspects of Risk Management and Capital Management.
Recovery and Resolution Plan	●	●	The recovery plan aims to prevent the business from failing, while it is a going concern and includes: triggers at which point the recovery plan would be invoked; example scenarios that would cause the triggers to be breached; and a set of

			management actions which can be used to restore the solvency and liquidity position and allow the Company to continue its operations The resolution plan aims to ensure orderly closure of a business in the event of a failure and includes identification of critical economic functions; key dependencies between entities and functions; and preferred resolution strategies and their implications. Both plans are formulated with input from the Capital Management function.
Emerging Risk Reporting	●	●	Identify primarily external factors that give rise to new challenges, uncertainties and opportunities that are already having, or may at some stage in the future, have an impact on the Company's strategic objectives. The Risk Management function maintain a log of all identified emerging risks and associated action plans.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The ORSA brings together the ERM processes described above, enabling the Board of each entity to assess, monitor, manage, and report the short and long term risks that it faces or may face and to determine the Own Funds necessary to ensure the their overall solvency needs are met at all times.

The ORSA processes at each entity are strongly linked to the Board's approval of their strategy and business plans, which ensures that the ORSA is embedded in strategy and decision-making. Risks identified through the RCSA process and the "top-down" risk assessment form the basis of stress test scenarios, which are selected and approved by the entity Board. This allows the entity to test risks to its strategy.

Currently all UK insurers within the AIL Group are subject to Solvency II using the Standard Formula to calculate their indiwait

vidual solvency capital requirements and available capital (Own Funds). Under Solvency II, regulated companies must maintain capital above the Solvency Capital Requirement (SCR), and must calculate and submit their respective SCRs as part of a quarterly regulatory return. Each UK insurer within the AIL Group completes an ORSA process annually, on a 'business as usual' basis, or if there is a material change in risk profile.

AIL's direct parent, AmTrust International Insurance Ltd, is registered in Bermuda, a Solvency II equivalent jurisdiction. It completes a Commercial Insurer's Solvency Self-Assessment (CISSA) report for the Bermuda Monetary Authority (BMA) on at least an annual basis, assessing risk governance and capital adequacy under normal and stressed conditions. AIL is included within this assessment and, as such, does not produce its own ORSA.

B.4 Internal control system

B.4.1 Internal control system

The subsidiary Boards are responsible for the design and implementation of the entity level internal control systems. The AIL Board, the Group CRO and the Group Head of Internal Audit oversee the design and monitor the outputs of the entity level internal control systems to ensure that they are fit for purpose and deliver appropriate information to support the AIL Group risk governance activities. Independent assurance over the entity level internal control systems is provided by the Group Internal Audit function. Further assurance around the controls over financial risks is obtained from external audit.

The entity specific internal controls systems operate as follows:

- Primary responsibility for the identification, monitoring, control and reporting of significant risk rests with the heads of the various business functions on an ongoing basis;
- Risk and control owners are identified for all significant risks and controls. The Enterprise Risk Management framework ensures that these risks and controls are reviewed on a regular basis;
- The Internal Audit function is responsible for auditing the control environment as part of the internal audit plan agreed by the entity level Audit Committees; and
- On behalf of the entity level Boards, the respective Audit Committees and the Risk & Compliance Committees regularly review the systems of internal control. The review covers all controls, including financial, operational and

compliance controls, completeness and accuracy of data and the risk management process. Necessary actions are taken to remedy any significant control failings or weaknesses identified.

B.4.2 Compliance function

The AIL Group Compliance function is independent of any business unit and is (with Risk Management) the second line of defence for the AIL Group.

The AIL Compliance Function services the AmTrust insurance carriers via dedicated Compliance teams based in the principal business locations of London (AEL) and Bradford (MICL). Each local team has a Head of Compliance, holding regulatory approval and with ultimate recourse to the relevant regulated entity Board, directly or through their Committees. Compliance Officers operate under the umbrella of the AIL Group's legal and compliance framework led by the AIL Group's Chief Compliance Officer. These arrangements are aimed at providing leadership and facilitating consistent policy, standards and independence both at the group level and across regulated entities within the AIL Group.

Under these arrangements, common compliance protocols operate as a minimum standard throughout the AIL Group. Each subsidiary Compliance function is responsible for advising the Executive and the Boards on compliance with existing and emerging legal, regulatory and administrative provisions. This includes monitoring compliance risks, assessing the impact of any future changes in the regulatory environment on the AIL Group and overseeing resulting action, setting and advising on associated policy and monitoring to evaluate the effectiveness of compliance controls. Through this framework, risks can be reported at the AIL Group level.

Regular reports are provided to the subsidiary governing bodies. In carrying out its duties, the AIL Compliance function has unfettered access to all relevant systems, staff and information as well as the Boards and Non-Executive Directors, including any records necessary to enable it to carry out its responsibilities.

B.5 Internal audit function

The internal audit function is a global AmTrust Group function that reports independently to each entity's Audit Committee. Internal audit provides senior management and the Audit Committees with information, analysis and recommendations about the adequacy, effectiveness and efficiency of the business operations and internal control environment.

The mission of the AmTrust Internal Audit function is to help the Board and Executive Management to protect the assets, reputation and sustainability of the organisation.

This is achieved by:

- Assessing whether all significant risks are identified and appropriately reported by management and the Risk function to the Board and Executive Management;
- Assessing whether they are adequately controlled; and
- Challenging Executive Management to improve the effectiveness of governance, risk management and internal controls.

Internal Audit is independent from the business and is directly responsible to the Chair of the Audit Committees of the standalone entities, with a day-to-day administrative reporting line to the Group Chief Audit Officer of the AmTrust Group. Internal Audit has free and unrestricted access to the Chairs of the Boards, the Chairs of the Audit Committees and the Chief Executive Officers. The Head of Internal Audit has full and free access to the Audit Committees including attending all Audit Committee meetings, meeting privately with members at least annually (or more frequently as needed), and individual meetings on a regular basis.

Those working within Internal Audit are not permitted to perform day-to-day control procedures or take operational responsibility for any part of AmTrust's operations outside Internal Audit. Management is responsible for the establishment and ongoing operation of the internal control system. The Audit Committees review the scope and nature of the work performed by Internal Audit to confirm its independence.

B.6 Actuarial function

Under Solvency II, the Actuarial function is a Key Function, the Group Chief Actuary being the Key Function Holder. The Group Chief Actuary is a qualified actuary and a member of the Institute and Faculty of Actuaries. The members of the entity level actuarial teams are either qualified actuaries; working towards becoming a qualified actuary; or sufficiently qualified by experience to undertake the duties assigned to the individual.

The AIL Actuarial Function is comprised of some individuals with entity specific duties and others with cross entity responsibilities. The MICL Actuarial department is managed by a local Chief Actuary who provides all relevant information to the Group Chief Actuary.

The purpose of the Actuarial function is to provide support in many areas including reserving, pricing and capital management. In addition to the core actuarial work, other statistical and management information support is provided to management where necessary. This work is required to be undertaken in an objective and independent manner whilst incorporating feedback from the business where appropriate.

The Chief Actuary or an appropriate representative attends the Underwriting Committee and the Reserving Committee, where one exists. The Actuarial function is also involved in supporting the reinsurance purchasing process where necessary. The Chief Actuary(ies) will rely on work produced by other members of the Actuarial function to fulfil the necessary roles and responsibilities.

The Actuarial function for each regulated insurance entity has the following specific responsibilities:

- Production of the Technical Provisions in accordance with Solvency II principles and ensuring that methodologies and underlying models used are appropriate for the specific lines of business of the undertaking and for the way the business is managed, having regard to the available data;
- Assessment of whether the information technology systems used in the calculation of the Technical Provisions sufficiently support the actuarial and statistical procedures;
- Monitoring the actuarial best estimate reserves against actual experience;
- Reporting to the entity level boards on the reliability and adequacy of the Technical Provisions calculation;
- Expressing an opinion regarding the underwriting policy at entity level;
- Providing a statistical framework to price various lines of business;
- Reviewing new business opportunities and providing feedback on the underlying models and assumptions or any external actuarial models used;
- Working with underwriters to provide support on product performance;
- Providing input to the Performance Committee as appropriate, where one exists;
- Providing assistance in the preparation of the business plans including independent input into the Ultimate Loss Ratios for each line of business;
- Providing inputs into the calculation(s) of the Standard Formula Solvency Capital Requirement;
- Working closely with the Risk Management Function to facilitate the implementation of an effective risk management system;
- Support to the Risk Management Function to quantify the risks identified;
- Building and maintaining an economic capital model(s) for the various entities;
- Assessment of risk parameters used in the economic capital model(s);
- Validating the inputs into the economic capital model(s); and
- Reviewing reinsurance arrangements.

On an annual basis, the Actuarial function prepares and submits an Actuarial Function Report to the Board that sets out its work in the above areas and, in particular expresses an opinion on underwriting policy and reinsurance arrangements in accordance with Solvency II requirements.

B.7 Outsourcing

Key outsourcing risk refers to those functions that are performed for AIL; either by external or by intra-group providers, which are essential to AIL's operations and without which AIL would be unable to deliver its services to policyholders.

The PRA requires insurance companies to take reasonable steps to avoid undue additional operational risk and not to undertake the outsourcing of key functions in such a way as to either: impair AIL's internal controls; or interfere with the PRA's ability to monitor AIL's compliance obligations under the regulatory system.

AIL itself carries out limited outsourcing activity, but its regulated insurance entities operate specific controls to manage their relevant third parties. These controls include:

- Due diligence undertaken of a prospective provider in order to identify the potential operational, prudential and conduct of business regulatory risks that may be associated with the placement of the outsourced function to specific provider(s);
- Formal and disciplined authorities for the appointment of coverholders;

B.7.1 Material Intra-Group Outsourcing Arrangements

At the subsidiary level, the following material intra-group outsourcing arrangements are in place:

- Local subsidiaries outsource a range of support functions to UK based shared services (including Exposure Management, Legal, Finance. HR, IT, Operations and Procurement & Facilities, Risk Management and Internal Audit) provided by the AIL Group;
- The US based software development team within the AmTrust Group provides services for development, modifications and upgrade of IT systems, including the ANA system for underwriting and claims handling of Italian Medical Malpractice business at AEL;
- AII Insurance Management, the in-house AmTrust Group investment management company, manages investments on behalf of the AIL subsidiaries in line with their respective investment mandates; and
- MICL relies on its sister company CCP to provide policy and claims administration, distribution, policy fulfilment and IT services.

B.8 Any other information

None noted.

Risk Profile

Section C

C. Risk Profile (unaudited)

C.1 Underwriting risk

Underwriting risk refers to fluctuations in the timing, frequency and severity of insured events, relative to the expectations of the firm at the time of underwriting.

C.1.1 Material risk exposures

Through its insurance carriers, the AIL Group is exposed to premium risk, that is the risk that premiums are insufficient to cover the value of claims made; and reserve risk, the risk that ongoing claims are settled at a higher value than previously expected. The AIL Group SCR quantifies the potential for adverse development as part of the calculation of the premium risk and reserve risk calculation.

C.1.2 Material risk concentrations

The majority of the AIL Group's material concentration of underwriting risk is attributed to the following business segments:

- Miscellaneous financial loss, which includes extended warranties written by MICL and AEL; and
- General liability, which includes PI and other liability business. Legal Expenses was the largest classes of business for AEL in 2020.

C.1.3 Material risk mitigation

This risk is mitigated through a range of management controls. The Actuarial Pricing teams at each of the AIL Group's insurance entities review new business to determine that rates are adequate. Within underwriting teams, a peer review also takes place. There is continual monitoring of underwriting performance by management, which allows corrective action to be taken if a piece of business is not performing as expected.

Insurance entities within the AIL Group also use external and internal reinsurance to mitigate underwriting risk. The largest internal reinsurance contract within the AIL Group relates to the quota-share agreement between AII and AEL on its back book. This contract is protected by collateral.

The largest external reinsurance arrangement within the AIL Group is between AEL and Swiss Re. For capacity to write new business, AEL is reliant on a 50% whole account quota share with Swiss Re, an "AA-" rated global third party reinsurer. The current contract ends on 30 June 2021, although AEL intends to renew either with Swiss Re or with an alternative partner. This contract was on a funds withheld basis in the 2020 treaty year.

The reinsurance strategy is reviewed by management on a regular basis to ensure it remains effective and appropriate and is approved by the relevant entity Board at least annually.

C.1.4 Risk sensitivities

AIL has performed a series of sensitivity tests on its solvency position; these are shown in Section C.7.1.

C.1.5 Other material information

None noted.

C.2 Market risk

Market risk is the risk of loss of income or decrease in the value of assets caused by movements in the level and prices of financial instruments. Market risk includes factors such as equity values, property values, interest rates, foreign exchange and spread risk.

Entity level risk management processes, including monitoring of KRIs, identify and measure the key market risk exposures by closely monitoring the currency and duration mismatch to capture exposure to currency and interest rate risks, as well as the composition of the bond portfolio holdings by credit ratings to capture exposure to spread risk.

Investments are reviewed quarterly at the subsidiary level Risk and Compliance Committees, and through Investment Management Committees.

C.2.1 Material risk exposures

The material exposures of the AIL Group to market risk are interest rate risk and spread risk on the underlying insurance entities' bond portfolios, and foreign exchange risk on underlying currency exposures.

The bond portfolios of the insurance entities consist largely of corporate and government bonds. Fluctuations in rates of inflation influence interest rates, which in turn affect the market value of these investment portfolios and yields on new investments. Thus, rising interest rates would have an adverse impact on the bond portfolio and would drive the value of the bonds down. Widening credit spreads would also negatively affect the value of the bond portfolio.

AIL manages its foreign exchange risk against its functional currency, which is pounds Sterling. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Entities within the AIL Group are exposed to currency risk in respect of their respective liabilities under policies of insurance denominated in currencies other than Sterling.

C.2.2 Material risk concentrations

AIL's material market risk exposures are the interest rate exposures related to it's investments in government and corporate bonds, which are articulated above.

C.2.3 Material risk mitigation

AIL Group entities operate a conservative investment strategy, investing primarily in fixed rate corporate bonds, money market deposits and cash. There is limited appetite for investments in equities (other than subsidiaries and strategic participations) and complex investments such as derivatives. By investing in relatively simple assets for which the investment exposure is easily understood, the companies fulfil the prudent person principle.

Investment management for all AIL entities is outsourced to another company within the AmTrust Group. Each entity has a set of investment management guidelines in place with the investment managers, adherence to which is monitored by the Investment Management Committees of the respective entity.

Entities monitor interest rate risk as part of their regulatory reporting process by monitoring duration of assets and liabilities. Any gap between the mean duration of the assets and the estimated mean duration of the liabilities is minimised by means of buying and selling fixed interest securities of different durations.

Any equity investments are strategic in nature, being investments in subsidiaries and affiliates and are approved by the Board.

C.2.4 Risk sensitivities

AIL has performed a series of sensitivity tests on its solvency position; these are shown in Section C.7.1.

C.2.5 Other material information

None noted.

C.3 Credit risk

Credit risk is the potential loss arising principally from adverse changes in the financial condition of intermediaries who sell the Company's policies, the issuers of fixed maturity securities and the financial condition of third party reinsurers.

Each entity identifies and measures its own credit risk exposure by monitoring the ratings of banks; ratings and/or solvency positions of reinsurers; bond ratings; exposures to individual external reinsurer counterparties; exposures to a single bank as a percentage of the SCR; credit extended to intermediaries; and exposures to individual tenants, and length of time overdue.

C.3.1 Material risk exposures

The AIL Group is subject to material risk exposures with respect to its reinsurers, banks and bond counterparties.

C.3.2 Material risk concentrations

AIL's primary credit exposure relates to the credit risk faced by AEL in relation to material accounts with Reinsurance counterparties: Swiss Re and AII.

Through its subsidiaries, AIL is exposed to general economic, business and industry conditions. Adverse general economic conditions may cause, among other things, significant reductions in available capital and liquidity from banks and other credit providers. The AIL Group's largest bank exposures are to Lloyds Bank and JP Morgan.

C.3.3 Material risk mitigation

In order to reduce the exposure to reinsurance credit risk, the financial condition of reinsurers is evaluated and reinsurance is placed with a diverse group of companies and syndicates that are believed to be financially sound. The exposures to AII is fully collateralized, and the exposure to Swiss Re is on a funds withheld basis. The credit quality of reinsurers is monitored when placing new and renewal reinsurance, as well as on an ongoing, current basis. Entities use objective criteria to select and retain reinsurers, including requiring a financial strength rating of "A-" or better from A.M. Best Company or the posting of acceptable collateral.

To reduce credit risk, the ongoing evaluations of the counterparties' financial condition are performed.

Credit risk related to the issuers of fixed maturity securities is addressed by investing primarily in securities that are rated "BBB-" or higher by Standard & Poor's. Exposure is limited by the employment of diversification policies that limit the credit exposure to any single issuer.

The AIL Group manages the levels of credit risk it accepts by reviewing exposures regularly and reporting to management of significant counterparties. Credit limits are also in place for certain counterparties as is deemed appropriate within the business.

Exposures to banks are limited to those whose credit ratings are "A" or higher, except where required for business reasons, typically in jurisdictions where there are no "A" rated banks available. In this case, exposures are kept to a minimum.

C.3.4 Risk sensitivities

AIL has performed a series of sensitivity tests on its solvency position; these are shown in Section C.7.1.

C.3.5 Other material information

None noted.

C.4 Liquidity risk

Liquidity risk represents the AIL Group's potential inability to meet all payment obligations when they become due and the risk stemming from the lack of marketability of an investment security that cannot be bought or sold quickly enough to realise cash.

At the subsidiary level, the respective Finance teams carry out regular cash flow forecasting and analysis to monitor the liquidity needs of the standalone entities within the AIL Group.

C.4.1 Material risk exposures

There is a material exposure to liquidity risk through investments in times of severe market stress. If premium payments are not received from coverholders and policyholders, this could also lead to a liquidity risk event. In any such event, the frequency of cash flow forecast updates and cash holdings are increased when deemed appropriate to ensure entities are in a position to honour all eligible obligations to all stakeholders as they come due. Reinsurance may additionally pose a residual liquidity risk with delays in payment by the reinsurer or their default that, while classed as a credit risk event, also poses major liquidity issues for the firm. This is effectively mitigated for the two largest reinsurer exposures (Swiss Re and AII) by the collateral trust and funds withheld. The collateral contains a high proportion of liquid assets.

C.4.2 Material risk concentrations

AIL's liquidity risk exposure is concentrated in reinsurance contracts and financial assets (bonds).

C.4.3 Material risk mitigation

Entities manage their positions within an asset liability management (ALM) framework that has been developed to minimise the risk of significant deterioration of the investment portfolio while earning profitable returns from those investments.

The insurance subsidiaries invest mainly in highly rated corporate and government bonds, which are normally readily convertible into cash, so AIL holds relatively small amounts of cash. It accepts the risk that during times of stress, there may be market value losses realised by liquidating bonds.

The insurance carriers within the AIL Group maintain sufficient cash and highly rated marketable securities, to fund claim payments and operations.

C.4.4 Expected profit in future premiums

The value of expected profit in future premiums is £25,921,847. This amount is highly illiquid, but represents only 8.5% of the value of own funds.

C.4.5 Risk sensitivities

AIL has performed a series of sensitivity tests on its solvency position; these are shown in Section C.7.1.

C.4.6 Other material information

None noted.

C.5 Operational risk

Operational risk is the risk that AIL will not be able to operate in a fashion whereby the strategic objectives of the AIL Group can be met due to inadequate or failed internal processes, people and systems, or from external events. It arises out of actions undertaken within the AIL Group entities, brokers, investment management companies or outsourced agencies and individuals.

The AIL Group entities have risk management processes in place, such as third party audit, internal audit, controls testing, project management, RCSA, and data governance to assess and monitor operational risk exposures.

The AIL Executive Committee also monitors the operational risk associated with the various group and shared service functions provided centrally.

C.5.1 Material risk exposures

The AIL Group is exposed to operational risk through IT, data, outsourcing, underwriting, reinsurance, fraud and conduct.

As a result of limitations inherent in all control systems, it may not be possible to entirely prevent fraud or errors from occurring. Judgments in decision-making can be faulty and breakdowns may occur through simple human error.

In addition, any ineffectiveness in internal controls could have a material adverse effect on the Company's business. For instance, failure to maintain pricing disciplines and robust underwriting controls; poor quality Management Information or IT systems to capture data and business performance; failure to identify appropriate opportunities in a soft insurance cycle and prolonged competition; a potential reduction of control over the actions of third parties operating on its behalf (outsourcing).

During the current Covid-19 pandemic, the Company has demonstrated its ability to continue its operations remotely. However, there are additional operational risks associated with this mode of working, including reliance on IT and communications.

C.5.2 Material risk concentrations

AIL's material risk concentration is in IT.

IT is an integral aspect of AIL's day-to-day business operations and as such, any system failure can pose a serious threat to the AIL Group's operations. This reliance is even greater while the Company's offices are closed and employees are working remotely.

C.5.3 Material risk mitigation

AIL does not seek to take on operational risk in order to generate a return. However, it recognises that some degree of operational risk is an unavoidable consequence of remaining in business. It therefore seeks to mitigate this risk through its corporate governance and internal control mechanisms, due diligence and business continuity deployed at the subsidiary level.

C.5.4 Risk sensitivities

AIL has performed a series of sensitivity tests on its solvency position; these are shown in Section C.7.1.

C.5.5 Other material information

None noted.

C.6 Other material risks

C.6.1 Legal and Regulatory risks

This relates to the risk of non-compliance with regulation and legislation.

AIL does not seek to take on legal and regulatory risk in order to generate a return. However, it recognises that some degree of legal and regulatory risk is an unavoidable consequence of remaining in business. It therefore seeks to mitigate this risk through its corporate governance and internal control mechanisms operated at the subsidiary level. Awareness of the risks and the control mechanisms are maintained through the policies and procedures framework and training programmes.

C.6.2 Strategic risk

Strategic risk arises from AIL's failure to sufficiently define its direction and objectives, together with the resourcing and monitoring of the achievement of the same.

Insurance carriers within AIL have well developed business planning processes and their business plans are approved by the Board. The business plans are also used in the ORSA process.

C.6.3 Governance risk

Governance risk arises from AIL's failure to demonstrate its independent and proper stewardship of its affairs in order to safeguard the assets of its shareholders and the overall interests of its stakeholders.

The AIL Group regards a strong Governance framework to be vital in the achieving of its objectives as well as providing transparency and accountability to its various stakeholders. The systems of internal control and governance at the entities within the AIL Group operate in line with the "three lines of defence" model.

C.6.4 Other Group risks

Other Group risks arise from AIL's interaction with or reliance on other parts of the AmTrust group, through parental influence, changes in overall A.M. Best rating, or direct contagion.

AIL maintains a good relationship with its ultimate parent and expects that, at all times, it will remain suitably apprised of all of the material risks within the AmTrust Group that may, if crystallised, have a negative impact upon the business strategy and/or cause detriment to its customers.

Regular meetings take place within the Global Risk department to ensure risks are shared between AIL and the wider Group. The AmTrust Group CEO also holds approved person status under the SMCR within a number of the subsidiary entities at AIL.

C.6.5 Solvency risk

Solvency risk is the risk that the Company fails to maintain adequate levels of capital resources of sufficient quality and quantity in order to carry out its business objectives and in order to meet all domestic and international regulatory considerations regarding the capital resource requirements.

AIL ensures it is solvent at all times through: monitoring of its solvency position; financial accounts; and quarterly solvency forecasting (including the annual entity level ORSA processes) and prior to any strategic decision-making.

C.6.6 Reputational risk

Reputational risk relates to potential losses resulting from damages to the AIL Group's reputation, which could be manifested in terms of lost revenue; increased operating, capital or regulatory costs; or destruction of shareholder value.

AIL manages reputational risk by operating to high standards across its business activities, and continuously monitoring feedback from its key stakeholders, including customers and regulators.

C.7 Any other information

C.7.1 Risk sensitivities

AIL has performed sensitivity tests to show the impact on SCR and solvency coverage by changing the assumptions associated with each risk type in the SCR calculation. These are independent stresses to individual risks, although in practice risks may occur in combination, but the impact would differ from the combination of impacts of the individual stresses. No future management actions, which could mitigate the impacts shown, have been taken into account. The impacts of each stress are non-linear and the results shown should not be used to extrapolate the effects of larger or smaller changes in the assumptions.

AIL has performed the following sensitivity tests on its solvency position:

Risk category	Test	Own Funds (£m)	Increase/ (decrease) in Own Funds (£m)	SCR (£m)	Increase/(decrease) in SCR (£m)	Increase/ (decrease) in Solvency ratio (% points)
Underwriting	25% increase in volume of GWP in next 12 months	313.4	-	239.4	5.1	(2.9%)
Underwriting	25% decrease in volume of GWP in next 12 months	313.4	-	230.0	(4.2)	2.4%
Underwriting	25% increase in Claims provisions	272.0	(41.4)	247.7	13.4	(24.0%)
Underwriting	25% decrease in Claims provisions	354.7	41.4	222.3	(11.9)	25.8%
Market	25% increase in asset durations	313.4	-	235.5	1.2	(0.7%)
Market	25% decrease in asset durations	313.4	-	233.2	(1.0)	0.6%
Market	10% of investment portfolio moved to the two most concentrated exposures	313.4	-	235.0	0.7	(0.4%)
Market	Yield curve upshock	312.1	(1.3)	232.8	(1.5)	0.3%
Credit	Fall in rating of one credit step for three largest reinsurers	313.4	-	235.9	1.6	(0.9%)
Operational	Increase in technical provisions expenses of 50%	301.9	(11.5)	235.4	1.1	(5.5%)

The risk with the biggest effect on the SCR and solvency ratio is the increase in Claims Provisions, which impacts Reserve risk, Operational risk, Default risk and the level of Own Funds, and consequently both the SCR and Solvency Ratio. . The Group monitors premium volumes against plan at entity level and has robust reserving processes in each operating insurance entity to mitigate these risks.

The other significant risk is the operational risk charge, which is driven by the level of Technical Provisions. The Group has a robust system of internal controls to mitigate operational risk, which is described in section B.4.1.

Valuation for Solvency Purposes

Section D

D. Valuation for solvency purposes

The table below shows the valuation on a Solvency II basis of AIL's assets and liabilities as at 31 December 2020. Note that AIL will not prepare consolidated statutory financial accounts for the year ended 2020 as it is taking the exemption available under Section 401 of the Companies Act 2006. Consolidated UK GAAP results have been prepared for the purpose of this disclosure (hereafter referred to as the 'consolidated UK GAAP financial statements.')

Description	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Goodwill	-	44,924
Deferred acquisition costs	-	98,813
Intangible assets	-	636
Deferred tax assets	1,244	8,959
Property, plant & equipment held for own use	27,934	13,459
Property (other than for own use)	4,911	4,911
Holdings in related undertakings, including participations	54,063	-
Equities	3,448	3,448
Government Bonds	255,697	255,697
Corporate Bonds	281,101	281,727
Collateralised securities	805	805
Other investments	-	531
Loans and mortgages	38,152	38,154
Reinsurance recoverables from:		
Non-life excluding health	307,477	385,285
Health similar to non-life	593	-
Deposits to cedants	1,645	-
Insurance and intermediaries receivables	26,062	216,784
Reinsurance receivables	41,300	47,273
Receivables (trade, not insurance)	159,039	221,266
Cash and cash equivalents	88,340	179,129
Any other assets, not elsewhere shown	414	5,042
Total assets	1,292,225	1,806,843

Description	Solvency II Value	Consolidated UK GAAP Value
Liabilities	£000	£000
Technical provisions calculated as a whole	651,844	921,611
Technical provisions – non-life (excluding health)	651,844	-
Best Estimate	626,006	-
Risk margin	25,838	-
Technical provisions - health (similar to non-life)	1,968	-
Best Estimate	1,863	-
Risk margin	105	-
Contingent liabilities	-	-
Provisions other than technical provisions	5,313	5,313
Pension benefit obligations	1,352	1,352
Deposit from reinsurers	17,765	-
Financial Liabilities	19,027	-
Insurance & intermediaries payables	14,757	49,320
Reinsurance payables	23,778	125,769
Payables (trade, not insurance)	128,569	149,349
Any other liabilities, not elsewhere shown	123,584	204,632
Total liabilities	987,957	1,457,346
Excess of assets over liabilities	304,267	349,497

D.1 Assets

AIL's assets and liabilities are attributed different values when calculating the excess of assets over liabilities on a Solvency II basis compared to the consolidated UK GAAP financial statements. The Solvency II Balance Sheet requires the application of the valuation rules from the Solvency II Directive with the UK GAAP Balance Sheet applying the valuation rules under Generally Accepted Accounting Principles (GAAP) in the UK.

As a high-level principle, the focus of a Solvency II valuation is on reflecting the economic valuation of an asset/liability whilst the focus of UK GAAP is on fair presentation of all assets and liabilities. According to Article 75 of Directive 2009/138/EC an insurance entity shall value assets and liabilities as follows:

a) assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction; and

b) liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

When valuing liabilities under point (b), no adjustment to take account of the own credit standing of the insurance or reinsurance undertaking shall be made.

The valuation rules from the Solvency II Directive use International Financial Reporting Standards (IFRS) as a starting position with various changes applied to move to an economic balance sheet position. UK GAAP is largely equivalent to the accounting principles applied under IFRS, although differences do exist which will be explained in more detail below where required. All differences between UK GAAP and IFRS are also considered adjustments necessary to move the position to a Solvency II economic balance sheet and as a result are dealt with in moving the consolidated UK GAAP financial statements to the Solvency II values.

This section highlights how AIL values its assets using the Solvency II valuation principles and, where relevant, explains any material differences to the UK GAAP valuation approach. The approach to consolidating entities within the AIL Group balance sheet also differs between UK GAAP and the Solvency II Directive and the Delegated Acts. As per Delegated Regulation (EU) 2015/35 Article 335 the following approaches are taken to consolidate entities in the Solvency II group balance sheet:

- Insurance undertakings are fully consolidated on a line-by-line basis based on their Solvency II balance sheets reported within their individual regulated entity Solvency II returns;
- Insurance holding companies are fully consolidated on a line-by-line basis based on their Solvency II balance sheets, which have been prepared using their UK GAAP balance sheets as a starting point and then adjusting for Solvency II Valuation principles;
- Ancillary service undertakings are fully consolidated on a line-by-line basis based on their Solvency II balance sheets, which have been prepared using their UK GAAP balance sheets as a starting point and then adjusting for Solvency II Valuation principles;
- All other entities are included as investments in participations valued in accordance with Article 13 of Delegated Regulation (EU) 2015/35, which is further described in Section D.1.5.1 below. Note that holding companies owning entities that participate within the Society of Lloyd's are not considered to be insurance holding companies as the Syndicates and their respective Corporate Capital Vehicles are not considered insurance companies. This point was clarified in EIOPA Q&A 549 on the Guidelines on group solvency; and
- Intra-group balances are eliminated between those entities which are fully consolidated on a line-by-line basis.

Management do not consider that any other entities within the AIL Group should be considered regulated entities within the definitions of Solvency II nor are there any material non-regulated entities performing financial activities.

All companies consolidated on a line-by-line basis are 100% owned related subsidiary undertakings of AIL. Companies included as participations are included proportionately based on the level of control held by the AIL Group.

The differences in asset and liability values between the consolidated AIL UK GAAP financial statements and the Solvency II balance sheets are driven by two primary factors:

- Application of different consolidation approaches in the two balance sheets. Some entities are fully consolidated on a line-by-line basis under UK GAAP but only included within the "Holdings in related undertakings, including participations" line in the Solvency II Group Balance Sheet; and
- Adjustments made to UK GAAP values to reflect Solvency II's economic valuation principles as described in the introductory paragraph to this section.

As a result of the differing consolidation methodology and the Solvency II focus on Insurance related activity only, there are a number of entities which are fully consolidated for the consolidated UK GAAP financial statements but included as a one-line "related undertaking" investment in the Solvency II balance sheet. This reclassification drives a number of the differences between the two balance sheet positions, which will be explained in further detail below. As the Lloyd's CCVs are not considered insurance undertakings within Solvency II, there are various reclassifications required from UK GAAP to Solvency II, resulting in significant reductions in insurance related balances for Solvency II including the Technical Provisions.

D.1.1 Goodwill and intangible assets

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Goodwill	-	44,924
Intangible Assets	-	636

Goodwill is valued at nil for Solvency II purposes. Intangible assets, other than goodwill, are valued at nil unless they can be sold separately and it can be demonstrated that there is a value for the same or similar assets that has been derived in active markets.

D.1.2 Deferred acquisition costs

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Deferred acquisition costs	-	98,813

Deferred acquisition costs are valued at nil for Solvency II purposes. Instead, all cashflows related to expenses due to servicing recognised insurance obligations are considered in the best estimate technical provisions.

D.1.3 Deferred tax asset

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Deferred tax asset	1,244	8,959

As a result of adjusting the UK GAAP balance sheet to an economic balance sheet for Solvency II, additional gains and losses are created within the AIL Group. The Solvency II framework permits deferred tax balances to be created on the differences between the tax base of assets and liabilities and the valuation based on Solvency II principles.

The reduction in Deferred Tax Asset under SII relates to Solvency II adjustments made to assets and liabilities out of which £6.2m relates to deferred tax reduction in the insurance companies and £1.5m relates to non insurance companies of the group including deconsolidation of participations.

The adjustments at the year-end resulted in an overall decrease in the tax base of net assets within those fully consolidated entities and therefore a deferred tax asset has been recognised at the appropriate rate. The recoverability of this asset has been assessed against the future profitability of the AIL Group, which is considered sufficient to justify its carrying value. As with other line items, the majority of the deferred tax asset in the consolidated UK GAAP financial statements has been reclassified as part of the participation accounting in accordance with Article 13 of Delegated Regulation (EU) 2015/35.

Article 207 of the Delegated Act permits the AIL Group to consider the loss absorbing capacity of deferred taxes (LACDT). This adjustment represents the value of deferred taxes that would result from an instantaneous loss of an amount equal to the sum of: a) the Basic Solvency Capital Requirement referred to in Article 103(a) of Directive 2009/138/EC; b) the adjustment for the loss-absorbing capacity of technical provisions referred to in Article 200 of the Delegated Act, and c) the capital requirement for operational risk referred to in Article 203(b) of Directive 2009/138/EC.

At present, the LACDT has only been recognised to the extent that the underlying undertakings carry deferred tax liabilities that can be offset against the benefit.

D.1.4 Property, plant and equipment held (held for own use and other than for own use)

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Property, plant & equipment held for own use	27,934	13,459
Property (other than for own use)	4,911	4,911

Property

For both Solvency II and the consolidated UK GAAP financial statements, the valuation methodology for property, regardless of whether or not it is held for own use, is fair market value.

A solvency II adjustment of £16.4m has been made to show the fair value of leased property in accordance with IFRS 16 which came into force on 1st January 2019.

Under IFRS 16, lessees are required to recognise lease assets and liabilities on the statement of financial position for all leases, with the exception of short-term and low-value leases. Where the Company is the lessee, a lease liability equal to the present value of outstanding lease payments and a corresponding right-of-use equal to the costs are initially recognised. The right-of-use asset is subsequently measured at amortised cost and depreciated on a straight-line basis over the length of the lease term.

The mitigating liability is shown in financial liability.

Under UK GAAP the lease obligations related to the period after 31 December 2019 are off balance sheet obligations.

Additional movement between consolidated UK GAAP financial statements and Solvency II value seen above is the result of the accounting treatment of investments in subsidiaries. Under UK GAAP certain consolidated subsidiaries include property, plant and equipment and are consolidated line-by-line, whereas under Solvency II these subsidiaries are brought in as participations and therefore the net assets are moved to that line item in the balance sheet. As the fair value is not arrived at using a quoted market price, nor adjusted quoted market price, the valuation technique is considered an alternative valuation method under Solvency II. This is described in more detail in Section D.4 below.

Plant and equipment

Plant and equipment is valued in the UK GAAP accounts at cost less depreciation and provision for impairment where appropriate. Solvency II requires property and equipment to be valued at fair value. In all respects, the UK GAAP carrying value is deemed not materially different from the fair value under Solvency II.

D.1.5 Investments

D.1.5.1 Holdings in related undertakings, including participations, and unaffiliated equities

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Holdings in related undertakings, including participations	54,063	-
Unaffiliated equities	3,448	3,448

AIL has investments in i) wholly-owned subsidiaries, ii) partially-owned subsidiaries, iii) an associate entity in which it does not have a dominant influence, and iv) unaffiliated entities. Under UK GAAP, the subsidiary undertakings are fully consolidated on a line-by-line basis using the acquisition method of accounting. This approach requires measurement of the cost of the acquisition and allocating that cost to the identifiable assets acquired and liabilities and contingent liabilities assumed. The residual difference between the cost of the acquisition and net assets acquired is goodwill as discussed in Section D.1.1 above.

All entities which are not consolidated on a line-by-line basis are held as participations within the balance sheet line item 'Holdings in related undertakings, including participations'. In accordance with Delegated Regulation (EU) 2015/35 Article 13, AIL is valuing its holdings in related undertakings, in accordance with the following order of hierarchy:

- Level 1 - values based on quoted prices in active markets where available;
- Level 2 - where quoted prices in active markets are not available, valued on an adjusted equity method. This is based either on (a) a Solvency II valuation of underlying net assets, or (b) for related undertakings other than insurers where this is not practicable on an IFRS equity basis with the deduction of goodwill and intangibles; and
- Level 3 - for related undertakings other than subsidiaries, where quoted prices in active markets are not available and where it is not possible to apply an adjusted equity method, an alternative valuation method (e.g. mark to model) may be used.

As none of the related undertakings is listed in active markets, Level 1 is not appropriate. As a result of the required valuation approach, all participations are valued on the adjusted equity method based on applying Solvency II valuation principles to the assets and liabilities they hold.

In accordance with Article 13(5) the adjusted equity method allows for valuation to be based on the excess of assets over liabilities using Solvency II valuation principles. The assets and liabilities of each entity have been evaluated and adjustments made for material differences between the UK GAAP position and the allowable value under the adjusted equity method. These adjustments include the unwinding of certain assets and liabilities to arrive at an economic balance sheet view of value instead of an accounting-based matching of income and expenses or amortisation principles.

Where an entity's economic balance sheet view results in a net liability position, the investment is held at nil, as Solvency II requires only the excess of assets over liabilities to be recognised. In the event that a constructive obligation may exist, any contingent liability is estimated using the probability weighted cash-flow method defined in Article 14 of Delegated Regulation (EU) 2015/35. Contingent liabilities are further discussed in Section D.3.1.

For Lloyd's businesses we look through to the underlying entities, and where these have a net liability, we have floored their Solvency II value to nil.

These valuation methods are a departure from the approach used under UK GAAP and therefore an adjustment is required to arrive at the Solvency II balance sheet.

The associate holding in the consolidated UK GAAP financial statements is carried using the equity method of accounting using cost plus post-acquisition movements in reserves. Under Solvency II the same investment is carried at the AIL Group's proportional share of its excess of assets over liabilities valued on a Solvency II basis. Note that the other amount in this line item is not considered material at a group level.

Irrespective of whether subsidiaries are fully consolidated on a line-by-line basis or carried under the adjusted equity method, the accounting policies which follow have been applied to the underlying assets and liabilities of all subsidiaries.

D.1.5.2 Bonds, other investments and loans and mortgages

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Government Bonds	255,697	255,697
Corporate Bonds	281,101	281,727
Collateralised securities	805	805
Other Investments	-	531
Loans and Mortgages	38,152	38,154

The subsidiaries of AIL have investment portfolios primarily made up of highly rated corporate and government bonds.

For the purpose of the consolidated UK GAAP financial statements, the AIL Group elects to carry its investments at fair value through the profit and loss account at inception. These assets are managed and their performance evaluated on a fair value basis, and information about their fair values is provided internally to key management personnel on a regular basis including the relevant Boards and Investment Committees within the relevant entities. For the purpose of Solvency II this same fair value approach is appropriate.

Investments are classified into three tiers of fair value hierarchy based on the characteristics of inputs available in the marketplace. The following valuation hierarchy is used:

- Level 1 – Quoted market prices in active markets for the same assets;
- Level 2 – Quoted market prices in active markets for similar assets with adjustments to reflect differences. The adjustments reflect factors specific to the asset including the condition or location of the asset, the extent to which inputs relate to items that are comparable with the asset and the volume or level of activity in the markets within which the inputs are observed; and
- Level 3 – Alternative valuation methods which make use of relevant market inputs including:
    - Quoted prices for identical or similar assets traded on markets which are not active;
    - Inputs other than quoted prices that are observable for the asset, including interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads; and
    - Market-corroborated inputs, which may not be directly observable but are based on or supported by observable market data.

All bonds and collateralised securities are valued using the methods in Level 1 or Level 2 of the above. The valuation hierarchy under Solvency II is consistent with this approach, permitting the use of quoted market prices for the relevant asset or similar assets if not possible. No adjustments have therefore been made in arriving at the Solvency II value.

The Other Investment here relates to oversea deposit held by a Participation under Solvency II.

The movement of £0.6m in Corporate Bonds and £0.5m movement in Other Investments between consolidated UK GAAP financial statements and Solvency II value seen above is the result of the accounting treatment of investments in subsidiaries. Under UK GAAP certain consolidated subsidiaries consolidated line-by-line, whereas under Solvency II these subsidiaries are brought in as participations and therefore the net assets are moved to that line item in the balance sheet.

Loans and mortgages are measured at amortised cost using the effective interest method for UK GAAP and at fair value using the income approach through the discounted cash flow method for the purpose of Solvency II. Therefore, a valuation adjustment is required from the UK GAAP basis.

A valuation adjustment of £0.2m was made to loans and mortgages at the balance sheet date in line with the Company's discounted cash flow method of valuation for loans and mortgages. The adverse adjustment is the effect of discounting the future cashflow of loans and mortgage asset in line with the company's valuation methodology.

D.1.6 Reinsurance recoverables

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Reinsurance recoverables from:		
Non-life excluding health	307,477	385,285
Health similar to non-life	593	-

Reinsurance recoverables are valued as part of technical provisions and separated out for disclosure purposes on the Solvency II balance sheet. Most reinsurance cover is provided by quota share contracts and the recoverables are calculated as a fixed proportion of the gross liabilities. For the non-proportional cover, the recoverable amount has been estimated, by class, based on the attachment point and limits of each contract and a review of the historical recoveries made under each contract. See Section D.2 for further details

D.1.7 Receivables

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Insurance and intermediaries receivables	26,062	216,784
Reinsurance receivables	41,300	47,273
Receivables (trade, not insurance)	159,039	221,266

Receivables relating to insurance and intermediaries, reinsurance and other trade debtors are valued at amortised cost, consistent with the approach under UK GAAP. This approach is not considered to be materially different to the fair value approach under Solvency II valuation principles since debtor balances are short term, with no discounting impact and are convertible into a cash balance.

The movement from UK GAAP to Solvency II is attributable to the following reclassifications:

- Receivables, which are not yet due, are reclassified and dealt with as part of the Technical Provisions, described below. This adjustment is illustrated in the significant reduction in value between the consolidated UK GAAP value and the Solvency II value. This amount represents £182m of the movement in insurance and intermediary receivables;
- Under Solvency II CCVs and non-ancillary entities are not considered a part of the AIL Group. Therefore, the removal of the line-by-line balances of non-consolidated entities, making up £97m of the reduction in receivables; and
- The offsetting £20m relates to other reclassifications to better reflect the Solvency II balance sheet line items. There are a number of other reclassifications made between the UK GAAP balance sheet and the Solvency II balance sheet relating to these items to correctly classify items under the Solvency II balance sheet categories. The most material of these adjustments relates to the accounting treatment of participations for Solvency II.

D.1.8 Cash and other assets

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Deposit to Cedants	1,645	-
Cash and cash equivalents	88,340	179,129
Any other assets, not elsewhere shown	414	5,042

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash and cash equivalents are considered to be held at fair value. The only difference in cash and cash equivalents in moving to a Solvency II position relates to participations which are not consolidated line-by-line under Solvency II.

Any other assets in the consolidated UK GAAP financial statements relates to prepaid expenses which are valued at nil under Solvency II. The SII amount represents an insurance premium tax receivable which has been reclassified from receivables (trade, not insurance).

D.2 Technical Provisions

Technical Provisions represent a valuation of the AIL Group's obligations towards policyholders. Under Solvency II these are required to be calculated as the sum of:

a) best estimate equal to the probability-weighted average of all future cash-flows, taking account of the time value of money; and
b) a risk margin equivalent to the amount that an insurance undertaking would be expected to require in order to take over and meet the capital requirements on the acquired obligations.

On a Solvency II basis the total Gross Technical Provisions, including the Risk Margin, amounts to £341.1m compared to £437.5m on a statutory basis due largely to:

- Exclusion of Society of Lloyd's business from Solvency II consolidated Technical Provisions; and
- Valuation on a best estimate basis with no allowance for margins except the Risk Margin.

The following tables show a summary of AIL's Technical Provisions as at 31 December 2020 and 2019 under Solvency II:

2020 Line of business	Gross of reinsurance (£000)	Recoverable from reinsurance (£000)	Net of reinsurance (£000)	Risk Margin (£000)	Total Technical Provisions (£000)
Assistance	(758)	(600)	(158)	14	(145)
Credit & suretyship	15,232	7,329	7,902	652	8,554
Fire & other damage to property	14,485	7,252	7,233	596	7,829
Legal expenses	106,023	66,090	39,933	3,293	43,226
Medical expense	1,863	593	1,270	105	1,375
Miscellaneous financial loss	191,136	70,614	120,522	9,515	130,039
Other motor	10,407	4,120	6,287	512	6,799
Motor vehicle liability	-	-	-	-	-
General liability	289,481	152,672	136,809	11,256	148,065
Total	627,869	308,070	319,798	25,943	345,742

2019 Line of business	Gross of reinsurance (£000)	Recoverable from reinsurance (£000)	Net of reinsurance (£000)	Risk Margin (£000)	Total Technical Provisions (£000)
Assistance	1,155	629	526	39	564
Credit & suretyship	57,875	13,667	44,208	4,392	48,600
Fire & other damage to property	20,216	7,398	12,818	1,264	14,082
Legal expenses	75,141	40,712	34,429	3,394	37,823
Medical expense	(445)	35	(480)	40	(439)
Miscellaneous financial loss	390,574	146,327	244,248	20,955	265,203
Other motor	10,709	1,989	8,720	578	9,298
Motor vehicle liability	15,183	7,264	7,919	781	8,700
General liability	655,349	438,268	217,081	21,281	238,363
Total	1,225,757	649,025	569,469	52,724	622,194

AIL's insurance entities' UK GAAP reserving policies require the Actuarial function to calculate ultimate loss ratios with no margins for prudence or optimism. These loss ratios are calculated at the homogenous class of business level, which is consistent with the way the business is underwritten and managed separately for each entity. This provides an estimate of the expected future cash outflows from earned business and expected future cash inflows from any associated reinsurance as at the valuation date. An explicit additional margin is added based on the separate entity level Reserving Committee recommendations.

D.2.1 Underlying Uncertainties

The Actuarial function has employed techniques and assumptions that it believes are appropriate for estimating the Technical Provisions. However, the results of these techniques are subject to uncertainty and it should be recognised that future claim emergence is likely to deviate, perhaps materially, from the estimates. The uncertainties in the estimates for the AIL Group are increased due to:

- the small size of some classes;
- the lack of development history and hence reliance on benchmarks in some classes;
- an increased reserve uncertainty on long-tailed classes;
- uncertainty over the losses on remaining unearned exposures, particularly for the classes earning over extended periods such as the Structural Defects business or the Warranty business;
- uncertainty over the number and magnitude of potential large losses on long tailed business;
- uncertainty in the European economic outlook and therefore in economic assumptions used for the Mortgage business; and
- the existence of profit caps and profit shares for some programmes.

D.2.2 Solvency II Related Uncertainties

Additional uncertainties because of the Solvency II adjustments include:

- uncertainty over the number and magnitude of potential large losses (and catastrophes) on all business that is unexpired at the valuation date;
- uncertainty over the provision for Events Not in Data (ENIDs) where, by their very nature, there is no data available;
- potential for deviation in the expected profits on un-incepted and unearned business;

- potential for deviation in payment patterns from expectations, resulting in an over or under-estimation of the level of discount;
- uncertainty over the volume of unincepted business;
- uncertainty surrounding the future premium receivable;
- estimation of the Risk Margin due to uncertainty in the run-off of the capital requirements; and
- Uncertainty in the estimated ultimate amount of expenses that will be incurred in the run-off of the liabilities.

D.2.3 Other Uncertanties

There is additional uncertainty in the calculation of the Technical Provisions due to the Covid-19 crisis. In particular, for the Premium Provisions, we have increased the ULRs used in their calculation for a number of classes as a result of the uncertainty arising from a potential economic downturn following the Covid-19 lockdown measures. The classes potentially impacted are:

- Mortgage
- Professional Indemnity
- Legal Expenses
- A number of legacy lines

D.2.4 Differences between Solvency II valuation and UK GAAP Values

UK GAAP TPs	£millions
GAAP	437.5
Lapsed Provision	21.5
Lloyds (and other adjustments)	(19.1)
Removal of Margins	(14.7)
Removal of GAAP Excess of Loss Reinsurance	7.9
Removal of Other GAAP Items	(2.6)
Premium Provision Profits	(55.7)
Future Premiums	(64.1)
ENIDs	8.9
SII Expenses	33.4
Reinsurance Bad Debt	0.8
Lapse provision	(32.3)
Discounting	(1.7)
Risk Margin	25.9
Total	345.7

As discussed above, AIL's insurance entities' UK GAAP reserving policies require the Actuarial function to calculate ultimate loss ratios with no margins for prudence or optimism. An explicit margin may be added following the recommendations of the Reserving Committees.

Solvency II technical provisions are evaluated on a best estimate cash flow basis with items such as unearned premium reserves removed. To move the UK GAAP estimates to a Solvency II basis the following adjustments are made:

D.2.4.1 Include Lapse Provisions

An allowance for the increase in Technical Provisions due to the lapsing of business mainly for the Legal Expense lines of business.

D.2.4.2 Remove Lloyd's Technical Provisions

Within the UK GAAP total are technical provisions related to the Lloyd's CCVs held within the AIL Group. These entities are not consolidated on a line-by-line basis for the purpose of Solvency II and therefore these amounts are removed from Technical Provisions.

D.2.4.3 Removal of any margins in the UK GAAP reserves

The AIL Group, through its insurance companies, holds an additional margin above the actuarial best estimate to allow for the uncertainty in the estimates on both a gross and net of reinsurance basis.

D.2.4.4 Removal of GAAP Excess of Loss Reinsurance

The GAAP excess of loss reinsurance is being removed as any related future cash inflows and outflows from reinsurance have been considered in the Solvency II technical provisions.

D.2.4.5 Recognition of profit in the Unearned Premium Reserve (UPR)

The full amount of unearned premiums is removed from the Technical Provisions. The best estimate of the claims liabilities associated with the UPR are added back, and expected reinsurance recoveries are allowed for separately for both proportional and non-proportional reinsurance.

D.2.4.6 Recognition of profits in business written prior to, but incepting after, the valuation date

The premium bound but not incepted serves to reduce the Technical Provisions. The best estimate of the claims liabilities associated with these premiums are added to the Technical Provisions. Expected reinsurance recoveries are allowed for separately for both proportional and non-proportional reinsurance.

D.2.4.7 Allowance for future premiums

Future premium cash flows are derived from the individual insurance entities in the AIL Group's financial systems for both gross cash inflows and reinsurance cash outflows.

D.2.4.8 Allowance for Events Not In Data

Under UK GAAP, technical provisions only make allowance for items that are implicitly included within the data or are "reasonably foreseeable". Under Solvency II the best estimate must have reference to "all possible outcomes" including latent claims or very extreme high severity, low probability claims. Gross and ceded technical provisions are estimated separately.

D.2.4.9 Allowance for expenses required to service the run-off of the technical provisions

All expenses expected to be incurred in running-off the technical provisions including a proportion of fixed overheads are allowed for. These have been estimated using the latest financial projections and an estimate of the expected time to run-off the Technical Provisions based on the estimated claims payment patterns.

D.2.4.10 Allowance for Reinsurance Bad Debt (non-recoverable reinsurance)

Expected non-payment of reinsurance recoveries continues to be made but is calculated by allowing for the probability of default using external credit ratings. The expected default under Solvency II takes into account the timing of the expected payment by reinsurer and hence allows for a change in rating over time.

D.2.4.11 Allowance for the future cost of reinsurance in respect of written business

Some future reinsurance purchases will benefit business written at the valuation date and the expected cost of this spend is included in the Technical Provisions.

D.2.4.12 Allowance for the impact of policies lapsing

Some lines of business are subject to policies lapsing (or being cancelled) before the policy has expired or a claim has been made. An allowance for this reduction in future profits (or losses) is made based on historical data.

D.2.4.13 Allowance for future investment income (discounting)

Cash flows are discounted for the time value of money based on the expected timing of all cash flows. The yield curves (discount rates) for major currencies which are used to discount the cash flows are provided by the supervisors.

D.2.4.14 Allowance for a risk margin

This adjustment increases the overall value of the Technical Provisions from the discounted best estimate to an amount equivalent to a theoretical level needed to transfer the obligations to another insurance undertaking. It is calculated based on a discounted cost-of-capital approach where the initial capital required to support the Technical Provisions is assumed to run-off in proportion to the run-off of the Technical Provisions, and a cost of capital of 6% is used.

D.2.5 Reinsurance

The AIL Group has significant reinsurance assets. For its AEL subsidiary, the older underwriting years and most lines of business are covered by a Quota Share provided by the AmTrust group company AII. Prior to 1 July 2016 this quota share was for 70% and then reduced to 60% from 1 July 2016, to 40% from 1 July 2017 and to 20% from 1 July 2018. This arrangement is fully collateralised. From 1 July 2019 the internal quota share was replaced by a 50% quota share with Swiss Re, covering most lines of business on all entities and this contract is renewed in 2020. Significant external quota shares also cover other Solvency II insurance lines such as a 50% Quota Share on the AEL LatAm Surety line of business. The Solvency II Technical Provisions also make allowance for potential recoveries from non-proportional reinsurance with the most significant covering the PI, and Property classes.

D.2.6 Significant changes in assumptions

In respect of the AEL book, the most significant changes in the assumptions used to calculate the Technical Provisions are:

- A material increase in the provisions for the legacy Structural Defects book due to the increased reporting of Fire and Safety Issue claims as a result of the Grenfell disaster enquiry.
- We have updated the methodology for calculating the expenses required to run-off the AEL Technical Provisions following the transfer of the two significant books of business to other AmTrust companies. A lower expense amount is now estimated.
- The method for calculating the Risk Margin has been updated in the light of clarifications received from EIOPA and allows for a more accurate run-off of the SCR sub-modules. This resulted in a reduction in the Risk Margin calculated.

D.3 Other liabilities

D.3.1 Provisions other than technical provisions

	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Provisions other than technical provisions	5,313	5,313

Included within provisions other than technical provisions are amounts due to agents for profit sharing and similar agreements. These provisions are based on management's best estimates of the amounts due under those contracts. All balances are short term in nature therefore their valuation for Solvency II purposes is consistent with those under UK GAAP.

D.3.2 Loans payables and other liabilities

	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Pension Benefit Obligations	1,352	1,352
Deposit from reinsurers	17,765	-
Financial Liabilities	19,027	-
Insurance & intermediaries payables	14,757	49,320
Reinsurance payables	23,778	125,769
Payables (trade, not insurance)	128,569	149,349
Any other liabilities, not elsewhere shown	123,584	204,632

Pension benefit obligations - Within CCP is a pension benefit obligation liability. As set out in Car Care Plan (Holdings) Limited's (CCPH) Financial Statements, CCPH contributes to a pension scheme (Car Care Pension Plan) which provides benefits based on final pensionable salary.

The assets of the scheme are held in separate trustee administered funds. Funding is provided at a level determined after taking professional advice, with CCPH meeting the balance of the cost not provided by members' contributions. The plan closed to future benefit accrual on 30 April 2007.

An actuarial valuation was carried out, by a qualified independent actuary, on the Car Care Pension Plan as at 1 January 2015 using the method and assumptions agreed by the Trustee. An updated actuarial valuation as at 31 December 2018 was based on projecting forward the results of the last full actuarial valuation. The Trustee has adopted the "Statutory Funding Objective", which is that the plan should have sufficient and appropriate assets to meet its liabilities.

In accordance with FRS102 which is consistent with International Accounting Standard 19: Employee Benefits (IAS19), the company recognises the full pension deficit calculated by the actuaries in its financial statements. This amount is included in the consolidated UK GAAP financial statements. As at 31 December 2020, there was no deficits in the pension benefit obligations of CCP.

Financial liabilities represent the obligation in relation to IFRS 16 as described in section D1. Under UK GAAP such future obligations as well as the asset value of the contract are not recognised on the balance sheet.

Deposit from reinsurer entirely relates to Swiss Re withheld fund which is classified as a reinsurance payable under UK GAAP.

Payables to insurance and intermediaries, reinsurance and **other trade**, are valued at amortised cost under UK GAAP. Given the short term nature of these creditors, there is not a material difference between this and the fair value approach under Solvency II, no adjustment has therefore been made.

For the following, other liabilities balances the valuation method applied is fair value with reference to the amortised cost, which is used in the UK GAAP statutory accounts:

- Insurance & intermediaries payables;
- Reinsurance payables;
- Payables (trade, not insurance); and
- Any other liabilities, not elsewhere shown.

For short term payables, the amortised cost method used for UK GAAP is not considered to be materially different to the Solvency II valuation since creditor balances are short term, with no discounting impact and quickly convertible into a cash balance. No material adjustments have thus been made to these amounts to account for Solvency II valuation differences.

Where appropriate, long term payables have been moved to their fair value as is stipulated in the Solvency II valuation principles. Fair values have been derived by applying a discounted cash flow model. Specifically, two intercompany loans, each with a duration of 10 years have been valued using this method. The material movement within any other liabilities relates to creditors held within participations which are not fully consolidated for Solvency II purposes. This accounts for around £95.2m of the movement.

Management have concluded there is no material estimation uncertainty surrounding the loans payable and other liabilities due to the nature of the liabilities, which do not contain complex terms.

Furthermore, the exclusion of all "other liabilities" existing in entities which are not consolidated line-by-line accounts for a significant amount of the variation noticed between the UK GAAP balance sheet.

D.4 Alternative methods for valuation

D.4.1 Property, Plant and Equipment

Within the UK GAAP annual accounts, property held other than for own use is valued at fair market value while property held for own use is valued at fair market value less accumulated depreciation. The latest valuation was performed as part of the year end process for 31 December 2020.

Valuations are performed by an independent, professionally qualified valuer who has applied a traditional income capitalisation method, having regard to appropriate yields to the various income streams.

The above method is used as an approximation to derive Solvency II values.

The valuation is subject to a number of uncertainties around the market environment and the wider macro-economic position but the valuer has not highlighted any reason the valuation performed should not be relied upon.

Leased properties are measured in accordance with the discounted value of the contract as at 1st of January 2019 when IFRS 16 first came into force and are then depreciated over the contractual period of the lease.

The above method is used as an approximation to derive Solvency II values.

D.4.2 Loans and Mortgages

Within the UK GAAP annual accounts, loans and mortgages are measured at amortised cost using the effective interest rate method. Under Solvency II loans and mortgages are measured at fair value using the income approach through the discounted cash flow method.

The Solvency II valuation has been performed with reference to contractual interest rates and discounted using the prevailing EIOPA risk-free interest rate term structures at the date of valuation, in line with Solvency II guidelines.

D.5 Any other information

None noted.

Capital Management

Section E

E. Management

E.1 Own Funds

E.1.1 Objectives, policies and strategy

AIL manages its Own Funds with the objective of always being able to satisfy both the Minimum Consolidated Group Solvency Capital Requirement (MCR) and the SCR. With this in mind, AIL prepares solvency projections for the following three years as part of its business planning process, which forms part of the ORSA. In addition, short-term solvency projections will be calculated and discussed with the AIL Executive Committee whenever a significant transaction is considered by the AIL Group.

AIL's capital management policies and objectives have remained unchanged over the year.

Solvency calculations are prepared following the end of each quarter and compared with available Own Funds and this will be included in the AIL Group CFO's report to the AIL Executive Committee. AIL's Own Funds are made up of Tier 1 capital instruments and comprise mainly of fully paid ordinary share capital, fully paid share premium, fully paid up preference shares plus the reconciliation reserve (accumulated comprehensive income on a Solvency II valuation basis.)

Net deferred tax assets are considered Tier 3 own funds and are therefore removed from the reconciliation reserve. Tier 3 own funds can contribute up to 15% of the Solvency Capital Requirement and when combined with eligible amounts of Tier 2 items shall not exceed 50% of the Solvency Capital Requirement.

The deferred tax asset in AIL's Solvency II balance sheet is well below these thresholds and therefore is fully utilised within the SCR coverage, but is excluded from Own Funds eligible to cover the MCR in line with the Solvency II eligibility requirements for own funds held to cover the MCR.

E.1.2 Composition of Own Funds

The AIL Group's Solvency II capital at the end of the year and the prior year is shown in the table below.

£'000	31 December 2020	31 December 2019
Ordinary share capital – Tier 1	-	69,773
Share premium – Tier 1	-	191,666
Preference Shares – Tier 1	-	52,700
Reconciliation reserve – Tier 1	303,023	177,668
An amount equal to the value of net deferred tax assets – Tier 3	1,244	8,801
Deductions	-	-
Own funds	**304,267**	**500,608**

- Share capital is made up of 1 £1 ordinary shares
- During the year, the AIL Group reduced its shares from 69,772,636 to 1, the premium from 191,666,497 to nil and preference shares from 57,200,000 to nil. The purpose of the transaction is to streamline shareholders funds of AIL Group to optimise its ability to distribute profit to its parent. In particular in order to help facilitate the planned part VII/Section 13 insurance transfers.

There are certain differences between the value of Own Funds under Solvency II and the value of Equity shown in the Group's Consolidated UK GAAP Financial Statements. These arise due to:

- the difference in valuation of assets and liabilities as represented by the reconciliation reserve and described in Section D of this report.
- Differences in the scope and treatment of related undertakings within the group balance sheet for UK GAAP and Solvency II purposes.

A reconciliation between the two bases is shown in the table below.

	2020 (£000)	2019 (£000)
Equity per UK GAAP financial statements	349,497	582,710
Goodwill and intangibles valued at nil	-	-
Adjustment in respect of moving to adjusted equity method of accounting for relevant subsidiaries	(57,106)	(68,653)
Differences in valuation of technical provision related items within insurance undertakings	148,020	68,680
Valuation differences on other assets and liabilities, including treatment of intercompany balances under the Solvency II consolidation method	(134,900)	(73,328)
Deferred tax adjustments relating to the above items	(1,244)	(8,801)
Own Funds per Solvency II Balance Sheet	304,267	500,608

None of the AIL Group's Own Funds are subject to transitional arrangements. AIL has no Ancillary Own Funds.

E.1.3 Composition of Available and Eligible Own Funds

E.1.3.1 Own Funds is net of intra-group transactions

In line with the principles applicable to Method 1 – The accounting consolidation method, the AIL Group's Own Funds has been calculated with due care taken to ensure that any intra-group transactions are eliminated. The consolidated UK GAAP financial statements are used as a starting point for the Solvency II Group balance sheet but specific adjustments are processed in order to eliminate intra-group balances as they relate to the entities within the scope of full line-by-line consolidation in Solvency II.

E.1.3.2 Potential double-counting of capital has been eliminated

The Solvency II Directive provides that there shall be no double use of Own Funds eligible for the Group SCR. Specifically in compiling the AIL Solvency II Group balance sheet, special consideration has been taken to ensure that the following types of items have not been double counted within the Group's Own Funds eligible to cover the Group SCR.

1. The value of any asset of one group member (AIL, its related insurers and intermediate holding companies) which represents the financing of Own Funds eligible for the SCR of another Group member;
2. The rules applicable to surplus funds and subscribed but not paid in share capital (in the case where the capital of one group member may represent a potential obligation on the part of another group member) have been considered in an AIL context but these are not applicable to the AIL Group.

E.1.4 Assessment of the restrictions on fungibility and transferability of Solo Own Funds

Solvency II Group reporting has introduced the concepts of fungibility and transferability of own funds items within a Group Solvency calculation. In principle, these concepts imply that certain components of Solo Own Funds cannot effectively be made available to cover the losses of the AIL Group. The main factors which need to be considered in assessing the availability of Own Funds items at a group level are the following:

1. Whether the own-fund item is subject to legal or regulatory requirements that restrict the ability of the item to absorb all types of losses within the AIL Group, regardless of where in the AIL Group the losses arise;
2. Whether there are legal or other regulatory requirements that restrict the transferability of assets to another insurer within the AIL Group; and
3. Whether it would be possible to make those own funds available to cover the Group SCR within nine months.

AIL have assessed the Group's Own Funds in detail in line with the constraints above and have determined that there should be no restriction on the availability of capital for the purpose of absorbing losses around the AIL Group.

AmTrust International

E.2 SCR and MCR

AIL uses an off the shelf system, SolvencyTool, to calculate its SCR using the Standard Formula. The AIL Group does not use any Undertaking Specific Parameters (USPs). The AIL Group does use a simplified calculation for the Risk Mitigation in the Type 1 Counterparty Default risk module.

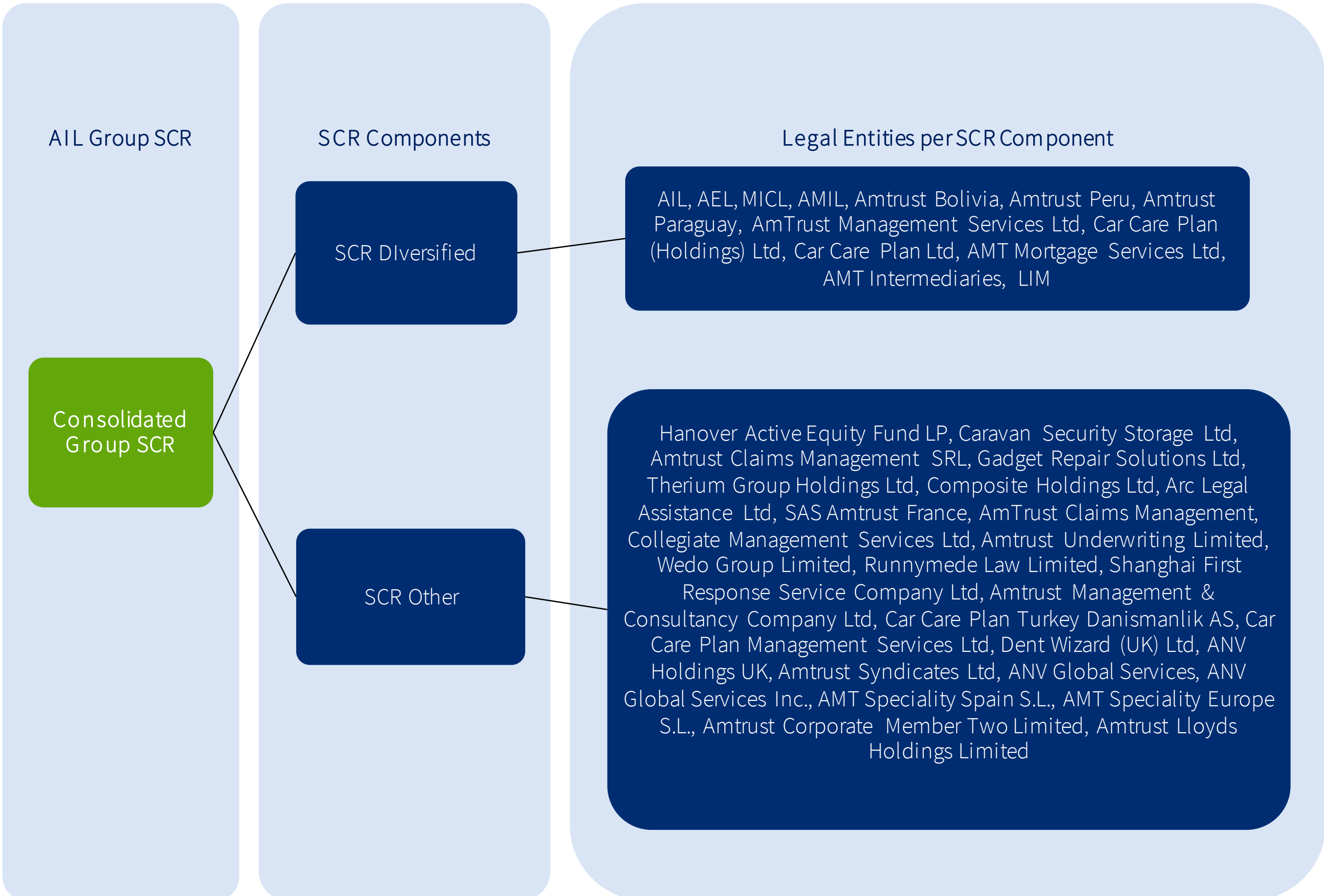
In order to properly reflect the risk exposures of a group, the consolidated Group SCR should take into account the global diversification of risks that exist across all insurers in the AIL Group.

Consideration is also given to the existence of risks which only exist at the level of the AIL Group and these are factored into the SCR calculations.

In accordance with the relevant extracts from the Delegated Acts, Article 335 has been applied to determine the method of consolidated data (Method 1 Accounting Consolidation Method) when calculating the Consolidated Group SCR. In order to follow Method 1 and the Guidelines on Group Solvency, to calculate the Consolidated Group SCR, two separate calculations are required, i) SCR Diversified and ii) SCR Other.

i) The SCR Diversified calculation is derived from line-by-line data for those entities included on a consolidated basis, as described above. These insurance entities will contribute to the diversification effects recognised at group level within this calculation.
ii) The SCR Other calculation aggregates all other undertakings, including related but not subsidiary ancillary services undertakings, and applies certain market risk charges to the equity values of these other undertakings in accordance with Article 13 of the Implementing Measures.

Below is a diagram to illustrate which entities fall within the respective SCR calculations.



As shown, there are a significant number of entities, including the Lloyd's CCVs included in the SCR Other calculation.

E.2.1 Diversification

Within SCR Diversified, the same diversification as within the solo standard formula model applies.

In accordance with Section 2.56 of the Guidelines on Group Solvency, where this component of the AIL Group solvency capital requirement is the solvency capital requirement of the other undertakings, SCR Other, no diversification effect is recognised at group level between 'Other' entities. However, correlation coefficients apply within individual 'Other' entities between Equity, Currency and Concentration Risk.

The resulting AIL Group SCR and MCR are as follows:

Capital Requirements 31 December	2020 £000	2019 £000
SCR Diversified	217,603	338,876
SCR Other	15,921	16,648
SCR Total	233,524	355,524
MCR	71,764	128,491

E.2.2 Material change in SCR and MCR

There are three material changes which overall resulted in a decrease in the SCR and MCR during the course of the year.

Firstly, there were the Part VII transfers of all European liabilities, the effects of which were:

- Reductions in net Claims Provisions and future net earned premiums, reducing Premium and Reserve risk.
- Reductions in gross Technical Provisions, reducing Operational risk.
- Reductions in Catastrophe risk, particularly Man-Made Catastrophe risk driven by the reduction in future Italian Medical Malpractice earned premiums.
- Reduction in reinsurer exposure, which drove a reduction in Type 1 Counterparty Default risk.

Secondly, reserve strengthening across a number of lines of business during 2020 has adversely impacted on the Reserve Risk charge in the Non-Life Underwriting risk calculation, partly offsetting the above reduction.

Finally, there was a significant reduction in the investment portfolio due to the transfer of assets to cover the Part VII liabilities, as well as additional dividends of £172m, which had the effect of reducing Market Risk.

E.2.3 Solvency Coverage Ratio

On a standalone basis, the SCR, Own Funds and solvency ratios for the solo insurance entities as reported in their standalone SFCRs for 31 December 2020 are as follows:

As reported (£000)	AEL	AMIL (31/10/20)	MICL
Solvency Requirement	150,959	316	67,109
Own Funds	212,125	3,336	112,555
Solvency Ratio	141%	1,055%	168%

The solvency ratios for the solo insurance entities are therefore well in excess of 100%, and the combined Lloyd's CCVs, are in excess of 135%. As discussed above, the Own Funds of the individual insurance entities can fully contribute to the Group's Own Funds.

The AIL Group's eligible amount of Own Funds eligible to cover the SCR as of 31 December 2020 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Available Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
SCR £233,524	1	303,023	100%	303,023	
	2	-	-	-	
	3	1,244	100%	1,244	
	Total	304,267		304,267	130%

The AIL Group's eligible amount of Own Funds to cover the MCR as of 31 December 2020 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Own Funds	Eligible %	Eligible Own Funds	MCR Ratio
MCR £71,764	1	303,023	100%	303,023	
	2	-	-	-	
	3	1,244	0%	0	
	Total	304,267		303,023	422%

The AIL Group's eligible amount of Own Funds eligible to cover the SCR as of 31 December 2019 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Available Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
SCR £355,524	1	491,807	100%	491,807	
	2	-		-	
	3	8,801	100%	8,801	
	Total	500,608		500,608	141%

The AIL Group's eligible amount of Own Funds to cover the MCR as of 31 December 2019 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Own Funds	Eligible %	Eligible Own Funds	MCR Ratio
MCR £128,491	1	491,807	100%	491,807	
	2	-		-	
	3	8,801	0%	-	
	Total	500,608		491,807	383%

E.2.4 Solvency Capital Requirement

The AIL Group's SCR split by risk module as of 31 December 2020 is shown in the table and accompanying chart below.

Solvency Capital Requirement	£000
Health NSLT underwriting risk	951
Non-Life underwriting risk	165,259
Market risk	43,973
Counterparty default risk	35,915
Undiversified Basic SCR	**246,098**
Diversification credit	(43,783)
Basic SCR	**202,315**
Operational risk	18,705
Loss absorbing capacity of DT	(3,417)
SCR Diversified	**217,603**
Capital requirement for residual undertakings	15,921
Overall SCR	**233,524**

The AIL Group's SCR split by risk module as of 31 December 2019 is shown in the table and accompanying chart below.

Solvency Capital Requirement	£000
Health NSLT underwriting risk	1,506
Non-Life underwriting risk	255,144
Market risk	73,841
Counterparty default risk	39,125
Undiversified Basic SCR	**369,616**
Diversification credit	(64,631)
Basic SCR	**304,985**
Operational risk	36,767
Loss absorbing capacity of DT	(2,876)
SCR Diversified	**338,876**
Capital requirement for residual undertakings	16,648
Overall SCR	**355,524**

The AIL Group makes use of a simplified calculation for the Risk Mitigation of the Type 1 Counterparty Default risk module within the SCR.

E.2.5 MCR

The MCR represents the minimum level of security below which the amount of financial resources available to the AIL Group should not fall. In line with the EIOPA regulations the group minimum capital requirement is the sum of the MCRs of the participating insurance undertakings consolidated within the AIL Group.

For each of the insurance undertakings, the MCR is calculated by aggregating across all lines of business, a specified percentage of net technical provisions (excluding risk margin) and a specified percentage of net premiums. This linear calculation is, however, subject to the following:

- The MCR shall not fall below the prescribed minimum referred to as the 'absolute floor'; and
- Subject to not falling below the 'absolute floor', the MCR shall fall within a prescribed 'corridor' of between 25% and 45% of the AIL Group's SCR.

E.3 Use of duration-based equity risk sub-module in the calculation of Solvency Capital Requirement

AIL does not use the duration-based equity risk sub-module in the calculation of its SCR.

E.4 Difference between the standard formula and the internal model used

AIL does not have an Internal Model to calculate its SCR.

E.5 Non-compliance with the Minimum Consolidated Group Solvency Capital Requirement and non-compliance with the Solvency Capital Requirement

Throughout the period from 31 December 2017 to 31 December 2020, AIL has been in compliance with the both the MCR and the SCR.

E.6 Any other information

None noted.

Annex

Quantitative Reporting Templates

Annex 1
S.02.01.02
Balance sheet

		Solvency II value
Assets		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	1,244
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	27,935
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	600,024
Property (other than for own use)	R0080	4,911
Holdings in related undertakings, including participations	R0090	54,063
Equities	R0100	3,448
Equities - listed	R0110	0
Equities - unlisted	R0120	3,448
Bonds	R0130	537,602
Government Bonds	R0140	255,697
Corporate Bonds	R0150	281,101
Structured notes	R0160	0
Collateralised securities	R0170	805
Collective Investments Undertakings	R0180	0
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	38,152
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	38,152
Reinsurance recoverables from:	R0270	308,070
Non-life and health similar to non-life	R0280	308,070
Non-life excluding health	R0290	307,477
Health similar to non-life	R0300	593
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	1,645
Insurance and intermediaries receivables	R0360	26,062
Reinsurance receivables	R0370	41,300
Receivables (trade, not insurance)	R0380	159,039
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	88,340
Any other assets, not elsewhere shown	R0420	414
Total assets	R0500	1,292,225

Annex 1
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	653,812
Technical provisions – non-life (excluding health)	R0520	651,844
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	626,006
Risk margin	R0550	25,838
Technical provisions - health (similar to non-life)	R0560	1,968
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	1,864
Risk margin	R0590	105
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	5,313
Pension benefit obligations	R0760	1,352
Deposits from reinsurers	R0770	17,766
Deferred tax liabilities	R0780	0
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	19,027
Insurance & intermediaries payables	R0820	14,757
Reinsurance payables	R0830	23,778
Payables (trade, not insurance)	R0840	128,569
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	123,584
Total liabilities	R0900	987,958
Excess of assets over liabilities	R1000	304,267

Annex 1
S.05.01.02 (unaudited)
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110	4,651	0	0	1,662	9,745	0	29,215	130,000	6,409
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	373	0	0	125	11,168
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	(182)	0	0	1,502	4,076	0	10,296	47,302	12,319
Net	R0200	4,833	0	0	160	6,042	0	18,920	82,823	5,257
Premiums earned										
Gross - Direct Business	R0210	4,887	0	0	1,261	12,826	0	25,974	110,518	13,435
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	373	0	0	92	13,654
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	(213)	0	0	1,115	2,291	0	8,489	41,571	14,744
Net	R0300	5,101	0	0	145	10,908	0	17,485	69,039	12,346
Claims incurred										
Gross - Direct Business	R0310	2,046	0	0	2,624	4,724	0	7,630	113,381	(543)
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	17	0	8	747	3,073
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	1,062	0	0	1,708	1,525	0	4,284	67,785	3,281
Net	R0400	983	0	0	916	3,216	0	3,355	46,343	(751)
Changes in other technical provisions										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550	1,737	0	0	547	7,008	0	9,830	42,364	4,297
Other expenses	R1200									
Total expenses	R1300									

Annex 1
S.05.01.02 (unaudited)
Premiums, claims and expenses by line of business

		Line of Business for: non-life			Line of Business for: accepted non-				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110	94,173	288	135,207					411,350
Gross - Proportional reinsurance accepted	R0120	7,985	0	26,831					46,481
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	0	0
Reinsurers' share	R0140	52,586	543	68,466	0	0	0	0	196,908
Net	R0200	49,572	-255	93,571	0	0	0	0	260,923
Premiums earned									
Gross - Direct Business	R0210	79,960	1,794	168,254					418,909
Gross - Proportional reinsurance accepted	R0220	7,890	0	41,654					63,663
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0	0
Reinsurers' share	R0240	37,769	696	63,605	0	0	0	0	170,066
Net	R0300	50,082	1,098	146,303	0	0	0	0	312,506
Claims incurred									
Gross - Direct Business	R0310	63,781	166	86,875					280,684
Gross - Proportional reinsurance accepted	R0320	10,145	-1	43,041					57,030
Gross - Non-proportional reinsurance accepted	R0330				0	0	0	0	0
Reinsurers' share	R0340	34,328	317	47,613	0	0	0	0	161,902
Net	R0400	39,598	-151	82,303	0	0	0	0	175,812
Changes in other technical provisions									
Gross - Direct Business	R0410	0	0	0					0
Gross - Proportional reinsurance accepted	R0420	0	0	0					0
Gross - Non- proportional reinsurance accepted	R0430				0	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550	33,477	-147	51,305	0	0	0	0	150,420
Other expenses	R1200								0
Total expenses	R1300								150,420

Annex 1
S.05.02.01 (unaudited)
Premiums, claims and expenses by country

Non-life obligations for home country		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		Australia (by amount of gross premiums written)	Canada (by amount of gross premiums written)	Italy (by amount of gross premiums written)	Malaysia (by amount of gross premiums written)	Peru (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
		C0080	C0090	C0100	C110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	322,176	24,549	0	11,837	1,184	23,047	382,794
Gross - Proportional reinsurance accepted	R0120	17,707	0	7,226	0	12,376	8	37,317
Gross - Non-proportional reinsurance accepted	R0130	0	0	0	0	0	0	0
Reinsurers' share	R0140	143,954	9,492	4,165	4,570	7,145	11,793	181,119
Net	R0200	195,929	15,057	3,062	7,267	6,415	11,263	238,992
Premiums earned								
Gross - Direct Business	R0210	337,688	14,281	0	13,914	1,211	15,005	382,098
Gross - Proportional reinsurance accepted	R0220	20,176	0	14,306	0	12,654	22	47,158
Gross - Non-proportional reinsurance accepted	R0230	0	0	0	0	0	0	0
Reinsurers' share	R0240	123,776	4,356	4,910	4,839	7,661	7,256	152,797
Net	R0300	234,088	9,925	9,397	9,075	6,205	7,771	276,460
Claims incurred								
Gross - Direct Business	R0310	255,572	4,992	0	-513	310	13,645	274,006
Gross - Proportional reinsurance accepted	R0320	9,904	0	19,940	0	3,240	2	33,086
Gross - Non-proportional reinsurance accepted	R0330	0	0	0	0	0	0	0
Reinsurers' share	R0340	129,401	1,616	6,397	1,014	1,963	5,814	146,205
Net	R0400	136,075	3,377	13,543	-1,527	1,588	7,832	160,887
Changes in other technical provisions								
Gross - Direct Business	R0410	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430	0	0	0	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550	103,878	10,541	-496	6,774	4,663	2,770	128,129
Other expenses	R1200							0
Total expenses	R1300	103,878	10,541	-496	6,774	4,663	2,770	128,129

AmTrust International

Annex 1

S.23.01.22

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	0	0		0	
Non-available called but not paid in ordinary share capital at group level	R0020	0	0		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Non-available subordinated mutual member accounts at group level	R0060	0		0	0	0
Surplus funds	R0070	0	0			
Non-available surplus funds at group level	R0080	0	0			
Preference shares	R0090	0		0	0	0
Non-available preference shares at group level	R0100	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Non-available share premium account related to preference shares at group level	R0120	0		0	0	0
Reconciliation reserve	R0130	303,023	303,023			
Subordinated liabilities	R0140	0		0	0	0
Non-available subordinated liabilities at group level	R0150	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	1,244				1,244
The amount equal to the value of net deferred tax assets not available at group level	R0170	0				0
Other items approved by supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	R0190	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	R0200	0	0	0	0	0
Non-available minority interests at group level	R0210	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					

Annex 1
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	0	0	0	0	
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	0	0	0	0	0
Deductions for participations where there is non-availability of information (Article 229)	R0250	0	0	0	0	0
Deductions for participations included by using D&A when a combination of methods is used	R0260	0	0	0	0	0
Total non-available own fund items	R0270	0	0	0	0	0
Total deductions	R0280	0	0	0	0	0
Total basic own funds after deductions	R0290	304,267	303,023	0	0	1,244
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
		0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Non available anicllary own funds at group level	R0380	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Own funds of other financial sectors						
Reconciliation reserve	R0410	0	0	0	0	
Institutions for occupational retirement provision	R0420	0	0	0	0	0
Non regulated entities carrying out financial activities	R0430	0	0	0	0	
Total own funds of other financial sectors	R0440	0	0	0	0	

AmTrust International

Annex 1

S.23.01.22

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Own funds when using the D&A, exclusively or in combination with method 1						
Own funds aggregated when using the D&A and combination of method	R0450	0	0	0	0	0
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	304,267	303,023	0	0	1,244
Total available own funds to meet the minimum consolidated group SCR	R0530	303,023	303,023	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	304,267	303,023	0	0	1,244
Total eligible own funds to meet the minimum consolidated group SCR	R0570	303,023	303,023	0	0	
Consolidated Group SCR	R0590	233,524				
Minimum consolidated Group SCR	R0610	71,764				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	422.2%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	304,267	303,023	0	0	1,244
Group SCR	R0680	233,524				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	130.3%				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	304,267				
Own shares (held directly and indirectly)	R0710	0				
Foreseeable dividends, distributions and charges	R0720	0				
Other basic own fund items	R0730	1,244				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0				
Other non available own funds	R0750	0				
Reconciliation reserve before deduction for participations in other financial sector	R0760	303,023				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	0	0			
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	25,922	0			
Total expected profits included in future premiums (EPIFP)	R0790	25,922	0			

Annex 1

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	43,973		0
Counterparty default risk	R0020	35,915		
Life underwriting risk	R0030	0	0	0
Health underwriting risk	R0040	951	0	0
Non-life underwriting risk	R0050	165,259	0	0
Diversification	R0060	(43,783)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	202,315		

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	18,705
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(3,417)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	217,603
Capital add-on already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	R0220	233,524
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Minimum consolidated group solvency capital requirement	R0470	71,764
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirements for non-regulated entities carrying out financial activities	R0530	0
Capital requirement for non-controlled participation requirements	R0540	0
Capital requirement for residual undertakings	R0550	15,921
Overall SCR		
SCR for undertakings included via D and A	R0560	0
Solvency capital requirement	R0570	233,524

Annex 1
S.32.01.22
Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
United Kingdom	213800N3OVSKK29Z9E45GB 00020	2: Specific code	Affinia Capital (General Partner) Limited	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	Dormant	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800MKOTU7JZ82L809	1: LEI	AMT MORTGAGE INSURANCE LIMITED	2: Non life insurance undertaking	Limited by shares	2: Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	1: Method 1: Full consolidation
United Kingdom	213800UNZL1KDCOV7Y44	1: LEI	AMT MORTGAGE SERVICES LIMITED	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	1: Method 1: Full consolidation
Spain	213800KSJ3J7VKL8XX45	1: LEI	ANV Specialty Europe SL	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Spain	213800N3OVSKK29Z9E45ES 00048	2: Specific code	ANV Specialty Spain SL	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800O2FTUPFGPH3J11	1: LEI	AMTRUST AT LLOYD'S LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Italy	213800PMJWPNZZ4PCF25	1: LEI	AMTRUST CLAIMS MANAGEMENT SRL	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	21380036A5PR1CAAL857	1: LEI	AMTRUST CORPORATE CAPITAL LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800ZZFXM7IZ7TLQ53	1: LEI	AMTRUST CORPORATE MEMBER TWO LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800W1MWIN1EZZG424	1: LEI	AMTRUST EUROPE LEGAL LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	2138003U97HLJXOYD682	1: LEI	AMTRUST EUROPE LIMITED	2: Non life insurance undertaking	Limited by shares	2: Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	1: Method 1: Full consolidation
France	2138006MLQ2TKWROJI67	1: LEI	AMTRUST FRANCE SAS	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Bolivia, Plurinational State of	213800WST5844MLII582	1: LEI	AMTRUST GESTION BOLIVIA S.R.L.	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	99.50%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Paraguay	2138006GSB29GQY3Z561	1: LEI	AMTRUST GESTION PARAGUAY S.A.	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	99.50%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45	1: LEI	AMTRUST INTERNATIONAL LIMITED	5: Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	2: Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	1: Method 1: Full consolidation
United Kingdom	2138003Y1SHAOUN23T50	1: LEI	AMTRUST LLOYD'S HOLDINGS (UK) LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Cayman Islands	213800UT2MUJYCSS1897	1: LEI	AMTRUST LLOYD'S HOLDINGS LIMITED (The Cayman Islands)	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
China	213800Z475SUIFEKI251	1: LEI	AMTRUST MANAGEMENT & CONSULTANCY (CHINA) CO LIMITED	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800JNJKQTFD2SIV03	1: LEI	AMTRUST MANAGEMENT SERVICES LIMITED	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	1: Method 1: Full consolidation
United Kingdom	213800WM26RSYUZFPQ30	1: LEI	AMTRUST SYNDICATE HOLDINGS LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB 00017	2: Specific code	AmTrust Syndicates Ltd.	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800MPX111W886HJ06	1: LEI	AMTRUST UNDERWRITING LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method

Annex 1
S.32.01.22
Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
United Kingdom	213800QXC78VIDENZ226	1: LEI	AmTrust CENTRAL BUREAU OF SERVICES LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	2138008S52RFQHDYFJ48	1: LEI	ANV CORPORATE NAME LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United States	213800ZSMRPEDQOYZF86	1: LEI	ANV GLOBAL SERVICES INC.	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800XE3GQKYRI8H521	1: LEI	ANV GLOBAL SERVICES LTD	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Netherlands	213800R96TI2215QS207	1: LEI	ANV HOLDING B.V.	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800S5WZFEUHKK9669	1: LEI	ANV HOLDINGS (UK) LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Netherlands	213800NQTX3ZJ5YGBX33	1: LEI	ANV MGA SERVICES B.V.	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Netherlands	2138004DWZR76V7B6M06	1: LEI	ANV RISK B.V.	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB00016	2: Specific code	ANV Syndicate Management Ltd.	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800UVNUE977IUSD84	1: LEI	ARC LEGAL ASSISTANCE LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Ireland	213800N3OVSKK29Z9E45IE00049	2: Specific code	ARC LEGAL ASSISTANCE IRELAND LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800ME9SD7CRAMXE32	1: LEI	CAR CARE PENSION TRUSTEES LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800EPHXW81B9LVP37	1: LEI	CAR CARE PLAN (HOLDINGS) LIMITED	5: Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	2: Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	1: Method 1: Full consolidation
Brazil	213800EFE8VSCHLHOR24	1: LEI	CAR CARE PLAN DO BRASIL PARTICIPACOES LTDA - ME	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	21380024M1VGR273P787	1: LEI	CAR CARE PLAN LIMITED	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	1: Method 1: Full consolidation
United Kingdom	213800SPAABNRD25NY61	1: LEI	CAR CARE PLAN MANAGEMENT SERVICES LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Turkey	2138006ZW5PCXKWTCM42	1: LEI	Car Care Plan Turkey Danisanlik Anonim Sirketi	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800GNMMMMW8MMSL37	1: LEI	CARAVAN SECURITY STORAGE LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	2138002OMJFWZSEKEL04	1: LEI	Collegiate Limited	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800KQS22OQ88IKR39	1: LEI	Collegiate Management Services Limited	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	2138002PM3FSSSXPR140	1: LEI	COMMERCIAL CARE PLAN LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800XSY1H9V13SN704	1: LEI	COMPOSITE HOLDINGS LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	2138008L3BZBZ8PARW43	1: LEI	COMPOSITE LEGAL EXPENSES LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB00027	2: Specific code	Dent Wizard Ventures Limited	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	2138005GTOQH54T19318	1: LEI	GADGET REPAIR SOLUTIONS LIMITED	16: Other	Limited by shares	2: Non-mutual	0	88.20%	88.20%	88.20%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method

Annex 1
S.32.01.22
Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Germany	391200PNLWWE3MVGJH68	1: LEI	IWS International Warranty Solutions GmbH	16: Other	Limited by shares	2: Non-mutual	0	50.00%	50.00%	50.00%	0.00%	2: Significant	50.00%	1: Included in the scope	0.00%	3: Method 1: Adjusted equity method
Malaysia	213800JBVQCXYM2TYT90	1: LEI	Mobile Repair Solutions Malyasia Sdn BHD	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800K6RCIWYV4CZ691	1: LEI	MOTORS INSURANCE COMPANY LIMITED	2: Non life insurance undertaking	Limited by shares	2: Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	1: Method 1: Full consolidation
United States	213800N3OVSKK29Z9E45US00023	2: Specific code	New Chapter Capital Inc	16: Other	Other	2: Non-mutual	0	20.00%	20.00%	20.00%	Due to board composition the entity is not controlled and no longer consolidated	2: Significant	18.80%	1: Included in the scope	0	3: Method 1: Adjusted equity method
China	213800WOMSPUZJ8AMS23	1: LEI	SHANGHAI FIRST RESPONSE SERVICE CO LIMITED	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Malta	213800N3OVSKK29Z9E45MT00035	2: Specific code	Therium (Malta) Limited	16: Other	Limited by shares	2: Non-mutual	0	50.00%	50.00%	50.00%	0	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Malta	213800N3OVSKK29Z9E45MT00033	2: Specific code	Therium (Melita) Limited	16: Other	Limited by shares	2: Non-mutual	0	50.00%	100.00%	50.00%	0	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB00011	2: Specific code	THERIUM (UK) HOLDINGS LIMITED	16: Other	Limited by shares	2: Non-mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB00031	2: Specific code	Therium Australia Limited	16: Other	Limited by shares	2: Non-mutual	0	50.00%	100.00%	50.00%	0	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB00012	2: Specific code	THERIUM CAPITAL MANAGEMENT LIMITED	16: Other	Limited by shares	2: Non-mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Germany	213800N3OVSKK29Z9E45DE00036	2: Specific code	Therium Deutschland GMBH	16: Other	Limited by shares	2: Non-mutual	0	40.00%	40.00%	40.00%	0	1: Dominant	40.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE00038	2: Specific code	Therium Deutschland IC	16: Other	Limited by shares	2: Non-mutual	0	40.00%	40.00%	40.00%	0	1: Dominant	40.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE00021	2: Specific code	THERIUM FINANCE (No.1) – IC	16: Other	Other	2: Non-mutual	0	35.90%	50.00%	35.90%	0	2: Significant	35.90%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE00002	2: Specific code	THERIUM FINANCE 3C IC	16: Other	Other	2: Non-mutual	0	25.00%	100.00%	25.00%	0	2: Significant	25.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE00006	2: Specific code	THERIUM FINANCE AG – IC	16: Other	Other	2: Non-mutual	0	25.00%	100.00%	25.00%	0	2: Significant	25.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE00004	2: Specific code	THERIUM FINANCE AHV – IC	16: Other	Other	2: Non-mutual	0	25.00%	100.00%	25.00%	0	2: Significant	25.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE00007	2: Specific code	THERIUM FINANCE HS – IC	16: Other	Other	2: Non-mutual	0	25.00%	100.00%	25.00%	0	2: Significant	25.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE00009	2: Specific code	THERIUM FINANCE ICC	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800PI137JQZX5SR78	1: LEI	THERIUM GROUP HOLDINGS LIMITED	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United States	213800N3OVSKK29Z9E45US00029	2: Specific code	Therium Capital Management (USA) Inc	16: Other	Limited by shares	2: Non-mutual	0	40.00%	40.00%	40.00%	0	1: Dominant	40.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB00032	2: Specific code	Therium Litigation Finance (Australia) Limited	16: Other	Limited by shares	2: Non-mutual	0	50.00%	100.00%	50.00%	0	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE00008	2: Specific code	THERIUM LITIGATION Funding IC	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
United States	213800N3OVSKK29Z9E45US00034	2: Specific code	Therium Litigation Finance Inc	16: Other	Limited by shares	2: Non-mutual	0	50.00%	50.00%	50.00%	0	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
Luxembourg	213800N3OVSKK29Z9E45LU00018	2: Specific code	Therium Luxembourg Sarl	16: Other	Other	2: Non-mutual	0	40.00%	40.00%	40.00%	0	2: Significant	40.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method

AmTrust International

Annex 1
S.32.01.22
Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
Norway	213800N3OVSKK29Z9E45NO00030	2: Specific code	Therium Capital Management Nordic AS	16: Other	Limited by shares	2: Non-mutual	0
Australia	213800N3OVSKK29Z9E45AU00039	2: Specific code	Therium Capital Management (Australia) Pty Limited	16: Other	Limited by shares	2: Non-mutual	0
Australia	213800N3OVSKK29Z9E45AU00040	2: Specific code	VIE Legal Insurance Pty Limited	16: Other	Limited by shares	2: Non-mutual	0
Jersey	213800N3OVSKK29Z9E45JE00041	2: Specific code	Therium Secretarial Limited	16: Other	Limited by shares	2: Non-mutual	0
Italy	98450079D9F504B5DB90	1: LEI	Qualis Europe SRL	16: Other	Limited by shares	2: Non-mutual	0
United Kingdom	213800N3OVSKK29Z9E45GB00043	2: Specific code	Qualis Holdings Limited	16: Other	Limited by shares	2: Non-mutual	0
United Kingdom	213800N3OVSKK29Z9E45GB00044	2: Specific code	Qualis UK Limited	16: Other	Limited by shares	2: Non-mutual	0
United Kingdom	213800N3OVSKK29Z9E45GB00045	2: Specific code	Runnymede Law Limited	16: Other	Limited by shares	2: Non-mutual	0
Peru	213800N3OVSKK29Z9E45PE00046	2: Specific code	AmTrust Peru Risk Management SAC	16: Other	Limited by shares	2: Non-mutual	0
United Kingdom	213800N3OVSKK29Z9E45GB00047	2: Specific code	AMT Intermediaries Limited	16: Other	Limited by shares	2: Non-mutual	0
United Kingdom	213800N3OVSKK29Z9E45GB00051	2: Specific code	Legal Insurance Management Limited	16: Other	Limited by shares	2: Non-mutual	0
United Kingdom	213800N3OVSKK29Z9E45GB00052	2: Specific code	Wedo Group Limited	16: Other	Limited by shares	2: Non-mutual	0

Identification code of the undertaking	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0020	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
213800N3OVSKK29Z9E45NO00030	25.00%	25.00%	25.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	25.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45AU00039	50.00%	50.00%	50.00%	0	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45AU00040	33.50%	33.50%	33.50%	0	2: Significant	0.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45JE00041	50.00%	50.00%	50.00%	0	1: Dominant	50.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
98450079D9F504B5DB90	95.00%	100.00%	95.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45GB00043	95.00%	100.00%	95.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45GB00044	95.00%	100.00%	95.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45GB00045	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45PE00046	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45GB00047	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45GB00051	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method
213800N3OVSKK29Z9E45GB00052	100.00%	100.00%	100.00%	0	1: Dominant	100.00%	1: Included in the scope	0	3: Method 1: Adjusted equity method

AmTrust International Limited
2 Minister Court
Mincing Lane
London
EC3R 7BB
AIL00128062018

AmTrust International