AmTrust International Limited

Solvency and Financial Condition Report

For the year ended 31 December 2016

AmTrust International

Contents

AmTrust International

Summary

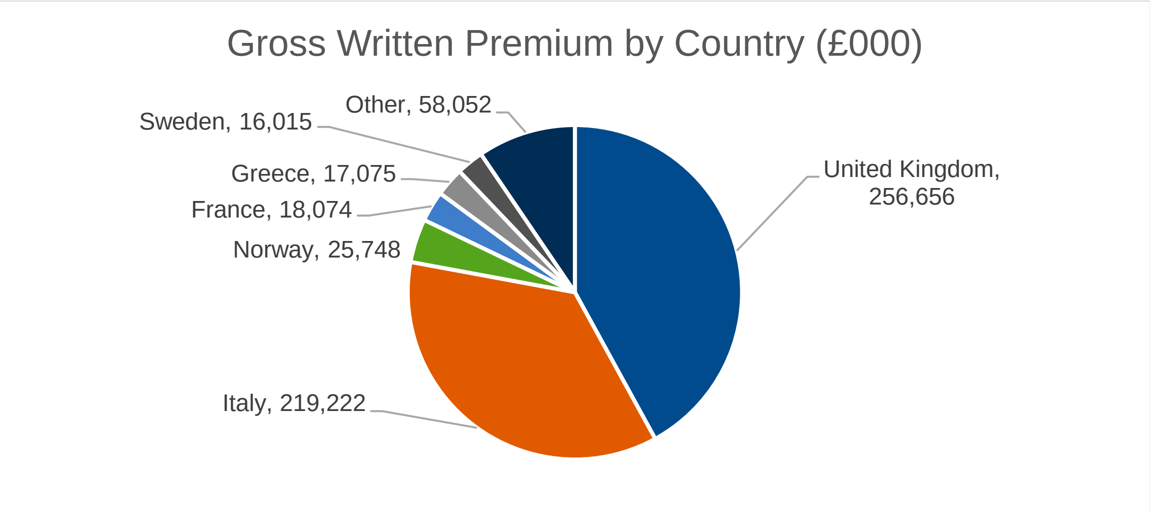
Overview of the Business & Context of this report

Business model

AmTrust International Limited (AIL) is the UK holding company for the UK-based insurance operations of AmTrust Financial Services Inc. ("AFSI"). AIL and its subsidiaries form the AIL Group (the Group). AIL is fully owned by the AmTrust Financial Services Inc. group, which is listed on the US NASDAQ exchange (ticker: AFSI). AFSI is a multinational property and casualty insurer specialising in coverage for small businesses.

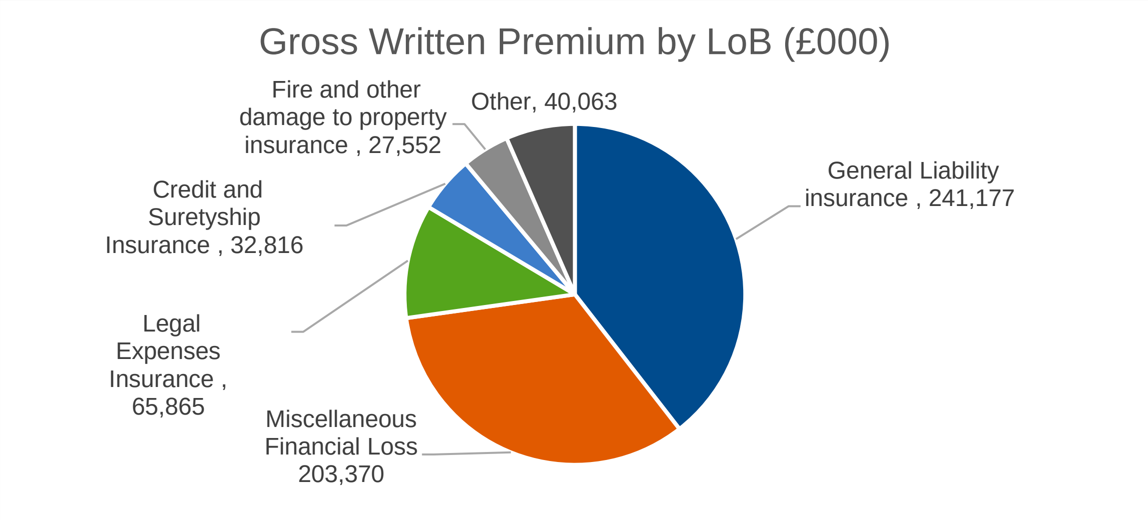
The principal subsidiaries of AIL headquartered in the UK include: AmTrust Europe Limited (AEL), Motors Insurance Company Limited (MICL) and AMT Mortgage Insurance Limited (AMIL), as well as the Lloyd's platform of AmTrust which includes four Corporate Capital Vehicles (CCVs). Under Solvency II, the Lloyd's CCVs are not deemed insurance companies and are therefore not consolidated within the AIL Group as with the regulated insurance entities. This is further explained in Section D.

AIL also owns a number of administrators in the EU and Asia.



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

- Medical Malpractice ;
- Property and Casualty;
- General Liability;
- Legal Expenses;
- Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP); and
- Credit and Suretyship, specifically Mortgage Insurance.



[1]Medical malpractice is included within the Solvency II line of business 'General Liability insurance above'.

Solvency II

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.

Solvency II is a regulatory regime designed to set an appropriate level of capital that appropriately reflects the specific risk profile of insurance companies.

The biggest source of risk in AIL's key insurance carrying subsidiaries relates to the uncertainty around forecasting what the future claims might be for the insurance policies underwritten. Some of these liabilities could be realised many years after the original policy incepted and the associated premium collected. Regulatory capital is designed to act as a buffer, which is to be held within the assets and liabilities of the subsidiaries, and provides a safety mechanism to protect policyholders should any of the insurance carriers within AIL incorrectly estimate future liabilities, or if unforeseen stressed events occur which impact the markets in which the Group entities operate.

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 is the first SFCR prepared by the Group and covers the year ended 31st December 2016.

Material changes to AIL's business model

The following material events impacted the Group during the year:

- **Acquisition of Genworth** - In May 2016, the Group completed the acquisition of Genworth Financial Mortgage Insurance Ltd (now AMT Mortgage Insurance Ltd or AMIL) from Genworth Financial, Inc.
- **Brexit vote** - On 23 June 2016, the United Kingdom voted to leave the European Union. The AIL Group has been looking at possible ways of minimising the impact of Britain leaving the EU to its clients, operations, and business opportunities by reviewing various strategic options, including transferring UK/European business across AmTrust's European insurance carriers.
- **Changes to Intra-group reinsurance** – AEL, a key AIL insurance subsidiary, currently benefits from a whole account quota share reinsurance programme placed with a group reinsurance company based in Bermuda, AII. During the year, AEL reduced its Quota Share reinsurance from 70% to 60% from 1 July 2016 and is targeting further reductions on a going forward basis to ultimately be at 20% by 2019.
- **Acquisition of Arc Legal** - In July 2016, the Group completed the acquisition of Arc Legal Assistance Ltd (Arc Legal). Arc Legal is a managing general agent that provides a range of legal expenses insurance and assistance products in the UK and Ireland.

- **Acquisition of Collegiate** - In November 2016, the Group completed the acquisition of Collegiate Management Services Ltd (Collegiate). The niche underwriting agency specialises in providing professional indemnity insurance to a wide range of professions.
- **Acquisition of ANV** - In November 2016, the Group completed the acquisition of ANV Holdings B.V. and its affiliates (ANV), a diversified Lloyd's CCV platform managing three syndicates with over $700 million gross premiums' for approximately $203 million. The group funded the acquisition through an injection of £71,214,258 of share capital via the issuing of additional ordinary share capital in AIL. These shares were taken up by the immediate parent company of AIL, AmTrust Equity Solutions Limited. No dividends have been paid on these shares. Another AFSI group company, AmTrust Bermuda III Limited, provided the remaining investment through a long-term loan of $115m, repayable in 2027.

Business performance

Underwriting Performance – by material insurance entities in the AIL Group

AEL

AEL performed well in 2016 against its gross written premium and profitability targets included within its business plan.

The main classes of business contributing to the profitability and revenue growth of the company were Medical Malpractice, Legal Expenses, and Property.

Strong performance was also recorded in the Professional Indemnity and Surety accounts.

MICL

MICL performed well in 2016 against its gross written premium and the profitability targets included within its business plan.

This successful performance was driven by the Mechanical Breakdown Insurance portfolio, which accounted for 78% of total GWP.

AMIL

Performance in AMIL in 2016 was better than planned, with the company returning to profitability during 2016 mainly as a result of the cost saving initiatives instituted post acquisition. The loss ratio decreased from 63% in 2015 to 25% in 2016 mainly due to lower incurred losses and marginally higher earned premiums.

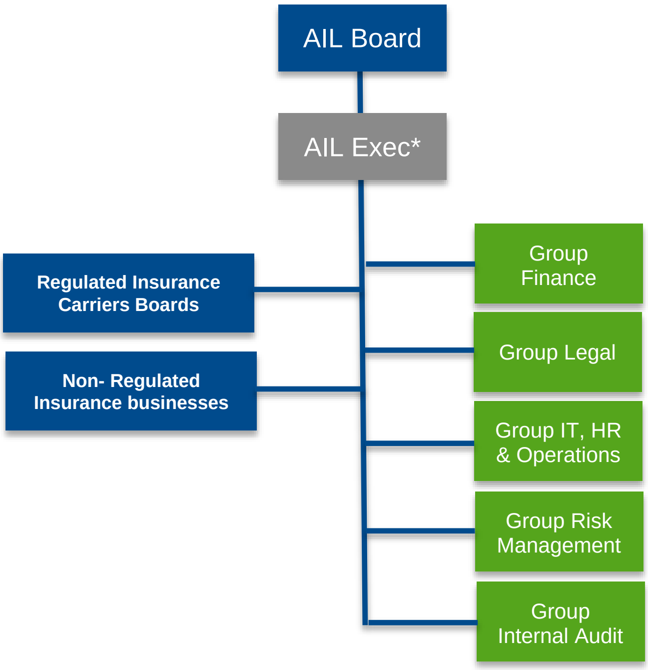
PLI

PLI ceased underwriting new business in the Pet Insurance class in 2006. No further policies have been underwritten since then, and all policies expired in 2007 without exception. The Company continued to be in solvent run-off in 2016 with no Premiums or Claims in the year.

Systems of governance

AIL operates a decentralised Group Governance model where the primary accountability and day to day decision making is carried out at local subsidiary level. AIL's regulated insurance companies and Lloyd's CCVs 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. Executives from AIL and the wider AFSI Group hold non-executive roles on the regulated insurance platforms and Lloyd's CCVs to provide support from a strategic Group oversight perspective. All significant subsidiaries within the AIL Group follow a three lines of defence model from a local corporate governance point of view.

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



**constituted in 2017*

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 created in April 2017 with representation from the key shared service and control functions. 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 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 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.

Underwriting Risk

AIL's largest risk exposure is in respect of underwriting risk (premium risk and reserve risk) in its insurance carrying subsidiaries. The majority of the Group's material underwriting risk exposure comes from the General Liability account in AEL, which represented the largest line of business during 2016 both in terms of premiums and claims.

Market 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. There is no exposure to equity risk for the Lloyd's CCVs, as the group does not carry this balance as an investment.

The fair value of a contingent liability is recognised for AIL's exposure to the underlying liabilities of the CCVs, however this is minimal as the capital structure underlying the CCVs is supported by AmTrust International Insurance Limited (AII) and AFSI.

Credit Risk

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

Through AEL, the largest reinsurance counterparty exposures that AIL is exposed to relate to balances with Maiden Insurance Company Limited (an external third party reinsurer) and AII (an internal Group reinsurance company). AEL's balances with both entities are collateralised in the form of funds withheld and a trust account arrangement.

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.

Other risks

AIL is also exposed to the following other risks:

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

Valuation for solvency purposes

As a general principle, AIL's assets and liabilities are valued differently when calculating its regulatory capital (Own Funds) under Solvency II and when preparing its annual accounts for filing at Companies House. The former applies the valuation rules from the Solvency II Directive, and the latter applies valuation rules under Generally Accepted Accounting Principles (GAAP) in the UK. AIL also contributes to consolidated accounts prepared by the ultimate parent company, AFSI. These accounts are prepared using accounting standards in the US (referred to as US GAAP).

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. The valuation of all assets and liabilities under UK GAAP have been considered in arriving at the Solvency II balance sheet, with relevant changes applied.

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.*

AIL values its assets and liabilities in accordance with UK GAAP with adjustments made where this is not consistent with the requirements of the Solvency II Directive. The key differences are described below, and a full analysis of the valuation approaches used is included in Section D (Valuation for Solvency Purposes).

Goodwill and intangibles

All goodwill and intangibles have been valued at nil under Solvency II as per Delegated Regulation (EU) 2015/35. Through its Lloyd's CCVs, the group owns £653.6m of tradable Syndicate capacity for which no value for the intangible was recognised as of 31 December 2016. While the group has not recognised an asset as of 31 December 2016, management believes there are readily available pricing statistics from the annual Lloyd's auctions or from comparable private transactions at an arm's length transaction that could be used to derive a value for this asset.

Deferred Tax

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.

Article 207 of the Delegated Act permits the 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. However, the group is firmly of the belief that more benefit could be taken in relation to LACDT and seeks to work with advisors and the local regulator to arrive at a reasonable and considered position in regards to what is recorded going forwards. The group expects to realise a benefit in this regard during 2017.

Holdings in related undertakings, including participations

As shown in the diagram under consolidation approach below, the treatment of each undertaking in the group is determined by the type of entity it is, as defined within Article 335 of the Delegated Act.

For AIL subsidiaries which are insurance undertakings, intermediary insurance holding companies and ancillary service undertakings, a full consolidation is performed on a line by line basis.

For all other subsidiaries, whether wholly or partially owned, as well as associated undertakings of which AIL does not have a dominant influence, the entities are held as investments in participations within the SII balance sheet. While the investments are held within the AIL consolidated SII balance sheet, the charges relating to these undertakings are dealt with within SCR Other, rather than being considered as assets within the AIL solo balance sheet.

All wholly owned and partially owned subsidiaries have been classified as strategic participations under the Solvency II guidelines. A strategic participation is defined as an equity investment which:

- is materially less volatile for the following 12 months than the value of other equities in the same period as a result of both the nature of the investment and the influence exercised by AEL;
- the nature is strategic, taking into account all relevant factors, including:
  - the existence of a clear decisive strategy to continue holding the investment for a long period;
  - the consistency of the strategy referred to above with the main policies guiding or limiting the actions of the undertaking;
  - the ability to continue holding the participation;
  - the existence of a durable link; and
  - the consistency of the strategy of the investment with that of the group.

This distinction to classifying a subsidiary as a strategic participation is relevant for understanding the inherent underlying risk of the subsidiary. For strategic participations, AIL is able to exercise more control and therefore the systems of governance which are explained in this document can be enforced within those subsidiaries. This reduces the level of inherent risk which is recognised within the risk charges applied within the SCR Other.

For those entities that are not fully consolidated on a line by line basis nor listed on a recognised stock exchange, they are valued on the adjusted equity method. This includes the Lloyd’s CCVs.

The adjusted equity method means using the excess of assets over liabilities using Solvency II valuation principles.

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. Under UK GAAP, these participations would be fully consolidated and therefore this accounting difference results in differences throughout the balance sheet where assets and liabilities included line by line under UK GAAP are reclassified to investments for Solvency II. Further, it is possible for a contingent liability to arise in respect of a constructive obligation of an undertaking. The valuation of any contingent liabilities is based on the probability weighted cash-flow method defined in Article 14 of Delegated Regulation (EU) 2015/35. This is explained in more detail in section D.3.1.

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. The difference between those undertakings fully consolidated and those carried under the adjusted equity method is that for those fully consolidated entities, the individual assets and liabilities are carried within the relevant balance sheet line items, whereas those entities carried under the adjusted equity method are carried at their net assets position, having valued those net assets using these principles.

Receivables and payables

Under UK GAAP receivables and payables are valued at amortised cost. The same valuation approach has been adopted for the purpose of the Solvency II balance sheet, where the UK GAAP valuation is not considered to be materially different to the Solvency II valuation principle of fair value. All such receivables and payables are believed to be repayable on demand and therefore the impact of any amortisation is not material.

Where appropriate, receivables and payables have been adjusted to their fair value as is stipulated in the Solvency II valuation principles. Fair values have been arrived at by applying a discounted cash flow model.

Receivables which are not yet due are reclassified and dealt with as part of the technical provisions, described below.

There are a number of other reclassifications made between the UK GAAP balance sheet and the Solvency II balance sheet. These are purely descriptive in nature.

Technical Provisions

Technical provisions (TPs) represent a valuation of the Company's obligations towards policyholders. The value of technical provisions corresponds to the theoretical amount that the Company would have to pay if it were to transfer its insurance obligations immediately to another insurance company. The following table shows a summary of AIL's total Technical Provisions (TPs) as of Q4 2016.

Line of Business (£000s)	Best Estimate	Risk Margin	Gross Technical Provisions	Recoverables	Net Technical Provisions
Miscellaneous financial loss	217,928	15,342	233,270	93,240	140,030
Credit and suretyship insurance	78,658	7,560	86,218	5,264	80,954
General liability insurance	683,339	29,705	713,044	549,316	163,728
Fire and other damage to property insurance	15,421	1,111	16,532	10,408	6,124
Medical expense insurance	4,172	201	4,373	3,266	1,107
Other motor insurance	3,905	224	4,129	2,231	1,898
Assistance	3,537	(31)	3,506	3,554	(48)
Motor vehicle liability insurance	9,362	701	10,063	6,201	3,862
Legal expenses insurance	10,127	(839)	9,288	13,913	(4,625)
Total	**1,026,449**	**53,974**	**1,080,423**	**687,393**	**393,030**

The GAAP reserving policies of the participating insurance undertakings within AIL require the Actuarial Function to calculate ultimate loss ratios with no margins for prudence or optimism. An explicit margin is added based on the Reserving Committee recommendations. Solvency II technical provisions are evaluated on a best estimate cash flow basis with items such as unearned premium reserves removed. To convert the Technical Provisions of the participating insurance undertakings within the group from a GAAP basis to a Solvency II basis, the following key adjustments are made:

1. Removal of any margins in the GAAP reserves (including the equalisation reserve).
2. Recognition of profit in the Unearned Premium Reserve.
3. Recognition of profits in business written prior to, but incepting after, the valuation date.
4. Allowance for future premiums.
5. Allowance for “Events Not In Data” (ENID).
6. Allowance for expenses required to service the run-off of the technical provisions.
7. Allowance for non-recoverable reinsurance.
8. Allowance for the future cost of reinsurance in respect of written business.
9. Allowance for the impact of policies lapsing.
10. Allowance for future investment income (discounting).
11. Allowance for a risk margin.

These adjustments are explained in further detail in Section D (Valuation for Solvency Purposes).

Consolidation approach

The approach to consolidating entities within the 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 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.
- Intra-group balances are eliminated between those entities included within the SCR Diversified as outlined below. No elimination takes place for entities within SCR Other or on aggregation between the SCR Diversified and SCR Other 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 Group SCR.

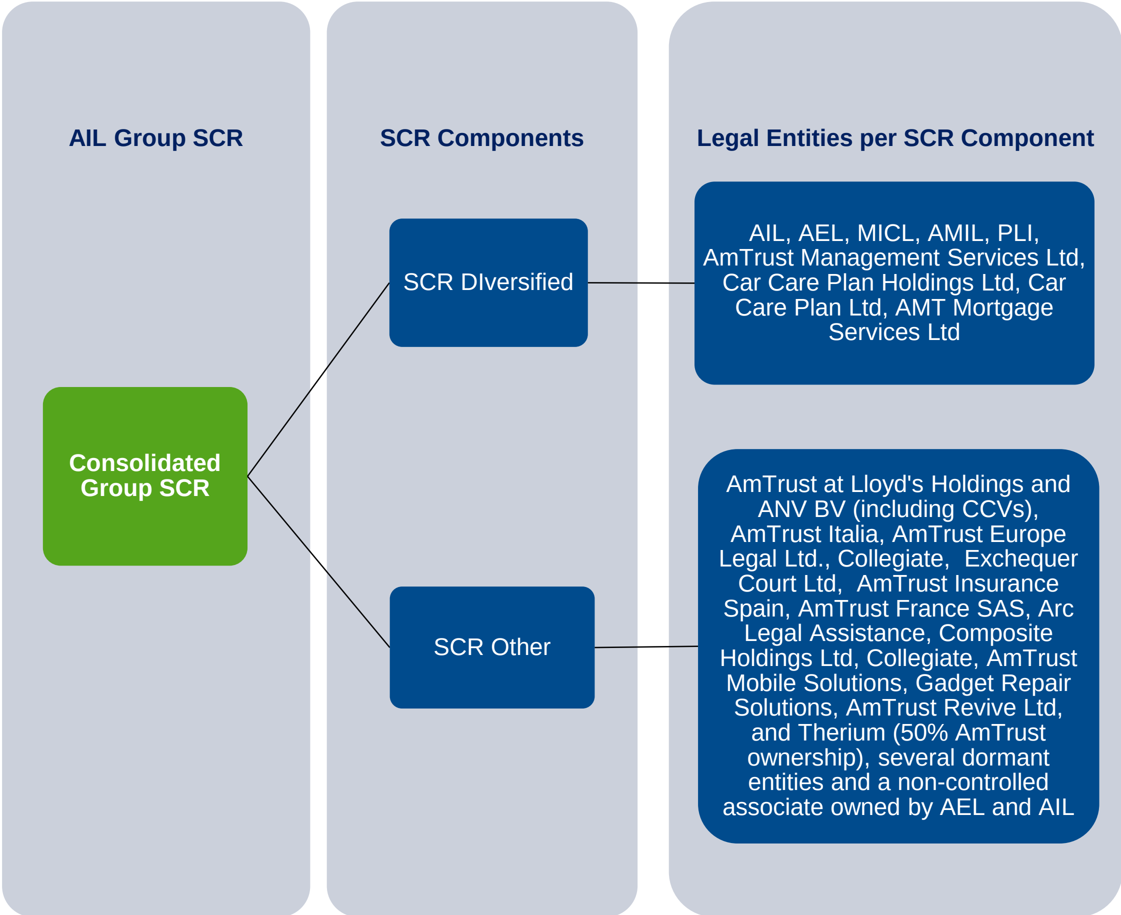
Calculation of the Consolidated Group SCR

In order to follow Method 1 in accordance with both Article 336 and the Guidelines on Group Solvency, to calculate the 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.



Capital Management

AIL uses an external system, VEGA, provided by Milliman to calculate its Solvency Capital Requirement (SCR) using the Standard Formula and its Minimum Consolidated Group SCR (MCR). The Group does not use any Undertaking Specific Parameters (USPs) allowed under Solvency II, nor does it use simplified calculations for any of the risk modules.

AIL's own funds as at 31 December 2016 are £366.0m, excluding £156.7m of long-term loans from its shareholder AmTrust Equity Solutions ("AES") and AmTrust Bermuda III, an indirect parent of AES, as well as £507.1m in letters of credit and supporting cash collateral in support of AIL's CCV as explained below.

As discussed above, the Consolidated Group SCR is comprised of the SCR Diversified and SCR Other.

SCR Diversified

The SCR Diversified of £283.8m incorporates the consolidated data of the solo insurance entities, insurance holding companies and ancillary service undertakings. 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 2016 is as follows:

As reported (£000)	AEL	AMIL	MICL	PLI[1]
Solvency Requirement	217,087	46,034	60,539	235
Own Funds	295,095	94,971	89,351	3,491
Solvency Ratio	136%	206%	148%	1487%

[1]PLI is no longer trading and has no technical provisions. While the SCR is £0.2m, the Absolute floor of the MCR of £3.3m results in solvency coverage ratio for the MCR of 105%.

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%. AIL has assessed the availability of the eligible Own Funds of all related undertakings in accordance with Article 330 for use at group level and determined that there are no restrictions on their transferability and fungibility. As a result, the Own Funds of the individual insurance entities can fully contribute to the Group's Own Funds. The Group believes that the solvency ratios for the solo entities and the CCV's provides an accurate reflection of the financial strength and claims paying ability of the AIL group, with policyholders adequately protected.

With the addition of the undiversified SCR Other charge as described below, the Consolidated Group SCR increases by £96.5m from £283.8m to £380.3m. This compares against Own Funds of £366.0m, which excludes £156.7m of long-term loans to AIL from its shareholder AmTrust Equity Solutions ("AES") and AmTrust Bermuda III, an indirect parent of AES, and the £507.1m in letters of credit as well as supporting cash collateral included in the Society of Lloyd's Own Funds. This results in a coverage ratio of 96% as at 31st December 2016. Although the long-terms loan did not count towards AIL's Own Funds as at 31st December 2016 two of these long-terms loans (totalling £61.6m) were subsequently converted to capital directly increasing Tier I capital within Own Funds by £38.9m. On a same basis calculation (i.e. excluding the remaining long-term loan of £95.1m and £507.1m in letters of credit as well as supporting cash collateral included in the Society of Lloyd's Own Funds), and ignoring other capital actions taken by management, as at 31 December 2016, AIL's coverage ratio would have been in excess of 106%.

SCR Other

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

Lloyd's CCVs

The solvency capital requirement and resulting capital for the Lloyd's CCVs are reflected within the overall Society of Lloyd's SCR and Solvency II Own Funds calculation, which is subject to separate external audit and approval by the PRA. The SCR as determined by Lloyd's for the CCVs is based upon the same principles as those applied for the group's insurance entities, where the SCR represents the amount of capital required to withstand a 1 in 200 year loss event over a one year time horizon. Lloyd's requires a 35% buffer above the SCR, referred to as the Economic Capital Assessment ("Lloyd's ECA"), to be capitalised within the Own Funds of the CCVs.

However, as the Lloyd's CCVs are not treated as insurance entities for the AIL group as clarified in EIOPA Q&A 549 in the Guidelines on Group Solvency, they are consolidated using the adjusted equity method basis and included in the SCR Other where additional capital requirements may be derived in addition to those funded through the Lloyd's Solvency Capital Requirement.

Separately, it is standard practice within the Lloyd's market for these corporate member vehicles (CCVs) to use off-balance sheet funding, such as letters of credit, to fund Solvency II capital requirements that contribute to a portion of the overall Own Funds of the Society of Lloyd's. In line with many corporate vehicles in Lloyd's, the AIL Group's CCVs have also funded the respective capital requirements through several letters of credit arranged by a banking consortium.

Letters of credit were lodged with Lloyd's on behalf of the CCVs, totalling £507.1m as at 31 December 2016 and were partly collateralised through funds held in trust accounts by the Account Party to the facility agreement. The Guarantor and Account Party to the credit facility exist outside of the AIL Group. There is minimal legal exposure to the Group's Own Funds to any current or existing obligations on AIL or an entity within the AIL Group to fund the CCVs as such obligations fall upon the Guarantor and Account Party which are outside the AIL Group. Further, as these letters of credit are subject to asset restrictions and requirements as set out by Lloyd's, the Group's Own Funds would not be called upon to protect the policyholders of the Syndicates as this is addressed through the Lloyd's chain of security across the whole market.

The resulting coverage ratio for the CCVs is approximately 135% because of the Lloyd's ECA uplift. No credit is realised in the Group's Own Funds for this capital underpinning the CCVs as it is already captured through the Own Funds held by the Society of Lloyd's.

When calculating Group solvency under Solvency II, the resulting treatment of the Lloyd's CCVs creates an artificial situation whereby the group cannot benefit from the 135% solvency coverage ratio that exists for the CCVs. Through letters of support issued by AIL, a constructive obligation to the CCV's existed at 31st December 2016 which is reflected as a contingent liability in the SII balance sheet. Most importantly, from an economic perspective, policyholders are protected by the benefit the 135% coverage provides as reported through the Society of Lloyd's.

Diversification

In accordance with Section 2.56 of the Guidelines on Group Solvency, where this component of the group solvency capital requirement is the solvency capital requirement of the other undertakings, SCR Other, no diversification effect is recognised at group level.

As a result, a significant capital requirement arises for the SCR Other.

This gives rise to a technical issue in that there are two potential interpretations of the Delegated Acts in respect of the application of Correlation Coefficients on Other entities, because Article 336(d) of the Delegated Act does not refer directly to Article 164 Correlation Coefficients. The two interpretations are as follows:

i) the charge for equity, concentration and currency sub-modules should be interpreted as requiring separate calculation and simple aggregation without using the correlation coefficients set out in Article 164. For the Group, this would result in an SCR Other charge of £96.5m; and

ii) correlation coefficients apply within individual 'Other' entities and hence the application of Article 164 also applies. For the Group, this would result in an SCR Other charge of £60.4m

The Group's management believe that interpretation (ii) above provides the closest approximation to the level of capital required at the 99.5% (1 in 200) confidence level. However, given that this is AIL's first group SFCR and the lack of clarity that exists within the guidance, management have agreed with the group's regulator to apply the interpretation of the guidance resulting in a higher SCR Other charge in interpretation (i.) above. Management is also submitting a query through the Q&A process with EIOPA to gain clarification on this matter for future reporting periods.

Remedial actions taken by management

AIL is funded by a combination of share capital and three long-term loans injected during 2016, totalling £156.7m. Under the SII regulations these loans did not meet the definitions required for inclusion within Own Funds as at 31st December 2016 however management is comfortable that the funding was in place. Since 31st December 2016, AmTrust Equity Solutions ("AES") has injected ordinary share capital of £61.6m to increase AIL's Own Funds through the repayment of two of the existing loans and the issuance of share capital. These loans are recognised at a fair value on the Solvency II balance sheet at £38.9m, resulting in a direct increase in Tier I capital within Own Funds of the same amount. Applying the impact as of 31 December 2016, the solvency ratio would have been 106%, despite not taking credit for the additional capital maintained for the Lloyd's CCVs. Further, applying the more favourable interpretation of Article 164 to the 31 December 2016 position, which we hope to clarify through the EIOPA Q&A process, the solvency ratio would have been 117.6%.

As of the date of this report and in addition to the capital injection, profits recognised in the Group as well as the transfer of contingent liabilities from the Group have resulted in a further increase to the AIL Group's coverage ratio.

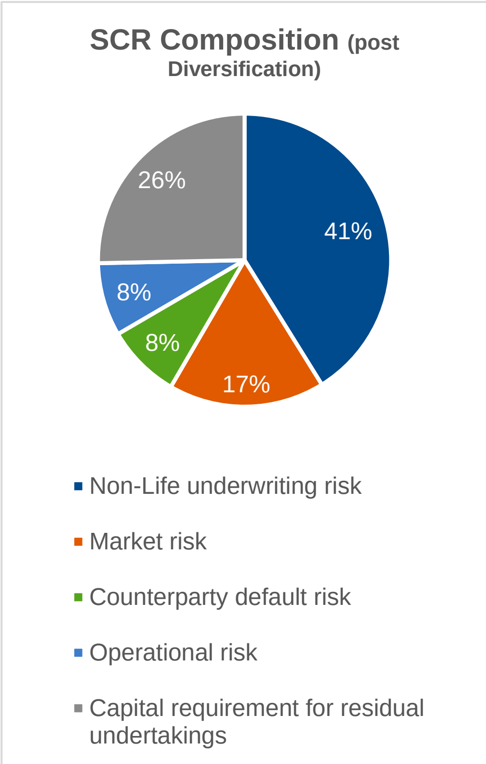
Finally, as seen through the solvency coverage ratios of the solo insurance entities and Lloyd's CCVs, the Group is adequately capitalised and management is satisfied that from an economic perspective policyholders are adequately protected to the 1 in 200 confidence level.

Capital Requirements 31 Dec 2016 (£000)	As reported	Post capital injection in 2017
Overall SCR	380,338	380,338
Own funds eligible for SCR coverage	366,011	404,930
SCR coverage	96%	106%
MCR	97,047	97,047
Own funds eligible for MCR coverage	359,495	398,414
MCR coverage	370%	411%

Solvency Capital Requirement

AIL's SCR split by risk module as of December 31st 2016 is shown in the table and accompanying chart below.

Solvency Capital Requirement	£000
Health NSLT underwriting risk	995
Non-Life underwriting risk	197,096
Market risk	82,530
Counterparty default risk	39,277
Undiversified Basic SCR	**319,898**
Diversification credit	(65,423)
Basic SCR	**254,475**
Operational risk	30,794
Loss absorbing capacity of DT	(1,418)
SCR Diversified	**283,851**
Capital requirement for residual undertakings	96,487
Overall SCR	**380,338**



Directors' statement in respect of the SFCR

We acknowledge our responsibility for preparing the Group SFCR in all material respects in accordance with the PRA rules and the Solvency II Regulations.

We are satisfied, except as explained in section E.5, that:

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

Approved on behalf of the board by:

J Cadle

Director

17 August 2017

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

Except as stated below, we have audited the following documents prepared by AmTrust International Limited as at 31 December 2016:

- 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 2016, ('the Narrative Disclosures subject to audit'); and
- Group templates S02.01.02, S23.01.22, S25.01.22, 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;
- Information relating to 31 December 2015 voluntarily disclosed by the Company in the 'Valuation for solvency purposes' and 'Capital management' sections of the Group Solvency and Financial Condition Report;
- Group templates S05.01.02, S05.02.01; or
- The written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('the Responsibility Statement').

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.

Respective responsibilities of directors and auditor

As explained more fully in the Responsibility Statement, 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 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.

Our responsibility is to audit, and express an opinion on, the Relevant Elements of the Group Solvency and Financial Condition Report in accordance with applicable law and International Standards on Auditing (UK and Ireland) together with ISA (UK) 800 and ISA (UK) 805. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Relevant Elements of the Group Solvency and Financial Condition Report

A description of the scope of an audit is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the Relevant Elements of the Group Solvency and Financial Condition Report

In our opinion, the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report of AmTrust International Limited as at 31 December 2016 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.

Emphasis of Matter - Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections 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 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.

Matters on which we are required to report by exception

In accordance with Rule 4.1 (3) of the External Audit Chapter 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 AmTrust International Limited'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 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 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.

KPMG LLP
Chartered Accountants
15 Canada Square
London, E14 5GL

17 August 2017

The maintenance and integrity of AmTrust International's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Solvency and Financial Condition Report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of Solvency and Financial Condition Reports may differ from legislation in other jurisdictions.

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

Group standard formula

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

- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’

A. Business and Performance

A.1 Business

A.1.1 Name and legal form of undertaking

AmTrust International Limited (AIL)
10th Floor, Market Square House,
St James's Street,
Nottingham,
NG1 6FG

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'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.

Solvency II is a regulatory regime designed to set an appropriate level of capital that appropriately reflects the specific risk profile of insurance companies.

A.1.2 Supervisory authority

AIL is subject to the Group Supervision requirements of Solvency II. Insurance entities within the Group are regulated by the Prudential Regulatory Authority (PRA). The Prudential Regulation Authority (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 around 1,700 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 AFSI 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 Ltd (AES.) AIL's ultimate parent is AmTrust Financial Services Inc. (AFSI), a Delaware, US corporation.

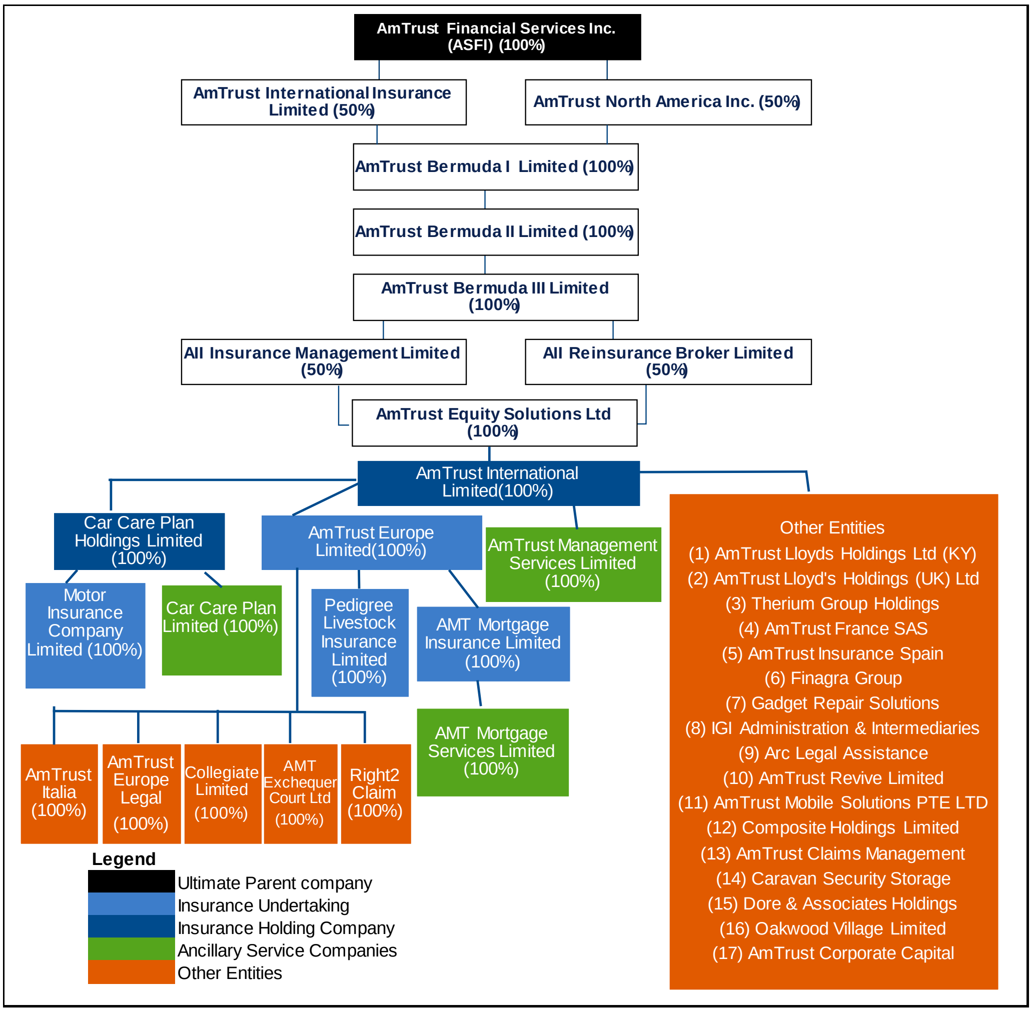
A.1.5 Position within the legal structure of the group

AFSI underwrites and provides property and casualty insurance products, in the United States and internationally to niche customer groups that it believes are generally under-served within the broader insurance market.

As a subsidiary of AmTrust Financial Services Inc. (NASDAQ Global Market: AFSI) AIL benefits from financial, operational and management support. AFSI 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, AFSI has earned a reputation as an innovative, technology driven provider of insurance products. Commitment to excellence is a common thread connecting each of the AmTrust companies.

AFSI's business model focuses on achieving targeted returns and profit growth with the careful management of risk. The AFSI 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 and crop 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. AmTrust has also built a strong and growing distribution of extended warranty and specialty risk products, including liability and other property/casualty products, in Europe.

AIL is the UK holding company for AFSI's UK Insurance Operations, whose principal insurance entities are: AmTrust Europe Ltd (AEL), Car Care Plan Holdings, including Motors Insurance Company Ltd. (MICL), and AMT Mortgage Insurance Ltd (AMIL, previously "Genworth Financial Mortgage Insurance Ltd."). AIL also owns four Lloyd's Corporate Capital Vehicles through two holding companies and a number of administrators worldwide. The diagram below shows the position of AIL within the AFSI Group, and the entities within the scope of 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 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.1.6 Material lines of business and material geographical areas

As shown in the Group structure chart, AIL is part of a world-wide Financial Services group that 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 European countries. The core lines of business are General

Liability Insurance (Medical Malpractice and Casualty), Legal Expenses, Fire and Other Damage to Property, Credit and Suretyship and Miscellaneous Financial Loss.

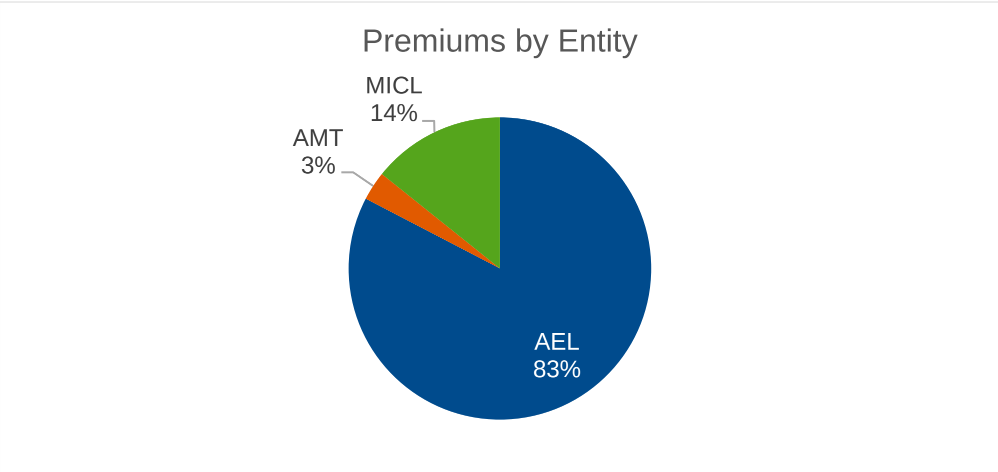
2. **Motors Insurance Company Limited (MICL) -** UK registered insurance company writing motor breakdown insurance and other ancillary motor lines of business (excluding motor liability) across the UK, Europe, China and Latin America. MICL's primary underwriting focus is in the motor add-on insurance 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") insurance products. AMIL specialises in insuring mortgage lenders in respect of borrower default.

4. **Pedigree Livestock Insurance Limited (PLI) –** UK registered insurance company that has ceased underwriting new business in the Pet Insurance class in 2006. No further policies have been underwritten since then, and all policies expired in 2007 without exception. The Company continued to be in solvent run-off in 2016 with no Premiums or Claims in the year.

The split of earned premiums for each of the insurance businesses within the AIL Group is shown in the chart below. Claims and expenses activity broadly follows that of earned premium.

Earned Premiums



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

Although the Group-owned Lloyd's CCVs include AmTrust's participation on a number of Lloyd's Syndicates, 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.1.7 Events that have had a material impact on the AIL Group:

The following material events impacted the Group during the year:

- **Brexit vote -** On 23 June 2016, the United Kingdom voted to leave the European Union. The Group expects the Solvency II requirements to remain, both in the short term during the negotiations of the UK's exit and in the long term, in order for the UK to achieve formal equivalence status. The AIL Group has been looking at possible ways of minimising the impact of Britain leaving the EU to its clients, operations, and business opportunities by reviewing various strategic options, including transferring UK/European business across AmTrust's European insurance carriers.

- **Changes to Intra-group reinsurance** – AEL currently benefits from a whole account quota share reinsurance programme placed with a group reinsurance company based in Bermuda, AII. During the year, AEL reduced its Quota Share reinsurance from 70% to 60% from 1 July 2016 and is targeting further reductions on a going forward basis to ultimately be at 20% by 2019.

- **Acquisition of ANV** - In November 2016, the Group completed the acquisition of ANV Holdings B.V. and its affiliates (ANV), a diversified Lloyd's CCV platform managing three syndicates with over $700m gross premiums' for approximately $203 million. As described above, the results of the Lloyd's platform have not been included within this document, and are referenced here for completeness.
- **Acquisition of Genworth** - In May 2016, the Group completed the acquisition of Genworth Financial Mortgage Insurance Ltd (now AMT Mortgage Insurance Ltd or AMIL) from Genworth Financial, Inc. At that time, AMIL's tangible book value was approximately £104 million. Based in the UK, AMIL is a well-known organisation in the European mortgage insurance market, currently providing products in the UK, Finland, Italy and Germany.
- **Acquisition of Arc Legal** - In July 2016, the Group completed the acquisition of Arc Legal Assistance Ltd (Arc Legal). Arc Legal is a managing general agent that provides a range of legal expenses insurance and assistance products in the UK and Ireland; managing over 14 million legal expenses policies covering personal, motor, commercial, affinity, property owners, travel and leisure risks. The tangible book value at the date of acquisition was approximately £3.4 million.
- **Acquisition of Collegiate** - In November 2016, the Group completed the acquisition of Collegiate Management Services Ltd (Collegiate). The niche underwriting agency specialises in providing professional indemnity insurance to a wide range of professions, with the claims management company recognised as a market leader with strengths in the financial services sector. The tangible book value at the date of acquisition was approximately £11.2 million.

A.2 Underwriting Performance

A.2.1 Overview

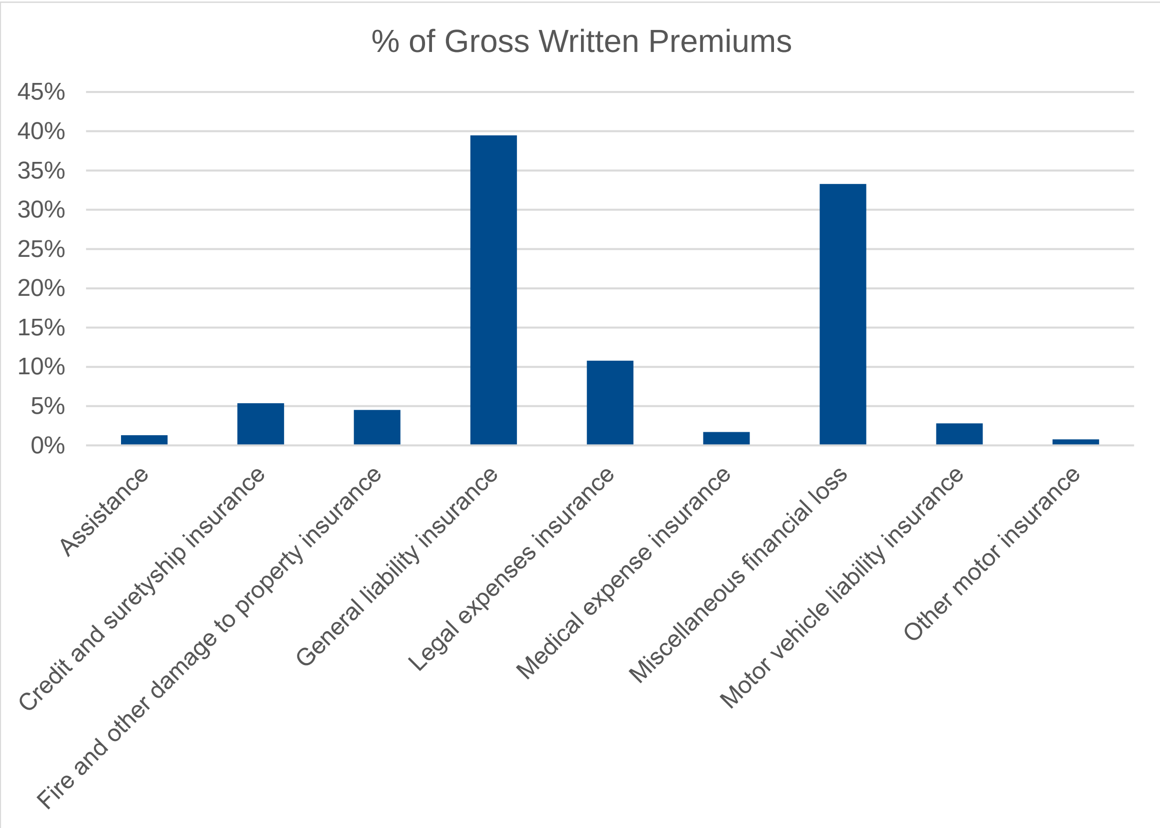
All insurance entities within the Group seek to adopt strong risk appetites and underwriting disciplines in the lines of business that they participate in, and employ experienced and professional underwriters that have a good track record of underwriting profitably throughout the insurance cycle.

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

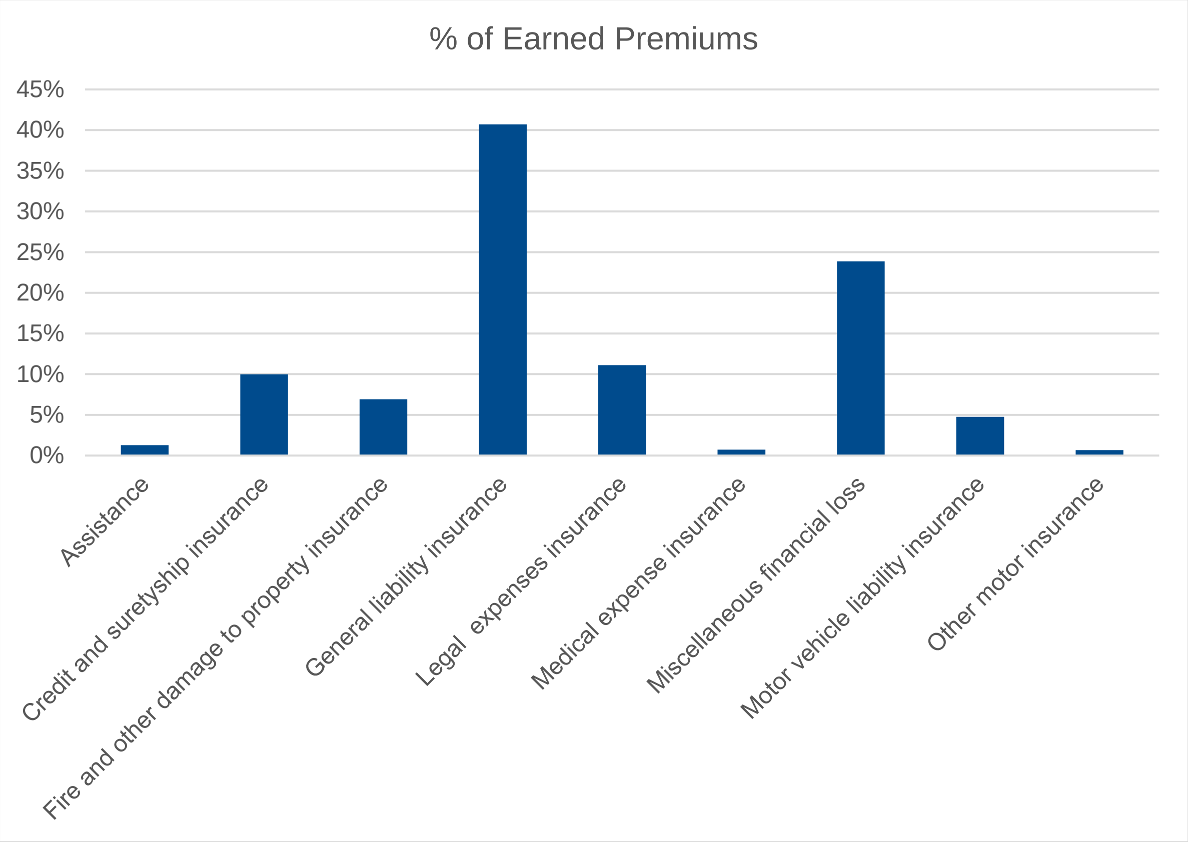
A.2.2 Underwriting Performance – by Premium, Claims, and Expenses

A.2.2.1 Gross Written Premiums (GWP)

The gross written premiums for the Group amounted to £610 million with earned premiums of £556 million for the 12 months ended 31 December 2016. The split by line of business on written and earned premiums is given below:

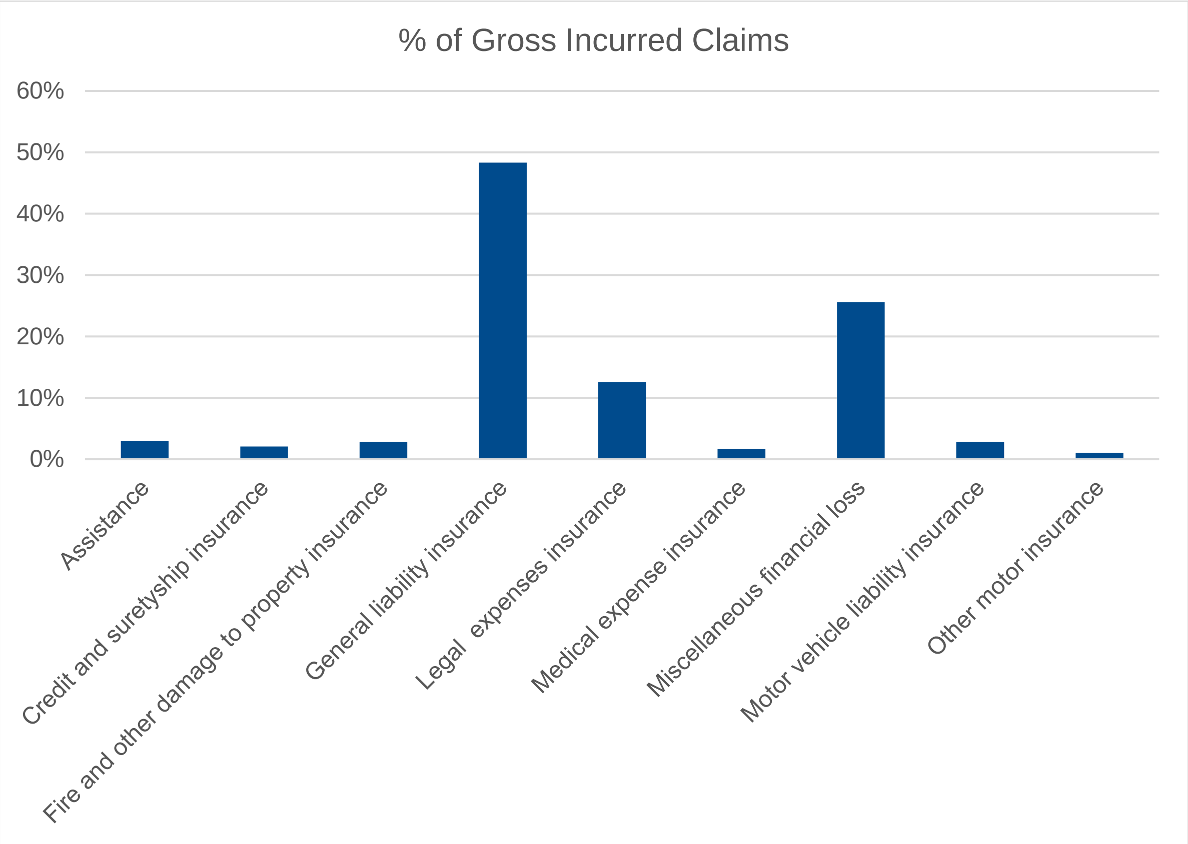


A.2.2.2 Gross Earned Premiums (GEP)



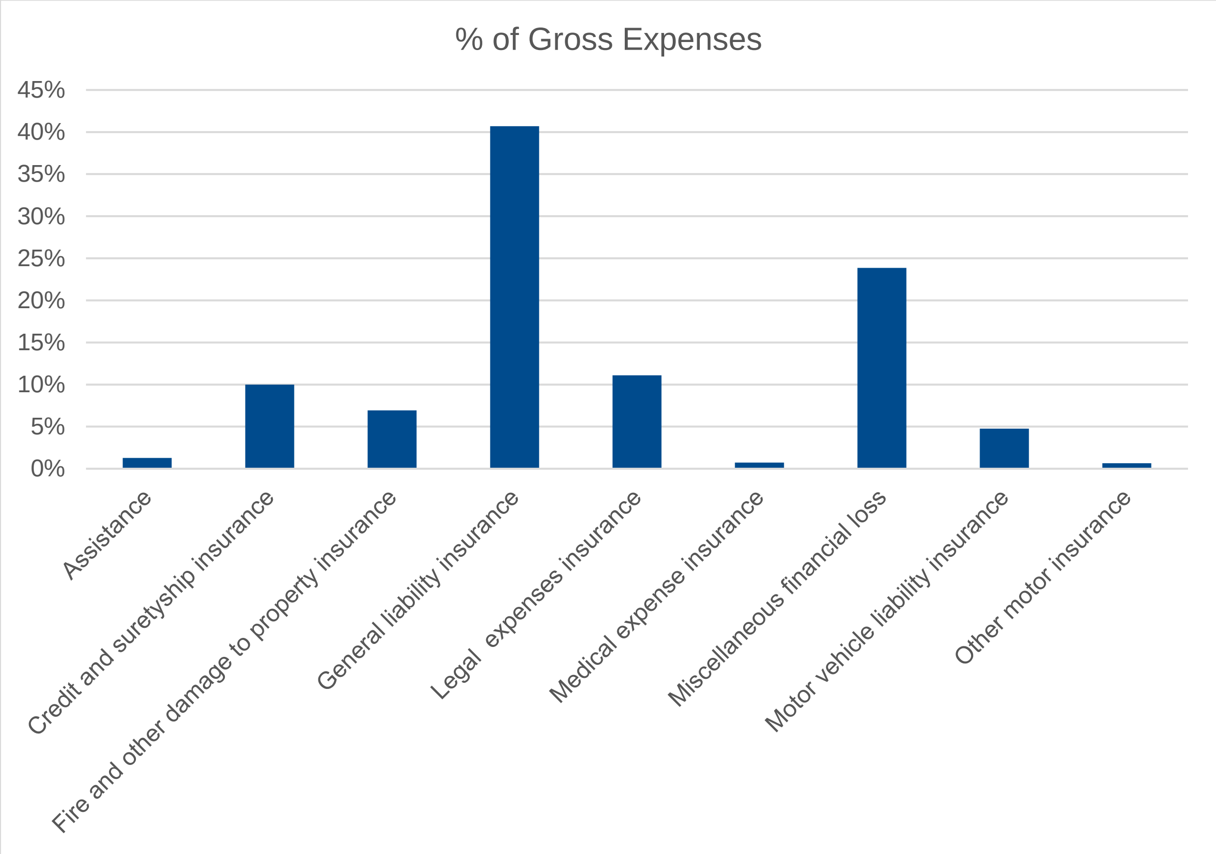
A.2.2.3 Gross Incurred Claims (GIC)

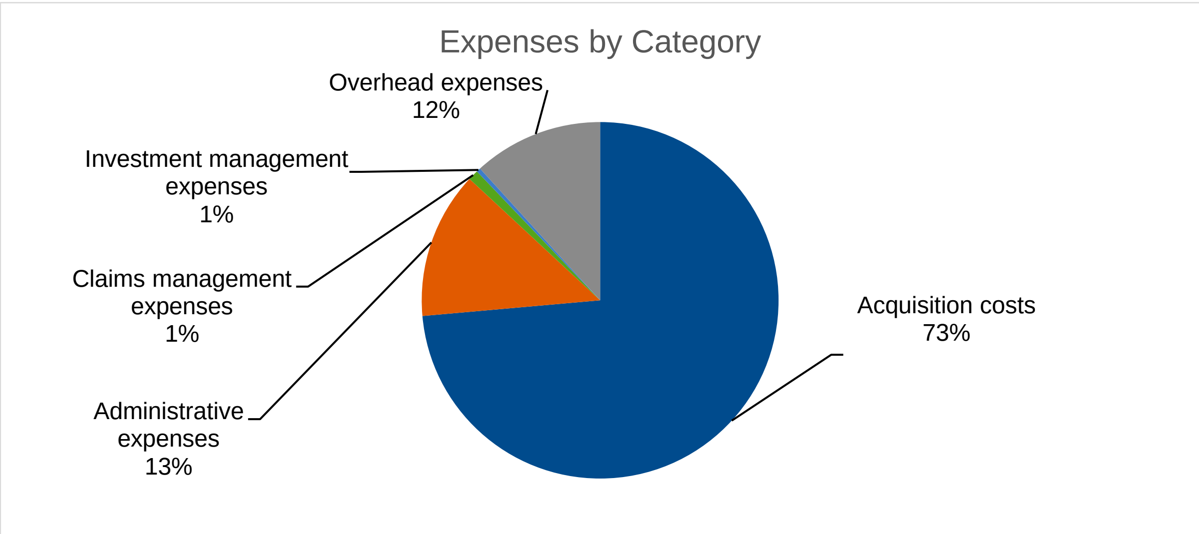
Gross incurred claims amounted to £356 million, which is split by line of business below:



A.2.2.4 Gross Expenses & Expenses by Category

Technical expenses, including acquisition costs and operating expenses, for the year amounted to £196 million along with other expenses of £1.6 million. 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 performed well in 2016 against its gross written premium and profitability targets included within its business plan.

The main classes of business contributing to the profitability and revenue growth of the company were Medical Malpractice, Legal Expenses, and Property.

Strong performance was also recorded in the Professional Indemnity and Surety accounts.

A.2.3.2 MICL

MICL performed well in 2016 against its gross written premium and the profitability targets included within its business plan.

This successful performance was driven by the Mechanical Breakdown Insurance portfolio, which accounted for 78% of total GWP.

A.2.3.3 AMIL

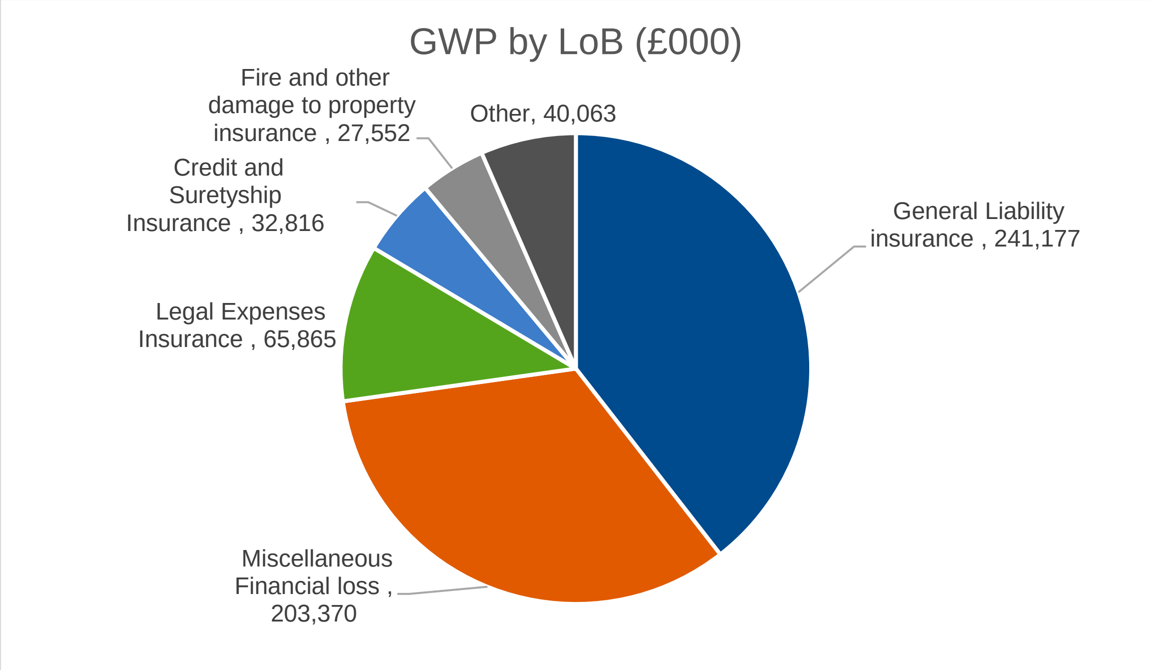
Performance in AMIL in 2016 was better than planned, with the company returning to profitability during 2016 mainly as a result of the cost saving initiatives instituted post acquisition. The loss ratio decreased from 63% in 2015 to 25% in 2016 mainly due to lower incurred losses and marginally higher earned premiums.

A.2.3.4 PLI

PLI ceased underwriting new business in the Pet Insurance class in 2006. No further policies have been underwritten since then, and all policies expired in 2007 without exception. The Company continued to be in solvent run-off in 2016 with no Premiums or Claims in the year.

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

Description	General Liability insurance	Miscellaneous Financial loss	Legal Expenses Insurance	Credit and Suretyship Insurance	Fire and other damage to property insurance	Remaining LoBs	Total
2016	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	241,177	203,370	65,865	32,816	27,552	40,063	610,843
RI share	(118,004)	(55,999)	(34,594)	(11,316)	(13,682)	(18,405)	(252,000)
NWP	123,174	147,371	31,271	21,500	13,870	21,658	358,843
GEP	253,968	141,597	60,633	30,966	28,499	40,730	556,394
RI share	(147,508)	(36,792)	(31,969)	(11,174)	(14,802)	(19,676)	(261,920)
NEP	106,460	104,805	28,665	19,793	13,697	21,054	294,473
GIC	172,359	91,384	44,914	7,425	10,130	30,569	356,781
RI share	(133,979)	(34,906)	(31,021)	(2,389)	(6,922)	(19,484)	(228,701)
NIC	38,379	56,479	13,893	5,035	3,209	11,084	128,079
Gross expenses	73,236	48,934	20,098	26,857	12,501	13,695	195,321
RI share	(26,084)	(7,223)	(6,800)	(2,166)	(2,407)	(3,335)	(48,015)
Net expenses	47,152	41,711	13,298	24,691	10,094	10,360	147,306
Other Expenses							1,644
Net result							**17,444**



A.2.4.1 General Liability Insurance

A.2.4.1.1 Medical malpractice

AEL (100% of GEP)

AEL entered the Italian medical malpractice market in December 2009 as the market was hardening. The company developed a strong on-the-ground presence in Italy via a dedicated branch infrastructure. Both the operational and technical infrastructure in the branch were further strengthened during 2016.

Performance in 2016 was in line with expectations. AEL continued to hold a strong position in the market place, with the predominance of the portfolio being renewals. This enables the company to price the business using the data from its own experience and maintain a philosophy of rate strength over volume. Claims strategy remains to evaluate liability and quantum, and to close claims expediently to avoid litigation.

AEL remains confident that with solid and consistent underwriting, backed up by actuarial rigour and professional claims handling, attractive profitability should continue to be achieved.

A.2.4.1.2 Casualty

AEL (100% of GEP)

The professional indemnity line of business experienced consistent favourable development in 2016 resulting in improvements to actuarial best estimates. The account continues to be reserved at prudent levels albeit there was some release of redundant reserves in the year resulting in a better than anticipated underwriting result.

The strategy is to focus upon smaller firms and to underwrite on a primary basis. Underwriting volatility is mitigated by reinsurance protection, however, lower reinsurance costs provide for a more positive outlook. The finalisation of a strategic acquisition of a UK coverholder in the latter part of 2016 will be the platform for growth in 2017.

The focus for the liability line of business continues to be on small contracting trades with relatively low limits of indemnity which has had the impact of reducing reinsurance costs and providing a beneficial impact on combined operating ratios. While market conditions remain soft, AEL continues to seek business openings in non-standard niche areas.

A.2.4.2 Miscellaneous Financial Loss

AEL (47% of GEP)

The main lines of business within this class are Warranty and Structural Defects. The Warranty line of business has experienced premium growth in the year as new opportunities in Europe and Asia have crystallised. International expansion within South East Asia continues to be an important opportunity.

For the Structural Defects account, risk selection is focused on established and experienced builders that can build high quality buildings. The account has performed in line with expectations in relation to claims experience. Premium growth has been strong in 2016 particularly in the UK where the demand for housing is high.

MICL (53% of GEP)

MICL's core product lines are Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP), which are reported within this Solvency II line of business.

The material geographic areas where MICL writes MBI business are Europe, China and Latin America. In 2016, premium income grew by 6% in MICL's largest market (UK); 24% in mainland Europe but fell back in Latin America and Turkey. Overall underwriting profit increased by 4% on the prior year and all key MBI markets remained profitable. The reduction in underwriting profit in Latin America and Turkey was offset by a strong performance in all other key markets.

GAP is only underwritten in the UK and income increased as a result of the acquisition of a number of dealer programmes onto its open market product; GAP profitability fell in 2016 due to an increase in claims frequency and severity which impacted all GAP programmes.

MICL also has a very small portfolio of Cosmetic Repair, Alloy Wheel Repair and Tyre Insurance products, which fall within this Solvency II line of business.

A.2.4.3 Legal Expenses Insurance

AEL (100% of GEP)

The Commercial legal expenses line of business has been impacted by the implementation of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) reforms. The focus in 2016 continued to be on the funding market where there are strong opportunities for insurance cover on capital investment. Additionally, overseas markets and in particular the Australian and Canadian markets experienced positive growth. Third party litigation funders have continued to raise more capital for cases both in the UK and overseas. This will be a key market for growth in 2017.

Trading conditions for personal injury ATE remained challenging in 2016. A number of factors, including a changing mix of business away from the typical Road Traffic Accident ("RTA") type cover, increases in cancellation rates and attritional claims development on historical years has resulted in some modest increases in ultimate loss ratios in 2016. The focus for 2017 and beyond will be to tailor the product offering to the requirements of individual law firms in order to improve competitive advantage. As an 'A' rated insurer AEL is well positioned to take advantage of the specialist broker market for this product, and for 2017 the intention is to increase the level of business written through intermediaries who are entirely self-sufficient in respect of policy distribution and management.

Personal and Commercial BTE legal expenses was a growth area in 2016 meaning AEL is now one of the leading BTE providers in the UK. In 2017 the company will build on the successes of 2016 by targeting affinity group relationships serving to mitigate the risk of anti-selection.

A.2.4.4 Credit and Suretyship Insurance

AEL (44% of GEP)

AEL's wholly owned managing agent in Spain and the business emanating therefrom has continued to perform well. Improved trading conditions in this region have resulted in slightly higher premium volumes than expected.

In line with the risk appetite both quota share and excess of loss reinsurance is utilised to protect the account. A professional team including lawyers, economists and accountants oversees this account.

Some small claims development occurred in 2016, but was in line with expectations. During 2016 and continuing in 2017, geographical expansion into South America was a key focus and this will continue into 2017.

AMIL (56% of GEP)

AMIL was brought into the Group in May 2016. The loss ratio decreased from 63% in 2015 to 25% in 2016 mainly due to lower incurred losses and marginally higher earned premiums.

Strict cost control, and concerted loss mitigation activities, have meant that the company returned to profitability for the first time in 2016 since 2007. The AmTrust Group is confident that due the expense actions taken as a result of the acquisition and continued management of the in force portfolio, the return to profitability can be maintained into the future.

A.2.4.5 Fire and Other Damage to Property Insurance

AEL (100% of GEP)

Performance in 2016 has been strong despite some modest reductions in premium volume. Performance was supported by relatively benign weather conditions in 2016. Residential let property and caravan lines of business have experienced particular favourable development.

Looking forward into 2017 the market is expected to be increasingly competitive. The main underwriting focus going forwards is to further develop the postcode-rating model seeking to increase the footprint of risk selection within the UK.

For commercial property, AEL continues to build a preferred panel of brokers in order to reach an optimum level of business and this will continue into 2017.

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:

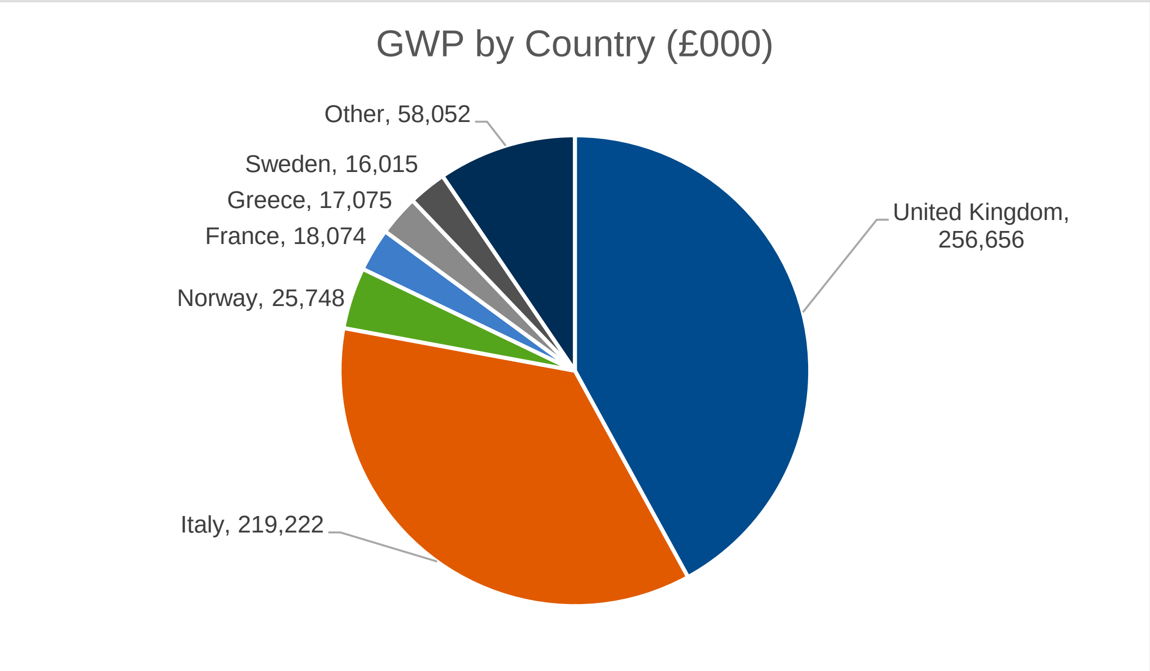
- Gross Written Premium - 7%
- Gross Earned Premium - 7%
- Gross Claims Incurred – 9%
- Gross Expenses incurred – 8%

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 6 material countries in which the AIL Group operates is summarised in the table below.

Country 2016	United Kingdom £'000	Italy £'000	Norway £'000	France £'000	Greece £'000	Sweden £'000	Other £'000	Total 2016
GWP	256,656	219,222	25,748	18,074	17,075	16,015	58,052	610,843
RI share	(89,653)	(102,783)	(12,776)	(9,200)	(6,686)	(9,120)	(21,782)	(252,000)
NWP	167,003	116,440	12,973	8,874	10,389	6,894	36,270	358,843
GEP	223,693	221,311	17,359	15,405	17,100	5,514	56,013	556,394
RI share	(88,869)	(127,203)	(9,135)	(8,429)	(6,908)	(4,250)	(17,127)	(261,920)
NEP	134,824	94,108	8,223	6,977	10,192	1,264	38,885	294,473
GIC	144,423	149,748	12,008	10,580	10,120	4,764	25,137	356,781
RI share	(77,075)	(116,475)	(8,305)	(6,611)	(6,801)	(3,378)	(10,056)	(228,701)
NIC	67,349	33,273	3,702	3,969	3,319	1,386	15,081	128,079
Gross expenses	61,337	42,487	4,064	3,733	7,418	1,293	74,989	195,321
RI share	-	-	-	-	-	-	(48,015)	(48,015)
Net expenses	61,337	42,487	4,064	3,733	7,418	1,293	26,974	147,306
Other Expenses	1,644							1,644
Net result								**17,444**



A.3 Investment Performance

The 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 AFSI 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.

The income generated on the investment portfolio during the year is shown in the table below, which shows total investment income and gains of £32,470 million. This has been largely generated from interest income and fair value gains on the corporate bond portfolio of £12.0 million and £13.6 million respectively..

Total investment management expenses on the bond portfolio amounted to £0.7m, with the property administration function across the Group incurring a cost of £0.6m.

The property investment is a building in Nottingham, UK, which AEL occupies part of and rents out certain parts to other local businesses.

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

2016	Dividends	Interest	Rent	Net gains and losses	Unrealised gains and losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Government Bonds	-	414	-	(6)	(148)	260
Corporate Bonds	-	12,035	-	1,735	13,648	27,418
Equity instruments	3,822	-	-	-	-	3,822
Investment funds	-	(17)	-	-	-	(17)
Collateralised securities	-	20	-	(3)	(99)	(82)
Cash and deposits	-	250	-	-	-	250
Properties	-	-	759	-	60	819
Total	**3,822**	**12,702**	**759**	**1,726**	**13,461**	**32,470**

A.4 Performance of other activities

AmTrust Management Services Ltd. ('AMSL'), a subsidiary of AIL, earned £14.5m in respect of fee income in the year for services performed in relation to the whole account quota-share reinsurance programme in AEL, with the Bermudian group reinsurance company AII (as referred to in section A.1.7). 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 Section A.2 above.

Additionally, Care 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.

B. System of Governance

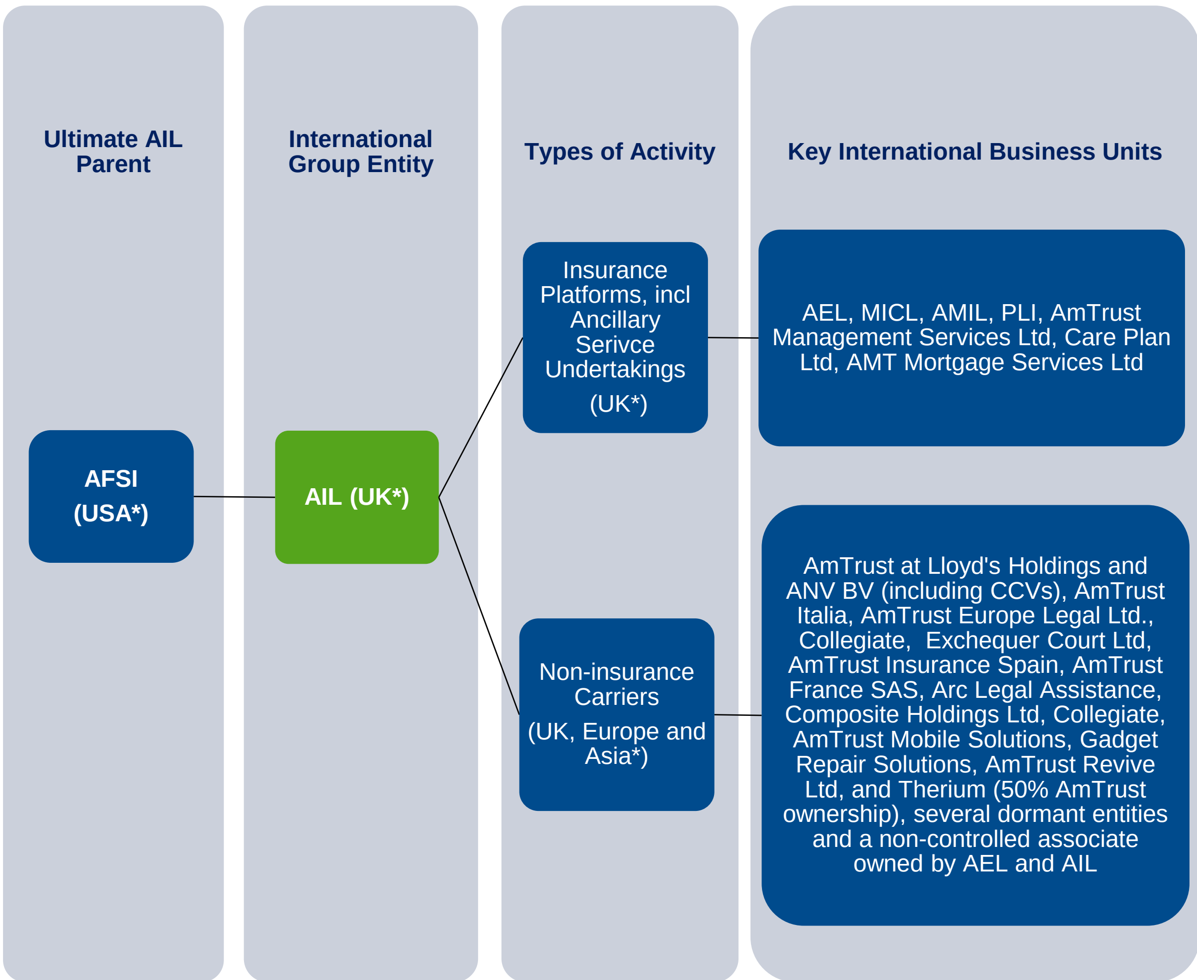
B.1 General information on the system of governance

AmTrust International Limited ("AIL") is the holding company that sits above a number of AmTrust's insurance carriers and activities within Europe and Asia. AIL is a wholly owned subsidiary of AmTrust Equity Solutions Ltd (AES), whose ultimate parent is AmTrust Financial Services Inc. (AFSI or the Global Group), a Delaware, US Corporation.

The AIL Group manages four fully owned legal subsidiaries that carry out insurance and/or reinsurance activities, as well as a number of non-insurance carriers based in Europe and Asia. 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. In 2016, the main objectives of the Group included consolidation of financial results of the subsidiaries and shareholder management. In 2017, the Group created an Executive Committee to take an increasing oversight role over the operations of its subsidiaries at the European and Asian level.

The AIL insurance carriers include AmTrust Europe Ltd (AEL), Motors Insurance Company Ltd (MICL), AMT Mortgage Indemnity Insurance Ltd (AMIL) and Pedigree Livestock Insurance Limited (PLI). PLI ceased underwriting new business in the pet insurance class in 2006 and the company is now in solvent run off. 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 31.12.2016:



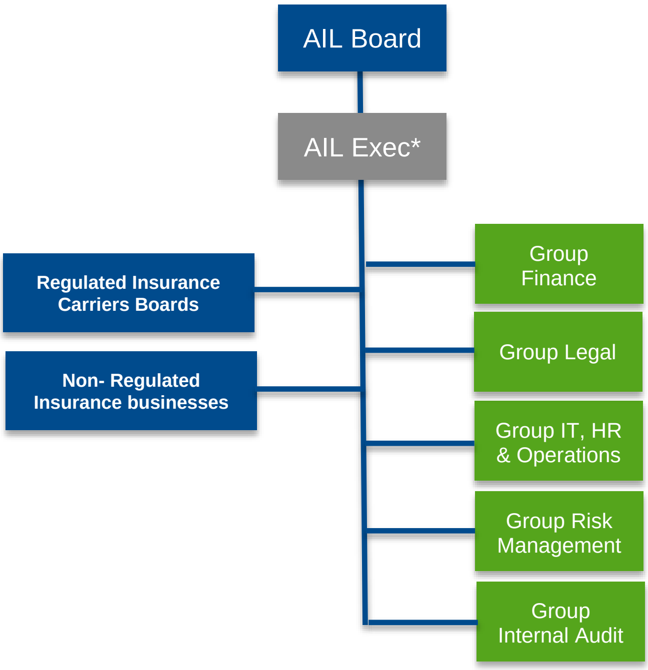
*Headquartered in

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 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. Members of the AIL Executive Committee and the wider AFSI Group 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 under the "Corporate Governance" Section of its website (http://www.amtrusteurope.com/en-GB/sfcr/). All significant subsidiaries within the AIL Group follow a three lines of defence model from a local corporate governance point of view.

AIL's primary purpose in 2016 was 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 formalised and centralised this by creating an Executive Committee in April 2017 with representation from the key shared service and control functions.

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 2018 will receive strategic input and oversight from AIL.



constituted in 2017

B.1.1.1 Board

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

B.1.1.2 Executive Committee

The Executive Committee was created in 2017. Its key purpose is to support the AIL CEO in delivering AIL's strategic goals and objectives. The main responsibilities of the Committee will be to develop and implement the Group's operational plans and projects, policies, procedures and budgets, manage capital allocation, as well as to assess and monitor financial, actuarial and operational performance, control risks and ensure Sarbanes-Oxley (SOX) compliance, and to advise on prioritisation and allocation of resources.

The Committee is composed of the following Executive Members:

Executive Members	Key Role
AIL CEO	Chairing the AIL Executive Committee; Business Development in New Territories (e.g. Asia); Coordination of AIL Non-Insurance Carrying entities; Managing the AIL Executive team.
AEL and ATL CEO	Day to day engagement with local Boards and Execs of Insurance carrying entities.
Group COO	Design and management of the AIL operating model; direct responsibility for Group HR, Operations, Corporate Communications, Real Estate and IT.
AIL Group CFO	Finance & Capital Management across the AIL Group
AIL Group Legal Counsel	Compliance with International Laws & Regulations; Group M&A activity
AIL Group CRO	Supporting the Board and CEO in developing and monitoring the Group Risk Appetite Framework across AIL.

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

- Group Actuarial;
- Group Internal Audit; and
- Underwriting.

B.1.1.3 Solvency II Control Functions:

AIL complies with the 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 which 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.

B.1.1.4 Risk Management

The Group Risk Management function is managed by the Group Chief Risk Officer who reports to the AIL CEO. The Group Risk function is responsible for the co-ordination of identification, management, monitoring and reporting to the AIL Exec of risks at the Group level, as well as coordination and reporting of the risks captured at the legal entities level by working with the local risk management functions within the insurance carrying entities. Risk Management also provides challenge and independent advice to the AIL Executive on the strategic matters, including Group strategy, capital allocation, mergers and acquisitions and business planning.

B.1.1.5 Compliance

The Group Compliance Function is managed by the Chief Compliance Officer who has a dotted reporting line to the AIL Group Legal Counsel. The Group Compliance function is responsible for advising the AIL Executive Committee and the Board on compliance with existing and emerging legal, regulatory and administrative provisions. The Group Compliance function helps to ensure that AIL clearly understands its regulatory risks and the prevailing requirements and has the right to escalate to the AIL Board, directly or through its Committees, any instances of non-compliance with laws and regulations.

B.1.1.6 Actuarial

The Group Chief Actuary oversees the Actuarial functions of the insurance carriers within the Group, provides challenge of the reserving and pricing methods applied throughout the Group, expresses opinions on the adequacy of reserves agreed by the Reserving Committees of each entity and comments on the adequacy of data used for pricing and calculation of technical provisions. The Group Chief Actuary also supports the Business Planning and Capital Modelling processes for the standalone insurance carriers. The Group Chief Actuary reports to the AIL CEO.

B.1.1.7 Internal Audit

The Group Internal Audit Function is managed by the Group Head of Internal Audit, who reports to the Audit Committees of the standalone insurance carriers as well as to the AIL CEO. The Group Internal Audit Function operates in line with the Audit Charters approved by the CEOs and the Chairpersons of the Audit Committees at the entity level. The Group Internal Audit Function provides independent and objective assurance over the design and operational effectiveness of controls in place to manage risks impacting performance of the entities within the AIL Group. The Group Head of Internal Audit challenges Executive Management to improve the effectiveness of governance, risk management and internal controls.

The Group Internal Audit Universe incorporates all key business units of AIL and operates a risk based approach to the audit frequency. All audit engagements are performed in line with the consistent quality standards outlined in the AFSI Global Internal Audit Methodology. Group Risk Management and Internal Audit coordinate their assurance activities.

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 the 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. These are available under the "Corporate Governance" Section of the website (http://www.amtrusteurope.com/en-GB/sfcr/).

While the Lloyd's CCVs are not deemed insurance undertakings and therefore not consolidated in the AIL Group for Solvency II, they have not been included in the tables below. However, as the Syndicates are required to comply with the Solvency II regime through the Society of Lloyd's, the Managing Agencies of the Syndicates on which the CCVs participate maintain a system of governance similar to the other insurance entities within the AIL Group.

Key Entities within AIL Group	AmTrust Europe Ltd (AEL)	Motors Insurance Company Ltd (MICL)	AMT Mortgage Insurance Ltd (AMIL)	Pedigree Livestock Insurance Ltd (PLI)	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	UK Insurance Company writing only Mortgage Indemnity Insurance business, primarily in Europe.	Company in run-off since 2007, previously writing Pet Insurance. No technical provisions.	A number of intermediaries or fee earning entities. Largest entities include Car Care Plan (CCP), AmTrust Italia, and Therium.
Key Classes of Business	General Liability and Legal Expenses	Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP)	Credit and suretyship, specifically mortgage insurance	Pet insurance	
2016 Annual Total Gross Written Premium in £'000	495,792	81,846	17,445	Nil	
Board of Directors	●	●	●	●	●
Independent Non-Executive Directors	●	●	●	Company in Run-Off	
Executive Committee	●	●	●	Company in Run-Off	
Board Audit Committee	●	●	●	Company in Run-Off	
Board Risk Committee	●	●	●	Company in Run-Off	
Board Reserving Committee	●	●		Company in Run-Off	
Board Remuneration Committee	●	●	●	Company in Run-Off	
Standalone Risk Function	●	●	●	(Covered by AEL)	
Standalone Actuarial Function	●	●	●	(Covered by AEL)	
Standalone Compliance Function	●	●	●	(Covered by AEL)	

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

The AIL COO was appointed in November 2016.

The following material changes in the AIL system of governance took place in 2017:

- Creation of the new Executive Committee of the AIL Board;
- Appointment of the AIL Group CFO; and
- Appointment of the AFSI Group CRO (who acted as the AIL Group CRO).

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. At the Group level, the AIL Board is responsible for the coordination of the remuneration policies applied by the Group entities.

B.1.3.1 Key Principles

The policies differ in detail depending on the entity, but all of the Group's remuneration frameworks seek to achieve the following objectives:

- 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, tenure 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 includes 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. Ensure that both short and long term performance is taken into consideration as appropriate; and
- 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.

B.1.3.2 Variable Pay

The policies differ in detail depending on the entity, but all of the 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 form to be competitive with market median levels and appropriate on a role-by-role basis;
- 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 the respective company's 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 respective company's competency framework. Company performance is aligned to agreed financial metrics;
- All programmes allow flexibility and discretion which permit the respective Board and management to ensure appropriate awards are made in all circumstances;
- To ensure that the respective company's senior employees are aligned not only to the annual goals of the company but equally as importantly, the long term success of the business and group; and
- To ensure alignment to risk and performance of the business, provisions exist so that the relevant subsidiary Boards or the Remuneration Committees have the ability to not permit vesting of some or all of a tranche of the award.

B.1.3.3 Supplementary pension scheme for Board members

Across the AIL Group, Board members who are also employees of the underlying company, that is all except Independent Non-Executives, are entitled to join a workplace pension scheme. The Group does not provide any supplementary pension to its Independent Non-Executives.

The Group provides a workplace pension scheme where all eligible members are automatically enrolled into the scheme and non-eligible or entitled workers can opt in to join the scheme. The pension scheme is a Group Flexible Retirement Plan which is designed to give members flexible ways to save for retirement. Both the employer and employee pay in a contribution which at the least meets the minimum legislative amount. The scheme has a default fund set up so members funds will automatically be invested in the default fund unless they actively choose their own investment funds.

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 nor members of Board during the reporting period.

The AIL Group entered into the following material transactions with its key stakeholders:

- AEL reduced the cession under its quota share agreement with AmTrust International Insurance Ltd (Bermuda), which is an indirect shareholder in AIL. AMSL also receives fee income as part of this agreement.
- In February 2016, AIL provided a letter of support to various subsidiaries as part of the going concern assessment for the respective entities' 2015 statutory accounts.
- In November 2016, the Group completed the acquisition of ANV Holdings B.V. and its affiliates (ANV), a diversified Lloyd's CCV platform managing three syndicates with over $700m gross premiums' for approximately $203 million.
- In order to provide the required capital for the Lloyd's CCVs ahead of the 2017 underwriting year, AFSI and AII entered into a credit facility agreement on 7 November 2016 whereby various letters of credit were issued to meet the Fund's at Lloyd's requirements.
- Subsequently, on 1 December 2016, AII and the CCVs entered into an arrangement for AII to reinsure any liabilities of the CCVs arising under the credit facility.

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 four main insurance carrying subsidiaries. Each insurance subsidiary is regulated independently by the PRA and FCA, and subject to requirements of the Senior Insurance Managers Regime (SIMR).

Within this framework, the PRA and FCA expect that individuals performing Senior Insurance Management Function (SIMF) or Controlled Function (CF) 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 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 personal characteristics (including being of good repute and integrity);
- possesses the 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 Boards of the regulated entities are fit and proper, the underlying company 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 of the relevant entity is also assessed annually through the Board performance review process.

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

The Group Risk Management function is managed by the Group Chief Risk Officer who reports to the AIL CEO. Each of AIL's regulated insurance subsidiaries maintains a standalone risk function, separate from 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 team was formed in 2017 to support the AIL Executive Committee in assessing risks at the AIL Group level, which primarily includes the main insurance related subsidiaries but also the non-insurance entities.

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 the individual Risk Functions and Internal Audit Functions to monitor and report on the relevant entities' risk profile up into 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	AMIL	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 and 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.
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 through the use of a stochastic capital model or the Solvency II Standard Formula calculation.
ORSA	●	●	●	Formal ORSA process in line with Solvency II, signed off by the Board.

B.3.2 Own Risk and Solvency Assessment (ORSA)

Currently all UK insurers within the Group are subject to Solvency II using the Standard Formula to calculate their individual solvency capital requirements and available capital (Own Funds). While the CCVs are not deemed to be insurance carriers for purposes of the Group's solvency return, the AmTrust at Lloyd's platform maintains its own internal capital model to set regulatory capital for its managed Syndicates as part of the Society of Lloyd's market wide approval.

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. In addition, a Group SCR submission is also made to cover the AIL Group.

AIL does not currently have a stochastic Group capital model. Economic capital is managed at a standalone entity level, rather than at a Group level. In light of this and in the absence of an AIL Group stochastic capital model, the AIL Board has referred to the Solvency II Group SCR calculations to calculate an Economic Capital requirement for ORSA purposes. In addition, it has undertaken an exercise to review the components and drivers of the Standard Formula calculation to ensure that it is not inappropriate to use as an approximation for calculating an Economic Capital requirement at the AIL and EEA Group levels.

For the purpose of the AIL ORSA, the AIL Board has set Economic Capital as follows:

Economic Capital Assessment (ECA) = Regulatory Capital (SCR)

Given that risk appetites have been set at entity level to manage solvency margins in excess of the entity level ECAs, together with the work on Standard Formula appropriateness and the general fungibility of excess capital across the AmTrust Group, the AIL board believes this to be a prudent approach to setting ECA at the AIL and the EEA Group level.

AIL completes its ORSA process annually, on a ‘business as usual’ basis, or if there is a material change in its risk profile.

B.4 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 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 the financial risks is obtained from the SOX process and 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 on-going 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 against the audit plan agreed by the entity level Audit Committees; and
- On behalf of the entity level Boards, the respective Audit Committees and the Risk and 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.

By virtue of being a material overseas subsidiary of AFSI, some AIL subsidiaries (insurance and non-insurance) are subject to the legal requirements of the US Sarbanes-Oxley Act, Section 404 (‘SOX’). AEL is fully in scope of the SOX review while CCP/MICL and AMIL are partially in scope. This Act requires the external auditor of AFSI and its management to report on the effectiveness of the Company’s internal controls under the Public Company Accounting Reform and Investor Protection Act 2002. A central SOX controls framework is developed at Group level which is cascaded down to all material subsidiaries in scope within the AFSI group. The controls within SOX framework are routinely tested and attested by management. AFSI Management produce an internal control report as part of their annual report included in their form 10-K to the US Securities and Exchange Commission (SEC), which assesses the effectiveness of the internal control structures and processes around financial reporting. The assessment is risk focused and includes an:

- Assessment of the design and operating effectiveness of internal controls around significant accounts (i.e. where there is a risk of material misstatement) and relevant assertions;
- Understanding of the flow of transactions in order to identify points where a misstatement could arise;
- Assessment of entity-level controls;
- Fraud risk assessment;
- Evaluation of controls in place to mitigate the risk of fraud;
- Assessment of controls in place over the financial reporting process;
- Scaled assessment based on the size and complexity of the Company; and
- Conclusion on the adequacy of internal control over financial reporting.

Compliance with SOX is monitored by the Internal Audit function. The outcome of SOX monitoring is reported to the entity level Audit Committees and any control deficiencies identified are reported to AFSI management for consideration of the aggregate impact to the control framework of the Global AFSI group.

B.4.1 Compliance function

The Group's compliance function is independent of any business unit and is (with Risk Management) the 2nd line of defence for the Group.

Each subsidiary has its own Compliance Officer with ultimate recourse to the relevant regulated entity Board, directly or through their Committees. Compliance Officers operate under the umbrella of the Group's compliance framework led by the 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 Group.

Under these arrangements common compliance protocols operate as a minimum standard throughout the 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 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 Group level.

Regular reports are provided to the subsidiary governing bodies. In carrying out its duties, the 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 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 Chairmen of the Audit Committees of the standalone entities, with a day-to-day administrative reporting line to the Group Chief Executive Officer of the AmTrust International Group of entities. Internal Audit shall have free and unrestricted access to the Chairmen of the Boards, the Chairmen of the Audit Committees and the Chief Executive Officers.

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.

Internal Audit operates a consolidated Audit Universe that incorporates all standalone entities of the AIL Group. The Annual Audit Plans for each entity are approved by the respective Audit Committees and a consolidated international audit plan is presented to the AFSI Audit Committee for approval.

B.6 Actuarial function

Each insurance carrier has a dedicated Actuarial Function. Actuarial pricing, reserving and capital modelling teams at AEL directly report to the Group Chief Actuary. MICL and AMIL Actuarial departments are managed by the local Chief Actuaries who report to the Group Chief Actuary.

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

The entity Chief Actuary or his representative attends the Underwriting Committee and the Reserving Committee, where one exists. The Actuarial Function is also involved in the reinsurance purchasing process. The Chief Actuary 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:

- preparation of an Actuarial Function report annually to the Board which reports on the activities of the Actuarial Function;
- production of the Technical Provisions in accordance with Solvency II principles and ensuring that methodologies and underlying models used are appropriate;
- monitoring the best estimates against actual experience;
- providing assistance for the pricing of insurance risks;
- providing inputs into the calculation of the Solvency Capital Requirement (SCR);
- providing assistance for the preparation of business plans;
- working closely with the Risk Management Function to facilitate the implementation of an effective risk management system;
- assessing the data quality used in actuarial functions;
- reporting to the Board on the reliability and adequacy of the Technical Provisions calculation;
- reviewing reinsurance arrangements;
- opining on the overall underwriting policy; and
- opining on the adequacy of reinsurance arrangements.

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;
- Formal contract management and monitoring;
- Routine management attestation as to continuous control compliance in relation to outsourcing; and
- Independent internal monitoring by the Risk Management and Compliance functions and internal audit.

B.7.1 Material Intra-Group Outsourcing Arrangements

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

- MICL relies on its sister company Car Care Plan Ltd (CCP) to provide policy and claims administration, distribution, policy fulfilment and IT services;
- The underwriting and claims handling processes for the Italian Medical Malpractice business class at AEL are managed on the ANA system, which is maintained by the Cleveland based development team at AFSI;
- CCP relies on the Cleveland based software development team to implement any system modifications or upgrades to its warranty administration system; and

- AII Insurance Management, the in-house AFSI investment management company, manages investments on behalf of the AIL subsidiaries in line with the respective investment mandates.

B.8 Any other information

None noted.

C. Risk Profile

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 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 on-going claims are settled at a higher value than previously expected.

The Group SCR quantifies the potential for adverse development as part of the calculation of the premium risk and reserve risk calculation. An additional component of the AIL SCR which is driven primarily from the AEL Medical Malpractice account, is the SCR component for catastrophe risk. Although AEL believes that the Medical Malpractice account, and its other lines of business, are exposed to limited catastrophe risk, due to the treatment and classification of the Medical Malpractice account within the SCR calculation, it receives a disproportionally high capital charge for Catastrophe Risk.

C.1.2 Material risk concentrations

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

- General liability, which includes Medical Malpractice, PI and other liability business. The Italian Medical Malpractice account represented the largest class of business for AEL during 2016;
- Credit and Surety insurance, which includes mortgage insurance underwritten by AMIL and Surety business underwritten by AmTrust Spain; and
- Other miscellaneous financial loss insurance, which includes extended warranties written by MICL and AEL.

The Group has a geographical concentration of risk in Italy, where AEL writes Medical Malpractice and AMIL writes mortgage insurance.

C.1.3 Material risk mitigation

This risk is mitigated through a range of management controls. The Actuarial Pricing teams at each Group insurance entity 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 AIL also use external and internal reinsurance to mitigate underwriting risk. The largest internal reinsurance contract within the AIL Group relates to the group quota-share agreement between AII and AEL. AII retrocedes some of the Medical Malpractice business written by AEL to Maiden Reinsurance Ltd, an external reinsurance company located in Bermuda.

C.1.4 Risk sensitivities

The Group has assessed a scenario which measures the impact of the 50% increase to the ULRs for all entities in the Group. The scenario analysis showed that the increase of ULRs by 50% would result in a 24% decrease in the value of Own Funds.

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.

The entity level risk management processes, including monitoring of the KRIs identifies and measures 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 Audit Committees, and through Management Investment Committees.

C.2.1 Material risk exposures

The material exposures of the 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 impact the market value of these investment portfolios and yields on new investments. Thus, rising interest rates would have an adverse impact of the bond portfolio and would drive the value of the bonds down. Widening credit spreads would also negatively impact the value of the bond portfolio.

AIL manages its foreign exchange risk against its functional currency, which is pounds Sterling. Foreign exchange 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 to its foreign currency exposure in Euros as a result of the underwriting in the European markets primarily through AEL and AMIL.

C.2.3 Material risk mitigation

The 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 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

A scenario was devised which looks at how fluctuations in foreign currency exchange rates and market value of investments impacts the value of Own Funds. In this scenario, changes to foreign exchange rates and investment values were modelled to reflect deterioration in currency and bond markets. The reduction in investments to 90% of their original value, combined with a reduction of GBP by 5% against European currencies and 20% against other currencies resulted in a 25% decrease in the value of Own Funds.

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 of reinsurers; bond ratings; exposures to individual external reinsurer counterparties; exposures to a single bank as percentage of the Solvency Capital Requirement (SCR); credit extended to intermediaries; and exposures to individual tenants, and length of time overdue.

C.3.1 Material risk exposures

The 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: Maiden Insurance Company Limited 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 Group's largest bank exposures are to Lloyd's Bank and Intesa Sanpaolo.

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. Larger exposures to AII and Maiden are fully collateralised. The credit quality of reinsurers is monitored when placing new and renewal reinsurance, as well as on an ongoing, current basis. Entities uses objective criteria to select and retain its reinsurers, including requiring a financial strength rating of "A-" or better from A.M. Best Company.

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 or business sector.

The 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 carried out a stress test on its exposure to reinsurance credit risk and to the Intesa Sanpaolo bank. The scenarios assumed the failure of the Italian bank combined with the 50% failure of the reinsurance exposures across the Group. This resulted in a reduction in Own Funds of 98%. The Group would have enough funds to honour its existing liabilities but it would require a capital injection to continue operating.

C.3.5 Other material information

None noted.

C.4 Liquidity risk

Liquidity risk represents the 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 Group.

C.4.1 Material risk exposures

There are no material risk exposures to liquidity risk, as the majority of assets are invested in highly liquid corporate bonds.

Reinsurance may additionally pose a residual liquidity risk with delays in payment by the reinsurer or their default which, while classed as a credit risk event, also poses major liquidity issues for the firm.

C.4.2 Material risk concentrations

AIL's liquidity risk exposure is concentrated in reinsurance contracts, financial assets (bonds) and property owned by the subsidiaries.

C.4.3 Material risk mitigation

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

The insurance subsidiaries invest mainly in corporate 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 £27.5m. This amount is highly illiquid, but represents only 7.5% of the value of own funds.

C.4.5 Risk sensitivities

Unless there is a larger claim payment due to a major catastrophe event or a default in collecting reinsurance receivables due to adverse market conditions, the Group has no significant impact to its liquidity.

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 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 Group and its subsidiaries, brokers, investment management companies or outsourced agencies and individuals.

The Group entities have risk management processes in place, such as third party audit, internal audit, controls testing, project management, Risk and Control Self-Assessment (RCSA), and Data Governance Management Committees to assess and monitor operational risk exposures.

Since April 2017, the newly created 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 Group is exposed to IT, Data, Outsourcing, Underwriting, Reinsurance, Fraud, Legal, and Reputational risks.

As a result of limitations inherent in all control systems, it may not be possible to 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 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).

C.5.2 Material risk concentrations

AIL's material risk concentrations are in IT and fraud.

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 Group's operations.

AIL is exposed to internal fraud which could be committed by an employee and also to external fraud committed by suppliers, through cyber risk or fraudulent insurance claims.

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 deployed at the subsidiary level.

C.5.4 Risk sensitivities

AIL considered an operational risk scenario that assumed a large internal fraud at one of the Group's non-insurance entities. In this scenario the Group loses money due to employees fraudulently accessing cash in a non-insurance entity bank account. This could cause a reduction in Own Funds of around 4%.

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 & procedures framework and training programmes.

C.6.2 Strategic risk

Risks arising from failure to sufficiently define the direction and objectives of the entity or the failure to adequately resource and monitor the achievement of those objectives.

Insurance carriers within AIL have a well-developed business planning processes and their business plans are approved by the Board. The business plans are also used in the Own Risk and Solvency Assessment (ORSA) process.

C.6.3 Governance risk

This relates to risks arising from the failure to demonstrate independent and proper stewardship of the affairs of the entity in order to safeguard the assets of the entity's shareholders and the overall interests of its stakeholders.

The Group regards a strong Governance framework to be vital in the achieving 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 Group operate in line with the "three lines of defence" model.

C.6.4 Other Group risks

The risks arising from other parts of its group, through parental influence, changes in overall AM 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 group that may, if crystallised, have 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 AFSI Group CEO also holds approved person status under the Senior Insurance Managers Regime (SIMR) within a number of the subsidiary entities at AIL.

C.6.5 Solvency risk

This is the risk that the entity 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 solvency position; management accounts; and solvency forecasting in ORSA and prior to any strategic decision making.

C.6.6 Reputational risk

The risk relates to potential losses resulting from damages to the 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

None noted.

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 2016. Note that AIL will not prepare consolidated statutory financial accounts for the year ended 2016 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	-	47,023
Deferred acquisition costs	-	317,392
Intangible assets	-	67,637
Deferred tax assets	6,516	35,211
Property, plant & equipment held for own use	10,806	15,317
Property (other than for own use)	9,462	9,462
Holdings in related undertakings, including participations	151,881	4,377
Government Bonds	30,181	143,562
Corporate Bonds	613,039	946,071
Collateralised securities	2,974	2,967
Collective Investments Undertakings	2,255	2,255
Other investments	-	115,165
Reinsurance recoverables from:		
Non-life excluding health	684,127	1,082,518
Health similar to non-life	3,266	-
Insurance and intermediaries receivables	47,066	618,008
Reinsurance receivables	17,378	56,233
Receivables (trade, not insurance)	76,025	148,511
Cash and cash equivalents	72,220	185,068
Any other assets, not elsewhere shown	-	16,623
Total assets	**1,727,196**	**3,813,400**

Description	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Technical provisions – non-life (excluding health)		
Technical provisions calculated as a whole		2,726,293
Best Estimate	1,022,277	
Risk margin	53,773	
Technical provisions - health (similar to non-life)		
Technical provisions calculated as a whole		-
Best Estimate	4,172	
Risk margin	201	
Contingent liabilities	9,600	-
Provisions other than technical provisions	2,788	2,788
Pension benefit obligations	1,863	1,863
Derivatives	81	81
Debts owed to credit institutions	7,777	7,777
Insurance & intermediaries payables	59,659	141,306
Reinsurance payables	81,012	282,458
Payables (trade, not insurance)	18,196	72,554
Any other liabilities, not elsewhere shown	99,786	123,429
Total liabilities	**1,361,185**	**3,358,549**
Excess of assets over liabilities	**366,011**	**454,851**

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 followed in its last reported financial statements. The approach to consolidating entities within the 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.

Management do not consider that any other entities within the 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.
- 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	-	47,023
Intangible Assets	-	67,637

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. Through its Lloyd's CCVs, the group owns £653.6m of tradable Syndicate capacity for which no value for the intangible was recognised as of 31 December 2016. While the group has not recognised an asset as of 31 December 2016, management believes there are readily available pricing statistics from the annual Lloyd's auctions or from comparable private transactions at an arm's length transaction that could be used to derive a value for this asset.

D.1.2 Deferred acquisition costs

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Deferred acquisition costs	-	317,392

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	6,516	35,211

As a result of adjusting the GAAP balance sheet to an economic balance sheet for Solvency II, additional gains and losses are created within the 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 movement between the UK GAAP and SII positions is mainly driven by £35 million of UK GAAP deferred tax, which is held in the Lloyd’s CCV group and is therefore reclassified as part of the adjustment to be an investments in participation. The remaining £5m recognised under SII relates to movements realised within the underlying solo SII balance sheets of AEL and MICL, with a further £2m arising from SII adjustments to the insurance holding company and ancillary services company.

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 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 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	10,806	15,317
Property (other than for own use)	9,462	9,462

Under Solvency II the valuation methodology for property, plant and equipment is fair market value.

Within the consolidated UK GAAP financial statements:

- Property (other than for own use) is valued at fair market value, and
- Property held for own use is valued at fair market value.

The latest valuation was performed as part of the year-end process for 31 December 2016 for AEL and 31 December 2015 for MICL.

The fair market value applied in the consolidated UK GAAP financial statements is considered to be a consistent valuation methodology to the Solvency II guidelines. The 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 is valued in the UK GAAP accounts at cost less depreciation.

Less than £1m is held within plant and equipment and, as a result, management do not believe that using depreciated cost would generate a materially different position to the fair market value.

D.1.5 Investments

D.1.5.1 Holdings in related undertakings, including participations

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Holdings in related undertakings, including participations	151,881	4,377
Equities – unlisted	-	-

AIL has investments in i) wholly owned subsidiaries, ii) partially-owned subsidiaries, and iii) an associate entity in which it does not have a dominant influence. 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 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.
- **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 are 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.

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 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

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Government Bonds	30,181	143,562
Corporate Bonds	613,039	946,071
Collateralised securities	2,974	2,967
Collective investment	2,255	2,255
Other Investments	-	115,165

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

For the purpose of the consolidated UK GAAP financial statements, the 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. Therefore, most significant driver of the variance between UK GAAP and Solvency II is the removal and reclassification of the investment portfolio held by the CCVs, this amounted to £337 million in corporate bonds and £114 million in government bonds.

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.
- **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;
    - 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.

Where accrued interest is not held within the value of investments for the statutory accounts, the amount is reclassified to investments for the purpose of Solvency II. No adjustments were made for differences in valuation. Accrued interest reclassification accounts for £5,365,000 of the movement while the remaining movement is the result of the accounting difference for the treatment of Solvency II participations.

D.1.6 Reinsurance recoverables

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Reinsurance recoverables from:		
Non-life excluding health	684,127	1,082,518
Health similar to non-life	3,266	-

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 Insurance and intermediaries receivables, Reinsurance receivables

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Insurance and intermediaries receivables	47,066	618,008
Reinsurance receivables	17,378	56,233
Receivables (trade, not insurance)	76,025	148,511

Part of the reinsurance receivable balance, being the amount within AMT Mortgage Insurance Limited relates to reinsurance profit commission receivable, based on the underlying performance of the insurance business under an earned premium, UK GAAP approach. An adjustment is made to this balance under Solvency II recalculating the receivable based on future discounted cash flows. This accounts for £4,905,000 of the movement on reinsurance receivables.

Receivables relating to insurance and intermediaries, reinsurance and other trade debtors are valued at amortised cost, consistent with the approach under UK GAAP, which 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 easily convertible into a cash balance.

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 £282m of the movement in insurance and intermediary receivables. The next largest variance results from removing the line-by-line balances of the CCVs, making up £249 million. The other material item within insurance and intermediary receivables relates to the reclassification £29m of IPT from this line where it is held under UK GAAP to other debtors where it is more appropriately classified under the SII line items. The remaining £11m relates to other immaterial reclassifications to better reflect the SII 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*
Cash and cash equivalents	72,220	185,068
Any other assets, not elsewhere shown	-	16,623

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 movement 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 primarily relate to prepaid expenses which are valued at nil under Solvency II.

D.2 Technical Provisions

Technical Provisions represent a valuation of the Company'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 technical provision obligations.

On a Solvency II basis the total Gross Technical Provisions, including the Risk Margin, amounts to £1,080m compared to £2,726m on a statutory basis due largely to:

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

The following table shows a summary of AIL's Technical Provisions as at 31 December 2016 under Solvency II:

Line of Business £000	Best Estimate	Risk Margin	Gross Technical Provisions	Recoverables	Net Technical Provisions
Miscellaneous financial loss	217,928	15,342	233,270	93,240	140,030
Credit and suretyship insurance	78,658	7,560	86,218	5,264	80,954
General liability insurance	683,339	29,705	713,044	549,316	163,728
Fire and other damage to property insurance	15,421	1,111	16,532	10,408	6,124
Medical expense insurance	4,172	201	4,373	3,266	1,107
Other motor insurance	3,905	224	4,129	2,231	1,898
Assistance	3,537	(31)	3,506	3,554	(48)
Motor vehicle liability insurance	9,362	701	10,063	6,201	3,862
Legal expenses insurance	10,127	(839)	9,288	13,913	(4,625)
Total	**1,026,449**	**53,974**	**1,080,423**	**687,393**	**393,030**

AIL's insurance entities' 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 AIL are increased due to:

- the small size of some classes;
- the lack of development history and hence reliance on benchmarks in some classes;
- increased reserve uncertainty on long-tailed classes. For example, the Medical Malpractice business is particularly long-tailed and has limited development history. Additionally, market results for this class have been particularly volatile increasing the uncertainty in the best estimates for this class;

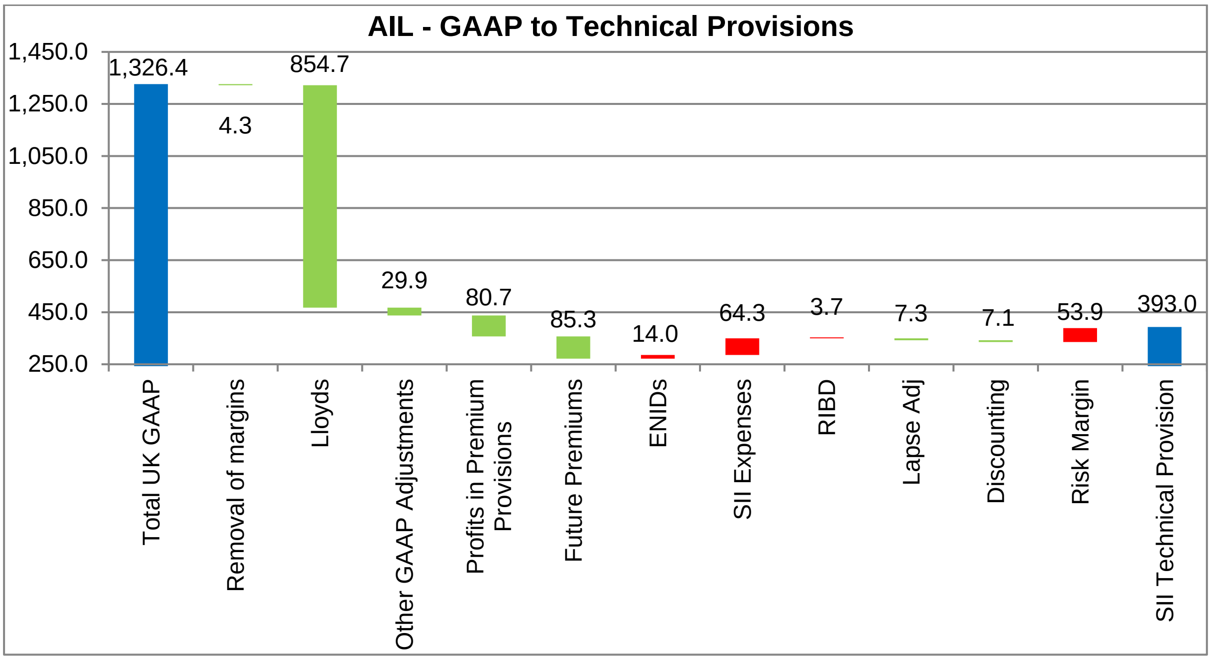
- uncertainty over the losses on remaining unearned exposures, particularly for the classes earning over extended periods such as the Structural Defects business or the Warranty business;
- uncertainty over the number and magnitude of potential large losses on long tailed business;
- uncertainty in the 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 which also adds to the uncertainty in aggregate estimates.

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 un-incepted business;
- uncertainty surrounding the future premium receivable; and
- estimation of the Risk Margin due to uncertainty in the run-off of the capital requirements.

D.2.3 Differences between Solvency II valuation and UK GAAP Values



As discussed above, AIL's insurance entities' 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 GAAP estimates to a Solvency II basis the following adjustments are made:

D.2.3.1 Remove Lloyd's TPs

Within the GAAP total are technical provisions related to the Lloyd's CCVs held within the 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 TPs.

D.2.3.2 Removal of any margins in the GAAP reserves

AIL, 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.2.3.3 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.2.3.4 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.2.3.5 Allowance for future premiums

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

D.2.3.6 Allowance for Events Not In Data

Under 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.2.3.7 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.2.3.8 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.2.3.9 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.2.3.10 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.2.3.11 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.2.3.12 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 TPs 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.2.4 Reinsurance

AIL has significant reinsurance assets as for its AEL subsidiary most lines of business are covered by a 70% Quota Share. This Quota Share reduced to 60% from 01/07/2016, and after the period end to 40% from 01/07/2017 and is due to reduce again to 20% from 01/07/2018. This Quota Share is applied after all external reinsurance agreements. From 01/07/16 the rate changes in relation to the Medical Malpractice business to apply 32.5% to the gross position (reduced after the year end to 20% from 01/07/2017)

AmTrust International Insurance Ltd (AII) provides this cover, which is another subsidiary company within the AmTrust Group. This quota share arrangement is fully collateralised.

Significant external quota shares also cover other Solvency II insurance lines such as a 50% Quota Share on the Surety line of business and a 40% Quota Share on Medical Malpractice (reduced to 32.5% from 01/07/2016 and 20% from 01/07/2017). The Solvency II Technical Provisions also make allowance for potential recoveries from non-proportional reinsurance with the most significant covering the PI, Liability and Property classes.

There are minimal reinsurance recoveries anticipated on the MICL and AMIL books of business.

D.2.5 Significant changes in assumptions

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

- Medical Malpractice – the underlying loss ratios for this class have increased during 2016.
- The credit for discounting has reduced due to the reduction in the yield curves (as provided by EIOPA).
- There has been a reduction in the Future Premiums mainly as a result of a fall in the volumes of Medical Malpractice and Legal Expense business.

D.3 Other liabilities

D.3.1 Contingent Liabilities

	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Contingent liabilities	9,600	-

As discussed in D.1.5 above, due to the difference in valuation approach between UK GAAP and Solvency II for holdings in related undertakings, it is possible for a contingent liability to arise in respect of a constructive obligation of an undertaking.

The identification criteria for contingent liabilities on the Solvency II balance sheet is determined by the definition in IAS 37 for contingent liabilities.

While under IAS 37 an entity should not recognise a contingent liability but only disclose it, under Solvency II if these contingent liabilities are material and the possibility of an outflow of resources embodying economic benefits is not remote, they have to be recognised on the Solvency II balance sheet.

Contingent liabilities are material if information about the current or potential size or nature of that liability could influence the decision-making or judgment of the intended user of that information. An exception to the requirement to recognise material contingent liabilities in the Solvency II balance sheet exists when a contingent liability arises for accounting purposes if no reliable estimate for the valuation of the liability is possible. If the value of the contingent liability cannot be reliably measured in such instances, only its disclosure is required.

The valuation of any contingent liabilities is based on the probability weighted cash-flow method defined in Article 14 of Delegated Regulation (EU) 2015/35. A contingent liability should be valued at the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability. The expected present value of cash flows uses a probability-weighted average of the present values of the outflows for the possible outcomes.

The amount and range of possible cash flows considered in the calculation of the probability weighted cash flows shall reflect all expectations.

As at 31 December 2016, contingent liabilities were recognised under Solvency II on the basis that the liabilities are material and possibility of the outflows is not remote.

The contingent liability is derived from the net liability positions of certain subsidiaries of AIL for which AIL has provided a letter of support for the entities' requiring ongoing support given the entities values are in a net deficit position at the balance sheet date. The probability-weighted cash flows have taken into account the timing and likelihood that AIL would be required to provide funding for the respective subsidiaries. These cash flow assumptions include an expectation about future profitability of the subsidiaries and availability of available funding arrangements with other AFSI group companies.

D.3.2 Provisions other than technical provisions

	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Provisions other than technical provisions	2,788	2,788

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.3.3 Loans payables and other liabilities

	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Pension benefit obligations	1,863	1,863
Derivatives	81	81
Debts owed to credit institutions	7,777	7,777
Insurance & intermediaries payables	59,659	141,306
Reinsurance payables	81,012	282,458
Payables (trade, not insurance)	18,196	72,554
Any other liabilities, not elsewhere shown	99,786	123,429

Pension benefit obligations - Within CCP is a pension benefit obligation liability. As set out in Car Care Plan (Holdings) Limited's Financial Statements, the group 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 the group 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 2016 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, the company recognised the full pension deficit calculated by the actuaries in its financial statements. This amount is included in the consolidated UK GAAP financial statements.

In accordance with Article 9 of the Delegated Regulation, International Accounting Standard 19: Employee Benefits ("IAS19") is followed in order to value the company's Pension Benefit Obligations for Solvency II purposes. The value under this basis is the same as recognised in the company's Financial Statements.

Debts owed to credit institutions relate to cash amounts which are repayable in instalments with the final repayment due in 2021. The UK GAAP carrying value of this loan is not considered to be materially different to the fair value of the asset under Solvency II.

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)
- 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 £34m of the movement.

A £6m liability exists in respect of a support arrangement between the AIL group and AmTrust North America (ANA). AIL, in consideration for this agreement, and subject to certain conditions, including regulatory consent as appropriate, may make a future payment to ANA upon complete extinguishment of the supported liabilities. The probability-weighted cash flows have been taken into account in valuing the potential liability. The timing of the payment is dependent on extinguishment of the underlying supported liabilities which could vary, as a range of outcomes was derived using the average maximum policy duration.

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

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 2016.

An independent, professionally qualified valuer who has applied a traditional income capitalisation method, having regard to appropriate yields to the various income streams, performs the valuation.

The valuation has been performed including the assumption that there will be continued refurbishments, that all rental income is at market rates and that the property is not subject to undue planning permissions, contamination or environment issues. An assumption has also been made that the market is not in a declining position.

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.

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

D.5 Any other information

The AEL Quota Share discussed above in D.2.1.4 reduced to 40% from 1/7/2017.

E. Capital 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 Group.

Solvency calculations are prepared following the end of each quarter and compared with available Own Funds and this will be included in the CRO's report to the AIL Executive Committee. AIL's Own Funds are made up of Tier 1 capital instruments and comprise mainly 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.)

Paid in preference shares and the related share premium along with subordinated liabilities are not allowed to exceed 20% of Total Tier 1 Capital eligible to cover the SCR and since there are no subordinated liabilities within AIL, this limitation has been considered in relation to the preference share capital within eligible Own Funds. Preference share capital is within the prescribed limit.

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 the AIL balance sheet is well below these thresholds and therefore is fully utilised within the Solvency Capital Requirement coverage, but is excluded from Own Funds eligible to cover the Minimum Capital Requirement in line with the Solvency II eligibility requirements for own funds held to cover the MCR.

E.1.2 Composition of Own Funds

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

£'000	Dec 2016	Dec 2015 (unaudited)
Ordinary share capital	36,194	18,500
Share premium	53,984	463
Preference Shares	52,700	52,700
Reconciliation reserve	216,617	207,230
An amount equal to the value of net deferred tax assets	6,516	-
Deductions	**-**	**-**
Own funds	**366,011**	**278,894**

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.

Equity per Financial Statements (£000)	454,851
Goodwill and intangibles not recognised	(114,658)
Adjustment in respect of moving to adjusted equity method of accounting for relevant subsidiaries.	129,620
Differences in valuation of technical provision related items within insurance undertakings	39,703
Valuation differences on other assets and liabilities, including treatment of intercompany balances under the SII consolidation method	(154,175)
Contingent liability recognised in relation to net liabilities not recognised	(9,600)
Deferred tax adjustments relating to the above items	20,269
Own Funds per SII Balance Sheet	**366,010**

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

The most significant change to Own Funds during the year relates to an injection of £71,214,258 of share capital via the issuing of additional ordinary share capital in AIL. These shares were taken up by the immediate parent company of AIL, AmTrust Equity Solutions Limited, as part of the funding plan for the acquisition of the ANV Group in November 2016. No dividends have been paid on these shares.

Lloyd's CCVs

Separately, it is standard practice within the Lloyd's market for corporate member vehicles (CCVs) to use off-balance sheet funding, such as letters of credit, to fund Solvency II capital requirements that contribute to a portion of the overall Own Funds of the Society of Lloyd's. In line with many corporate vehicles in Lloyd's, the Group's CCVs have also funded the respective capital requirements through several letters of credit arranged by a banking consortium.

Letters of credit were lodged with Lloyd's on behalf of the CCVs, totalling £507.1m as at 31 December 2016 and were partly collateralised through funds held in trust accounts by the Account Party to the facility agreement. The Guarantor and Account Party to the credit facility exist outside of the AIL Group. There is minimal legal exposure to the Group's Own Funds to any current or existing obligations on AIL or an entity within the AIL Group to fund the CCVs as such obligations fall upon the Guarantor and Account Party which are outside the AIL Group. Further, as these letters of credit are subject to asset restrictions and requirements as set out by Lloyd's, the Group's Own Funds would not be called upon to protect the policyholders of the Syndicates as this is addressed through the Lloyd's chain of security across the whole market.

The resulting coverage ratio for the CCVs is approximately 135% because of the ECA uplift. No credit is realised in the Group's Own Funds for this capital underpinning the CCVs as it is already captured through the Own Funds held by the Society of Lloyd's.

When calculating Group solvency under Solvency II, the resulting treatment of the Lloyd's CCVs creates an artificial situation whereby the group cannot benefit from the 135% solvency coverage ratio that exists for the CCVs. Through letters of support issued by AIL, a constructive obligation to the CCV's existed at 31st December 2016 which is reflected as a contingent liability in the SII balance sheet. Most importantly, from an economic perspective, policyholders are protected by the benefit the 135% coverage provides as reported through the Society of Lloyd's.

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, AIL'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, it's 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 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 group, regardless of where in the group the losses arise.
2. Whether there are legal or other regulatory requirements that restrict the transferability of assets to another insurer within the group.
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 the only restriction upon the Own Funds within the Group entities in relation to the legal and regulatory constraints in point (1) and (2) above are those own funds contained within the regulated insurance undertakings. As insurance undertakings regulated under Solvency II (AEL, AMIL, MICL, and PLI) are required to hold own funds in excess of the solvency capital requirement calculated at a solo level.

In accordance with Article 330 of the Solvency II Directive, the group is required to consider the transferability of assets around the group on a going concern basis. On this basis, the approach the group anticipates most likely in transferring such assets would be to liquidate those assets considered most liquid and transfer the resulting cash around the group through creation of intercompany loans. In adopting this method management are confident that assets are fungible across the group to absorb losses with minimal restriction.

Capital and assets are managed consistently at a group level and there is a proven history of assets being transferred around the group, primarily with a view to optimising profitability and risk management, but this would be extended to support group members in a stressed scenario.

As this approach would change the asset composition within the underlying insurance undertakings, an analysis has been performed to assess the impact on the underlying solo insurance undertakings' capital requirements to ensure that coverage remains above the levels which those entities consider their working economic capital.

While deferred tax assets are considered specifically non-transferable, the assessments performed have proven that there are sufficient other assets within each of the insurance undertakings to avoid the need to consider deferred tax assets specifically.

As a result of this analysis, management have concluded that there should be no restriction on the availability of capital for the purpose of absorbing losses around the group.

E.2 Solvency capital requirement and minimum capital requirement

AIL uses an off the shelf system, VEGA, provided by Milliman's to calculate its SCR using the Standard Formula. The Group does not use any Undertaking Specific Parameters (USPs) nor does it use simplified calculations for any of the risk modules.

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 group.

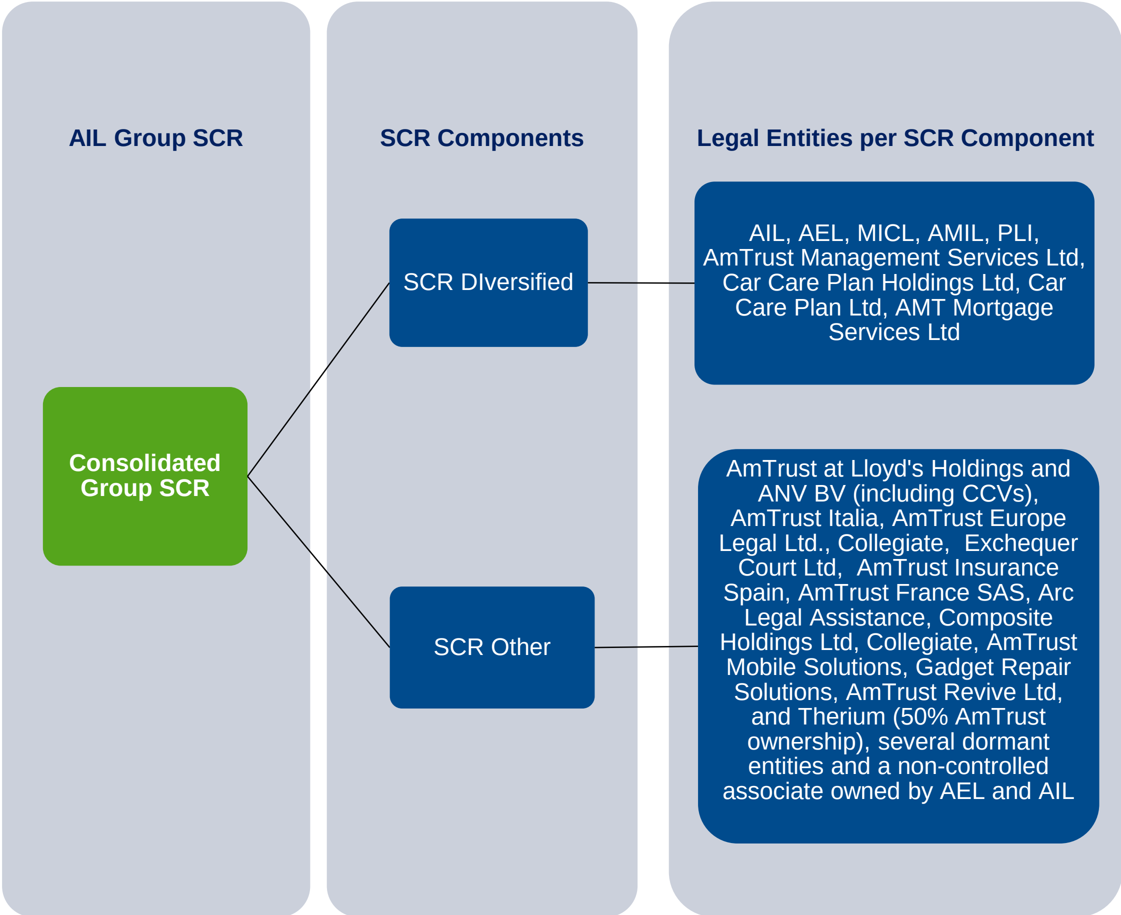
Consideration is also given to the existence of risks which only exist at the level of the group and these are factored into the SCR calculations.

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.

Diversification

In accordance with Section 2.56 of the Guidelines on Group Solvency, where this component of the group solvency capital requirement is the solvency capital requirement of the other undertakings, SCR Other, no diversification effect is recognised at group level.

As a result, a significant capital requirement arises for the SCR Other.

This gives rise to a technical issue in that there are two potential interpretations of the Delegated Acts in respect of the application of Correlation Coefficients on Other entities, because Article 336(d) of the Delegated Act does not refer directly to Article 164 Correlation Coefficients. The two interpretations are as follows:

i) the charge for equity, concentration and currency sub-modules should be interpreted as requiring separate calculation and simple aggregation without using the correlation coefficients set out in Article 164. For the Group, this would result in an SCR Other charge of £96.5m; and

ii) correlation coefficients apply within individual 'Other' entities and hence the application of Article 164 also applies. For the Group, this would result in an SCR Other charge of £60.4m

The Group's management believe that interpretation (ii) above provides the closest approximation to the level of capital required at the 99.5% (1 in 200) confidence level. However, given that this is AIL's first group SFCR and the lack of clarity that exists within the guidance, management have agreed with the group's regulator to apply the interpretation of the guidance resulting in a higher SCR Other charge in interpretation (i.) above. Management is also submitting a query through the Q&A process with EIOPA to gain clarification on this matter for future reporting periods.

The resulting Consolidated Group SCR and Minimum Consolidated Group SCR ("MCR") are as follows:

Capital Requirements 31 Dec 2016	£000
SCR	380,338
MCR	97,047

E.2.1 Material change in SCR and MCR

Capital Requirements 31 Dec 2016	2016 £000	2015 (unaudited) £000
SCR	380,338	239,044
MCR	97,047	81,248

There are three material drivers for the increase in the SCR and MCR during the course of the year.

Firstly, within AmTrust Europe Limited, a participating insurance undertaking within the group, there was a reduction in the quota share arrangement with a fellow group member, AII. Whilst credit risk is mitigated by the reduction in the quota share arrangement this is replaced by larger concentrations of premium and reserve risk serving to increase the overall solvency capital requirement.

The Group MCR is a function of the Minimum Capital Requirements of the underlying insurance undertakings and as a result the above has a material impact on the Minimum Capital Requirement of AmTrust Europe Limited which flows in to the Group MCR. As the AmTrust Europe Limited Minimum Capital Requirement floor is based on the SCR, it in turn affects the Group's MCR position.

Second, the group acquired 100% of the share capital of AMT Mortgage Insurance Limited. The SCR and MCR of this insurance undertaking have therefore contributed to increasing the overall group position.

Thirdly, the group acquired 100% of the share capital of ANV Holdings BV, which includes a Lloyd's CCV. This caused an increase to the SCR Other component of the Consolidated Group SCR.

E.2.2 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 2016 is as follows:

As reported (£000)	AEL	AMIL	MICL	PLI[1]
Solvency Requirement	217,087	46,034	60,539	235
Own Funds	295,095	94,971	89,351	3,491
Solvency Ratio	136%	206%	148%	1487%

[1]PLI is no longer trading and has no technical provisions. While the SCR is £0.2m, the Absolute floor of the MCR of £3.3m results in solvency coverage ratio for the MCR of 105%.

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.

AIL's eligible amount of Own Funds eligible to cover the SCR as of December 31st 2016 is listed in the table below.

Solvency Overview (in £000s), as of Dec					
	Tier	**Available Own Funds**	**Eligible %**	**Eligible Own Funds**	**Solvency Ratio**
SCR £380,338	1	359,495	100%	359,495	
	2	-	-	-	
	3	6,516	100%	6,516	
	Total	**366,011**		**366,011**	**96%**

AIL's eligible amount of Own Funds to cover the MCR as of December 31st 2016 is listed in the table below.

Solvency Overview (in £000s)					
	Tier	**Own Funds**	**Eligible %**	**Eligible Own Funds**	**MCR Ratio**
MCR £97,047	1	359,495	100%	359,495	
	2	-	-	-	
	3	6,516	0%	-	
	Total	**366,011**		**359,495**	**370%**

With the addition of the undiversified SCR Other charge as described above, the Consolidated Group SCR increases by £96.5m from £283.8m to £380.3m. This compares against Own Funds of £366.0m, which excludes £156.7m of long-term loans to AIL from its shareholder AmTrust Equity Solutions ("AES") and AmTrust Bermuda III, an indirect parent of AES, as well as the £507.1m in letters of credit and supporting cash collateral included in the Society of Lloyd's Own Funds. This results in a coverage ratio of 96% as at 31st December 2016. Although the long-terms loan did not count towards AIL's Own Funds as at 31st December 2016 two of these long-terms loans (totalling £61.6m) were subsequently converted to capital directly increasing Tier I capital within Own Funds by £38.9m. On a same basis calculation (i.e. excluding the remaining long-term loan of £95.1m and £507.1m in letters of credit as well as supporting cash collateral included in the Society of Lloyd's Own Funds), and ignoring other capital actions taken by management, as at 31 December 2016, AIL's coverage ratio would have been in excess of 106%.

When assessing the financial strength of the Group, it is important to take account of the solvency coverage ratios of the underlying solo insurance entities and the Lloyd's CCVs, with each in excess of 135%, which the Group believes provides an accurate reflection of the financial strength and claims paying ability of the AIL group, with policyholders adequately protected.

Remedial actions taken by management

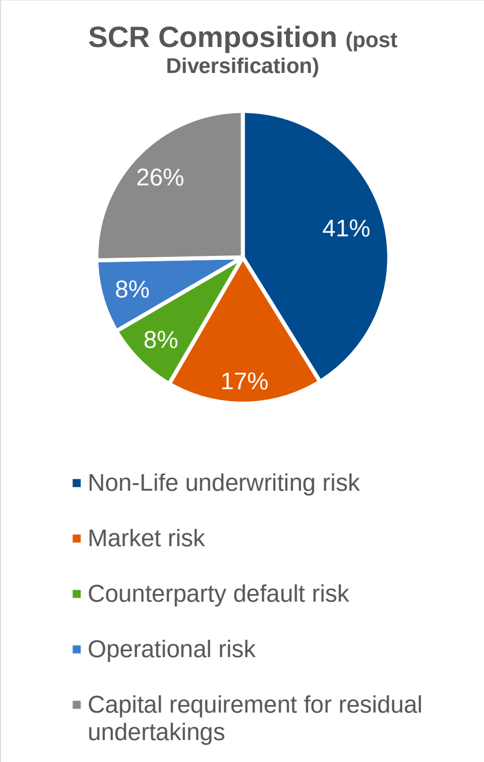
AIL is funded by a combination of share capital and three long-term loans injected during 2016, totalling £156.7m. Under the SII regulations these loans did not meet the definitions required for inclusion within Own Funds as at 31st December 2016 however management is comfortable that the funding was in place. Since 31st December 2016, AmTrust Equity Solutions ("AES") has injected ordinary share capital of £61.6m to increase AIL's Own Funds through the repayment of two of the existing loans and the issuance of share capital. These loans are recognised at a fair value on the Solvency II balance sheet at £38.9m, resulting in a direct increase in Tier I capital within Own Funds of the same amount. Applying the impact as of 31 December 2016, the solvency ratio would have been 106%, despite not taking credit for the additional capital maintained for the Lloyd's CCVs. Further, applying the more favourable interpretation of Article 164 to the 31 December 2016 position, which we hope to clarify through the EIOPA Q&A process, the solvency ratio would have been 117.6%.

As seen through the solvency coverage ratios of the solo insurance entities and Lloyd's CCVs, the group is adequately capitalised and management is satisfied that from an economic perspective policyholders are adequately protected to the 1 in 200 confidence level.

E.2.3 Solvency Capital Requirement

AIL's SCR split by risk module as of December 31st 2016 is shown in the table and accompanying chart below.

Solvency Capital Requirement	**£000**
Health NSLT underwriting risk	995
Non-Life underwriting risk	197,096
Market risk	82,530
Counterparty default risk	39,277
Undiversified Basic SCR	**319,898**
Diversification credit	(65,423)
Basic SCR	**254,475**
Operational risk	30,794
Loss absorbing capacity of DT	(1,418)
SCR Diversified	**283,851**
Capital requirement for residual undertakings	96,487
Overall SCR	**380,338**



The Group does not make use of any simplified calculations within the SCR.

E.2.4 Minimum Capital requirement

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 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

As at 31st December 2016, AIL was not in compliance with the SCR as can be seen in section E.2.2 as the coverage is 96%. While it is not possible to state the precise time when the non-compliance arose, the key driver for this position is largely due to the acquisition of ANV Holdings BV which occurred on 7 November 2016, causing an increase in the component of the SCR Other charge and exposure to Lloyd's CCVs. As outlined in previous sections, the group has not taken credit for any diversification with in the SCR Other charge, nor has it been able to benefit from the ancillary Own Funds as provided in the form of letters of credit held by Lloyd's to support the solvency capital requirements of the CCVs.

AIL is funded by a combination of share capital and three long-term loans injected during 2016, totalling £156.7m. Under the SII regulations these loans did not meet the definitions required for inclusion within Own Funds as at 31st December 2016 however management is comfortable that the funding was in place. As described in E.2.2, this issue was remediated on 16 August 2017 through the repayment of two of the loans in existence as of 31 December 2016 between AIL and AES, followed by an ordinary share capital injection from AES of £61.6m. This new issuance of shares in AIL created an increase to the Own Funds of £38.9m, reflecting the fair value of the loans on the Solvency II balance sheet, resulting in an increase of 10%, or £38.9m, to the solvency coverage ratio. Had this share issuance occurred as at 31 December 2016, the solvency ratio would have been 106%.

At the date of this report, in addition to the capital injection, the Group has recognised profits for the first six months of 2017 as well as transferred certain contingent liabilities to a group company outside of AIL. The group has remediated this non-compliance within a timely manner. Further, as the non-compliance was the result of technical application of the Solvency II regulations, there are no consequences as all underlying insurance undertakings, and the associated Lloyd's CCVs, remain in compliance with their respective solvency capital requirements and policyholders remain adequately protected.

E.6 Any other information

None noted.

Annex 1

S.02.01.02
Balance sheet

		Solvency II value
Assets	**£'000**	**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	6,515.6
Pension benefit surplus	**R0050**	0.0
Property, plant & equipment held for own use	**R0060**	10,805.8
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	809,792.2
Property (other than for own use)	**R0080**	9,462.0
Holdings in related undertakings, including participations	**R0090**	151,880.6
Equities	**R0100**	0.0
Equities - listed	**R0110**	0.0
Equities - unlisted	**R0120**	0.0
Bonds	**R0130**	646,194.7
Government Bonds	**R0140**	30,181.3
Corporate Bonds	**R0150**	613,039.4
Structured notes	**R0160**	0.0
Collateralised securities	**R0170**	2,974.0
Collective Investments Undertakings	**R0180**	2,254.8
Derivatives	**R0190**	0.0
Deposits other than cash equivalents	**R0200**	0.0
Other investments	**R0210**	0.0
Assets held for index-linked and unit-linked contracts	**R0220**	0.0
Loans and mortgages	**R0230**	0.0
Loans on policies	**R0240**	0.0
Loans and mortgages to individuals	**R0250**	0.0
Other loans and mortgages	**R0260**	0.0
Reinsurance recoverables from:	**R0270**	687,393.5
Non-life and health similar to non-life	**R0280**	687,393.5
Non-life excluding health	**R0290**	684,127.0
Health similar to non-life	**R0300**	3,266.5
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0.0
Health similar to life	**R0320**	0.0
Life excluding health and index-linked and unit-linked	**R0330**	0.0
Life index-linked and unit-linked	**R0340**	0.0
Deposits to cedants	**R0350**	0.0
Insurance and intermediaries receivables	**R0360**	47,066.0
Reinsurance receivables	**R0370**	17,377.6
Receivables (trade, not insurance)	**R0380**	76,024.8
Own shares (held directly)	**R0390**	0.0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0.0
Cash and cash equivalents	**R0410**	72,220.3
Any other assets, not elsewhere shown	**R0420**	0.0
Total assets	**R0500**	1,727,195.8

Liabilities	£'000	Solvency II value C0010
Technical provisions – non-life	R0510	1,080,423.5
Technical provisions – non-life (excluding health)	R0520	1,076,050.5
Technical provisions - health (similar to non-life)	R0560	4,373.0
Technical provisions calculated as a whole	R0570	0.0
Best Estimate	R0580	4,172.3
Risk margin	R0590	200.8
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0.0
Technical provisions - health (similar to life)	R0610	0.0
Technical provisions calculated as a whole	R0620	0.0
Best Estimate	R0630	0.0
Risk margin	R0640	0.0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0.0
Technical provisions calculated as a whole	R0660	0.0
Best Estimate	R0670	0.0
Risk margin	R0680	0.0
Technical provisions – index-linked and unit-linked	R0690	0.0
Technical provisions calculated as a whole	R0700	0.0
Best Estimate	R0710	0.0
Risk margin	R0720	0.0
Contingent liabilities	R0740	9,599.8
Provisions other than technical provisions	R0750	2,788.0
Pension benefit obligations	R0760	1,863.0
Deposits from reinsurers	R0770	0.0
Deferred tax liabilities	R0780	0.0
Derivatives	R0790	80.6
Debts owed to credit institutions	R0800	7,777.4
Financial liabilities other than debts owed to credit institutions	R0810	0.0
Insurance & intermediaries payables	R0820	59,659.3
Reinsurance payables	R0830	81,012.3
Payables (trade, not insurance)	R0840	18,195.7
Subordinated liabilities	R0850	0.0
Subordinated liabilities not in Basic Own Funds	R0860	0.0
Subordinated liabilities in Basic Own Funds	R0870	0.0
Any other liabilities, not elsewhere shown	R0880	99,785.8
Total liabilities	R0900	1,361,185.4
Excess of assets over liabilities	R1000	366,010.4

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)									Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Total
		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	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written														
Gross - Direct Business	R0110	10,414	0	0	17,068	3,387	0	27,552	241,240	25,740	60,843	7,925	180,606	574,776
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	1,240	0	0	-63	7,076	5,021	30	22,764	36,067
Gross - Non-proportional reinsurance accepted	R0130													0
Reinsurers' share	R0140	6,412	0	0	6,682	1,139	0	13,682	118,004	11,316	34,594	4,172	55,999	252,000
Net	R0200	4,002	0	0	10,386	3,488	0	13,870	123,174	21,500	31,271	3,783	147,371	358,843
Premiums earned														
Gross - Direct Business	R0210	7,686	0	0	17,091	4,637	0	28,499	254,037	24,681	56,014	10,004	122,297	524,944
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	1,241	0	0	-69	6,286	4,619	73	19,301	31,450
Gross - Non-proportional reinsurance accepted	R0230													0
Reinsurers' share	R0240	5,165	0	0	6,902	1,877	0	14,802	147,508	11,174	31,969	5,731	36,792	261,920
Net	R0300	2,520	0	0	10,188	4,000	0	13,697	106,460	19,793	28,665	4,345	104,805	294,473
Claims incurred														
Gross - Direct Business	R0310	5,911	0	0	10,113	3,911	0	10,130	172,262	6,055	41,272	10,562	82,295	342,510
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	-74	0	0	97	1,370	3,642	146	9,089	14,270
Gross - Non-proportional reinsurance accepted	R0330													0
Reinsurers' share	R0340	4,054	0	0	6,796	1,409	0	6,922	133,979	2,389	31,021	7,226	34,906	228,701
Net	R0400	1,857	0	0	3,317	2,428	0	3,209	38,379	5,035	13,893	3,482	56,479	128,079
Changes in other technical provisions														
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430													0
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550	465	0	0	7,615	1,091	0	10,094	47,152	24,691	13,299	1,191	41,710	147,306
Other expenses	R1200													0
Total expenses	R1300													148,951

S.05.02.01
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		IT (by amount of gross premiums written)	NO (by amount of gross premiums written)	FR (by amount of gross premiums written)	GR (by amount of gross premiums written)	SE (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
		C0080	C0090	C0091	C0092	C0093	C0094	C0140
Premiums written								
Gross - Direct Business	R0110	250,430	219,169	25,707	17,502	17,075	15,384	545,268
Gross - Proportional reinsurance accepted	R0120	6,226	53	41	492	0	631	7,443
Gross - Non-proportional reinsurance accepted	R0130	0	0	0	0	0	0	0
Reinsurers' share	R0140	89,653	102,783	12,776	9,198	6,686	9,120	230,215
Net	R0200	167,003	116,440	12,973	8,796	10,389	6,894	322,495
Premiums earned								
Gross - Direct Business	R0210	218,185	221,265	17,323	15,175	17,100	4,967	494,015
Gross - Proportional reinsurance accepted	R0220	5,508	45	35	231	0	547	6,366
Gross - Non-proportional reinsurance accepted	R0230	0	0	0	0	0	0	0
Reinsurers' share	R0240	88,869	127,203	9,135	8,429	6,908	4,250	244,793
Net	R0300	134,824	94,108	8,223	6,977	10,192	1,264	255,588
Claims incurred								
Gross - Direct Business	R0310	139,814	149,682	11,957	10,371	10,120	4,004	325,948
Gross - Proportional reinsurance accepted	R0320	4,610	66	51	209	0	760	5,696
Gross - Non-proportional reinsurance accepted	R0330	0	0	0	0	0	0	0
Reinsurers' share	R0340	77,075	116,475	8,305	6,611	6,801	3,378	218,645
Net	R0400	67,349	33,273	3,702	3,969	3,319	1,386	112,998
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	61,337	42,487	4,064	3,733	7,418	1,293	120,332
Other expenses	R1200							1,644
Total expenses	R1300							121,976

Annex I

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	36,194	36,194			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	53,984	53,984			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090	52,700		52,700		
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	216,617	216,617			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	6,516				6,516
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
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					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270					
Total deductions	R0280					
Total basic own funds after deductions	R0290	366,011	306,795	52,700	-	6,516
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Own funds of other financial sectors						
Reconciliation reserve	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and combination of method net of IGT	R0460					
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	366,011	306,795	52,700	-	6,516
Total available own funds to meet the minimum consolidated group SCR	R0530	359,495	306,795	52,700	-	
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	366,011	306,795	52,700	-	6,516
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	359,495	306,795	52,700	-	
Minimum consolidated Group SCR	R0610	97,047				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	370%				
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	366,011	306,795	52,700	-	6,516
Group SCR	R0680	380,338				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	96%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	366,011
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	149,394
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Other non available own funds	R0750	-
Reconciliation reserve before deduction for participations in other financial sector	R0760	216,617
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	35,854
Total Expected profits included in future premiums (EPIFP)	R0790	35,854

Annex I

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	82,530		
Counterparty default risk	R0020	39,277		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	995		
Non-life underwriting risk	R0050	197,096		
Diversification	R0060	-65,423		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	254,475		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	30,794
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-1,418
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	283,851
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	380,338
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	97,047
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
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	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non--regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	96,487
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	380,338

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
JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM LITIGATION FINANCE IC	99 - Other	Other	2 - Non-mutual		50%	100%	50%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	50%	1 - Included in the scope		3 - Method 1: Adjusted equity method
US	213800ID5EIY4EGZDS03	1 - LEI	ANV SERVICES US INC.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
ES	213800K1OHHEFZC44X17	1 - LEI	AMTRUST INSURANCE SPAIN SL	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
DE	213800EQ9T7FGIQ9HQ40	1 - LEI	CAR CARE PLAN GMBH	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800UVNUE977IUSD84	1 - LEI	ARC LEGAL ASSISTANCE LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800X2AL12A43I9832	1 - LEI	CLE INVESTMENTS LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
KY	213800UT2MUJYCSS1897	1 - LEI	AMTRUST LLOYD'S HOLDINGS LIMITED	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800MPX111W886HJ06	1 - LEI	AMTRUST UNDERWRITING LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
MY	213800JBVQCXYM2TYT90	1 - LEI	MOBILE REPAIR SOLUTIONS MALAYSIA SDN BHD	99 - Other	Other	2 - Non-mutual		75%	100%	75%	0	1 - Dominant	75%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	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		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
UK	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM CAPITAL MANAGEMENT LIMITED	99 - Other	Limited by shares	2 - Non-mutual		50%	100%	50%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	50%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800DYF6EI5I6R8L75	1 - LEI	AMTRUST SYNDICATE SERVICES LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138003U97HLJXOYD682	1 - LEI	AMTRUST EUROPE LIMITED	2 - Non life insurance undertaking	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation

AmTrust International

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
UK	213800H4C4JUPQFOXS76	1 - LEI	RHL CORPORATE NAME NO. 1 LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800MKOTU7JZ82L809	1 - LEI	AMT MORTGAGE INSURANCE LIMITED	2 - Non life insurance undertaking	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
UK	213800ZZFXM7IZ7TLQ53	1 - LEI	AMTRUST CORPORATE MEMBER TWO LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
BR	213800EFE8VSCHLHOR24	1 - LEI	CAR CARE PLAN DO BRASIL PARTICIPACOES LTDA - ME	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800K6RCIWYV4CZ691	1 - LEI	MOTORS INSURANCE COMPANY LIMITED	2 - Non life insurance undertaking	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
UK	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		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
IT	213800PMJWPNZZ4PCF25	1 - LEI	AMTRUST CLAIMS MANAGEMENT SRL	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800XSY1H9V13SN704	1 - LEI	COMPOSITE HOLDINGS LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138008S52RFQHDYFJ48	1 - LEI	ANV CORPORATE NAME LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800GNMMMMW8MMSL37	1 - LEI	CARAVAN SECURITY STORAGE LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800U3J6IS4M8CT657	1 - LEI	OAKWOOD VILLAGE LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138003V19UL8WHH7634	1 - LEI	IGI ADMINISTRATION SERVICES LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	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%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM FINANCE HS – IC	99 - Other	Other	2 - Non-mutual		25%	100%	25%	0	2 - Significant	25%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138005PF3EB461OGV20	1 - LEI	DORE UNDERWRITING SERVICES LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method

AmTrust International

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
JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM FINANCE 3C IC	99 - Other	Other	2 - Non-mutual		25%	100%	25%	0	2 - Significant	25%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	21380036A5PR1CAAL857	1 - LEI	AMTRUST CORPORATE CAPITAL LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138005NKBLQYMLWLD22	1 - LEI	IGI INTERMEDIARIES LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
US	213800ZSMRPEDQOYZF86	1 - LEI	ANV GLOBAL SERVICES INC.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138005UHAOKLOXU2F11	1 - LEI	PEDIGREE LIVESTOCK INSURANCE LIMITED	2 - Non life insurance undertaking	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
IE	213800GPBE49GWWCL598	1 - LEI	AA GADGET REPAIR LIMITED	99 - Other	Other	2 - Non-mutual		88%	100%	88%	0	1 - Dominant	88%	1 - Included in the scope		3 - Method 1: Adjusted equity method
BO	213800WST5844MLII582	1 - LEI	AMTRUST GESTION BOLIVIA S.R.L.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800S5WZFEUHKK9669	1 - LEI	ANV HOLDINGS (UK) LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800WQ39KUU7ATM340	1 - LEI	COMPOSITE LEGAL SERVICES LTD	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
NL	2138006R4UZE24CJ1S38	1 - LEI	ANV INTERNATIONAL B.V.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138002DDCMA1AN1S695	1 - LEI	DORE & ASSOCIATES HOLDINGS LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
US	213800N3OVSKK29Z9E45	2 - Specific Code	AMCAFE LLC	99 - Other	Other	2 - Non-mutual		23%	23%	23%	0	2 - Significant	23%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800QXC78VIDENZ226	1 - LEI	ANV CENTRAL BUREAU OF SERVICES LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
CN	213800WOMSPUZJ8AMS23	1 - LEI	SHANGHAI FIRST RESPONSE SERVICE CO LIMITED	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800SPAABNRD25NY61	1 - LEI	CAR CARE PLAN MANAGEMENT SERVICES LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
TR	2138006ZW5PCXKWTCM42	1 - LEI	DSSA WARRANTY DANI?MANLIK ANON?M ??RKET?	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800KQS22OQ88IKR39	1 - LEI	Collegiate Management Services Limited	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method

AmTrust International

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
JE	JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM FINANCE KLG – IC	99 - Other	Other	2 - Non-mutual		25%	100%	25%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	25%	1 - Included in the scope	
UK	UK	213800NRAW37YOAJCU30	1 - LEI	Collegiate Insurance Brokers Limited	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope	
UK	UK	213800ID1RCBTVKNUN57	1 - LEI	Finagra Grains Limited	99 - Other	Limited by shares	2 - Non-mutual		50%	50%	50%	Only 1 of two directors on the board as per the shareholders agreement	2 - Significant	50%	1 - Included in the scope	
SG	SG	213800C3AJEPB4WJIG72	1 - LEI	AMTRUST MOBILE SOLUTIONS SINGAPORE PTE LTD	99 - Other	Other	2 - Non-mutual		55%	100%	55%	0	1 - Dominant	55%	1 - Included in the scope	
UK	UK	2138008L3BZBZ8PARW43	1 - LEI	COMPOSITE LEGAL EXPENSES LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope	
UK	UK	2138002OMJFWZSEKEL04	1 - LEI	Collegiate Limited	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope	
UK	UK	213800ZMQ75U77VVQH95	1 - LEI	AMTRUST CORPORATE MEMBER LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope	
UK	UK	213800N3OVSKK29Z9E45	2 - Specific Code	AmTrust Syndicates Ltd.	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope	
UK	UK	2138002PM3FSSSXPR140	1 - LEI	COMMERCIAL CARE PLAN LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope	
UK	UK	213800N3OVSKK29Z9E45	2 - Specific Code	ANV Syndicate Management Ltd.	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope	

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
JE	JE	213800N3OVSKK29Z9E45	2 - Specific Code	Affinia Capital (General Partner) Limited	99 - Other	Other	2 - Non-mutual		50%	100%	50%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	50%	1 - Included in the scope	
UK	UK	213800N3OVSKK29Z9E45	2 - Specific Code	Novitas Loans	11 - Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Limited by shares	2 - Non-mutual		25%	0%	25%	Due to board composition, the conclusion is that the entity is not controlled	2 - Significant	25%	1 - Included in the scope	
UK	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM (UK) HOLDINGS LIMITED	99 - Other	Limited by shares	2 - Non-mutual		50%	100%	50%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	50%	1 - Included in the scope		3 - Method 1: Adjusted equity method
NL	213800NQTX3ZJ5YGBX33	1 - LEI	ANV MGA SERVICES B.V.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800UU5PDWR7J9AS59	1 - LEI	AMTRUST REVIVE LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
FR	2138006MLQ2TKWROJI67	1 - LEI	AM TRUST FRANCE SAS	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
US	213800N3OVSKK29Z9E45	2 - Specific Code	Novitas US Inc.	99 - Other	Other	2 - Non-mutual		19%	0%	19%	Due to board composition, the conclusion is that the entity is not controlled	2 - Significant	19%	1 - Included in the scope		3 - Method 1: Adjusted equity method
JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM FINANCE ICC	99 - Other	Other	2 - Non-mutual		50%	100%	50%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	50%	1 - Included in the scope		3 - Method 1: Adjusted equity method

AmTrust International

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
RU	213800PFM1GZIUQMYA05	1 - LEI	TECPROTEC LLC	99 - Other	Other	2 - Non-mutual		52%	100%	52%	0	1 - Dominant	52%	1 - Included in the scope		3 - Method 1: Adjusted equity method
MY	213800ZN5YBW7CE7S367	1 - LEI	AMTRUST MOBILE SOLUTIONS MALAYSIA SDN BHD	99 - Other	Other	2 - Non-mutual		55%	100%	55%	0	1 - Dominant	55%	1 - Included in the scope		3 - Method 1: Adjusted equity method
JE	213800PI137JQZX5SR78	1 - LEI	THERIUM GROUP HOLDINGS LIMITED	99 - Other	Other	2 - Non-mutual		50%	100%	50%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	50%	1 - Included in the scope		3 - Method 1: Adjusted equity method
US	213800N3OVSKK29Z9E45	2 - Specific Code	FINAGRA USA Inc	99 - Other	Other	2 - Non-mutual		23%	23%	23%	0	2 - Significant	23%	1 - Included in the scope		3 - Method 1: Adjusted equity method
JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM FINANCE (No.1) – IC	99 - Other	Other	2 - Non-mutual		36%	100%	36%	0	2 - Significant	36%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800WM26RSYUZFPQ30	1 - LEI	AMTRUST SYNDICATE HOLDINGS LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800N3OVSKK29Z9E45	2 - Specific Code	Novitas Salisbury Limited	99 - Other	Limited by shares	2 - Non-mutual		25%	0%	25%	Due to board composition, the conclusion is that the entity is not controlled	2 - Significant	25%	1 - Included in the scope		3 - Method 1: Adjusted equity method
US	213800Y521UE56H8BU58	1 - LEI	AMTRUST CLAIMS SERVICES, INC.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	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%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
GG	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM ATE LIMITED	99 - Other	Other	2 - Non-mutual		50%	100%	50%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	50%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800O2FTUPFGPH3J11	1 - LEI	AMTRUST AT LLOYD'S LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
MY	2138005BSGSE9DRLBN39	1 - LEI	TECPROTEC AVA SDN. BHD.	99 - Other	Other	2 - Non-mutual		55%	100%	55%	0	1 - Dominant	55%	1 - Included in the scope		3 - Method 1: Adjusted equity method

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
ID	213800DX82ZRL7R34377	1 - LEI	PT AMTRUST MOBILE SOLUTIONS INDONESIA HOLDINGS	99 - Other	Other	2 - Non-mutual		55%	100%	55%	0	1 - Dominant	55%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	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		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		1 - Method 1: Full consolidation
JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM FINANCE AG – IC	99 - Other	Other	2 - Non-mutual		25%	100%	25%	0	2 - Significant	25%	1 - Included in the scope		3 - Method 1: Adjusted equity method
IN	213800N3OVSKK29Z9E45	2 - Specific Code	AMTRUST MOBILE SOLUTIONS INDIA PRIVATE LIMITED	99 - Other	Other	2 - Non-mutual		28%	28%	28%	0	2 - Significant	28%	1 - Included in the scope		3 - Method 1: Adjusted equity method
JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM FINANCE AHV – IC	99 - Other	Other	2 - Non-mutual		25%	100%	25%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	25%	1 - Included in the scope		3 - Method 1: Adjusted equity method
MY	213800VGOBJTKQUQC157	1 - LEI	AMTRUST MOBILE SOLUTIONS MALAYSIA HOLDINGS SDN. BHD.	99 - Other	Other	2 - Non-mutual		55%	100%	55%	0	1 - Dominant	55%	1 - Included in the scope		3 - Method 1: Adjusted equity method
IN	213800MXUBGNRC5M3U85	1 - LEI	AMTRUST MOBILE SOLUTIONS INDIA HOLDINGS PRIVATE LIMITED	99 - Other	Other	2 - Non-mutual		55%	100%	54%	0	1 - Dominant	55%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800RUR39MK2B4PP52	1 - LEI	Finagra Group Limited	99 - Other	Limited by shares	2 - Non-mutual		23%	23%	23%	0	2 - Significant	23%	1 - Included in the scope		3 - Method 1: Adjusted equity method
NL	2138004DWZR76V7B6M06	1 - LEI	ANV RISK B.V.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
JE	213800N3OVSKK29Z9E45	2 - Specific Code	THERIUM FINANCE JM – IC	99 - Other	Other	2 - Non-mutual		25%	100%	25%	0	2 - Significant	25%	1 - Included in the scope		3 - Method 1: Adjusted equity method

AmTrust International

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
PE	213800RB95NYNHIKKL49	1 - LEI	AMTRUST GESTION PERU S.A.C.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
CN	213800Z475SUIFEKI251	1 - LEI	AMTRUST MANAGEMENT & CONSULTANCY (CHINA) CO LIMITED	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
NL	213800R96TI2215QS207	1 - LEI	ANV HOLDING B.V.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
LU	213800N3OVSKK29Z9E45	2 - Specific Code	Therium Luxembourg Sarl	99 - Other	Other	2 - Non-mutual		40%	100%	40%	0	2 - Significant	40%	1 - Included in the scope		3 - Method 1: Adjusted equity method
IT	2138001D3H6FSV5Y3E72	1 - LEI	AMTRUST ITALIA S.R.L.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800Y2TJZLB9P6Y669	1 - LEI	COMPOSITE ASSISTANCE LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138005GTOQH54T19318	1 - LEI	GADGET REPAIR SOLUTIONS LIMITED	99 - Other	Limited by shares	2 - Non-mutual		88%	100%	88%	0	1 - Dominant	88%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800XE3GQKYRI8H521	1 - LEI	ANV GLOBAL SERVICES LTD	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
PY	2138006GSB29GQY3Z561	1 - LEI	AM TRUST GESTION PARAGUAY S.A.	99 - Other	Other	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800ME9SD7CRAMXE32	1 - LEI	CAR CARE PENSION TRUSTEES LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800CWH79QY1GXBG50	1 - LEI	RIGHT2CLAIM LTD.	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	2138003Y1SHAOUN23T50	1 - LEI	AMTRUST LLOYD'S HOLDINGS (UK) LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method
UK	213800W1MWIN1EZZG424	1 - LEI	AMTRUST EUROPE LEGAL LIMITED	99 - Other	Limited by shares	2 - Non-mutual		100%	100%	100%	0	1 - Dominant	100%	1 - Included in the scope		3 - Method 1: Adjusted equity method