AMT Mortgage Insurance Limited

Solvency and Financial Condition Report

For the year ended 31 October 2020

AmTrust International

AmTrust International

AmTrust International

Summary

Overview of the Business & Context of this report

Business model

The principal activity of AMT Mortgage Insurance Limited ("AMIL" or the "Company") is the underwriting of general insurance business across Europe, insuring mortgage lenders in respect of borrower default.

Branches have been established in Germany, Ireland, Italy, and Spain, where the Company also has Prudential Regulatory Authority ("PRA") approval in the UK to write business directly. In addition, the PRA has approved business to be written by way of freedom of services from the UK for Ireland, Finland, Denmark, Hungary, Germany, Austria, Poland, France, Sweden, Portugal and Belgium. As at 31 December 2019, the Company was no longer writing new business and was running off portfolios in Germany, Italy, Ireland, Portugal, Spain, Finland and Sweden.

The Company completed a Part VII transfer of its UK business to its parent company AmTrust Europe Limited ("AEL") on 1 July 2019 and all other business to a European affiliate company, AmTrust International Underwriters Designated Activity Company ("AIU") on 31 October 2020, with an intention to then de-authorise and dissolve the Company in due course. This will lead to greater efficiencies for the AmTrust Group and conclude a full integration of this business into their existing structure. Consequently, the AmTrust Group now underwrites new mortgage and credit transactions on other rated UK and European insurance companies.

The Company's focus is on the management of the in-force book of business, prior to the completion of the Part VII transfers, and strong risk and capital management.

Business performance

	2020	2019	Variance	
Credit & Suretyship	£'000	£'000	£'000	%
Gross written premiums	(853)	3,628	(4,481)	-124%
Reinsurers' share	(1,388)	(1,804)	416	-23%
Net written premiums	**(2,241)**	**1,824**	**(4,065)**	**-223%**
Gross earned premiums	8,052	11,326	(3,274)	-29%
Reinsurers' share	(3,108)	(4,037)	929	-23%
Net earned premiums	**4,944**	**7,289**	**(2,345)**	**-32%**
Gross claims incurred	2,497	(211)	2,708	-1283%
Reinsurers' share	180	(40)	220	-550%
Net claims incurred	**2,677**	**(251)**	**2,928**	**-1167%**
Net operating expenses	**(3,260)**	**(5,819)**	**2,559**	**-44%**
Other	**5,849**	**1,371**	**4,478**	**327%**
Net technical result	**8,508**	**2,590**	**5,918**	**228%**

During 2020, the Company changed its fiscal year end from 31 December to 31 October to align with the planned de-registration process. Please note the 2019 figures represent the full year to 31 December 2019 and the 2020 figures are the 10 month period to 31 October 2020.

The Company's functional currency is Euro due to most business being written in Euro denominated territories and its financial statements are also presented in that currency. For this report, the directors have chosen to use GBP as the presentation currency.

The amount of Net Written premium ("NWP") reduced to -£2.2m (-€2.5m) from £1.8m (€2.1m) in 2019. Net Earned premium decreased to £4.9m (€5.6m) from £7.3m (€8.3m) in 2019. The 2020 premiums are lower than in 2019 due to the transfer of the UK business to AEL and movement of renewing European lenders to AIU.

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

AmTrust International

Overall, the Risk in Force (which represents the full aggregate of insurance exposure from the Company's coverage) decreased to £0 (€0) compared to £1.6bn (€1.9bn) in 2019.

Further information on AMIL's business and performance is included in section A.

Solvency II

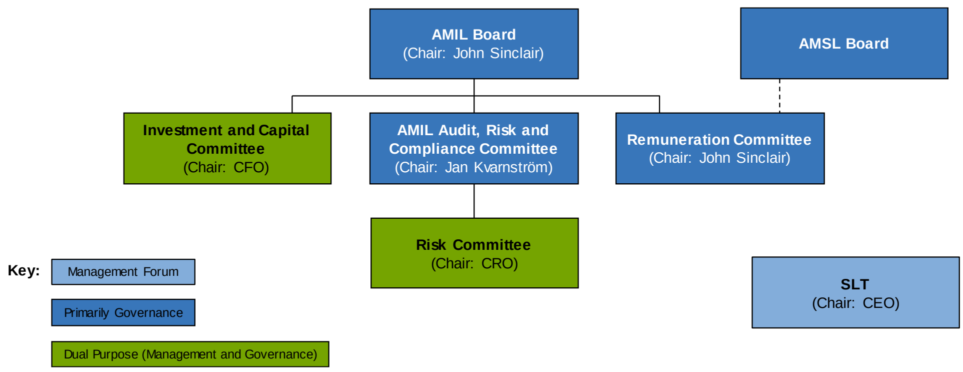
As a regulated insurance company, AMIL is subject to the regulatory rules and principles adopted by the UK and the European Union, which came into effect on 1 January 2016. Solvency II is a regulatory regime which is designed to set an appropriate level of capital that appropriately reflects the specific risk profile of insurance companies within the regime.

As an insurance company, the biggest source of risk in the Company's business model relates to the uncertainty around forecasting the Company's future claims for the insurance policies that it has 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 Company's assets and liabilities, and provides a safety mechanism to protect policyholders should the Company incorrectly estimate its future liabilities, or if unforeseen stressed events occur which impact the markets in which the Company operates.

This report is a Solvency II requirement, which is designed to give the Company's external stakeholders (including policyholders) an insight into the solvency and financial condition of the Company. It is prepared on a solo entity basis and it covers the year ended 31 October 2020.

The Board and System of Governance

The Company has developed a system of corporate governance to ensure that there is a clear process of decision making combined with accountability and transparency.



The Board bears the ultimate responsibility for setting and achieving the Company's strategy and putting in place appropriate systems and infrastructures to manage the associated risk in its business model. In line with the established best practices within the Insurance market, the Company follows the "three lines of defence" model of corporate governance.

The Board and its sub-committees are shown in the diagram above. Committees have clear lines of authority and responsibilities that are documented in formal terms of reference. Committee responsibilities are broadly split between those that support decision-making (1st line) versus those that challenge and review the systems and controls that manage risk within AMIL's business model (2nd and 3rd lines).

Further information on AMIL's system of governance is included in section B.

Risk Profile

Since the Company transferred its remaining insurance portfolio, AMIL's risk profile has significantly changed. The only financial risks that remain as at 31 October 2020 relate to the adequate wind-up of the Company's remaining non-insurance assets and liabilities. The remaining operational risks relate to the legal requirements to de-register the company and remaining compliant with all regulatory requirements until the Company is formally terminated.

However, AMIL continued to operate against an effective and comprehensive Risk Management Framework throughout the time it was actively engaged in the management of its insurance portfolio. Therefore, Section C of this report includes a summary of the risks that were managed by AMIL up through the final portfolio transfer.

The Company's key risks throughout that time were:

- Underwriting risk;
- Market risk;
- Credit risk;
- Liquidity risk;
- Operational risk;
- Other risks, including:
    - Legal and regulatory;
    - Strategic;
    - Governance;
    - Group; and
    - Solvency

For each risk category, the Company articulated how much risk it was willing and able to accept based on its strategic profile and capital position. The Company had effective systems and controls to manage its risk profile within its risk appetite statements. The Company used a suite of key risk indicators to monitor its exposure to the various risks to which it is exposed, and these are evaluated each quarter by the AMIL Audit, Risk and Compliance Committee.

Further information on AMIL's risk profile is included in section C.

Key Valuation Differences

Valuation differences arise due to the difference between Solvency II fair value rules and the accrual basis of accounting utilised under Generally Accepted Accounting Principles ("GAAP") in the UK. The table below highlights the differences between the Solvency II economic balance sheet and the statutory accounting balance sheet as at 31 October 2020.

Category	Solvency II (£'000)	UK GAAP (£'000)	Variance
Loans and mortgages	4,162	4,162	-
Cash and cash equivalents	66	66	-
TOTAL ASSETS	4,228	4,228	-
Pension Benefit	550	550	-
Payables (trade, not insurance)	342	342	-
TOTAL LIABILITIES	892	892	-
Excess of Assets over Liabilities	3,336	3,336	-

There is no material valuation difference between UK GAAP and Solvency II deemed necessary due to the nature of the asset and liabilities remained post the Part VII transfers.

Further detail on AMIL's valuation for solvency purposes is included in Section D.

Capital Management

The Company's capital management objective is to maintain sufficient capital to protect the interests of all of its stakeholders. AMIL maintains a prudent buffer over the Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR").

The Company calculates its SCR and MCR using the Standard Formula. The Company does not use any Undertaking Specific Parameters ("USPs") allowed under Solvency II.

The composition of the Company's Own Funds is outlined in the table below.

31 October 2020	£'000
Ordinary share capital – Tier 1	-
Reconciliation reserve - Tier 1	3,336
An amount equal to the value of net deferred tax assets – Tier 3	-
Own funds	3,336

Note, all of the above Own Funds are Tier 1 and is eligible towards the Company's SCR and MCR.

None of the Company's Own Funds are subject to transitional arrangements. We have no Ancillary Own Funds. There are no ring-fenced funds and no deductions are made from Own Funds, nor is there any restriction affecting the availability and transferability of Own Funds within the Company.

The equity in the UK GAAP financial statements and the excess of assets over liabilities under Solvency II is the same, namely £3.3m.

As at 31 October 2020, the Company's SCR and MCR are in the following table.

31 October 2020	Capital Requirement (£'000)	Solvency Ratio (%)
SCR	316	1,055%
MCR	3,329	100%

Further information on AMIL's capital management is included in section E.

Directors' statement of responsibilities in respect of the SFCR

The Board acknowledges our responsibility for preparing the SFCR in all material respects in accordance with the PRA rules and the Solvency II Regulations.

We are satisfied that:

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

Approved on behalf of the Board by:

A Mas Murcia (Director)

5 February 2021

Business and Performance

Section A

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A. Business and Performance

A.1 Business

A.1.1 Name and legal form of undertaking

AMT Mortgage Insurance Limited ("AMIL" or the "Company") is a company limited by shares (Company Number 2624121).

The Company's registered address is as follows:

AMT Mortgage Insurance Limited
Exchequer Court
33 St Mary Axe
London,
EC3A 8AA

A.1.2 Supervisory authority

The Company is regulated by the Prudential Regulation Authority ("PRA"). The PRA was created as a part of the Bank of England by the Financial Services Act (2012) and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA's objectives are set out in the Financial Services and Markets Act 2000.

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

AMIL belongs to the AmTrust International Limited ("AIL") group of companies (the "AIL Group"). The AIL Group is also supervised by the PRA.

The Company is also regulated by the Financial Conduct Authority ("FCA").

The FCA's registered address is as follows:

Financial Conduct Authority,
12 Endeavour Square
Stratford,
E20 1JN

A.1.3 External auditor

AMIL, together with the wider AmTrust Group, is audited by KPMG LLP. 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 holding in the undertaking

AMIL is a wholly owned subsidiary of AmTrust Europe Limited ("AEL") which is a UK Limited Company.

AEL's registered address is as follows:

AmTrust Europe Limited
Market Square House,
St James's Street,
Nottingham,
NG1 6FG

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

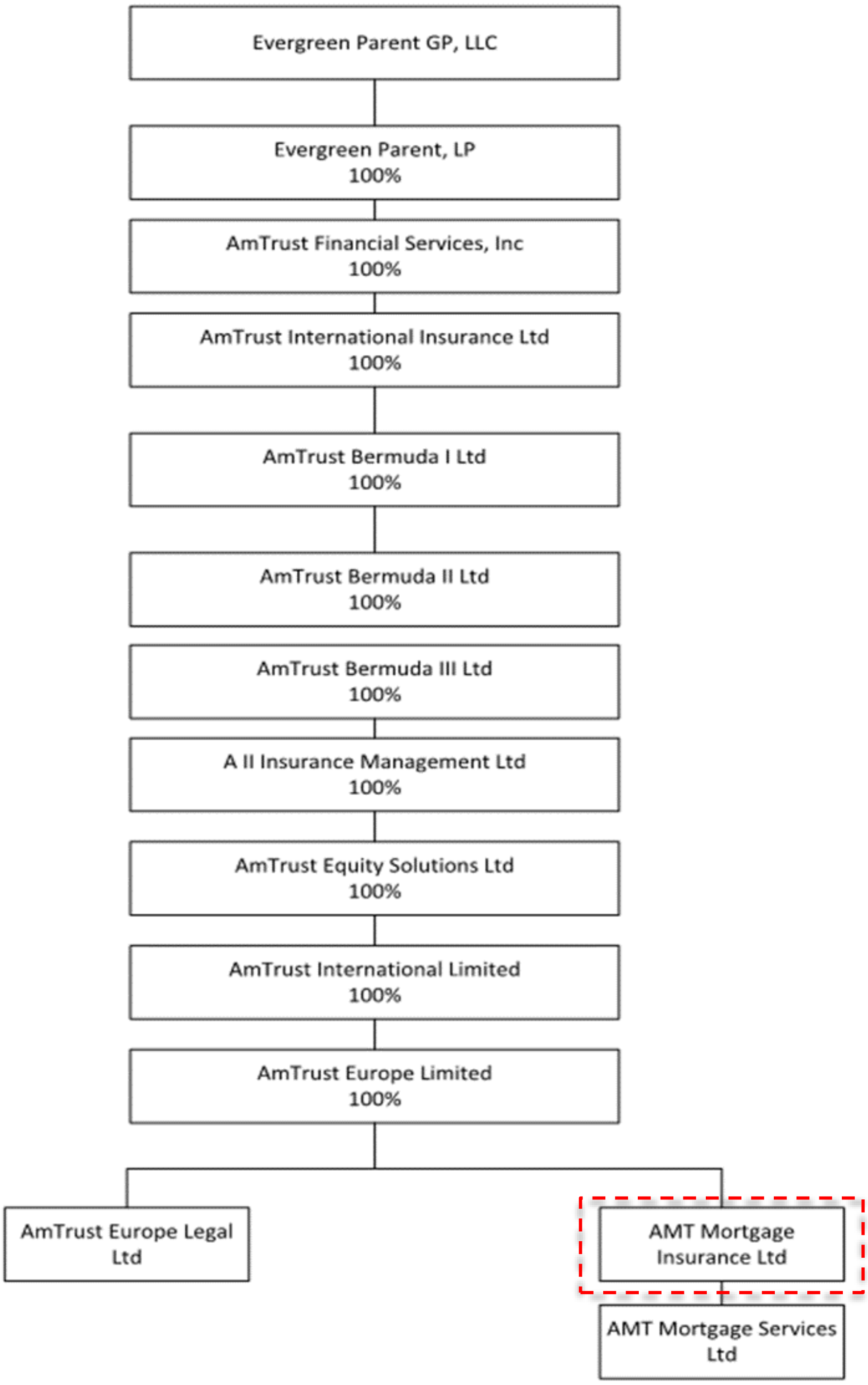
Evergreen's registered address is as follows:

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

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

A.1.5 Position within the legal structure of the AmTrust Group

The following simplified group structure chart shows where AMIL sits within the wider AmTrust Group.



AMIL had a single subsidiary company, AMT Mortgage Services Limited ("AMSL"). The principal activity of the Company is the provision of agency and management services to affiliated companies in the AmTrust Group. The activities of the business include, but are not limited to, insurance administration services and human resources. The Company operates in the UK and Italy, and supports the activities of AMIL. The main purpose of the Company is to act as a group services company. AMIL sold AMSL to AIL on 30 October 2020.

A.1.6 Material lines of business and material geographical areas where AMIL carries out business

The principal activity of the Company is the underwriting of general insurance business in the United Kingdom and other European countries. The Company is a mono-line insurer and writes solely credit and suretyship business, specifically mortgage insurance. This is “B2B” business where the Company insures the lender against mortgage default.

A.1.7 Material events

The following material events impacted the Company during the year:

- Outbreak of Coronavirus (COVID-19) – As the effects of the coronavirus pandemic are now being felt on a global scale, the Company as with many of our policyholders, reinsurers and vendors, have taken steps to alter or reduce normal business activity to help control the spread of the outbreak. Some of these steps involved:
    - The implementation of business continuity plans which included the temporary closure of our offices in the UK and Europe and strong encouragement of our employees to work from home;
    - Increased communication and coordination with our stakeholders and shared service partners; and
    - Increased liquidity to ensure we maintain adequate cash to honour our commitment to our policyholders, employees and vendors.

  As a result of these actions and the resulting economic hardships faced by some of our mortgage policyholders, we experienced some mild deterioration in our financial and solvency positions from an increase in our claims reserve on anticipation of potential higher future claims.

  However, following the completion of the Part VII transfers and the transfer of the Company’s employees and subsidiary as described below, AMIL no longer has any liabilities other than an unfunded pension obligation in Germany with a guaranty from AIL for any exposure in excess of €1m from 31 October 2020. As at 31 October 2020, the Company had excess assets over liabilities (including the current projection of this pension liability) of £3.3m.

- Part VII Business transfer – During 2017, the Company initiated the Part VII transfer process of its UK business to its parent company, AEL, and all other business to a European affiliate company, AmTrust International Underwriters Designated Activity Company (“AIU”). The transfer of the UK business to AEL was completed on 1 July 2019 and AMIL’s remaining insurance business was transferred to AIU on 31 October 2020. Following these transfers, the Company no longer has any insurance business and intends to apply to the PRA and FCA for de-authorisation.
- Transfer of AMIL employees to Qualis Europe and sale of AMSL – Alongside the execution of the Part VII transfer to AIU, AMIL’s employees were moved to an affiliate company, Qualis Europe. This transaction included the transfer of all associated employee obligations including any pension liabilities related to these active and all former employees (excluding the Company’s former employees in Germany). AMIL retained the pension liabilities related to its former employees in Germany. In addition, the Company sold AMSL, its wholly-owned service company, to AIL on 31 October 2020. As part of this transaction, AMSL accepted a note receivable from AIL for the amount of the sales price and AIL provided a guaranty for the cost of AMIL’s unfunded employee pension obligation in Germany. This guaranty is for any amounts due by AMIL on the related pension obligation in excess of €1m from 31 October 2020.
- Change in fiscal year end – During 2020, the Company changed its fiscal year end from 31 December to 31 October to align with the planned de-registration process.

Following the de-authorisation of the Company by the PRA and FCA and transfer of the German pension obligation to a third-party, AMIL intends to apply to the Companies House to be de-registered.

A.2 Underwriting Performance

Please note the 2019 figures represent the full year to 31 December 2019 and the 2020 figures are the 10 month period to 31 October 2020.

A.2.1 Material lines of business

	2020	2019	Variance	
Credit & Suretyship	£'000	£'000	£'000	%
Gross premiums written	(853)	3,628	(4,481)	-124%
Reinsurers' share	(1,388)	(1,804)	416	-23%
Net premiums written	(2,241)	1,824	(4,065)	-223%
Gross premiums earned	8,052	11,326	(3,274)	-29%
Reinsurers' share	(3,108)	(4,037)	929	-23%
Net premiums earned	4,944	7,289	(2,345)	-32%
Gross claims incurred	2,497	(211)	2,708	-1283%
Reinsurers' share	180	(40)	220	-550%
Net claims incurred	2,677	(251)	2,928	-1167%
Net operating expenses	(3,260)	(5,819)	2,559	-44%
Other	4,147	1,371	2,776	202%
Net technical result	8,508	2,590	5,918	228%
Net Investment Result	774	723	51	7%
Profit on ordinary activities before tax	9,282	3,313	5,969	180%
Tax	(1,007)	504	(1,511)	-300%
Profit for the financial year	8,275	3,817	4,458	117%

A.2.1.1 Credit and Suretyship

The principal activity of the Company is the underwriting of general insurance business across Europe, insuring mortgage lenders in respect of borrower default. The Company is a mono-line insurer and writes solely "B2B" insurance products.

Following the purchase by AmTrust, which completed May 2016, AMIL has pursued a strategy to transfer the writing of new production out of AMIL and to Part VII all assets and liabilities into other AmTrust Group companies. This was completed for UK lenders on 1 July 2019 and for European lenders on 31 October 2020. As such, AMIL no longer has any insurance business.

A.2.2 Risk mitigation techniques

Since 2011, the Company has ceded 33.33% of all flow business to a panel of highly rated external reinsurers (minimum "A-" for S&P and AM Best). In addition, the Company has taken out excess of loss protection on its Italian business.

In 2019 the cession was increased to 50% and for 2020 it was extended further to just over 65%.

A.2.3 Material geographic areas

Performance in the top 3 countries in which AMIL operates is summarised in the table below.

Credit & Suretyship	Italy £'000	Germany £'000	Sweden £'000	Other EU £'000	Total £'000
Gross premiums written	(138)	(752)	37	-	(853)
Reinsurers' share	25	(1,413)	-	-	(1,388)
Net premiums written	(113)	(2,165)	37	-	(2,241)
Gross premiums earned	6,851	1,132	38	31	8,052
Reinsurers' share	(2,704)	(401)	-	(3)	(3,108)
Net premiums earned	4,147	731	38	28	4,944
Gross claims incurred	3,219	(129)	15	(608)	2,497
Reinsurers' share	89	48	-	43	180
Net claims incurred	3,308	(81)	15	(565)	2,677
Net operating expenses	(568)	182	(7)	(2,867)	(3,260)
Other	6,887	832	46	(3,618)	4,147
Net technical Result	13,774	1,664	92	(7,022)	8,508

A.3 Investment Performance

The Company has historically invested in investment grade corporate and government bonds. The weighted average rating of the portfolio was single "A". Following the execution of the Part VII transfers and the sale of AMSL for a loan to AIL, the Company no longer has any other investments.

Income and expenses during the year are shown in the table below. Please note the 2019 figures represent the full year to 31 December 2019 and the 2020 figures are the 10 month period to 31 October 2020.

2020 Corporate and Government Bonds	€'000	£'000
Income from investments	875	774
Realised gain/(loss) on sale of investments	3,182	2,816
	4,057	3,590

Performance for 2020 was better than planned on a total return basis, owing in large part to the significant rally in interest rates and credit spreads. However, interest income has been difficult to generate given the portfolio is largely denominated in EUR at a time of persistent low interest rates and yields in the Eurozone. There were significant outflows from the portfolio during the year, with the largest related to the June dividend payment from AMIL to AEL.

A.4 Performance of other activities

The Company did not undertake any other activities during the year.

A.5 Any other information

None noted.

System of Governance

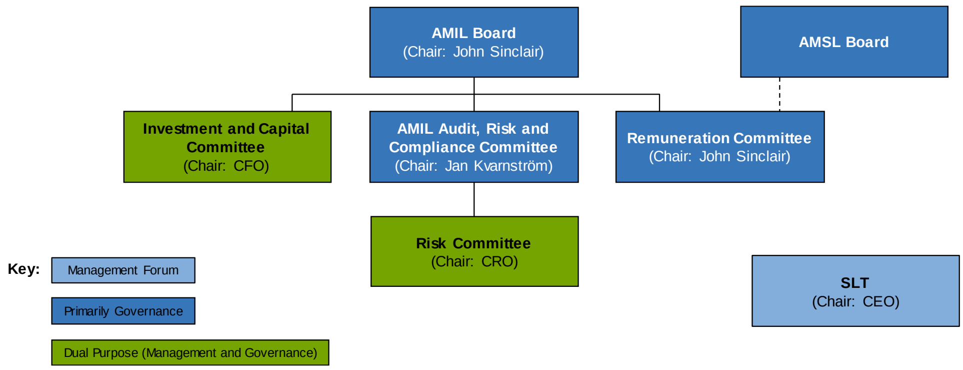
Section B

B System of Governance

B.1 General information on the system of governance

B.1.1 The Board and System of Governance

The Company recognises the importance of strong corporate governance and has established a well-defined governance framework, system of control and committee structure. The Board and its sub-committees are shown in the diagram below.



The Company employs a "three lines of defence" governance model to ensure that risk management is effective, appropriate decisions are made, and best practice is implemented and maintained. Broadly, the responsibility of the three lines is as follows:

- First Line of Defence – the primary risk taking and decision-making activities take place here. It represents the bulk of the Company's people, systems and controls that are integral to achieving the Company's strategy.
- Second Line of Defence - responsible for reviewing risks across the first line. No risk-taking activities take place here. Key control functions such as Risk Management and Compliance reside here.
- Third Line of Defence – the first and second lines together form the Company's system of governance and internal control. The third Line is independent of the first and second lines, and its primary objective is to provide assurance on the robustness of the risk management framework and the appropriateness and effectiveness of the Company's governance and internal control systems. The Company has an independent Internal Audit function which resides here.

B.1.1.1 Key functions

The four key functions are Risk Management, Compliance, Internal Audit and Actuarial. Further information on each of these key functions is detailed in sections B.3, B.4.2, B.5 and B.6 respectively.

B.1.1.2 Board responsibilities

The Board includes an independent Non-Executive Chairman, another independent Non-Executive Director ("INED"), a Non-Executive Director ("NED") and an Executive Director listed below. It normally meets four times a year and at other times as required. Minutes of all Board and Committee meetings are recorded and reflect the substance of the discussion, as well as the decisions made.

The Board closely monitors developments in corporate governance and assesses how these can be applied to the Company. The Company's governance arrangements continue to be reviewed in line with developments in best practice. The Board believes the existing structure is appropriate for the size and complexity of the Company.

The Board is responsible for the oversight of the management of the Company, including:

- Setting the Company's strategic direction, within AIL Group Risk Appetite;
- Developing and maintaining the Company's business model while ensuring that local regulation, legislation or market practice is also met;

- Determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and setting the risk appetite;
- Oversight of the Company's operations;
- Ensuring the appropriate and necessary financial and human resources are in place to meet the Company's objectives;
- Providing constructive challenge to the Executive Directors and senior management;
- Ensuring the highest standards of governance are followed;
- Promoting the success of the Company; and
- Developing the Company's culture.

B.1.1.3 The role of the Chairman

The Chairman is responsible for the leadership of the Board and is pivotal in the creation of the conditions necessary for overall Board and individual director effectiveness, both in and outside the boardroom, including:

- The leadership of the Board and ensuring its effectiveness on all aspects of its role;
- Ensuring effective Board governance;
- Setting agendas;
- Requiring that the Executive provide to members of the Board accurate, timely and clear information;
- Managing the Board to ensure sufficient time is allowed for discussion of key risks and issues;
- Facilitating contributions from INEDs;
- Considering and addressing the development needs (induction, training and professional development) of individual directors and the Board as a whole;
- Leading the development of the Company's culture by the Board as a whole; and
- Overseeing the development and implementation of the Company's remuneration policies and practices.

B.1.1.4 The role of the Independent Non-Executive Directors and Non-Executive Directors

The role of the INEDs and NED includes the following key elements:

- Constructively challenging and helping to develop proposals on longer term direction and strategy;
- Scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance; and
- Satisfying themselves on the integrity of financial information, and that financial controls and systems of risk management are robust and effective.

B.1.1.5 The role of the Chief Executive Officer ("CEO")

The CEO manages the Company in accordance with the business plans approved by the Board and in accordance with the Company's strategy and plans. The CEO leads the setting and execution of the Company's business strategy and is accountable for:

- Ensuring the Company remains legally solvent at all times and that customers are treated fairly;
- Ensuring the Company is compliant with all law and regulations affecting its business, its policyholders and its staff, including fulfilling all relevant obligations as required under the Senior Management Function ("SMF") and Certified Person Regime;
- Managing the Company's risk profile, in line with the extent and categories of risk identified as acceptable by the Board;
- Approving the apportionment and allocation of roles and responsibilities of the executive management team of the Company; and
- Approving all capital and revenue transactions, including acquisitions and disposals, not specifically reserved to the Board.

B.1.1.6 Board composition

During the year, the Board consisted of 4 members, including the Chairman of the Board as follows:

Board Member	Board Balance	Key Role
Chairman of The Board	Independent	Chairing the Board and the Remuneration Committee
Independent Non-Executive Director (INED)	Independent	Chairing the Audit, Risk and Compliance Committee
Non-Executive Director (NED)	Group Role	Shareholder Representative
Chief Executive Officer (CEO)	Executive	Day to day running of the Company

Note, The Chief financial Officer is not a member of the Board and chairs the Investment and Capital Committee.

B.1.1.7 Roles and responsibilities of the committees

Roles and responsibilities of the committees most relevant for Risk Governance purposes are briefly described below.

B.1.1.7.1 Audit, Risk and Compliance Committee

This committee is to assist the Board in discharging its responsibilities for the oversight, reporting, risk management and controllership matters of AMIL. Meetings shall be held no less than 4 times a year at appropriate times in the reporting and audit cycle but calls with the Committee Members are held when necessary.

B.1.1.7.2 Investment and Capital Committee

This committee is to establish strategic frameworks for the management of the assets of the Company and its segments, and to supervise the day to day stewardship of these assets by its appointed internal and external investment managers. This committee reports to the Board.

B.1.1.7.3 Risk Committee

This committee is responsible for all deal/product pricing approvals, policy and exposure limits for new products/countries and changes to existing commercial arrangements. It also covers the in-force reviews of the existing business (including operational risk and lenders' audit reviews), meaning all key underwriting decisions, contract modifications and approvals are centralised. Finally, it critically reviews the outcome of the actuarial tasks related to capital requirements, reserving and pricing.

B.1.1.7.4 Remuneration Committee

This committee is responsible to define and update the Company's Remuneration Policy.

B.1.2 Changes in the System of Governance

The composition of the Board changed in 2019 following the retirement of the Chief Risk Officer leading to his resignation from the Board. Membership of Committees also changed in light of changes to senior management.

B.1.3 Remuneration Policy

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

B.1.3.1. Key Principles

- Provide market competitive pay, typically aimed at market median 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 the role as well as the market supply and demand for a particular skill set;

- Enable the 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 as applicable to business strategy, risk appetite statements, codes of conduct and applicable regulations; and reward only appropriate behaviour with both short and long-term performance taken into consideration as appropriate;
- Ensure the appropriate governance and independence as it relates to pay decisions and the appropriate scrutiny as it relates to key employees including those designated as Solvency II employees; and
- No member of the Remuneration Committee is involved in deliberations or decision making on his / her own pay or the pay of the other members of the Remuneration Committee.

B.1.3.2. Variable Pay

- Variable pay and the associated programmes and awards are structured according to the nature of the role and its position within the business;
- Fixed and variable pay are broadly aligned to market norms, with a sufficiently high proportion of pay delivered in fixed base pay as relevant to remit and seniority;
- The proportion of pay delivered through variable remuneration generally increases with seniority within the organisation. This reflects the increased ability to impact the success of the organisation with increased seniority, and is in line with general market practice;
- Variable pay awards are designed to take into consideration both individual and business performance as appropriate for the role. Individual performance is assessed based upon performance against objectives (financial and non-financial) and also in line with applicable competency framework. Business performance is aligned to agreed financial metrics and the individual component is designed to drive certain behaviors, including the exhibiting of the Company's values, advancing our culture and complying with the requirements of the regulatory regimes under which we operate;
- All variable pay programmes allow for no awards to be made based upon either individual and / or company performance;
- All programmes allow flexibility and discretion which permit the respective Board and management to ensure appropriate awards are made in all circumstances;
- Ensure that AmTrust's senior employees are aligned not only to the annual goals but also to the long-term success of the relevant business and the AmTrust Group through deferral and long-term incentive arrangements linked to AmTrust Group performance over a multi-year period, typically 4 years; and
- Ensure alignment to risk and performance of the business with provisions as applicable to the business and/or population enabling the relevant Boards or Remuneration Committees to make a downward adjustment to proposed awards at either aggregate or individual level or to prevent the vesting of some or all of a tranche of a deferred award in line with the performance of either the individual or business.

B.1.3.3. Supplementary pension scheme for Board members

Board members who are also employees of the Company are entitled to join an applicable and appropriate workplace pension scheme. The Company does not provide any supplementary pension to its INEDs.

There is one legacy, and now frozen, Supplementary Executive Retirement Plan ("SERP") applicable to one executive within the Company, the CEO. This is a bespoke defined and deferred benefit plan. This plan was transferred to an affiliate AIL Group company during 2020.

B.1.4 Material transactions with shareholders, persons with significant influence and Board members

AMIL has had no material transactions with shareholders, persons with significant influence nor members of Board during the reporting period, save for the sale transaction mentioned in section A 1.7.

B.1.5 Adequacy of the system of governance

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

B.2 Fit and Proper Requirements

The PRA and FCA expect that individuals performing SMF or Certified Person roles remain fit and proper to undertake the role. AMIL 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, the Company 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, and to enable sound and prudent management of AEL.

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

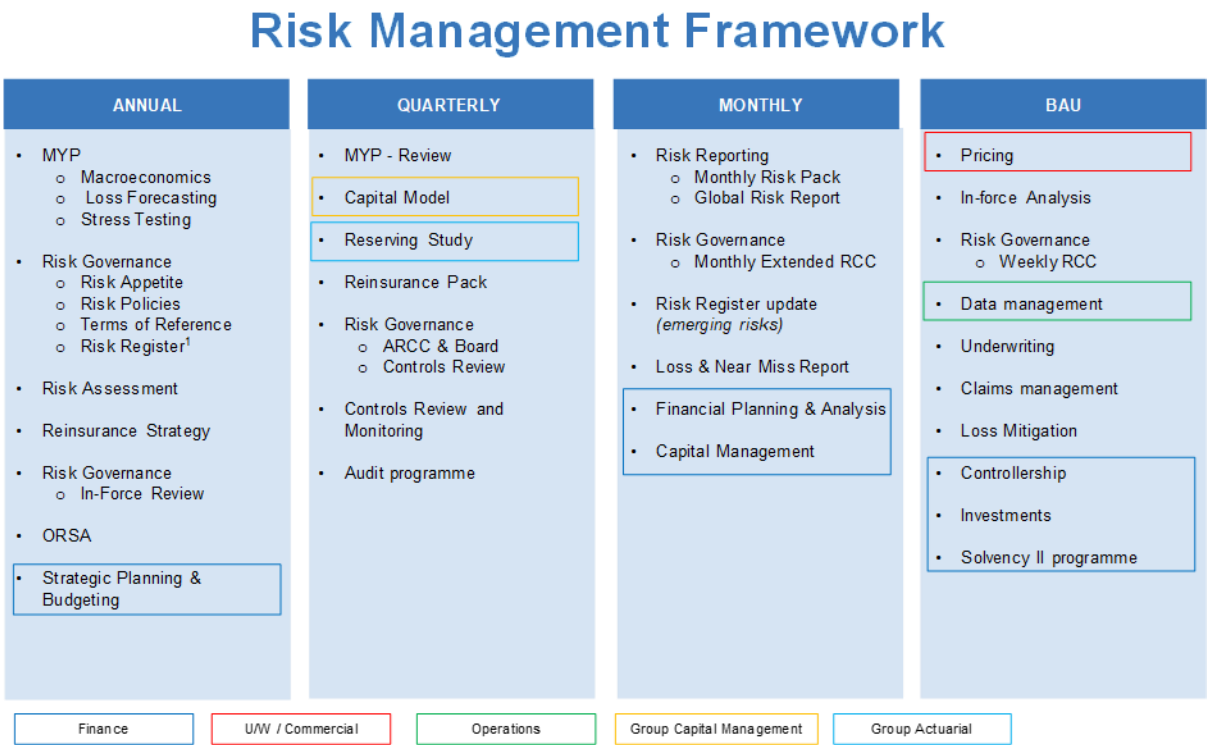
B.3 Risk management system including the own risk solvency assessment

B.3.1 Risk Management Strategy

Managing risk is central to AMIL activity and risk culture is embedded in the business through an organizational model where all members of the staff are accountable for different phases of the risk management process.

The Risk Department owns the Enterprise Risk Management process ("ERM") on behalf of the Board.

The diagram below shows the main components of the ERM process



AMIL´s overall approach to dealing with risk can be defined as follows:

- Assignment of authority, responsibility and accountability for risk areas within the firm;
- Identification of the key risks that exist within these areas;
- Measurement of risks by assessing the pertinence to the firm, stress and scenario testing of insurance risk financial forecasts and understanding the risk information and risk measurement techniques; and
- Monitoring risks through mechanisms such as risk assessments, compliance reviews, risk and investment committees, internal or external audits and escalation processes.

The above framework is clearly described in a set of Risk Policies (Insurance, Market, Liquidity and Operational Risk) approved and reviewed annually by the Risk Committee and the Board. Additionally, a Capital Management Policy sets out the principles for managing economic and regulatory capital within the Company. Stress Testing and ORSA Policies are also in place to ensure proper governance around these processes.

The Risk Appetite Statement ("RAS") approved by the Board offsets out the Company's appetite for risk over the medium term. The Statement also includes any additional limits set by the Parent company. The RAS assists and guides Senior Management and Staff in their day-to-day decision making and execution the strategic priorities.

The RAS is supported by the Company's ERM Framework designed to ensure the Company's risks are managed within its stated Risk Appetite.

The RAS focusses on three areas of our risk appetite.

1. Principles: guiding principles that are universal across all AmTrust businesses
2. Financial metrics: key financial limits and tolerances
3. RAS by Risk Category: risk appetite, limits and tolerances by risk category

The first section (Principles) sets out general qualitative criteria on risk appetite. The second section (Financial metrics) defines limits, tolerances and objectives for a set of quantitative indicators related to Capital, Return, Liquidity, Operational and Reputational Risks. The third part (RAS by Risk Category) includes simple/clear qualitative statements and references to quantitative metrics for each risk.

Risks are reviewed and re-assessed through the Company's Risk Assessment process which is briefly summarised below.

The Company maintains a Risk Register where all financial and non-financial risks are fully described (including causes and consequences) and assigned to a Risk Owner. Additionally, all risks are associated to a set of controls (each of them owned by a Controls Owner).

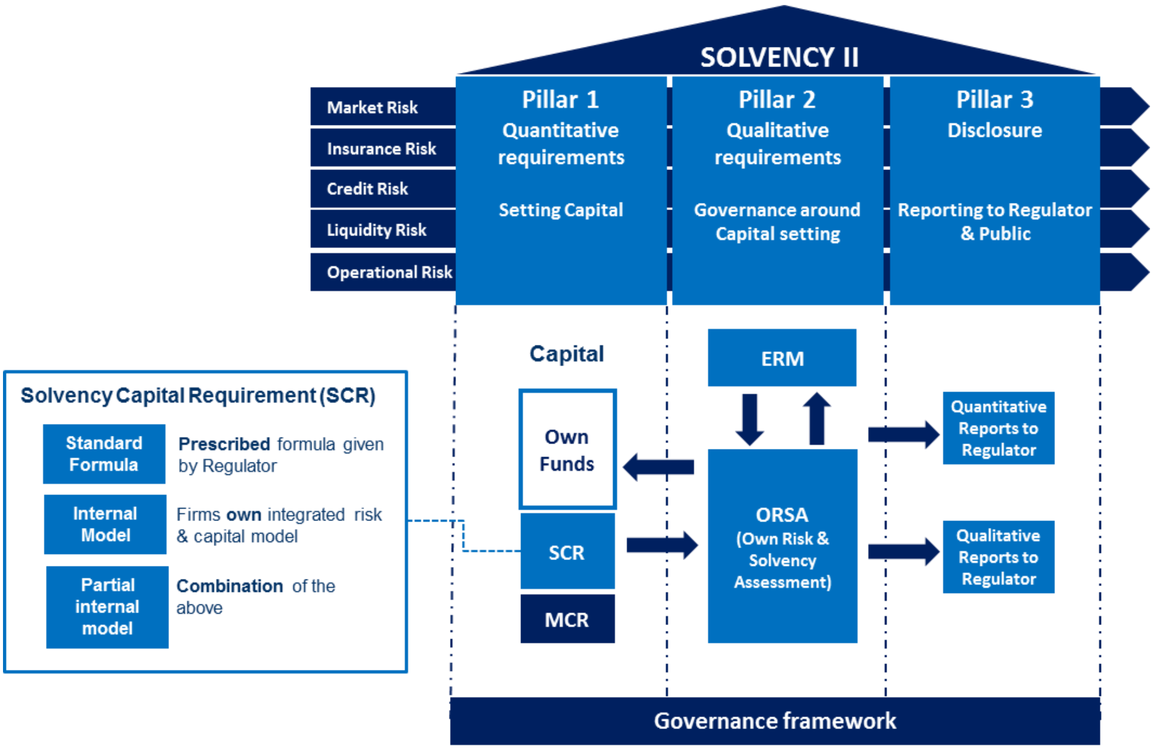
An internal ERM tool is used within the Company to monitor, control and report its risks.

- On an annual basis the Company performs a Risk Assessment where all risks are reviewed and assessed on a gross and on a net basis (i.e. before/after controls).
- Risk owners assess the frequency and severity of each risk and the results are then discussed and challenged by the RCC which approves the final version of the Annual Risk Assessment.
- All risks are then monitored on a monthly/quarterly basis and any significant change in frequency and/or severity is reported to the RCC and to the ARCC/Board. This includes any new emerging risk.
- The risk monitoring process consists of two separate stages: firstly, Controls Owners are asked to perform a self-attestation process of their controls. The assessment is reviewed and challenged by the Risk Governance team on behalf of the CRO.

The consistency of the above "Bottom-Up" approach with the Senior Management assessment ("Top-Down" approach) of the risks associated to the strategy is periodically re-assessed to ensure that the ERM Framework remains aligned to the company's strategy and risk appetite.

B.3.2 Risk exposure

The diagram below shows how the various aspects of risk management, capital management, and regulatory reporting under Solvency II fits together for AMIL.



The Own Risk and Solvency Assessment ("ORSA") forms a key part of ERM at the Company and is performed at least annually, or more frequently if there is a material change in the risk profile. It is the process through which the Board and management team assess the risks faced by AMIL, both now and in the future, and the level of own funds that are necessary to meet the strategic goals of the Company. Therefore, the ORSA is termed to be an economic assessment of capital.

B.4 Internal control system

A.4.1. Internal Control system

The Internal Control System refers to the existence and operation of all the detailed controls that are integrated into the daily operating routines of the Company.

A comprehensive system of internal controls is in place in AMIL. The controls are either performed automatically (for example computer validation routines) or manually (for example financial reconciliations.

The role of internal controls in effective risk management is critical. We have described earlier the quarterly risk assessment and controls reviews that are performed by risk owners. In making that assessment, the risk owners are in effect assessing whether the internal controls operating within their area are adequate in design and operating effectively.

As a further check, the internal audit function is responsible for auditing the control environment against the audit plan agreed by the Audit Committee.

A.4.2. Compliance function

The compliance function is responsible for advising the Executive and the Board on compliance with existing and emerging legal, regulatory and administrative provisions.

The compliance function has the right to escalate to the Board, directly or through its committees, any instances of non-compliance with this policy.

Compliance takes responsibility for identifying and assessing the wide ranging internal and external obligations of the Company. The compliance function helps to ensure that AMIL clearly understands its regulatory risks and the prevailing requirements.

The compliance function undertakes checks to ensure that compliance obligations are being met after implementation through a systematic, disciplined and risk-based approach to evaluating the effectiveness of compliance controls.

The compliance function is a shared service, which is housed in AMIL's direct parent company, AEL.

B.5 Internal audit function

Internal audit is established by the Audit Committees for the companies comprising the AmTrust Group. Internal audit provides senior management and the Audit Committees with information, analysis and recommendations about the adequacy, effectiveness and efficiency of the business operations and internal control environment.

The mission of the internal audit function is to help the Board and Executive Management to protect the assets, reputation and sustainability of the organisation.

This is achieved by:

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

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

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

B.6 Actuarial function

Under Solvency II, the actuarial function is a Key Function, the Chief Actuary being the Key Function holder. The Chief Actuary is a qualified actuary and a member of the Institute and Faulty of Actuaries. Other members of the team 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 actuarial function within the Company is to provide support in many areas including reserving, pricing and capital management. In addition to the core actuarial work, other statistical and management information support is provided where necessary. This work is required to be undertaken in an objective and independent manner whilst incorporating feedback from the business where appropriate.

The Chief Actuary or an appropriate representative attends the Risk Committee. The actuarial function is also involved in the reinsurance purchasing process where appropriate. 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 has the following specific responsibilities:

- Production of the technical provisions in accordance with Solvency II principles and ensuring that methodologies and underlying models used are appropriate for the specific lines of business of the undertaking and for the way the business is managed, having regard to the available data;
- Assessment of whether the information technology systems used in the calculation of the technical provisions sufficiently support the actuarial and statistical procedures;
- Monitoring the actuarial best estimate reserves against actual experience;
- Reporting to the entity-level Boards on the reliability and adequacy of the technical provisions calculation;
- Express opinion regarding the Underwriting Policy at entity level;
- Providing a statistical framework to price various lines of business;
- Reviewing new business opportunities and providing feedback on the underlying models & assumptions or any external actuarial models used;
- Work with underwriters to provide support on product performance;
- Providing input to the Performance Committee as appropriate, where one exists;
- Providing assistance in the preparation of the business plans including independent input into the ultimate loss ratios for each line of business;
- Providing inputs into the calculation(s) of the Standard Formula SCR;
- Working closely with the risk management function to facilitate the implementation of an effective risk management system;
- Support to the risk management function to quantify the risks identified;
- Assessment of risk parameters used in the Economic Capital model;
- Validating the inputs into the Economic Capital model; and
- Reviewing reinsurance arrangements.

B.7 Outsourcing

Outsourcing is an important aspect of the Company's business model. The majority of the Company's key outsourcing risk lies in its use of a service company, AMSL, as well as other group shared service functions.

Key outsourced functions:

- Investment management and accounting (AmTrust group company – Internal outsourcing)
- Staff and administration services (AMSL – Internal outsourcing)
- Taxation (Externally outsourced)

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 the Company's internal controls, or increase risks associated with the PRA's ability in monitoring AMIL's compliance obligations under the regulatory system.

The Company's outsourcing internal control framework includes, but is not limited to:

- 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;
- Supervision of each outsourced relationship by a nominated individual within the Company;
- Formal management and monitoring of intra-group service level agreements;
- Routine management attestation as to continuous control compliance in relation to outsourcing; and
- Independent internal monitoring by the compliance function, internal audit, and the Company's third party audit coverage as routinely approved and monitored by the Audit, Risk and Compliance Committee.

B.8 Any other information

None noted.

Risk Profile

Section C

C Risk Profile

Since AMIL transferred its remaining insurance portfolio, the Company's risk profile has significantly changed. The only financial risks that remain as at 31 October 2020 relate to the adequate wind-up of the Company's remaining non-insurance assets and liabilities. However, the following section of this report includes a summary of the risks that were managed by AMIL up through the final portfolio transfer .

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.

The Company used a suite of Key Risk Indicators ("KRIs") to monitor its exposure to underwriting risk that are evaluated each month. These include volume of premium underwritten, priced loss ratios in comparison with annual business plan, ultimate loss ratios in comparison with plan, concentration of premium and profit contribution by type of exposure and deterioration in prior year reserves.

C.1.1 Material risk exposures

The Company was 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 majority of the Company's material underwriting risk exposure were in Italy. The SCR quantifies the potential for adverse development as part of the calculation of the premium risk and reserve risk calculation. Given the nature of the mortgage insurance business, an additional capital charge for catastrophe risk was included in the SCR.

C.1.2 Material risk concentrations

AMIL's underwriting risk exposure was concentrated in Italy. The Company has purchased excess of loss insurance to mitigate this concentration

C.1.3 Material risk mitigation

The actuarial pricing team review new business to determine that rates are adequate. There is constant monitoring of underwriting performance by management, which allows corrective action to be taken if a piece of business is not performing as expected.

The Company also used reinsurance to mitigate underwriting risk.

C.1.4 Risk sensitivities

Scenarios were devised during the ORSA process to measure the impact of severe reserve deteriorations.

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 KRI process in place identified and measured 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 (i.e. credit risk of market instruments exposure).

Investments were reviewed quarterly by the Investment Committee and the Audit, Risk and Compliance Committee.

C.2.1 Material risk exposures

The Company's material exposures to market risk were interest rate risk and spread risk on its bond portfolio, foreign exchange risk on its currency exposures and equity risk on its strategic investments in subsidiaries.

The bond portfolio consisted of corporate and government bonds. It was exposed to interest rate risk, as well as to credit spread risk. Fluctuations in rates of inflation influence interest rates, which in turn would impact the market value of the investment portfolio and yields on new investments. Thus, rising interest rates would have had the potential to drive an adverse impact of the bond portfolio and would drive the value of the bonds down. Whereas, widening credit spreads would also negatively impact the value of the bond portfolio.

C.2.2 Material risk concentrations

The Company's material market risk exposures included its equity investment in AMSL, its foreign currency exposure to the pound Sterling and the exposure of its predominantly fixed rate corporate bond investment portfolio to spread risk.

C.2.3 Material risk mitigation

The Company invested primarily in fixed rate corporate bonds, money market deposits and cash. The Company has no appetite for investments in equities (other than its wholly owned subsidiary) and complex investments such as derivatives. By investing in relatively simple assets, the Company fulfils the Prudent Person principle because it is able to properly understand its investment risks.

Investment management is outsourced to another company within the AmTrust Group. A set of investment management guidelines has been drawn up, adherence to which is monitored by the Investment Committee and the Audit, Risk and Compliance Committee.

The Company monitors interest rate risk as part of its 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.

The Company is exposed to foreign exchange risk, by operating in multiple currencies. AMIL sought to mitigate the currency risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. AMIL's currency matching strategy is well protected against depreciation of Sterling.

C.2.4 Risk sensitivities

One of the adverse scenarios produced by the ORSA considers a severe deterioration of assets value.

C.2.5 Other material information

None noted.

C.3 Counterparty default risk

Counterparty default risk is the potential loss arising principally from adverse changes in the financial condition of the Company's counterparties (reinsurers, intermediaries, policyholders, etc.).

The risk and management team identifies and measures the key credit risk exposure by monitoring the rating of each reinsure and capping the exposure to individual external reinsurer counterparty.

C.3.1 Material risk exposures

The Company is no longer subject to material risk exposures with respect to its reinsurers, banks and bond counterparties.

C.3.2 Material risk concentrations

The Company is no longer exposed to credit risk in relation to material accounts with our Reinsurance counterparties, or to concentration risk in the bond portfolio. However, AMIL does maintain a receivable from its parent (AmTrust International Ltd) for approximately £4m.

C.3.3 Material risk mitigation

In order to reduce AMIL's exposure to reinsurance credit risk, the financial condition of reinsurers was evaluated and reinsurance is placed with a diverse group of companies and syndicates that are believed to be financially sound. The credit quality of reinsurers was monitored when placing new and renewal reinsurance, as well as on an ongoing, current basis. The Company used objective criteria to select and retain its reinsurers, which included requiring an adequate financial strength for certain counterparties as is deemed appropriate within the business.

The bond portfolio concentration was managed in line with the Company's investment guidelines which restrict investment to rated government and corporate bonds. Duration and rating thresholds were set in accordance with the Company's risk appetite. Formal reviews of the portfolio were performed quarterly within the Investment and Capital Committee.

C.3.4 Risk sensitivities

One of the ORSA scenarios considers a severe increase in counterparties defaults.

C.4 Liquidity risk

Liquidity risk represents the Company'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.

The finance team carries out regular cash-flow forecasting and analysis to monitor the Company's liquidity needs. Operational cash outflows are funded through operational cash flows inward. Infrequent "one off" payments such as lender settlements are planned in line with investment maturities in the annual, quarterly and monthly cash flow forecasting process.

C.4.1 Material risk exposures

AMIL had a material exposure to liquidity risk through investments in times of severe market stress. If premium payments were not received from coverholders and policyholders, this could have led to a liquidity risk event. In any such event, the Company would have increased the frequency of its cashflow forecast updates and increased cash holding when deemed appropriate to ensure the Company would have been in a position to honour all eligible obligations to all of our stakeholders as they came due. 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, would also pose major liquidity issues for the Company.

C.4.2 Material risk concentrations

The Company's liquidity risk exposure was concentrated in reinsurance contracts, financial assets (bonds) and cash.

C.4.3 Material risk mitigation

The Company's overall risk management program was focused on the unpredictability of financial markets and sought to minimize potential adverse effect on its financial performance. It managed these positions within an asset liability management ("ALM") framework that was developed to minimize the risk of significant deterioration of the investment portfolio while earning profitable returns from those investments.

The Company invested mainly in corporate bonds, which are normally readily convertible into cash, so it held relatively small amounts of cash. It accepted the risk that during times of stress, there may be market value losses realised by liquidating bonds.

The Company maintained sufficient cash and highly rated marketable securities, to fund claim payments and operations.

C.4.4 Expected profit in future premiums

The expected profit in future premiums ("EPIFP") was calculated at the same lender group/underwriting year level at which the reserving and technical provisions calculation were performed. Expected profit was calculated only for those segments of business for which there was an expected profit within technical provisions i.e. regular premium business and all Bound But Not Incepted ("BBNI"), where future premium is greater than future claims plus expenses.

C.4.5 Risk sensitivities

Unless there was a default in collecting reinsurance receivables due to adverse market conditions, the Company had no significant impact to its liquidity. This risk was mitigated by AMIL using an external panel of quota share reinsurers, rather than a single counterparty.

C.4.6 Other material information

None noted.

C.5 Operational risk

Operational risk is the risk that the Company will not be able to operate in a fashion whereby the strategic objectives of the Company 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 Company, clients, investment management companies or outsourced agencies and individuals.

The Company had risk management processes in place, such as lenders´ audit, internal audit, controls testing, project management, Risk and Control Self-Assessment ("RCSA"), data governance management to assess and monitor operational risk exposures.

C.5.1 Material risk exposures

The Company was exposed to IT, Data, Outsourcing, Underwriting, Reinsurance, Fraud, Legal, and Reputation risks.

A critical operational risk was the Company's ability to effectively monitor how lenders' underwrite their mortgages under the "Delegation of Authority" model. This was managed through periodical review of portfolios performance and composition as well as through regular audits.

C.5.2 Material risk concentrations

None.

C.5.3 Material risk mitigation

The Company did not seek to take on operational risk in order to generate a return. However, it recognised that some degree of operational risk was an unavoidable consequence of remaining in business. It therefore sought to mitigate this risk through its corporate governance and internal control mechanisms, peer view, due diligence and business continuity.

All of the Company's operational risks were captured within its risk register. Risk management carried out risk and control self-assessment exercises where meetings were held with each key risk owner to review and update the risk registers with new risks and controls, as well as judging whether the ratings for inherent and residual risks are still valid.

C.5.4 Risk sensitivities

The Company has considered a number of operational risk scenarios ("low frequency high severity") as part of its ORSA.

C.5.5 Other material information

None noted.

C.6 Other material risks

C.6.1 Legal and Regulatory risks

This is risk of non-compliance with regulation and legislation.

The Company did not seek to take on legal and regulatory risk in order to generate a return. However, it recognised that some degree of legal and regulatory risk is an unavoidable consequence of remaining in business. It therefore sought to mitigate this risk through its corporate governance and internal control mechanisms. Awareness of the risks and the Company's control mechanisms were maintained through its policies & procedures framework and training programmes.

C.6.2 Strategic risk

This is the risk arising from failure to sufficiently define the direction and objectives of the Company, together with the resourcing and monitoring of the achievement of the same.

The Company had a well-developed business planning process and its business plans were approved by the Board. The business plans were also used in the ORSA process.

C.6.3 Governance risk

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

The Company regards a strong Governance Framework to be vital in the achieving its objectives as well as providing transparency and accountability to its various stakeholders. A system of internal control and governance was in place using the "three lines of defence" model.

C.6.4 Group risk

This is the risk arising from other parts of the AmTrust Group, through parental influence or direct contagion.

The Company 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.

Although the Company is part of the wider AmTrust Group, it is a separate regulated entity under the UK PRA and is managed accordingly in terms of capital adequacy, risk management, governance, compliance and infrastructure.

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.

The Company ensured it is solvent at all times through monitoring of solvency position, management accounts, solvency forecasting in ORSA and prior to any strategic decision making.

C.6.6 Use of derivatives

The company had no derivatives.

C.7 Any other information

None noted.

Valuation for Solvency Purposes

Section D

D Valuation for Solvency Purposes

The table below shows the valuation on a Solvency II basis of AMIL's assets and liabilities as at 31 October 2020.

Category	Solvency II (£'000)	UK GAAP (£'000)	Variance
Loan and mortgages	4,162	4.162	-
Cash and cash equivalents	66	66	-
TOTAL ASSETS	4,228	4,228	-
Pension Benefit Obligations	550	550	-
Payables (trade, not insurance)	342	342	-
TOTAL LIABILITIES	892	892	-
Excess of Assets over Liabilities	3,336	3,336	-

D.1 Assets

As a general principle, the Company's assets and liabilities are valued differently when calculating own funds (net equity on a Solvency II basis) and when preparing 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.

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.

This section highlights the way the Company values its assets and liabilities using the Solvency II valuation principles. There is no material valuation difference between UK GAAP and Solvency II deemed necessary due to the nature of the asset and liabilities remained post the Part VII transfers.

D.1.1 Loans and mortgages

An interest free loan to AIL, repayable in cash within 5 business days following a written demand to the borrower.

Loans and mortgages are measured at amortised cost using the effective interest method for UK GAAP and at fair value using the income approach through the discounted cash flow method for the purpose of Solvency II.

As the balance is deemed to be short term, the UK GAAP valuation is not considered to be materially different from the Solvency II fair value and therefore no adjustment has been made.

D.1.2 Cash and cash equivalents

Cash and cash equivalents comprise cash with banks and considered to be held at fair value under Solvency II.

D.2 Technical Provisions

The Company completed a transfer of all of its insurance businesses on 31 October 2020, pursuant to Part VII of the Financial Services and Markets Act 2000, to AIU. This decision was driven by the ultimate parent group's overall Brexit Strategy.

The assets and liabilities were transferred at book values and consideration set at the equivalent Solvency II regulatory value. The difference between book values of assets and liabilities transferred and consideration has been accounted for to retained earnings on the basis the transfers represent a group reconstruction of businesses within the AmTrust Group.

Therefore, there is no technical provision recorded in the company.

D.3 Other liabilities

D.3.1 Payables (trade, not insurance)

All other payables are held at amortised cost under UK GAAP, due to the short-term nature of these payables, this is a reasonable approximation of fair value.

D.3.2 Other

At present no further adjustments are made to the UK GAAP balance sheet to move to Solvency II.

Due to the company's large carry forward tax losses, and loss making experience between 2008 – 2015, no deferred tax assets have been recognised in accordance with IAS12 accounting principles.

D.4 Alternative methods for valuation

The Company does not use any alternative methods for valuation.

D.5 Any other information

None noted.

Capital Management

Section E

E Capital Management

E.1 Own funds

The Company's capital management objective is to maintain sufficient capital to protect the interests of all of its customers, investors, regulators and trading partners. The Company maintains a prudent buffer over the SCR.

The Company's capital position is kept under constant review and is reported quarterly to the Board and to the PRA as part of Solvency II reporting.

AMIL manages its Own Funds with the objective of always being able to satisfy both the MCR and the SCR plus a buffer. The target ratio for available capital in excess of the Solvency II SCR is agreed and signed off by the Board. There have been no significant changes to the capital management objectives over the period of this report.

E.1.1 Composition of Own Funds

31 October 2020	£'000
Ordinary share capital – Tier 1	-
Reconciliation reserve - Tier 1	3,336
An amount equal to the value of net deferred tax assets – Tier 3	-
Own funds	3,336

Note, all the Own Funds are Tier 1 and are eligible towards the Company's SCR and MCR.

None of the Company's Own Funds are subject to transitional arrangements. We have no Ancillary Own Funds. There are no ring-fenced funds and no deductions are made from Own Funds, nor is there any restriction affecting the availability and transferability of Own Funds within the Company.

The equity in the UK GAAP financial statements and the excess of assets over liabilities under Solvency II is the same, namely £3.3m.

E.1.2 Transitional Arrangements

None of the Company's Own Funds are subject to transitional arrangements. AMIL has no Ancillary Own Funds. There are no ring-fenced funds and no deductions are made from Own Funds, nor is there any restriction affecting the availability and transferability of Own Funds within the Company.

E.2 Solvency capital requirement and minimum capital requirement

AMIL calculates its SCR and MCR using tools developed internally. These results then feed into an off-the-shelf system (SolvencyTool) to contribute to the parent group's consolidated SCR and MCR.

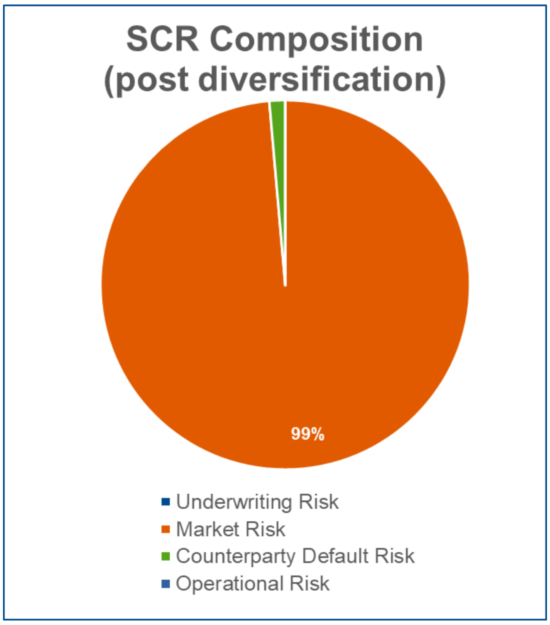
31 October 2020	Capital Requirement (£'000)	Solvency Ratio (%)
SCR	316	1,055%
MCR	3,329	100%

The key inputs to the Company's MCR calculation were the net best estimate and technical provisions calculated as a whole, and the net written premiums in the last twelve months for credit and suretyship class of business only.

AmTrust International

E.2.1 Solvency Capital requirement

Risk Category	SF SCR SII Balance Sheet (£'000)
Market Risk	315
Counterparty Default Risk	4
Non-Life Underwriting Risk	-
Undiversified Basic SCR	319
Diversification credit	(3)
Basic SCR	316
Total Operational Risk	-
Standard Formula SCR	316
Available Capital	3,336
Capital Margin	3,020
Solvency Ratio	1055%



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

The Company 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

The Company is a standard formula firm.

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

The Company has been in compliance with the MCR and SCR throughout the reporting period. The Company expects to maintain compliance throughout the business planning period.

E.6 Any other information

None noted.

Annex

Quantitative Reporting Templates

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S.02.01: Balance sheet

Assets		Solvency II value
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	0
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities — listed	R0110	0
Equities — unlisted	R0120	0
Bonds	R0130	0
Government Bonds	R0140	0
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	0
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	4,162,487
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	4,162,487
Reinsurance recoverables from:	R0270	0
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	0
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	65,633
Any other assets, not elsewhere shown	R0420	0
Total assets	**R0500**	4,228,120

Liabilities		Solvency II value
Technical provisions — non-life	R0510	0
Technical provisions — non-life (excluding health)	R0520	0
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	0
Risk margin	R0550	0
Technical provisions — health (similar to non-life)	R0560	0
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions — life (excluding index-linked and unit-linked)	R0600	0
Technical provisions — health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions — life (excluding health and index-linked and unit-linked)	R0650	0
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions — index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	550,058
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	0
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	0
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	342,261
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	892,319
Excess of Assets over Liabilities	**R1000**	3,335,801

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S.05.01: Premiums, claims and expenses by line of business

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		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	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross – Direct Business	R0110	0	0	0	0	0	0	0	0	-853,277	0	0	0					-853,277
Gross – Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Non-proportional reinsurance accepted	R0130													0	0	0	0	0
Reinsurers' share	R0140	0	0	0	0	0	0	0	0	1,388,447	0	0	0	0	0	0	0	1,388,447
Net	R0200	0	0	0	0	0	0	0	0	-2,241,724	0	0	0	0	0	0	0	-2,241,724
Premiums earned																		
Gross – Direct Business	R0210	0	0	0	0	0	0	0	0	8,051,496	0	0	0					8,051,496
Gross – Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Non-proportional reinsurance accepted	R0230													0	0	0	0	0
Reinsurers' share	R0240	0	0	0	0	0	0	0	0	3,108,127	0	0	0	0	0	0	0	3,108,127
Net	R0300	0	0	0	0	0	0	0	0	4,943,369	0	0	0	0	0	0	0	4,943,369
Claims incurred																		
Gross – Direct Business	R0310	0	0	0	0	0	0	0	0	-2,497,698	0	0	0					-2,497,698
Gross – Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Non-proportional reinsurance accepted	R0330													0	0	0	0	0
Reinsurers' share	R0340	0	0	0	0	0	0	0	0	178,781	0	0	0	0	0	0	0	178,781
Net	R0400	0	0	0	0	0	0	0	0	-2,676,479	0	0	0	0	0	0	0	-2,676,479
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	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	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	0	0	0	0
Expenses incurred	R0550	0	0	0	0	0	0	0	0	2,509,879	0	0	0	0	0	0	0	2,509,879
Administrative expenses																		
Gross – Direct Business	R0610	0	0	0	0	0	0	0	0	3,406,616	0	0	0					3,406,616
Gross – Proportional reinsurance accepted	R0620	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Non-proportional reinsurance accepted	R0630													0	0	0	0	0
Reinsurers' share	R0640	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R0700	0	0	0	0	0	0	0	0	3,406,616	0	0	0	0	0	0	0	3,406,616
Investment management expenses																		
Gross – Direct Business	R0710	0	0	0	0	0	0	0	0	9,434	0	0	0					9,434
Gross – Proportional reinsurance accepted	R0720	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Non-proportional reinsurance accepted	R0730													0	0	0	0	0
Reinsurers' share	R0740	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R0800	0	0	0	0	0	0	0	0	9,434	0	0	0	0	0	0	0	9,434
Claims management expenses																		
Gross – Direct Business	R0810	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Proportional reinsurance accepted	R0820	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Non-proportional reinsurance accepted	R0830													0	0	0	0	0
Reinsurers' share	R0840	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R0900	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition expenses																		
Gross – Direct Business	R0910	0	0	0	0	0	0	0	0	-583,116	0	0	0					-583,116
Gross – Proportional reinsurance accepted	R0920	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Non-proportional reinsurance accepted	R0930													0	0	0	0	0
Reinsurers' share	R0940	0	0	0	0	0	0	0	0	456,604	0	0	0	0	0	0	0	456,604
Net	R1000	0	0	0	0	0	0	0	0	-1,039,721	0	0	0	0	0	0	0	-1,039,721
Overhead expenses																		
Gross – Direct Business	R1010	0	0	0	0	0	0	0	0	133,551	0	0	0					133,551
Gross – Proportional reinsurance accepted	R1020	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross – Non-proportional reinsurance accepted	R1030													0	0	0	0	0
Reinsurers' share	R1040	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net	R1100	0	0	0	0	0	0	0	0	133,551	0	0	0	0	0	0	0	133,551
Other expenses	R1200																	0
Total expenses	R1300																	2,509,879

AmTrust International

S.05.02: Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) — non-life obligations					
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010	GB: United Kingdom	DE: Germany	FI: Finland	IT: Italy	PT: Portugal	SE: Sweden	Total Top 5 and home country
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross — Direct Business	R0110	0	-752,352	0	-138,431	0	37,505	-853,277
Gross — Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0
Gross — Non-proportional reinsurance accepted	R0130	0	0	0	0	0	0	0
Reinsurers' share	R0140	0	1,413,233	0	-24,786	0	0	1,388,447
Net	R0200	0	-2,165,585	0	-113,644	0	37,505	-2,241,724
Premiums earned								
Gross — Direct Business	R0210	0	1,131,910	12,274	6,850,995	9,969	37,505	8,042,653
Gross — Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0
Gross — Non-proportional reinsurance accepted	R0230	0	0	0	0	0	0	0
Reinsurers' share	R0240	0	401,504	2,957	2,703,667	0	0	3,108,127
Net	R0300	0	730,406	9,317	4,147,327	9,969	37,505	4,934,525
Claims incurred								
Gross — Direct Business	R0310	0	129,358	25,182	-3,219,525	8,622	-15,615	-3,071,979
Gross — Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0
Gross — Non-proportional reinsurance accepted	R0330	0	0	0	0	0	0	0
Reinsurers' share	R0340	0	47,496	42,241	89,044	0	0	178,781
Net	R0400	0	81,862	-17,060	-3,308,570	8,622	-15,615	-3,250,761
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	0	0	0	0	0	0	0
Other expenses	R1200							0
Total expenses	R1300							0

S.19.01: Non-life insurance claims

Basis:	2: Underwriting year

Gross Claims Paid (non-cumulative)
(absolute amount)

Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
	Development year												
Prior											447,110	447,110	1,807,717
N-9		0	8,009	10,025	0	86,611	119,872	119,872	21,148	0		0	365,538
N-8		0	0	47,159	169,986	0	110,002	0	0			0	327,147
N-7		0	0	11,983	23,602	28,129	0	0				0	63,714
N-6		0	0	12,840	3,579	0	14,421					14,421	30,840
N-5		0	0	8,348	0	0						0	8,348
N-4		0	0	0	101,893							101,893	101,893
N-3		0	0	0								0	0
N-2		22,185	0									0	22,185
N-1		0										0	0
N												0	0
											Total	563,424	2,727,383

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
	Development year											
Prior											0	
N-9	0	0	0	0	0	0	0	0	658,008	0		
N-8	0	0	0	0	0	0	0	210,722	0			
N-7	0	0	0	0	0	0	157,831					
N-6	0	0	0	0	0	109,102	0					
N-5	0	0	0	0	167,850	0						
N-4	0	0	0	277,237	0							
N-3	0	0	96,972	0								
N-2	0	74,418	0									
N-1	0	0										
N	0											
											Total	0

S.23.01: Own funds

		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	0	0		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own — fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	3,335,801	3,335,801			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other items approved by supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

		Total
		C0010
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	0

Deductions		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0

		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total basic own funds after deductions	R0290	3,335,801	3,335,801	0	0	0

Ancillary own funds		Total	Tier 2	Tier 3
		C0010	C0040	C0050
Unpaid and uncalled ordinary share capital callable on demand	R0300	0	0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual — type undertakings, callable on demand	R0310	0	0	
Unpaid and uncalled preference shares callable on demand	R0320	0	0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0	0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0	0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0	0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0	0	
Supplementary members calls — other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0	0	0
Other ancillary own funds	R0390	0	0	0
Total ancillary own funds	**R0400**	0	0	0

		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total available own funds to meet the SCR	**R0500**	3,335,801	3,335,801	0	0	0
Total available own funds to meet the MCR	**R0510**	3,335,801	3,335,801	0	0	

		Total	Tier 1 — unrestricted	Tier 1 — restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total eligible own funds to meet the SCR	**R0540**	3,335,801	3,335,801	0	0	0
Total eligible own funds to meet the MCR	**R0550**	3,335,801	3,335,801	0	0	

		C0010
SCR	**R0580**	627,681
MCR	**R0600**	3,328,520
Ratio of Eligible own funds to SCR	**R0620**	531.45%
Ratio of Eligible own funds to MCR	**R0640**	100.22%

Reconciliation reserve		C0060
Excess of Assets over Liabilities	R0700	3,335,801
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	0
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	**R0760**	3,335,801

		C0060
Expected profits included in future premiums (EPIFP) — Life business	R0770	0
Expected profits included in future premiums (EPIFP) — Non- life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	**R0790**	0

S.25.01: Solvency Capital Requirement – Only SF

Article 112	Z0010	2: Regular reporting				
					Only relevant for public disclosure	
		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios	Simplifications	USP
		C0030	C0040	C0050	C0120	C0090
Market risk	R0010	0	0	0		
Counterparty default risk	R0020	627,681	627,681	0		
Life underwriting risk	R0030	0	0	0		
Health underwriting risk	R0040	0	0	0		
Non-life underwriting risk	R0050	0	0	0		
Diversification	R0060	0	0			
Intangible asset risk	R0070	0	0			
Basic Solvency Capital Requirement	R0100	627,681	627,681			

Calculation of Solvency Capital Requirement		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	0
Operational risk	R0130	0
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive	R0160	0
Solvency Capital Requirement excluding capital add-on	**R0200**	**627,681**
Capital add-ons already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	**R0220**	**627,681**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	4: No adjustment
Net future discretionary benefits	R0460	0
Below this line only groups need to hand in information		
Minimum consolidated group solvency capital requirement	R0470	0
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	0
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	0
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions	R0520	0
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non-regulated entities carrying out financial activities	R0530	0
Capital requirement for non-controlled participation requirements	R0540	0
Capital requirement for residual undertakings	R0550	0
Overall SCR		
SCR for undertakings included via D and A	R0560	0
Solvency Capital Requirement	**R0570**	**627,681**

Calculation of loss absorbing capacity of deferred taxes

		C0109
Approach based on average tax rate	R0590	3: Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

		Before the shock	After the shock	LAC DT
		C0110	C0120	C0130
DTA	R0600	0	0	
DTA carry forward	R0610	0	0	
DTA due to deductible temporary differences	R0620	0	0	
DTL	R0630	0	0	
LAC DT	R0640			0
LAC DT justified by reversion of deferred tax liabilities	R0650			0
LAC DT justified by reference to probable future taxable profit	R0660			0
LAC DT justified by carry back, current year	R0670			0
LAC DT justified by carry back, future years	R0680			0
Maximum LAC DT	R0690			0

AmTrust International

S.28.01: Minimum Capital Requirement — Only life or only non-life insurance or reinsurance activity

		C0010
Linear formula component for non-life insurance and reinsurance obligations	R0010	**0**

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

		C0040
Linear formula component for life insurance and reinsurance obligations	R0200	**0**

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation — guaranteed benefits	R0210	0	
Obligations with profit participation — future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation		C0070
Linear MCR	R0300	0
SCR	R0310	627,681
MCR cap	R0320	282,456
MCR floor	R0330	156,920
Combined MCR	R0340	156,920
Absolute floor of the MCR	R0350	3,328,520
Minimum Capital Requirement	**R0400**	**3,328,520**

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