AmTrust International Underwriters DAC

Solvency and Financial Condition Report
For the year ended 31 December 2018

AmTrust International Underwriters
An AmTrust Financial Company

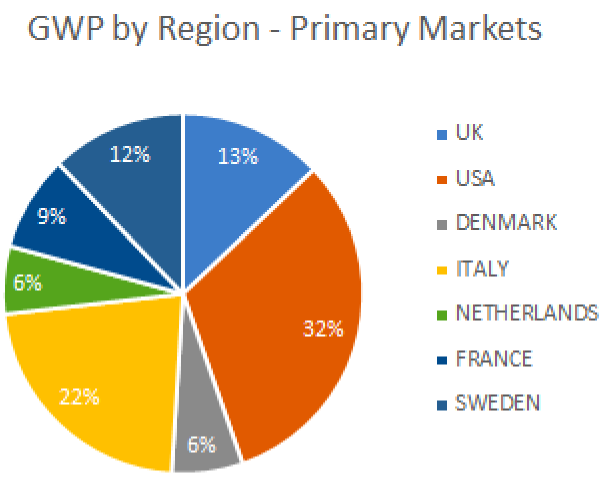
Contents

Summary

Overview of the Business and Context of this report

Business model

AmTrust International Underwriters Designated Activity Company ("AIU" or "the Company") is an Irish registered insurance company, which writes multiple lines of business across the EU, EEA and the USA. Its primary markets as at the end of December 2018 are shown in the chart below.



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

- European Liability;
- USA Liability;
- Medical Malpractice Liability;
- Surety; and
- Specialty Risks.

The Company is a subsidiary of the AmTrust Financial Services Inc. group. AFSI is a multinational property and casualty insurer specialising in coverage for small businesses.

Solvency II

As a regulated insurance company, AIU is subject to the regulatory rules and principles adopted by Ireland 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 its business model relates to the uncertainty around forecasting what the Company's future claims might be 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 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 it operates.

This Solvency and Financial Condition Report ("SFCR") 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. This is the third SFCR prepared by the Company. It is prepared on a solo entity basis and it covers the year ended 31 December 2018.

Material changes to the Company's business model

There have been no material changes during the year to the way that the Company conducts business in the lines of business within which it operates. However, the following significant events have impacted the Company during the year or are expected to impact it in the future:

- **Brexit -** the vote by the UK public to opt out of the EU will have a material impact on the way the Company operates with respect to its licences, business mix allocation and strategic focus in the future.
- The Company is to reduce its quota share with its Group counterparty across most lines of business from 85% to 50% with effect from 01 January 2019. This has a resultant impact on the 2018 non-life SCR.

- The Company has fully collateralised its exposure to the Group affiliate Maiden Holdings and with effect from 01 January 2019 has terminated its contract for quota share reinsurance on its medical malpractice business.
- The Board underwent changes in December 2018. The Company is replacing two retiring directors with two Irish based Independent Non-Executive Directors; a process which is subject to regulatory approval under Irish regulations.

Business performance

Business performance	2018 €'000	2017 €'000
Gross Written Premium	594,203	482,603
Gross Earned Premium	533,892	500,592
Gross Incurred Claims	(390,498)	(346,161)
Gross Operating Expenses	(149,673)	(85,653)
Gross technical Result	(6,279)	68,778
Reinsurance balance	40,581	(42,689)
Net Technical Result	34,302	26,089
Allocated investment income	(153)	7,330
Foreign exchange gain/(loss)	3,402	(17,950)
Balance on technical account	37,552	15,469

The Company's net technical result in 2018 was a profit of €37.6m which was an increase of €8.2 from the prior year.

Further information on the Company's business and performance is included in Section A.

Systems 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 Company's key committees are depicted above within the three lines of defence model. Committees have clear lines of authority and responsibilities which are documented in formal Terms of Reference. Responsibilities are broadly split between those that support decision making (first line) versus those that challenge and review the systems and controls that manage risk within the Company's business model (second and third line).

Further information on the system of governance is included in section B.

Risk Profile

The Company calculates its required capital from a regulatory perspective by reference to certain risk categories that it is exposed to within its business model. The main risks to which the Company is exposed are:

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

For each risk category, the Company has articulated how much risk it is willing and able to accept based on its strategic profile and capital position. The Company has put in place systems and controls to manage its risk profile within its risk appetite statements. The Company uses a suite of Key Risk Indicators ("KRIs") to monitor its exposure to the various risks to which it is exposed and these are evaluated on a quarterly basis by the Board Risk and Compliance Committee.

Underwriting Risk

The Company's largest risk exposure is in respect of underwriting risk, which is broken down into two main components: premium risk and reserve risk. Premium risk is the risk that premiums are insufficient to cover the value of claims made; reserve risk is 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 comes from the US Casualty business which provides most of the gross written premium to the Company. The largest class of business for 2018 was Warranty.

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 Company's material exposures to market risk are: 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.

Credit Risk

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

The Company is subject to material risk exposures with respect to its reinsurers, banks and bond counterparties. The Company is exposed to credit risk in relation to material accounts with Reinsurance counterparties: Maiden Insurance Company Limited and AmTrust International Insurance Limited ("AII").

Other risks

The Company is also exposed to the following other risks:

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

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

Valuation for solvency purposes

Under Solvency II valuation principles, items in the Company's balance sheet are valued at the amount at which the assets and liabilities could be exchanged between knowledgeable willing parties in an arm's length transaction. This differs from the valuation used in the Company's financial statements, which are valued under Irish generally accepted accounting principles (Irish GAAP).

As at 31 December 2018, the Company's assets less liabilities were valued at €223.8m, under Solvency II, compared with €241.3m under Irish GAAP. The difference of €17.6m was primarily due to the valuation of technical provisions (including reinsurer's share and deferred acquisition costs).

Further detail on the valuation for solvency purposes is included in Section D.

Capital Management

The Company's capital management objective is to maintain sufficient capital to safeguard the Company's ability to continue as a going concern and to protect the interests of all of its customers, investors, regulators and trading partners while also efficiently deploying capital and managing risk to sustain ongoing business development. The Company maintains a prudent buffer over the Solvency Capital Requirement ("SCR").

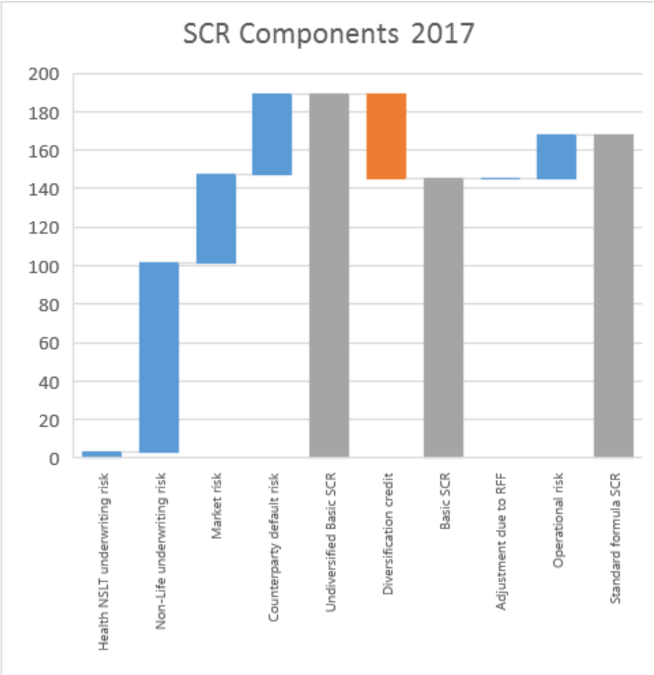
The Company calculates its SCR using the Standard Formula. The Company does not use any Undertaking Specific Parameters (USPs) allowed under Solvency II, nor does it use simplified calculations for any of the risk modules.

The Company's Own Funds increased by €28m in 2018 due to profitability of underlying business in the year.

Capital Requirements 31 Dec 2018	2018 €'000	Coverage	2017 €'000	Coverage
Own funds	223,529		195,570	
SCR	167,714	133%	€ 126,663	154%
MCR	41,929	533%	€ 31,666	618%

The Company's SCR split by risk module as at 31 December 2017 is shown in the table and chart below.

Solvency Capital Requirement	2018 €'000
Health NSLT underwriting risk	2,799
Non-Life underwriting risk	98,278
Market risk	46,604
Counterparty default risk	41,541
Undiversified Basic SCR	189,222
Diversification credit	(44,212)
Basic SCR	145,010
Adjustment due to RFF	397
Operational risk	22,307
Standard formula SCR	167,714



Further information on capital management can be found in section E.

The Company is not required to increase capital by means of "capital add-on".

A. Business and Performance

A.1 Business

A.1.1 Name and legal form of undertaking

AmTrust International Underwriters Designated Activity Company ("AIU" or "the Company") is a Company limited by shares (Company Number 169384).

The Company's registered address is as follows:

AmTrust International Underwriters DAC,
6-8 College Green,
Dublin 2.
D02 VP48.

A.1.2 Supervisory authority

The Company is regulated by the Central Bank of Ireland (the "Central Bank"). The Central Bank was created on 1 February 1943. The Central Bank Reform Act 2010 (the "Act") created the new single unitary body, the Central Bank, which replaced the previous related entities, the Central Bank and the Financial Services Authority of Ireland and the Financial Regulator. The Act commenced on 1 October 2010 the Central Bank's primary objectives are set out therein.

The Central Bank's registered address is as follows:

Central Bank of Ireland,
New Wapping Street,
North Wall Quay,
Dublin 1

Tel +353 (0) 1 224 6000
Fax +353 (0) 1 671 5550
enquiries@centralbank.ie

A.1.3 External auditor

The Company, together with the wider AmTrust Group, is audited by KPMG. KPMG's Irish office is located at:

KPMG,
1 Harbourmaster Place,
IFSC,
Dublin 1
Tel +353 1 410 188

A.1.4 Shareholders of qualifying holding in the undertaking

Until 29 November 2018, AIU Dac's ultimate parent was AmTrust Financial Services Inc (AFSI), a Delaware registered US corporation. On 29 November 2018 a merger transaction was completed in which Evergreen Parent GP, LLC, an entity formed by private equity funds managed by Stone Point Capital LLC ("Stone Point"), together with Barry Zyskind, Chairman and CEO of AmTrust, George Karfunkel and Leah Karfunkel (collectively, the "Karfunkel-Zyskind Family"), acquired the approximately 45% of AFSI's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties did not already own or control.

This go-private transaction was a strategic step to focus on the operational excellence of AmTrust and implement the long-term strategies that position the group for future success.

The change of control was subject to approval by the Central Bank of Ireland.

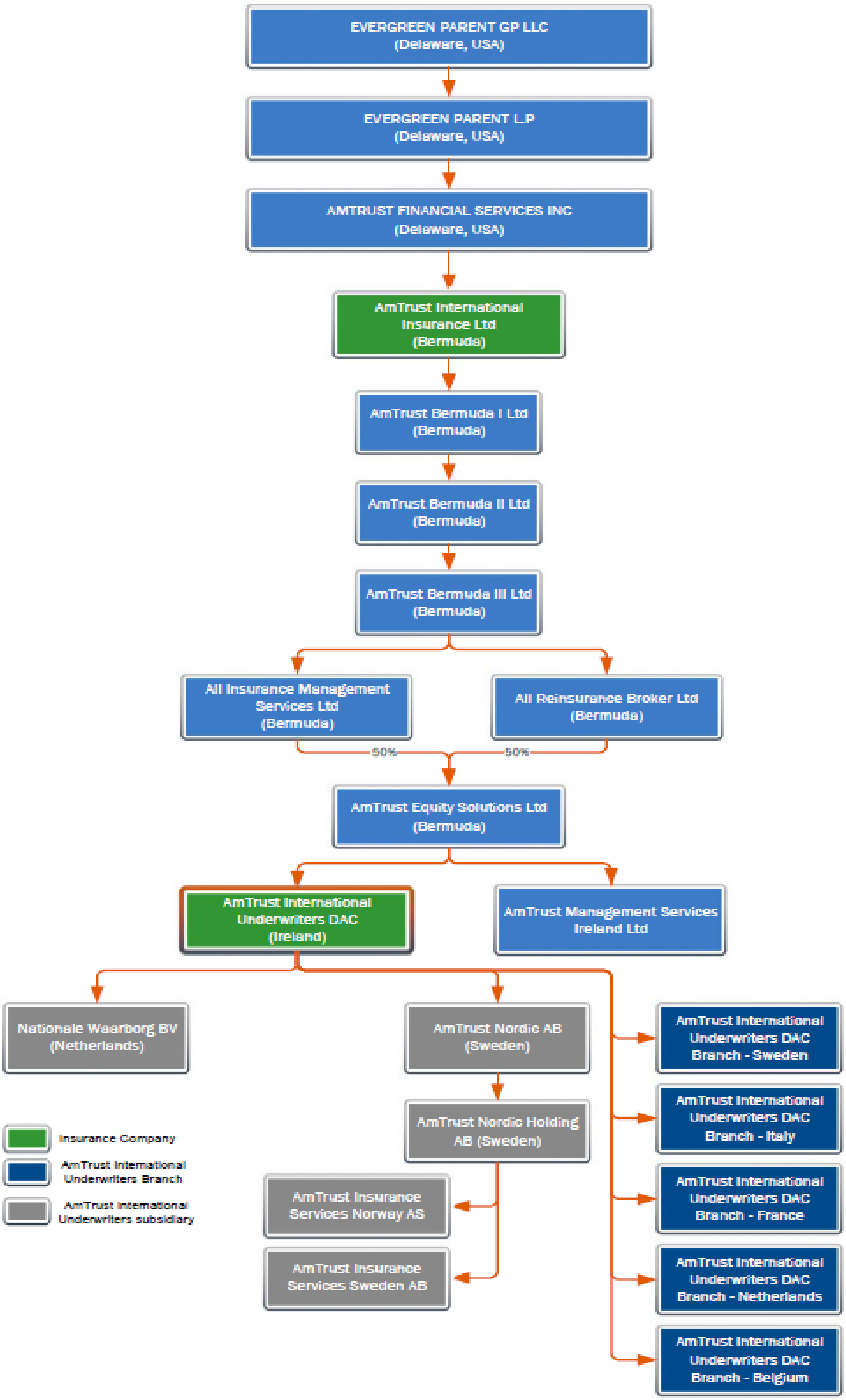
AFSI underwrites and provides property and casualty insurance products in the United States and internationally to niche customer groups that it believes are generally underserved within the broader insurance market.

As a subsidiary of AFSI the Company benefits from financial, operational and management support. AFSI is a multinational property and casualty insurer specialising in small to medium-sized businesses. With extensive underwriting experience and a prestigious "A" (Excellent) Financial Size "XV" rating from A.M. Best, AFSI has earned a reputation as an innovative, technology driven provider of insurance products. Commitment to excellence is a common thread connecting each of the AmTrust companies.

AFSI's business model focuses on achieving targeted returns and profit growth with the careful management of risk. The Global Group pursues these goals through geographic and product diversification, as well as an in-depth understanding of its insured exposure. The product mix includes, primarily: workers' compensation; extended warranty; and other commercial property/casualty insurance products, including title insurance and crop insurance. Workers' compensation and property/casualty insurance policyholders in the United States are generally small and middle market businesses. Extended warranty customers are manufacturers, distributors and retailers of commercial and consumer products. AmTrust has also built a strong and growing distribution of extended warranty and specialty risk products, including liability and other property/casualty products in Europe.

A.1.5 Position within the legal structure of the group

The following simplified group structure chart shows where the Company sits within the wider AFSI group.



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

The principle activity of the Company is the underwriting of general insurance business in Ireland, EU/EEA and USA. The Company's core product lines are European Liability, US Liability, Medical Malpractice Liability, Warranty, Specialty Risks and Surety.

A.1.7 Material events

The following material events impacted the Company during the year:

- **Brexit -** the vote by the UK public to opt out of the EU will have a material impact on the way the Company operates with respect to its licences, business mix allocation and strategic focus in the future.

- The Company is to reduce its quota share with its Group counterparty across most lines of business from 85% to 50% with effect from 01 January 2019. This has a resultant impact on the 2018 non-life SCR.

- The Board underwent changes in December 2018. The Company is replacing two retiring directors with two Irish based Independent Non-Executive Directors a process which is subject to regulatory approval under Irish regulations.

- The Company has fully collateralised its exposure to the Group affiliate Maiden Holdings and with effect from 01 January 2019 has terminated its contract for quota share reinsurance on its medical malpractice business

A.2 Underwriting Performance

A.2.1 Material lines of business

Line of Business 2018	Total Best Estimate Gross	Risk Margin	Gross Technical Provisions	Recoverables from Reinsurance Contacts	Total Technical Provisions Net of Recoverables
	€'000	€'000	€'000	€'000	€'000
Income Protection	12,271	0	12,271	(12,396)	(125)
Fire and other damage	71,611	3,095	74,706	(61,016)	13,690
General Liability	464,099	21,291	485,389	(391,225)	94,164
Credit and suretyship	28,602	886	29,488	(25,571)	3,917
Assistance	2,586	113	2,700	(2,198)	501
Miscellaneous financial loss	164,396	4,118	168,513	(150,302)	18,212
Non-Proportional Property Reinsurance	0	0	0	0	0
Total	**743,572**	**29,503**	**773,075**	**(642,714)**	**130,361**

Line of Business 2017	Total Best Estimate Gross	Risk Margin	Gross Technical Provisions	Recoverables from Reinsurance Contacts	Total Technical Provisions Net of Recoverables
	€'000	€'000	€'000	€'000	€'000
Income Protection	3,595	0-	3,595	(4,937)	(1,342)
Fire and other damage	64,086	2,328	66,413	(54,482)	11,932
General Liability	377,721	13,616	391,337	(321,542)	69,795
Credit and suretyship	31,450	936	32,386	(27,590)	4,796
Assistance	2,907	106	3,013	(2,470)	543
Miscellaneous financial loss	109,818	1,543	111,361	(103,452)	7,909
Non-Proportional Property Reinsurance	132	2	134	(123)	11
Total	**589,710**	**18,530**	**608,240**	**(514,596)**	**93,643**

A.2.1.1 General liability

A.2.1.1.1 European Liability

The Company underwrites European liability accounts in Ireland, France and Italy of small and medium enterprises and related low to medium-hazard risks.

Business is underwritten on defined appetite and underwriting parameters on a programme or single account basis. The Company writes business in the relevant markets through associated group offices throughout Europe.

All business programmes require final sign-off and approval by the Company's Underwriting Committee ("UWC").

A.2.1.1.2 US Liability

The United States surplus lines liability segment of the Company business is mostly made up of public and products liability with a number of contractors' programmes. This business line is presented to the Company primarily through AmTrust's US offices. . The business overall is reviewed on a quarterly basis through the Company's Reserving Committee. All business programmes require final sign-off and approval by the Company's UWC.

A.2.1.1.3 Medical Malpractice Liability

This product covers a combined package offering of medical malpractice, third party liability and employers liability for Italian and French hospitals.

The Company entered the Italian medical malpractice market in 2011 and the French medical malpractice market in 2012.

Medical malpractice business is generated through key partners in France and Italy with local market expertise residing in the AmTrust Lyon office and the Company's branch in Milan. The medical malpractice renewal window in both markets is predominately 01 January annually.

Claims handling is conducted by AmTrust with extensive medical malpractice claims experience retained in the Company's Dublin, Lyon and Milan offices.

The Company holds a strong position in the Italian market place. The Group's UK based entities are no longer responding to public hospital tenders in Italy and these are instead being responded to by the Company.

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

All business programmes require final sign-off and approval by the UWC.

A.2.1.2 Miscellaneous financial loss

A.2.1.2.1Specialty Risks

The specialty risks segment of the Company's business relates to a number of products in which the Company has operated for many years.

The key covers provided within this segment are home assistance, commercial credit, auto assistance, plant and equipment, income protection and structural defects s with the predominant markets being the Nordic, US and UK regions. As a result of the Company's Brexit planning process, its positions in the UK market will decrease in 2019.

Given the remedial action taken on poor performing programmes in prior years the outlook for all lines of covers within Specialty Risks is positive for 2019 and beyond.

All business programmes require final sign-off and approval by the UWC.

A.2.1.3 Property

A.2.1.3.1 Warranty

The key covers provided within this segment are mobile phones, auto warranty and consumer electronics with the predominant markets being the Nordic and UK regions.

Monthly mobile phone cover is the majority of this product line. The auto warranty segment is primarily from business generated in the UK. The consumer electronics business segment includes cover in respect of televisions, computers and portable tablets.

The Nordic business is generated by the London and Stockholm offices both of which have extensive experience in this market segment. As a result of the Company's Brexit planning process, its positions in the UK market will decrease in the short to medium term.

The warranty business has performed consistently well over a number of years.

All business programmes require final sign-off and approval by the UWC.

A.2.1.4 Other

A.2.1.4.1Accident and health

In 2018 certain private health , Personal Accident and Dental insurance was written in the UK and mainland Europe by the Group's UK based insurance carriers. , Business volumes have increased in 2018 and as a consequence of Brexit and projected growth across the Company Branch network are expected to increase in 2019 and beyond.

A.2.1.4.2.Surety

As a result of the merger between Nationale Borg and the Company, the associated securing of a Class 15 Surety Licence, the establishment of additional branches in the Netherlands and Belgium, the Company now enjoys a strong presence in these markets.

A.2.1.4.3Mortgage

European mortgage business was written by the Group's UK based insurance carriers in 2018. As with some other business classes, as a consequence of Brexit, over the short to medium term, this European business will be migrated to the Company as it tenders for renewals currently held by Group UK based insurance carriers and as a result, business volumes in 2019 are expected to increase.

A.2.2 Material geographic areas

Performance in Ireland and the top five countries in which the Company operates is summarised in the table below.

2018	USA	Italy	Sweden	France	UK	Ireland
	€'000	€'000	€'000	€'000	€'000	€'000
Gross premiums written	173,848	121,821	66,721	47,304	72,227	716
Reinsurers' share	147,729	94,100	56,800	39,648	61,361	627
Net premiums written	**26,119**	**27,721**	**9,921**	**7,656**	**10,866**	**88.273455**
Gross premiums earned	177,101	96,157	52,986	48,764	53,147	3,704
Reinsurers' share	150,433	74,941	45,143	40,977	45,178	3,165
Net premiums earned	**26,668**	**21,216**	**7,842**	**7,787**	**7,968**	**539.33832**
Gross claims incurred	116,688	70,102	37,788	40,402	39,133	4,512
Reinsurers' share	99,215	59,829	32,122	34,342	33,261	3,835
Net claims incurred	**17,472**	**10,272**	**5,666**	**6,060**	**5,872**	**676.76804**
Net operating expenses	**8,751**	**8,428**	**7,718**	**1,570**	**4,361**	**1,245**

2017	USA	Italy	Sweden	France	UK	Ireland
	€'000	€'000	€'000	€'000	€'000	€'000
Gross premiums written	168,413	68,706	55,228	45,923	48,704	4,478
Reinsurers' share	143,043	53,101	46,980	38,443	41,487	3,817
Net premiums written	**25,370**	**15,605**	**8,248**	**7,479**	**7,217**	**662**
Gross premiums earned	192,181	59,111	54,076	51,559	39,893	5,665
Reinsurers' share	163,081	46,154	45,997	43,337	33,972	4,845
Net premiums earned	**29,101**	**12,957**	**8,079**	**8,222**	**5,922**	**820**
Gross claims incurred	97,996	14,081	40,015	43,127	26,673	3,668
Reinsurers' share	83,297	12,019	33,942	36,658	22,672	3,118
Net claims incurred	**14,699**	**2,062**	**6,074**	**6,469**	**4,001**	**550**
Net operating expenses	**9,304**	**5,488**	**712**	**2,265**	**1,566**	**1,493**

A.3 Investment Performance

The Company invests in corporate and government bonds, property and a number of subsidiaries and associates.

The management of the bond portfolio is outsourced to another company within the Group, which has a dedicated team of investment managers. A set of investment management guidelines has been drawn up, adherence to which is monitored by the Investment Committee and the Audit Committee. Income and expenses during the year are shown in the table below.

The property investment comprises the Company's branch office building in Milan, Italy.

In addition, the company also acquired property as part of the Nationale Borg acquisition.

The Company's material subsidiaries are AmTrust Nordic AB, based in Sweden and its subsidiaries based in Sweden, Norway and the Netherlands.

2018	Corporate and Government Bonds	Equities	Loans and Receivables
	€'000	€'000	€'000
Income from other investments	7,413	0	1,425
Unrealised (loss)/gain on investments	(6,449)	0	0
Investment management expenses	(906)	0	0
Realised gain/(loss) on sale of investments	(1,758)	0	0
	(1,699)	0	1,425

2017	Corporate and Government Bonds	Equities	Loans and Receivables
	€'000	€'000	€'000
Income from other investments	5,504	2	1,569
Unrealised (loss)/gain on investments	(129)	0	0
Investment management expenses	(196)	0	0
Realised gain/(loss) on sale of investments	612	0	0
	5,792	2	1,569

A.4 Performance of other activities

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

A.5 Any other information

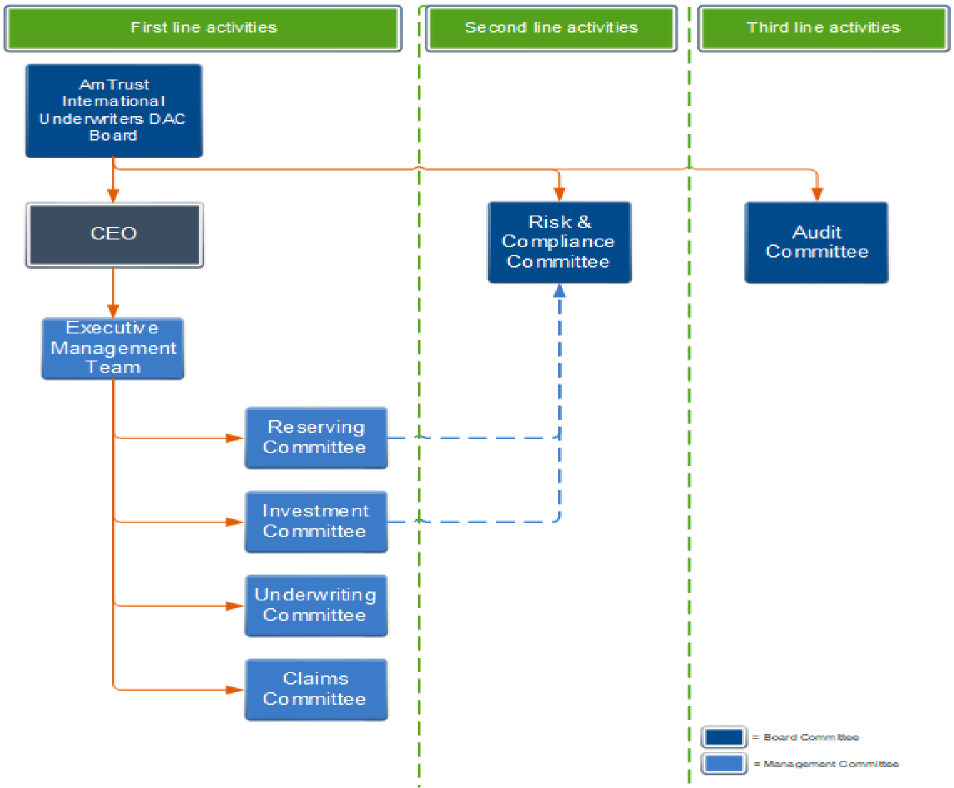
None noted.

B. System of Governance

B.1 Board and 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 –** undertakes the primary risk taking and decision making activities . It represents the bulk of the Company's people, systems and controls that are integral to achieving the Company's strategy. Business management is responsible for the identification and assessment of risks and controls, as well as for developing and implementing mitigation plans where necessary.
- **Second Line of Defence –** is responsible for reviewing risks across the first line. No risk-taking activities take place here. Key control functions such as Risk Management and Compliance sit within this line of defence which are independent of personnel responsible for originating risk exposures. The Risk function provides support and challenge the completeness and accuracy of risk assessments and the adequacy of mitigation plans. The Compliance function is responsible for ensuring that the Company complies with applicable laws, and regulations as well as supporting business in designing new controls through review of control framework and recommendations from monitoring and testing
- **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 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 Board responsibilities

The Board comprise an Independent Non-Executive Chairman (INED), three other Independent Non-Executive Directors, one Group Non-Executive Director (NED) and one Executive Director. It meets at a minimum four times a year and additionally 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 and as required by the Central Bank's Corporate Governance Requirements for Insurance Undertakings. 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:

- Agreeing the Company's long-term directions and objectives.
- Developing and maintaining the Company's business model and 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.
- Developing the Company's culture.

B.1.1.2 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, encourage critical discussions and challenge mind-sets and ensuring Board effectiveness on all aspects of its role.
- Ensuring effective Board governance.
- Setting agendas.
- Ensuring that members of the Board receive 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.
- The Chairman of the board shall be proposed for election or reappointment on an annual basis.

B.1.1.3 The role of the Independent Non-Executive Directors

The role of the Independent Non-Executive Directors (INEDs) includes the following key elements:

- Bring an independent viewpoint and challenge to the deliberations of the board that is objective and independent of the activities of the management and of the insurance undertaking.
- Have a knowledge and understanding of the business, risks and material activities of the insurance undertaking to enable them to contribute effectively.
- 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.
- Satisfying themselves on the integrity of financial information and that financial controls and systems of risk management are robust and effective.

- Dedicated support shall be available to independent non-executive directors on any matter requiring additional and/or separate advice to that available in the normal board process.

B.1.1.4 The role of the Chief Executive Officer

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

- Ensuring that the Company remains legally solvent at all times and that customers are treated fairly
- Ensuring that the Company is compliant with all laws and regulations affecting its business, its policyholders and its staff, including fulfilling all relevant obligations as required under the Central Bank's Fitness and Probity 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.
- Approving all capital and revenue transactions, including acquisitions and disposals, not specifically reserved to the Board.
- The Board shall appoint the CEO. The renewal of the CEO contract shall be reviewed at least every five years.

At year-end 2018, the Board of Directors consisted of six members, including the Chairman of the Board as follows:

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

Two directors resigned in December and were in the process of being replaced subject to regulatory approval.

B.1.1.5 First Line Committees

B.1.1.5.1 Reserving Committee

Setting adequate reserves for policies underwritten represents the largest risk to an insurance company. The key purpose of the Reserving Committee is to ensure appropriate reserving processes are in place at the Company and that the level of reserves booked by the Company is reasonable. The key responsibilities of this committee are to determine and recommend reserving levels for the business underwritten by the Company, ensure the reserving process is effective in providing the Board with the agreed level of comfort that the reserves in the Financial Statements are appropriate and to ensure that the Solvency II technical provisions are appropriate.

The Company maintains an Actuarial function that projects an independent actuarial estimate of the reserves for each class of business. These are presented and reviewed at the Reserving Committee to challenge management's view of the reserves. The discussions and changes to reserves are formally minuted.

The Reserving Committee consists of four members, who are the Chief Executive Officer; Chief Finance Officer and the Head of Underwriting. The Head of Risk and Compliance, Head of Claims and the Head of Actuarial Function are attendees.

B.1.1.5.2 Underwriting Committee

The key purpose of this committee is to monitor and manage performance, against the business plan and the associated insurance risk. The key responsibilities of this committee are to review the Company's underwriting policies, guidelines, authorities, processes and procedures to meet its underwriting risk appetite; review underwriting performance; and assess the Company's underwriting opportunities within its chosen markets.

The Underwriting Committee consists of four members, including the Chief Executive Officer, the Head of Underwriting, the Chief Risk Officer and Head of Compliance and the Head of Claims. The Chair may request individual Company underwriters or other staff members to attend meetings, as and when required.

B.1.1.5.3 Investment Committee

The key responsibilities and duties of this committee are to monitor investment risk and associated credit and liquidity risk.

This committee consists of two members including the Chief Finance Officer and the Group's Chief Investment Officer who undertakes a role requiring Central Bank approval as a PCF-19, Head of Investment.

B.1.1.5.4 Executive Management Team

The purpose of this committee is to assist and advise the CEO in the management of the Company including:

the development and implementation of strategy, operational plans, policies, procedures and budgets; monitoring of operating and financial performance; assessment and control of risk; the assessment and review of the control environment; assessment and control of the Company's branches; governance of relevant sub-committees; the prioritisation and allocation of resources.

The committee is comprised of Chief Executive Officer, Chief Finance Officer, Chief Risk Officer and Head of Compliance, Business and Operations Manager, Head of Underwriting, Head of Claims, Legal Counsel and Head of HR.

B.1.1.5.5 Claims Committee

The key purpose of this committee is to ensure there is adequate oversight of claims across all lines of business and jurisdictions. Responsibilities of this committee include report and reviewing claims trends, large losses and any claims issues across all lines of business and jurisdictions and approving case reserve movements in line with claims authority limits.

The committee consists of five members, including the Chief Executive Officer, Chief Finance Officer, the Head of Underwriting, the Chief Risk Officer and Head of Compliance and the Head of Claims. The Chair may request staff members to attend meetings as and when required.

B.1.1.6 Second Line Committees

B.1.1.6.1 The Risk & Compliance Committee

The Committee is appointed by the Board of Directors. The key purpose of this committee in relation to Risk Management is:

- To oversee all aspects of the Company's risk management and to support the Board in the implementation of a robust risk management framework, including identifying, monitoring and managing risks to assist the Board in the delivery of the strategic objectives and business plans.
- To advise the Board on the risk strategy, including risk appetite and tolerance levels and to ensure that the risk management framework is appropriate and adequately resourced.

The key purpose of this committee in relation to Compliance is:

- To oversee and advise the Board on the current compliance exposures of the Company and to ensure implementation of the annual Compliance Plan.
- To review the Company's systems and controls around prevention and detection of, anti-money laundering, financial sanctions and bribery in accordance with regulatory requirements.

- To ensure that the Compliance function is adequately resourced. The Committee consists of four members, including the Chairman of the Board, Chief Executive Officer, an independent Non-Executive Director and a Non-Executive Director. The Chief Risk Office and Head of Compliance and the Chief Financial Officer are attendees.

B.1.1.7 Third Line Committee

B.1.1.7.1 Audit Committee

The Committee is appointed by the Board of Directors. The key purpose of this committee is to provide independent assurance on the design and operating effectiveness of the overall system of internal control, including risk management and compliance.

The key responsibilities of this committee are to monitor the financial reporting process; to inform the Board of the outcome of the statutory audit; to make a recommendation for the appointment of the audit firm; and to review the appropriateness of the Company's Internal Audit function, internal data, systems, controls, and risk management as related to financial reporting.

The Committee consists of four Independent Non-Executive Directors of the Board.

B.1.2 Changes in the System of Governance [Changes to Directorships, Committee structures]

In recognition of the continued development of the Company, as well as in response to a higher level of regulatory oversight, a number of changes were made to the Company's governance structures during 2018. These included the following:

- Establishment of two new committees; an Executive Management Team and a Claims Committee.
- Revised Committee membership including addition of members of the Executive Management Team as attendees of appropriate management committees.
- Appointment of new roles and resources within First, Second and Third Line teams.

These changes significantly strengthened the Company's oversight and management framework resulting in further improvements to the management of risk.

B.1.3 Remuneration Policy

The Company's Remuneration Policy describes the overarching principles and framework for the employees that fall within its scope and operate on its behalf. In that regard the Remuneration Policy follows the requirements contained within the Central Bank's Corporate Requirements for Insurance Undertakings 2015 (the "Corporate Governance Requirements"). The Company's Board is responsible for the effective, prudent and ethical oversight of the insurance undertaking and inter alia is responsible for setting and overseeing a remuneration framework that is in line with the risk strategies of the Company[1]. The Company's Board has decided in accordance with the provisions of the Corporate Governance Requirements not to establish a formal Remuneration Committee.

The Remuneration Policy is designed to support the appropriate management of employee compensation and act as reference for the Board and Management when making decisions on pay. The Remuneration process and the associated remuneration plans and programmes will be regularly reviewed to ensure that they remain fit for purpose in terms of business strategy and applicable regulations. The process is designed to:

- help to attract, retain and motivate competent, experienced and skilled personnel;
- be competitive within the general insurance market;
- encourage and support a high performance culture;
- be consistent, fair and transparent;
- achieve a balance between short and long-term reward/fixed and variable pay to promote a long term focus;

[1] *Corporate Governance Requirements for Insurance Undertakings 2015, section 13.1 e).*

- promote sound and effective risk management[2] to prevent excessive risk taking[3] that exceeds the risk appetite / tolerance limits;
- ensure that incentives are aligned, particularly in relation to decision-making and risk-taking behaviour, with the Company's overall business and risk management strategies and objectives;
- avoid rewarding failure;
- consider the overall assessment of an individual's performance, not just the performance of the Company or a particular business unit; and
- particularly in the case of senior managers, be aligned to the Shareholders' interests.

The Company aims for the following in respect of its remuneration practices:

- 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 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 that include a role appropriate level of fixed and variable pay in line with market norms and an appropriate benefits programme.
- ensure that pay programmes are aligned to the Company's business strategy, risk appetite statements, codes of conduct and applicable regulations and reward only appropriate behaviour. Ensure that both short and long-term performance is taken into consideration as appropriate.
- ensure the appropriate governance and independence as it relates to pay decisions and the appropriate scrutiny as it relates to key employees.;

The Board reviews INED fees on the renewal of contracts and if roles or duties materially change. The Company's policy is to pay sufficient fees to attract INEDs with the necessary skills and experience to provide effective input to the Board. In practice, fees are usually targeted at the market median for companies of similar business and size.

The Company aims for the following in respect of 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 form to be competitive with market median levels and appropriate on a role-by-role basis.
- The proportion of pay delivered through variable remuneration generally increases with seniority within the organisation. This reflects the increased ability to impact the success of the organisation with increased seniority, and is in line with general market practice.
- Variable pay awards are designed to take into consideration both individual and company performance as appropriate for the role. Individual performance is assessed based upon performance against objectives (financial and non-financial) and also in line with the Company's competency framework. Company performance is aligned to agreed financial metrics.
- All variable pay programmes allow for no awards to be made based upon either individual and Company performance.
- All programmes allow flexibility and discretion which permit the Board and management to ensure appropriate awards are made in all circumstances.

[2] *Corporate Governance Requirements for Insurance Undertakings 2015, section 6.3.*

[3] *Corporate Governance Requirements for Insurance Undertakings 2015, section 15.7.*

- Variable pay awards for Solvency II employees identified within the prescribed control functions, Risk, Compliance, Actuarial and Internal Audit functions, will not be determined using criteria which measures the performance of the business or operational unit subject to their control. Individual allocations are made based on the individual performance against functional objectives, to include adherence to all required controls and regulatory standards and codes of conduct.
- To ensure that the Company's senior employees (including Solvency II Employees) are aligned not only to the annual goals of the Company but equally as importantly, the long term success of the business and group, the Company ensures that a portion for the required population, of variable compensation is in the form of a long-term deferred component.

In general, performance related bonuses are purely discretionary. This gives the Company a high degree of flexibility in rewarding the employee based on sustained performance.

Underwriters' bonuses are calculated using predominantly GAAP drivers (i.e. Accident Year accounting), whereas underwriters write business against an underwriting year. This has the effect that any deteriorations in back-year reserves is captured as a movement in the current reporting year.

As part of the agreements with all staff receiving long term deferred components there are good and bad leaver provisions in the contracts.

With respect to claw backs, some employees have specific claw back provisions in their contracts (including the CEO of the Company). These allow the Company to recover unvested long term deferred components that have been paid if underwriting performance subsequently deteriorates.

B.1.4 Pension scheme

The Company does not provide any supplementary pension to its Independent Non-Executive Directors.

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

B.1.5 Material transactions with shareholders, persons with significant influence and Board members

The Company has had no material transactions with shareholders, persons with significant influence nor members of Board during the reporting period.

B.1.6 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 Central Bank mandates that individuals performing Pre-Approval Control Functions (PCF) or Controlled Function (CF) roles remain fit and proper to undertake the role. Central Bank regulations[4] provide for a comprehensive list of PCFs, e.g. Board Directors, CEO, CRO, CFO, HOAF all of which must be pre-approved by the Central Bank before they can take up a PCF position. The Company has a Fitness and Probity 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

[4] *Fitness and Probity Standards (Code issued under Section 50 of the Central Bank Reform Act 2010), as amended.*

- 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 the Company.

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

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

B.3.1 Risk Management Strategy

The Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting the Company's risk appetite and approving the main risk management strategies and policies. The Risk and Compliance function co-ordinates risk management activities within the Company through the Enterprise Risk Management ("ERM") framework, which consists of procedures to identify, measure, manage, monitor and report risk.

B.3.2 The Risk Management Function

The Risk Management process at the Company begins with the strategy and corresponding risk appetites set by the Company's Board. Using top down risk assessment tools, the Risk and Compliance team forms an understanding of how inherent risk is created and managed within the business model.

A detailed risk register is maintained and kept up to date through an ongoing process. Regular reporting against the risk appetite is conducted through a set of carefully selected key risk indicators, which inform the Board. The controls that respond to inherent risk are also tested through a programme of monitoring.

Annual formal assessments of the Company's Capital are performed via the Own Risk and Solvency Assessment ("ORSA") process (see Section B.3.3 below), and the capital position is stressed to test for the Company's resilience to unexpected events.

Through the Risk and Compliance team's various reporting mechanisms, the Board is kept informed and the strategy is reviewed at least annually in light of the Company's risk profile.

An overview of the key aspects of the Company's risk management process is as follows:

AIU DAC Risk Management Process	Strategy	Appetite	Identification	Measurement	Management	Monitoring	Reporting
1. RCSAs			●	●			
2. Top-down risk assessment	●		●	●			
3. Risk Register			●	●		●	●
4. KRI Reporting		●		●		●	●
5. Stress tests		●		●			●
6. Incident reporting and escalation			●				●
7. Controls & Compliance Monitoring					●	●	●
8. Capital Modelling & Capital Allocation	●	●		●			●
9. ORSA	●	●	●	●		●	●
10. Risk Matrix	●	●	●	●	●	●	●

B.3.2.1 Risk and Control Self-assessments (RCSAs)

RCSAs are performed by each department, under the oversight of the Risk and Compliance team. Risks and controls are recorded in the Company risk register. All risks are given an inherent, residual and target rating, using a risk matrix. RCSAs are regularly reviewed with an in-depth review meeting with the risk department at least annually.

In addition to this processes, all employees are encouraged to report any additional risk to the Risk and Compliance team as soon as possible after it is identified.

B.3.2.2 Emerging risks monitoring

The objective of this process is to identify primarily external factors that are "out there" and that are already, or may at some stage in the future, have an impact on the Company. The potential scale of an emerging risk and the extent that it is "clear and present danger" define its position on the chart, rating and the management action required.

B.3.2.3 Top-down risk assessment

At least once a year, members of the Senior Management team meet to perform a 'top-down' risk assessment as part of a strategy review. The Head of Risk and Compliance forms part of this process as a member of the Senior Management team and as facilitator to the risk assessment. Conclusions are summarised in a Top Risk submission to the Board.

B.3.2.4 Risk register (Magique)

Risks and controls are recorded in the Magique system. The Magique System is an industry standard software tool that supports ERM. Each risk is assigned an owner, who is responsible for assessing the risk or performing the control.

B.3.2.5 Key Risk Indicator (KRI) reporting

KRIs are used to measure whether the Company remains within the Board's stated Risk Appetite. KRIs are monitored and reported to the Risk and Compliance Committee and the Board on a quarterly basis.

B.3.2.6 Stress testing

Stress tests are applied to the Company's business plan at least annually. A range of scenarios is considered, based on the risks identified in the RCSAs and the top-down risk assessment. The scenarios which produce the biggest losses are further stressed to produce Reverse Stress Tests to determine the point at which the Company would fail.

Stress tests are performed whenever there is a material change in risk profile, which would include but is not limited to: material change to reinsurance agreements; entry into a new class of business; change in investment policy; purchase of a subsidiary by the Company.

B.3.2.7 Incident reporting and escalation

The Company operates an incident reporting and escalation framework designed to capture the occurrence of operational risk events for the purpose of analysis, reporting and improvement of internal controls.

Once identified, incidents are reported to the Risk and Compliance function. Incidents are recorded in the Magique risk management system and this acts as the main repository for incident reporting. Incidents are reviewed by the Risk department and an action plan put in place. Incidents are escalated to the appropriate level, depending on their severity.

B.2.3.8 Controls and Compliance monitoring

The operating effectiveness of controls is assessed independently through audit, monitoring and other oversight activities performed by Risk, Compliance, Internal Audit and other support functions within the Company. Key controls are prioritised for regular assessment, with the remainder of the control framework being subject to annual or biennial assessment as a minimum.

B.2.3.9 Capital modelling

The Company is building a stochastic capital model which will be used to evaluate its capital requirements. Currently, capital is assessed as part of the ORSA process and effectively as a function of Regulatory Capital. The stochastic capital model will help the Board to define a clear risk adjusted return on capital target, as well as improving the general resilience of the Company's capital base.

B.2.3.10 Capital allocation

The Company currently allocates capital to classes of business at a high level. With the development of a stochastic capital model, the capital allocation process will be further strengthened.

B.3.3 Own Risk and Solvency Assessment (ORSA)

The Own Risk and Solvency Assessment (ORSA) brings together the ERM processes described above, enabling the Board to assess, monitor, manage, and report the short and long term risks that the Company faces or may face and to determine the Own Funds necessary to ensure that the Company's overall solvency needs are met at all times.

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

The Company completes its full ORSA process annually during the fourth quarter or whenever there is a material change in its risk profile. Changes in risk profile are monitored through the quarterly Board reporting process.

The Company determines its overall solvency needs by determining its projected regulatory capital requirements and adding a loading to this figure. This combined with stress and scenario testing gives the Board comfort that the Company has sufficient capital resources to fulfil its strategy.

The Company's has set a solvency risk appetite which is above a margin of these limits and the Solvency Capital Requirement ("SCR") which is the regulatory capital requirement under Solvency II.

B.4 Internal control system

B.4.1 Internal Control system

Internal control is integral to risk management and the principal means by which risk is managed.

Primary responsibility for the identification, monitoring, control and reporting of significant risk rests with the heads of the various business functions on an on-going basis. Risk and control owners are identified for all significant risks and control. The Enterprise Risk Management framework ensures that these risks and controls are reviewed on a regular basis.

The system of internal control constitutes the first and second Lines of Defence of the "Three Lines of Defence" risk management model (referred to above).

The Internal Audit function is responsible for auditing the control environment against the audit plan agreed by the Audit Committee.

On behalf of the Board, the Audit Committee and the Risk and Compliance Committee regularly review the Company's system of internal control. The review covers all controls, including financial, operational and compliance controls, completeness and accuracy of data and the risk management process. Necessary actions are taken to remedy any significant control failings or weaknesses identified.

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

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

Compliance with SOX is monitored by the Internal Audit function. The outcome of SOX monitoring is reported to senior management and any control deficiencies identified at the Company are reported to Group management for consideration of the aggregate impact to the control framework of the Global group.

B.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. In the Company, the Compliance function operates within the Risk and Compliance function and the Head of Risk and Compliance acts as the Chief Risk Officer and Head of Compliance.

Compliance has ultimate recourse to the Company's Board and has the right to escalate to the Board, directly or through its Committees, any instances of non-compliance.

The Compliance function takes responsibility for identifying and assessing the wide-ranging internal and external obligations the Company has. The Compliance function helps to ensure that the Company 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.

B.5 Internal audit function

The mission of the AmTrust Internal Audit function is to help the Executive and the Board 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
- By challenging the management team to improve the effectiveness of governance, risk management and internal controls.

Internal Audit is independent from the business and is directly responsible to the Chairman of the Audit Committee, with a day-to-day administrative reporting line to the Company's Chief Executive Officer of the AmTrust European Group of entities. Internal Audit has free and unrestricted access to the Chairman of the Board, the Chairman of the Audit Committee and the Chief Executive Officer.

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

B.6 Actuarial function

The purpose of the Head of Actuarial function ("HoAF")[5] and Actuarial function within the Company is to provide support to the Company in many areas including reserving, pricing and capital management. Additionally, other

[5] *Head of Actuarial Function, PCF 48, Fitness and Probity Regime for (Re)Insurance Undertakings under Solvency II.*

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.

Under Solvency II the Actuarial function is a Key Function, the HoAF being the Key Function holder. The HoAF is a qualified actuary and is a Fellow of the Society of Actuaries and reports to the Chief Executive Officer. 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 HoAF or his representative attends the Reserving Committee. The HoAF 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:

- Preparation of an Actuarial Functions report annually to the Board which reports on the activities of the Actuarial function;
- Production of the Technical Provisions in accordance with Solvency II principles and ensuring that methodologies and underlying models used are appropriate for the specific lines of business of the undertaking and for the way the business in managed, having regard to the available data.
- Assessment of whether the information technology systems used in the calculation of technical provisions sufficiently support the actuarial and statistical procedures.
- Preparation of the Actuarial Report on Technical Provisions;
- Monitoring the best estimates against actual experience;
- Reporting to the Board on the reliability and adequacy of the Technical Provisions calculation.
- Providing a statistical framework to price various lines of business.
- Reviewing new business opportunities and providing feedback on the underlying models and assumptions or any external actuarial models used.
- Work with underwriters to provide support on product performance.
- Providing independent input into the ULRs to be used in the business plans.
- Providing inputs into the calculation of the Solvency Capital Requirement ("SCR").
- Providing assistance for the preparation of business plans.
- Working closely with the Risk Management Function ("RMF") to facilitate the implementation of an effective risk management system.
- Support to the Risk Management Function to quantify the risks identified.
- Building a stochastic Internal Capital Model of the Company business.
- Opining on the ORSA process;

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 third party coverholders, agents and intermediaries in its claims management, underwriting and distribution processes.

Key outsourcing risk refers to those functions that are required by the Company; either from external or from intra-group providers which are essential to the Company's operations, and that the Company would, otherwise, be unable to deliver its services to policyholders without the outsourced function(s).

The Central Bank requires the Company 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 risks associated with the Central Bank's ability in monitoring the Company's compliance obligations under the regulatory system.

The Company's 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 outsource partners;

- Formal contract management and monitoring;
- Contingency plans in the event that the service providers are unable to perform the service; and
- Independent internal monitoring by business operations, the compliance function; internal audit; and the Company's third party audit coverage as routinely approved and monitored by the Executive Team

B.8 Any other information

None noted.

C. Risk Profile

C.1 Underwriting risk

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

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

C.1.1 Material risk exposures

The Company is exposed to premium risk, that is, the risk that premiums are insufficient to cover the value of claims made and reserve risk, the risk that on-going claims are settled at a higher value than previously expected. The majority of the Company's material underwriting risk exposure comes from its Warranty business, which represented the largest class of business during 2018. In addition, other material classes in terms of size are US Surplus Lines Liability and Italian medical malpractice. These latter classes are casualty insurance and underlying claims exposures can take a long-time to properly realise, hence there is a material risk of adverse reserve development on all current and prior underwriting years where the Company underwrote these programmes. The SCR quantifies the potential for adverse development as part of the calculation of the premium risk and reserve risk calculation. An additional component of the SCR which is driven primarily from the Company's US Surplus Lines business is the SCR component for catastrophe risk. Although the Company believes that this account and its other lines of business, are exposed to limited catastrophe risk, due to the treatment and classification of this account within the SCR calculation the Company receives a disproportionality high capital charge for Catastrophe Risk.

C.1.2 Material risk concentrations

The Company's underwriting risk exposure is concentrated in the General liability class of business. Around forty percent of the Company's premium is attributable to this class.

C.1.3 Material risk mitigation

This risk is mitigated through a range of management controls including the Risk Authorisation Form ("RAF") Process which is a key control. In addition to the RAF process, the Actuarial Pricing team review new business to determine that rates are adequate. Within underwriting teams, a peer review also takes place. 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. Furthermore, underwriting performance is monitored against risk appetites in terms of volume of written premium, underwriting profit and concentration via the KRI reporting process.

The Company also uses reinsurance to mitigate underwriting risk. This takes the form of a group quota-share agreement with AmTrust International Insurance Ltd (Bermuda) on all business written by the Company as well as quota share and excess of loss contracts on individual classes of business with external providers, including Maiden Insurance Ltd (Bermuda). The Company's exposures to Maiden are fully collateralised. All reinsurance programmes must be approved by the Company's Board.

C.1.4 Risk sensitivities

The Company has performed a series of sensitivity tests on its solvency position; these are shown in section C.7.1.

C.1.5 Other material information

None noted.

C.2 Market Risk

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

The KRI process identifies and measures the key market risk exposures by closely monitoring the currency and duration mismatch to capture exposure to currency and interest rate risks, as well as the composition of the bond portfolio holdings by credit ratings to capture exposure to spread risk.

Investments are reviewed quarterly via the Investment Committee and reported to the Board.

C.2.1 Material risk exposures

The Company's material exposures to market risk are: 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 consists mainly of corporate and government bonds. It is exposed to interest rate risk as well as to credit-spread risk. Fluctuations in rates of inflation influence interest rates, which in turn impact the market value of the investment portfolio and yields on new investments. Thus, rising interest rates would have an adverse impact of the bond portfolio and would drive the value of the bonds down. Whereas, widening credit-spreads would also negatively impact the value of the bond portfolio.

Property held for investment comprises less than five percent of the investment portfolio and doesn't pose any material risk to the Company's business.

The Company manages its foreign exchange risk against its functional currency, which is presented in euro. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than euro. The most significant currency to which the Company is exposed is the US Dollar.

The Company has a Swedish agency operation, whose net assets are exposed to foreign currency translation risk.

C.2.2 Material risk concentrations

The Company's material market risk exposures are to its foreign currency exposure to the US Dollar, Swedish Kroner and the exposure of its predominantly fixed rate corporate bond investment portfolio to spread risk.

C.2.3 Material risk mitigation

The Company operates a conservative investment strategy, investing primarily in fixed rate corporate bonds, money market deposits and cash. The Company has little appetite for investments in equities (other than wholly-owned subsidiaries) and complex investments such as derivatives. By investing in assets where the risk can be properly identified, measured, monitored, managed, controlled and reported on, the Company fulfils the Prudent Person Principle.

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

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 has investments in property through ownership of properties in Milan and Amsterdam which are occupied by its branch operations in Italy and the Netherlands.

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

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

C.2.4 Material risk sensitivities

The Company has performed a series of sensitivity tests on its solvency position; these are shown in section C.7.1.

C.2.5 Other material information

None noted.

C.3 Credit risk

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

The risk and management team identifies and measures the key credit risk exposure by monitoring rating of bank, rating of reinsurer, bond rating, exposure to individual external reinsurer counterparty, exposure to single bank as percentage of Solvency Capital Requirement (SCR), credit extended to intermediaries compared with limits set by Finance and length of time overdue.

C.3.1 Material risk exposures

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

C.3.2 Material risk concentrations

The Company is exposed to credit risk in relation to material accounts with Reinsurance counterparties: Maiden Insurance Company Limited and AmTrust International Insurance Limited (AIIL).

The Company is exposed to general economic, business and industry conditions. Adverse general economic conditions may cause, among other things, significant reductions in available capital and liquidity from banks and other credit providers. The Company's largest bank exposures are to BNP Paribas and JP Morgan Chase.

The Company's largest corporate bond exposure is to Ginnie Mae, making up of just under five percent of the investment portfolio. Other large bond exposures are to the European Investment Bank and Toronto-Dominion Bank.

C.3.3 Material risk mitigation

In order to reduce exposure to reinsurance credit risk, the financial condition of reinsurers is evaluated and reinsurance is placed with a diverse group of companies and syndicates that are believed to be financially sound. The credit quality of reinsurers is monitored when placing new and renewal reinsurance, as well as on an ongoing, current basis. The Company uses objective criteria to select and retain its reinsurers, including requiring a financial strength rating of "A-" or better from A.M. Best Company. Ongoing adherence to this is reported to the Board through risk appetite monitoring.

To reduce credit risk, the Company performs ongoing evaluations of its customers' financial condition.

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

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

Exposures to individual policyholders and groups of policyholders are considered through the ongoing monitoring of the controls associated with regulatory solvency.

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

C.3.4 Risk sensitivities

The Company has performed a series of sensitivity tests on its solvency position; these are shown in section C.7.1.

C.3.5 Other material information

None noted.

C.4 Liquidity risk

Liquidity risk represents the 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.

Via the KRI process a liquidity ratio is monitored to identify and measure liquidity risk exposures. The finance team carries out regular cash-flow forecasting and analysis to monitor the Company's liquidity needs.

C.4.1 Material risk exposures

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

However, the major threat to liquidity could occur during a catastrophe when a large number or claims are received at once or there may be a prospect of a major significantly large claim. The Company considers this scenario to be remote.

Reinsurance may additionally pose a residual liquidity risk through delays in payment by the reinsurer or its default which, while classed as a credit risk event would also present a potential liquidity issue.

C.4.2 Material risk concentrations

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

C.4.3 Material risk mitigation

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Company's financial performance. It manages these positions within an asset liability management (ALM) framework that has been developed to minimise the risk of significant deterioration of the investment portfolio while earning profitable returns from those investments.

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

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

C.4.4 Expected profit in future premiums

The value of expected profit in future premiums is €2.3m. This amount is highly illiquid, but represents only 1% of the value of own funds.

C.4.5 Risk sensitivities

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

C.4.6 Other material information

None noted.

C.5 Operational risk

Operational risk is the risk that 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, intermediaries, investment management companies or outsourced agencies and individuals.

The Company has risk management processes in place, such as third party audit, internal audit, controls testing, project management, Risk and Control Self-Assessment (RCSA), Sarbanes-Oxley Framework and management governance committees to assess and monitor operational risk exposures.

C.5.1 Material risk exposures

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

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

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

C.5.2 Material risk concentrations

The Company's material risk concentrations are in Systems and Outsourcing.

The majority of the Company's core lines are sold through independent third-party intermediaries, agents, retailers or administrators, many of whom the Company has worked with for several years, in particular in the Casualty and Warranty accounts.

Information Technology ("IT") is an integral aspect of the Company's day-to-day business operations and as such, any system failure can impose a serious threat to the Company operations. IT is a global function, aspects of which are managed and maintained centrally via teams in the US and UK. IT has many components including Infrastructure Operations and Engineering; Security; Data Governance; System Development; Governance and Operations. The Group has embarked on a material transformation programme of its IT Framework in 2018 which will continue in 2019 to enhance the efficiency and robustness of the IT Framework.

C.5.3 Material risk mitigation

The Company does not seek to take on operational risk in order to generate a return. However, it recognises that some degree of operational risk is an unavoidable consequence of remaining in business. It therefore seeks to mitigate this risk through its corporate governance and internal control mechanisms, RAF process, peer view, due diligence and Sarbanes-Oxley controls.

All of the Company's operational risks are captured within the Company's risk register. Risk Management carry out a risk and control self-assessment exercise where meetings are 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 performed a series of sensitivity tests on its solvency position; these are shown in section C.7.1.

C.5.5 Other material information

None noted.

C.6 Other material risks

C.6.1 Legal and Regulatory risks

The risk of non-compliance with regulation and legislation.

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

C.6.2 Strategic risk

Risks arising from failure to sufficiently define the direction and objectives of the entity, together with the resourcing and monitoring of the achievement of the same.

The Company has a well-developed business planning process and its business plans are approved by the Board. The business plans are also used in the Own Risk and Solvency Assessment (ORSA) process.

C.6.3 Governance risk

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

The 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 has been developed using the "three lines of defence" model.

C.6.4 Group risk

The risks arising from other parts of its 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.

There is regular engagement between executives and senior managers of AFSI and the Company. The AFSI Group President and Chairman is also a PCF-2 under the Central Bank's Fitness and Probity regime and sits on the Company's Board

C.6.5 Solvency risk

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 ensures it is solvent at all times through: monitoring of its solvency position; management accounts; solvency forecasting in ORSA and prior to any strategic decision making.

C.6.6 Reputational risk

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

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

C.7 Any other information

C.7.1 Risk sensitivities

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

The Company has performed the following sensitivity tests on its solvency position.

Risk category	Test	SCR/Change (€m)		Own Funds/Change (€m)		Solvency Ratio/Change	
Underwriting	25% increase in volume of GWP in next 12 months	180.1	12.4	223.5	-	124.1%	(9.2%)
Underwriting	25% decrease in volume of GWP in next 12 months	153.4	(14.3)	223.5	-	145.7%	12.4%
Underwriting	25% increase in Claims provisions	172.9	5.2	200.2	(23.3)	115.8%	(17.5%)
Underwriting	25% decrease in Claims provisions	163.6	(4.1)	246.8	23.3	150.8%	17.6%
Market	25% increase in asset durations	171.2	3.5	223.5	-	130.6%	(2.7%)
Market	25% decrease in asset durations	164.2	(3.5)	223.5	-	136.1%	2.8%
Market	10% of investment portfolio moved to the two most concentrated exposures	168.1	0.4	223.5	-	133.0%	(0.3%)
Market	10% increase in currency exposure for each currency	162.7	(5.0)	201.5	(22.0)	123.8%	(9.5%)
Market	10% decrease in currency exposure for each currency	173.8	6.0	249.6	26.1	143.7%	10.4%
Credit	Fall in rating of one credit step for three largest insurers	187.5	19.8	223.5	-	119.2%	(14.1%)
Credit	Fall in rating of one credit quality step for securitisation positions held	167.7	-	223.5	-	133.3%	0.0%
Credit	Double the proportion of debtors overdue by more than 3 months	166.1	(1.6)	223.5	-	134.6%	1.3%
Operational	Increase in technical provisions of 25%	174.0	6.3	192.7	(30.8)	110.8%	(22.5%)

The risk with the most material effect on the SCR is operational risk whereby an increase in the Technical Provisions show a material sensitivity, in terms of solvency ratio, which drives the operational risk charge. The

Company has robust controls in place to ensure the reserves are appropriate, as set out in section B.1.1.5.1. The Actuarial function provides a report to the Board annually on the Technical Provisions.

The tests highlight a material sensitivity in terms of solvency ratio to increases and decreases in claims provisions. Claim reserve movements are monitored via detailed reporting to the Reserving Committee and the Claims Committee. Additionally underwriting risk shows a sensitivity to any increase in the volume of premium written. The Company closely monitors premium volume against its business plan throughout the year.

Finally, the Company has a material sensitivity to credit risk for its reinsurers. The Company policy is to engage with Reinsurance Counterparties with an A rating and monitors the credit worthiness of its reinsurers on a regular basis.

D. Valuation for solvency purposes

The table below shows the valuation on a Solvency II basis of the Company's assets and liabilities as at 31 December 2018.

€'000	Solvency II value (C0010)	Statutory accounts value (C0020)
Assets		
Goodwill	0	1,255
Deferred acquisition costs	0	43,090
Intangible Assets	0	1,207
Property, plant & equipment held for own use	28,337	21,102
Investments (other than assets held for index-linked and unit-linked contracts)	361,539	359,014
Bonds	338,812	336,309
Government Bonds	26,129	25,916
Corporate Bonds	290,886	288,665
Collateralised securities	21,797	21,728
Collective Investment Undertakings	141	141
Deposits other than cash equivalents	22,586	22,564
Loans and mortgages	14,194	13,678
Other loans and mortgages	14,194	13,678
Reinsurance recoverables from:	642,714	789,993
Non-life and health similar to non-life	642,714	789,993
Non-life excluding health	630,318	776,386
Health similar to non-life	12,396	13,607
Deposits to Cedants	4,249	4,249
Insurance and intermediaries receivables	19,951	139,644
Reinsurance receivables	0	0
Receivables (trade, not insurance)	27,356	67,970
Cash and cash equivalents	37,418	37,418
Total assets	**1,135,758**	**1,478,620**
Liabilities		
Technical provisions – non-life	773,075	930,370
Technical provisions – non-life (excluding health)	760,804	916,282
Best Estimate	731,301	0
Risk margin	29,503	0
Technical provisions - health (similar to non-life)	12,271	14,088
Best Estimate	12,271	0
Deposits from reinsurers	36,377	36,377
Deferred Tax Liabilities	458	4,746
Insurance & intermediaries payables	0	0
Reinsurance payables	59,363	161,684
Payables (trade, not insurance)	42,957	107,864
Total liabilities	**912,229**	**1,241,041**
Excess of assets over liabilities	223,529	237,579

D.1 Assets

As a general principle, the Company's assets and liabilities are valued differently on the Solvency II balance sheet (reported on a market value basis for Solvency II) than when preparing its annual accounts for filing at the Companies Registration Office. The former applies the valuation rules from the Solvency II Directive, and the latter applies valuation rules under Generally Accepted Accounting Principles (GAAP) in Ireland.

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. Irish GAAP is largely equivalent to the accounting principles applied under IFRS, although differences do exist.

This section highlights the way that the Company values its assets and liabilities using the Solvency II valuation principles and where relevant, explains any material differences to the Irish GAAP valuation approach followed in its last reported financial statements.

In general, the valuation method is aligned with Irish GAAP and so the basis of preparation aligns with the Irish GAAP accounting policies. Exceptions to these methods are outlined in the relevant sections below.

D.1.1 Deferred acquisition costs

	Solvency II value	Statutory Accounts value
Assets	€'000	€'000
Deferred acquisition costs	0	6,562

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

D.1.2 Property, plant and equipment held (held for own use and other than for own use)

	Solvency II Value	Statutory Accounts Value
Assets	€'000	€'000
Property, plant and equipment held for own use	28,337	21,102
Intangible Assets	0	1,207

Under Solvency II the valuation methodology for property, plant and equipment is to use a reliable estimate for the amount which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

Plant and equipment is valued in Irish GAAP accounts at cost less depreciation. Intangible Assets relate to software, as the software does not have a readily available market it is assigned a Solvency II value of nil on the market value balance sheet.

The fair market value which the Company's property is carried at within the Irish GAAP accounts is not considered to be a consistent valuation methodology to the Solvency II guidelines. Property, plant and equipment is included at market value in the Solvency II Balance Sheet, this is based on an independent market valuation.

D.1.3 Investments

D.1.3.1 Bonds

	Solvency II Value	Statutory Accounts Value
Assets	**€'000**	**€'000**
Bonds	338,812	336,309
Government Bonds	26,129	25,916
Corporate Bonds	290,886	288,665
Collateralised securities	21,797	21,728
Collective Investment Undertakings	141	141
Deposits other than cash equivalents	22,586	22,564

The Company has an investment portfolio made up of corporate bonds, government bonds and collateralised securities. The Company considers that financial assets held are tradeable in active markets.

The Company elects to carry its investments at fair value through the profit and loss account. These assets are managed and their performance evaluated on a fair value basis, and information about their fair values is provided internally to key management personnel on a regular basis including the Company Board and Investment Committee.

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

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

According to European Insurance and Occupational Pensions Authority (EIOPA) guidelines contained within Article 75 of Directive 2009/138/EC this method can be consistently applied under SII and therefore no adjustments are made to the Irish GAAP position.

An adjustment has been made to include accrued interest (which is not included under Irish GAAP) in the bond valuation for Solvency II purposes.

D.1.4 Reinsurance recoverables

	Solvency II Value	Statutory Accounts Value
Assets	**€'000**	**€'000**
Non-life and health similar to non-life	642,714	789,993
Non-life excluding health	630,318	776,386
Health similar to non-life	12,396	13,607

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

D.1.5 Insurance and intermediaries' receivables, Reinsurance, Deposits to Cedants.

	Solvency II Value	Statutory Accounts Value
Assets	**€'000**	**€'000**
Deposits to Cedants	4,249	4,249
Insurance and intermediaries receivables	19,951	139,644
Reinsurance receivables	0	0
Receivables (trade, not insurance)	27,356	67,970

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

Receivables which are not yet due are reclassified and dealt with as part of the technical provisions, described in section D.2.3.4 below. Claims Floats are also reclassified to Technical Provisions as they will result in a cash inflow at the end of each related insurance contract. These adjustments are evident in the reduction in value between the statutory accounts and the Solvency II value.

Deposits to Cedants represent amounts paid to cedants by Nationale Borg in respect of premium and claims provisions. These amounts are shown within deposits in the statutory accounts. There are other minor reclassifications made between the Irish GAAP balance sheet and the Solvency II balance sheet relating to these items to correctly classify items under the Solvency II categories.

D.1.6Cash and other assets

	Solvency II Value	Statutory Accounts Value
Assets	**€'000**	**€'000**
Cash and cash equivalents	37,418	37,418

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash and cash equivalents are considered to be held at fair value.

D.1.7 Other

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

D.2 Technical Provisions

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

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

On a Solvency II basis for 2018, the total technical provisions, including the risk margin, were €130.4m compared to €140.4m on a statutory basis, a difference of 7.1%.

The following tables shows a summary of the Company's Technical Provisions under Solvency II for 2018 and 2017.

Line of Business 2018 €'000	Total Best Estimate Gross	Risk Margin	Gross Technical Provisions	Recoverables from Reinsurance Contacts	Total Technical Provisions Net of Recoverables
Income Protection	12,271	0	12,271	(12,396)	(125)
Marine, aviation and transport insurance	7	0	7	(6)	1
Fire and other damage	71,611	3,095	74,706	(61,016)	13,690
General Liability	464,099	21,291	485,389	(391,225)	94,164
Credit and suretyship	28,602	886	29,488	(25,571)	3,917
Assistance	2,586	113	2,700	(2,198)	501
Miscellaneous financial loss	164,396	4,118	168,513	(150,302)	18,212
Non-Proportional Property Reinsurance	0	0	0	0	0
Total	743,572	29,503	773,075	(642,714)	130,361

Line of Business 2017 €'000	Total Best Estimate Gross	Risk Margin	Gross Technical Provisions	Recoverables from Reinsurance Contacts	Total Technical Provisions Net of Recoverables
Income Protection	3,595	0	3,595	(4,937)	(1,342)
Fire and other damage	64,086	2,328	66,413	(54,482)	11,932
General Liability	377,721	13,616	391,337	(321,542)	69,795
Credit and suretyship	31,450	936	32,386	(27,590)	4,796
Assistance	2,907	106	3,013	(2,470)	543
Miscellaneous financial loss	109,818	1,543	111,361	(103,452)	7,909
Non-Proportional Property Reinsurance	132	2	134	(123)	11
Total	589,710	18,531	608,239	(514,596)	93,643

The Company's GAAP reserving policy requires the Actuarial Function to calculate ultimate loss ratios with no margins for prudence or optimism. These loss ratios are calculated at the homogenous class of business level, which is consistent with the way the business is underwritten and managed. This provides an estimate of the expected future cash outflows from earned business and expected future cash inflows from any associated reinsurance as at the valuation date.

The following tables shows a summary of the Company's Technical Provisions under GAAP for 2018.

Line of Business 2018	Claims Outstanding	Unearned Premium	Gross Technical Provisions	Recoverables from Reinsurance Contracts	Total Technical Provisions Net of Recoverables
Income Protection	12,430,053	9,925,733	22,355,786	19,006,214	3,349,572
Fire and other damage to Property	30,843,291	52,139,955	82,983,246	71,064,612	11,918,634
General Liability	423,424,976	103,730,561	527,155,537	444,253,089	82,902,448
Credit and Suretyship	43,491,701	14,539,115	58,030,816	48,387,235	9,643,581
Other	79,069,767	160,774,241	239,844,008	207,281,737	32,562,270
Total	**589,259,787**	**341,109,605**	**930,369,393**	**789,992,887**	**140,376,506**

The differences in the basis of calculations between Solvency II and the Financial statements are outlined in further detail in Section D2.3.

D.2.1 Underlying Uncertainties

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

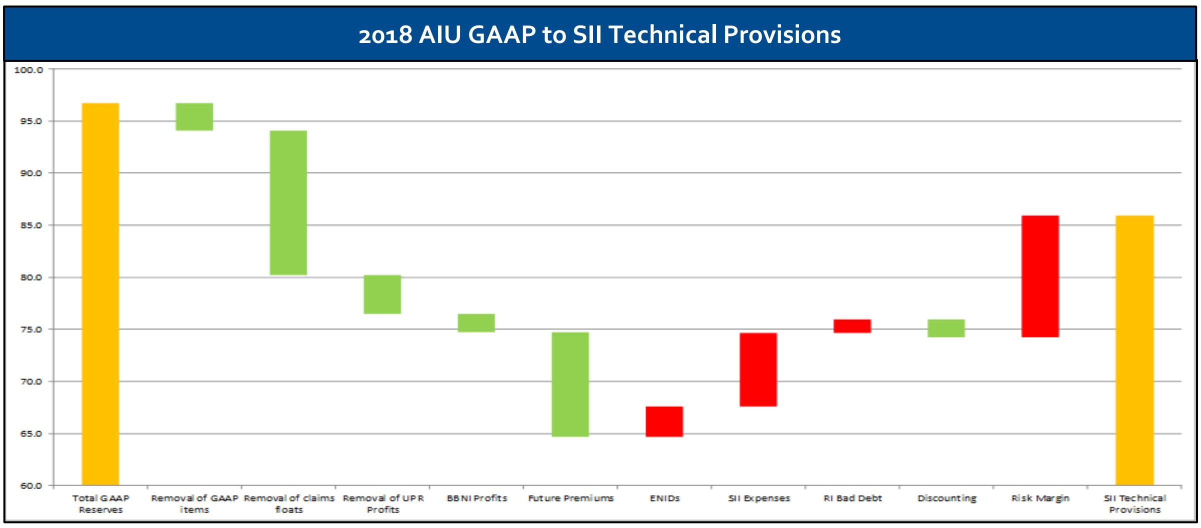
- the small size of some classes.
- the lack of development history and hence reliance on benchmarks in some classes.
- an increased reserve uncertainty on long-tailed classes. For example, the Medical Malpractice business is particularly long-tailed and has limited development history. Additionally, market results for this class have been particularly volatile increasing the uncertainty in the best estimates for this class.
- uncertainty over the losses on remaining unearned exposures, particularly for the classes earning over extended periods such as the Structural Defects business or the Warranty business.
- uncertainty over the number and magnitude of potential large losses on long-tailed business.
- the existence of profit caps and profit shares for some programmes also adds to the uncertainty in the Company's aggregate estimates.

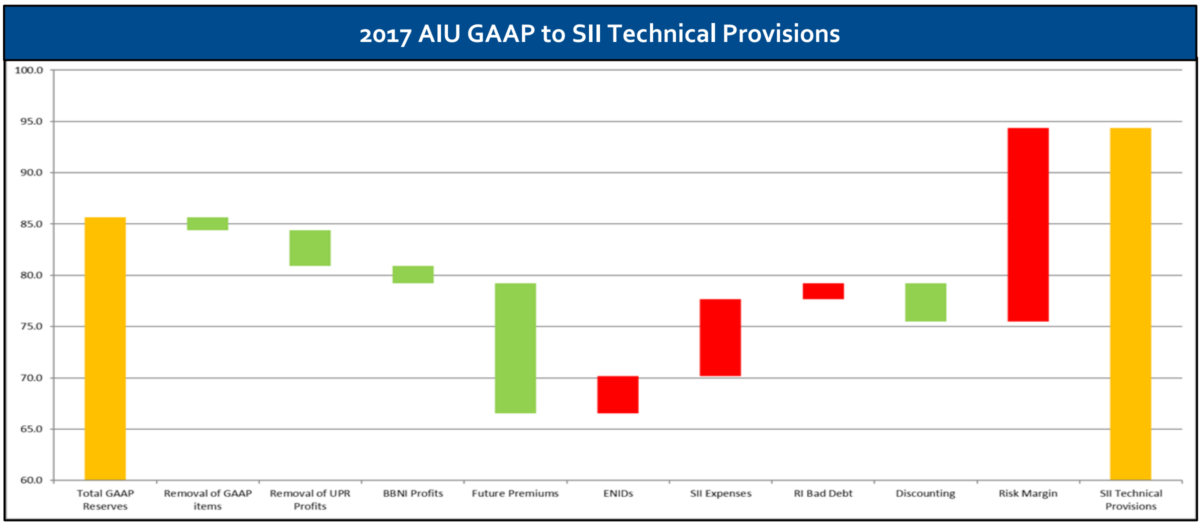
D.2.2 SII Related Uncertainties

Additional uncertainties because of the Solvency II adjustments include:

- Uncertainty over the number and magnitude of potential large losses (and catastrophes) on all business that is unexpired at the valuation date;
- Uncertainty over the provision for Events Not In Data ("ENIDs") where, by their very nature, there is no data available;
- Potential for deviation in the expected profits on un-incepted and unearned business;
- Potential for deviation in payment patterns from expectations, resulting in an over or under-estimation of the level of discount;
- Uncertainty over the volume of un-incepted business
- Uncertainty surrounding the future premium receivable; and
- Estimation of the Risk Margin due to uncertainty in the run-off of the capital requirements.

D.2.3 Differences between Solvency II valuation and Financial Statements





The Company's GAAP reserving policy requires the Actuarial Function to calculate ultimate loss ratios with no margins for prudence or optimism. An explicit margin is added based on the Reserving Committee recommendations.

The Company is not using the following adjustments in calculating the Technical Provisions:

- volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC, and
- the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

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

D.2.3.1 Removal of any margins in the GAAP reserves

SII TPs are required to be on an actuarial best estimate basis with no implicit margin (or reduction from best estimate). We have assumed the booked GAAP reserves as at 31 December 2018 are on this basis and have not recalculated the reserves based on Actuarial ultimate loss ratios. The margin for uncertainty has been removed for SII purposes. Expected reinsurance recoveries are allowed for separately for both proportional and non-proportional reinsurance.

D.2.3.2 Recognition of profit in the Unearned Premium Reserve (UPR)

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

D.2.3.3 Recognition of profits in business written prior to, but incepting after, the valuation date

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

D.2.3.4 Allowance for future premiums

Future premium cash flows, premiums that have been written and are either earned or unearned but are not yet due to be paid, are derived from the Company's financial systems for both gross cash inflows and reinsurance cash outflows.

D.2.3.5 Allowance for Events Not In Data (ENIDS)

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

D.2.3.6 Allowance for expenses required to service the run-off of the technical provisions

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

D.2.3.7 Allowance for Reinsurance Bad Debt (non-recoverable reinsurance)

Expected non-payment of reinsurance recoveries continues to be made but this is now calculated on a SII basis. The expected default under Solvency II, which the company has used, takes into account the timing of the expected payment by reinsurer and hence allows for a change in rating over time. The bad debt provision (earned & unearned) reflects the fact that the majority of the reinsurance is provided by AIIL which is 'A- rated' and hence attracts a correspondingly low bad debt charge. The Company also selected the minimum permissible loss-given-default factor of 50% in estimating this provision. There is also a small bad debt allowance included in the BBNI profits above. There has been no material change in this provision for the last year.

D.2.3.8 Allowance for the future cost of reinsurance in respect of written business

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

D.2.3.9 Allowance for the impact of policies lapsing

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

D.2.3.10 Allowance for future investment income (discounting)

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

D.2.3.11 Allowance for a risk margin

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

D.2.3.12 Reinsurance

The Company has significant reinsurance assets as most lines of business are covered by an 85% Quota Share. This cover is provided by AmTrust International Insurance Ltd (AIIL), which is another subsidiary company within the AmTrust Group.

Other lines such as Medical Malpractice are also covered by significant external quota shares (AIIL 45% and Maiden Reinsurance take 40%). The Solvency II Technical Provisions also make allowance for potential recoveries from non-proportional reinsurance with the most significant covering the PI, Liability and Property classes.

D.2.4 Significant changes in assumptions

There have been no significant changes in the assumptions used to calculate the Technical Provisions.

D.3 Other liabilities

D.3.1 Deferred tax

Liabilities	Solvency II Value €'000	Statutory Accounts Value €'000
Deferred Tax Liabilities	458	4,746

Deferred Tax liability is primarily as result of unrealised movement on revaluation of property.

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

D.3.2 Loans payables and other liabilities

Liabilities	Solvency II Value €'000	Statutory Accounts Value €'000
Deposits from reinsurers	36,377	36,377
Reinsurance payables	59,363	161,684
Payables (trade, not insurance)	42,957	107,864

Payables to insurance and intermediaries, reinsurance and other trade, as well as the other liabilities, are valued at amortised cost, consistent with the approach under Irish GAAP, which is not considered to be materially different to the Solvency II valuation principle since creditor balances are short term, with no discounting impact and convertible into a cash balance.

Receivables which are not yet due, are reclassified and dealt with as part of the technical provisions, described below. There are a number of other reclassifications made between the Irish GAAP balance sheet and the Solvency II balance sheet relating to these items to correctly classify items under the Solvency II categories.

D.4 Alternative methods for valuation

The Company does not use any alternative methods for valuation.

D.5 Any other information

None noted.

E. Capital Management

E.1 Own funds

The Company's capital management objective is to maintain sufficient capital to safeguard the Company's ability to continue as a going concern and to protect the interests of all of its customers, investors, regulators and trading partners while also efficiently deploying capital and managing risk to sustain ongoing business development. The Company maintains a prudent buffer over the SCR.

The Company manages its capital resources in line with its Capital Management Policy. The Company's capital position is kept under constant review and is reported quarterly to the Board and to the Central Bank of Ireland as part of Solvency II reporting.

The Company 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.

The Company prepares solvency projections for the following three years as part of its business planning process, which forms part of the ORSA. In addition, short-term solvency projections are calculated whenever a significant transaction is considered by the Company.

Solvency calculations are prepared following the end of each quarter and compared with available Own Funds and this is included in the Risk function's report to the Risk and Compliance Committee.

The Company's capital resources are made up of Tier 1 capital instruments and comprise of fully paid ordinary share capital, preference shares plus the reconciliation reserve (accumulated profits on a Solvency II valuation basis).

There is no loss absorbing mechanism in relation to Own Funds.

The Company's capital at the end of the year and the prior-year is shown in the table below.

€'000	Dec 2018	Dec 2017
Ordinary share capital	6,789	6,789
Capital contributions	21,856	21,856
Capital redemption reserve	13,270	13,270
Reconciliation reserve	181,614	153,655
Own funds	223,529	195,570

The Company's eligible amount of Own Funds eligible to cover the SCR as of 31 December 2018 and 2017 are listed in the tables below.

Solvency Overview (€'000) as of 31 December 2018					
	Tier	**Own Funds**	**Eligible %**	**Eligible Own Funds**	**Solvency Ratio (SCR)**
SCR 167,714	1	223,529	100%	223,529	
	2	0		0	
	3	0		0	
	Total	**223,529**	**100%**	**223,529**	**133%**

Solvency Overview (€'000) as of 31 December 2017					
	Tier	**Own Funds**	**Eligible %**	**Eligible Own Funds**	**Solvency Ratio (SCR)**
SCR 127,706	1	195,570	100%	195,570	
	2	0		0	
	3	0		0	
	Total	**195,570**	**100%**	**195,570**	**154%**

The Company's eligible amount of Own Funds to cover the MCR as of 31 December 2018 and 2017 are listed in the tables below.

Solvency Overview (€'000) as of 31 December 2018					
	Tier	Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio (MCR)
MCR 41,929	1	223,529	100%	223,529	
	2	0		0	
	3	0		0	
	Total	**223,529**	**100%**	**223,529**	**533%**

Solvency Overview (€'000) as of 31 December 2017					
	Tier	Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio (MCR)
MCR 31,926	1	195,570	100%	195,570	
	2	0		0	
	3	0		0	
	Total	**195,570**	**100%**	**195,570**	**616%**

There are certain differences between the value of Own Funds under Solvency II and the value of Equity shown in the Company's Financial Statements. These arise due to the difference in valuation of assets and liabilities described in Section D of this report. A reconciliation is shown in section E.1.1 below.

None of the Company's Own Funds are subject to transitional arrangements. The Company has no Ancillary Own Funds. There are ring-fenced funds, specifically relating to Nationale Borg. These funds have been separately assessed and it has been determined that this will have an immaterial impact on the SCR.

There are no other deductions made from Own Funds, nor is there any restriction affecting the availability and transferability of Own Funds within the Company.

E1.1 Reconciliation Reserve

Reconciliation Reserve Detail (€'000)	2018	2017
Excess of assets over liabilities	223,529	195,570
Other Basic Own Fund Items	(41,915)	(41,915)
Reconciliation Reserve	181,614	153,655

There are no foreseeable dividends or own shares, the Reconciliation Reserve is not impacted by these items.

€'000	2018	2017
Equity per Financial Statements	237,579	209,528
Difference in SII TPs	(26,065)	(19,552)
Goodwill	(1,255)	0
Deferred Tax Adjustment	4,289	0
Market Value adjustment on Property and other	8,982	5,593
Solvency II Own Funds	223,529	195,570

E.2 Solvency capital requirement and minimum capital requirement

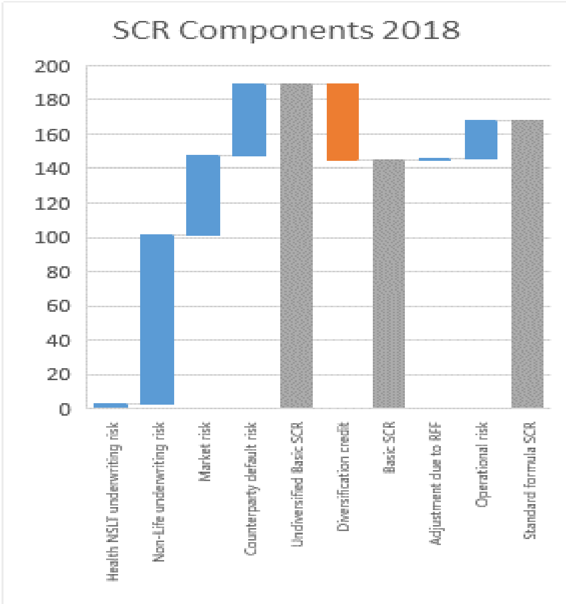
The Company uses an off-the-shelf system, VEGA, provided by Milliman to calculate its SCR using the Standard Formula. The Company does not use any Undertaking Specific Parameters (USPs) nor does it use simplified calculations for any of the risk modules.

Capital Requirements (€'000)	2018	2017
SCR	167,714	126,663
MCR	41,929	31,666

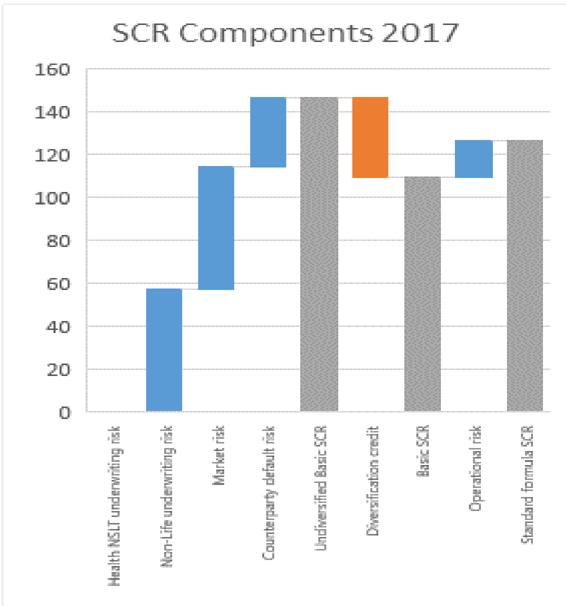
E.2.1 Solvency Capital Requirement

The Company's SCR split by risk module as of 31 December 2018 and 2017 are shown in the tables below.

Solvency Capital Requirement	2018 €'000
Health NSLT underwriting risk	2,799
Non-Life underwriting risk	98,278
Market risk	46,604
Counterparty default risk	41,541
Undiversified Basic SCR	189,222
Diversification credit	(44,212)
Basic SCR	145,010
Adjustment due to RFF	397
Operational risk	22,307
Standard formula SCR	167,714



Solvency Capital Requirement	2017 €'000
Health NSLT underwriting risk	493
Non-Life underwriting risk	57,067
Market risk	56,842
Counterparty default risk	31,889
Undiversified Basic SCR	146,291
Diversification credit	(37,320)
Basic SCR	108,971
Operational risk	17,691
Standard formula SCR	126,663



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

E.2.2 Minimum Capital Requirement

The Company calculates its linear MCR using the prescribed formula. This is then compared with the Absolute floor of the MCR, the MCR cap and the MCR floor. Both the cap and floor are determined using the Standard Formula SCR.

Overall MCR calculation (€'000)	2018	2017
Linear MCR	23,449	17,886
SCR	167,714	126,663
MCR cap	75,472	56,998
MCR floor	41,929	31,666
Combined MCR	41,929	31,666
Absolute floor of the MCR	2,500	2,500
Minimum Capital Requirement	41,929	31,666

The inputs for the linear MCR are shown in the table below, prescribed factors are applied to these figures to calculate the linear MCR.

MCR inputs (€'000)	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last twelve months
Income protection insurance and proportional reinsurance	0	4,070
Fire and other damage to property insurance and proportional reinsurance	10,595	6,698
General liability insurance and proportional reinsurance	72,874	44,569
Credit and suretyship insurance and proportional reinsurance	3,032	14,732
Assistance and proportional reinsurance	388	574
Miscellaneous financial loss insurance and proportional reinsurance	14,094	27,182
Non-proportional property reinsurance	0	0

E.2.3 Material change in SCR and MCR

Solvency coverage has decreased from 154% at 31 December 2017 to 133% at 31 December 2018. This movement is principally due to the following capital actions in the year:

- Impact on non-life risk component pursuant to the reduction in the Group quota share from 85% to 50%, effective 01 January 2019.
- Increase Cat Risk due to growth in Liability business.
- Increase Spread Risk due to Collateralised Securities held as at December 2018.
- Increase Counterparty Risk due to underlying growth of business.

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

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 does not have an Internal Model to calculate its SCR.

E.5 Non-compliance with the MCR and non-compliance with the SCR

The Company has been in compliance with the MCR and SCR throughout the reporting period.

E.6 Any other information

None noted.

Appendix – QRTs

Annex 1
S.02.01.02

Balance sheet

Assets		**Solvency II value**
		C0010
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	28,337,125
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	361,539,370
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**	338,812,399
Government Bonds	**R0140**	26,129,392
Corporate Bonds	**R0150**	290,885,766
Structured notes	**R0160**	0
Collateralised securities	**R0170**	21,797,241
Collective Investments Undertakings	**R0180**	141,431
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	22,585,540
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	14,194,037
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	14,194,037
Reinsurance recoverables from:	**R0270**	642,713,967
Non-life and health similar to non-life	**R0280**	642,713,967
Non-life excluding health	**R0290**	630,317,688
Health similar to non-life	**R0300**	12,396,279
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**	4,248,856
Insurance and intermediaries receivables	**R0360**	19,951,030
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	27,355,806
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**	37,418,043
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	1,135,758,234

Annex 1
S.02.01.02

Balance sheet
Liabilities

		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	773,074,814
Technical provisions – non-life (excluding health)	**R0520**	760,803,651
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	731,300,568
Risk margin	**R0550**	29,503,083
Technical provisions - health (similar to non-life)	**R0560**	12,271,163
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	12,271,162
Risk margin	**R0590**	1
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
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	36,376,761
Deferred tax liabilities	**R0780**	457,554
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**	59,363,116
Payables (trade, not insurance)	**R0840**	42,956,693
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**	912,228,938
Excess of assets over liabilities	**R1000**	223,529,296

S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110		25,926,722				13,340	45,563,203	230,813,856	91,696,119
Gross - Proportional reinsurance accepted	R0120		-1,521				0	229,557	1,576,687	11,647,739
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140		22,026,841				11,339	39,094,407	187,821,989	88,612,342
Net	R0200		3,898,360				2,001	6,698,352	44,568,554	14,731,516
Premiums earned										
Gross - Direct Business	R0210		19,366,506				3,596	44,776,312	213,664,275	96,298,189
Gross - Proportional reinsurance accepted	R0220		-1,162				0	231,492	1,635,040	8,787,785
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240		16,450,657				3,056	38,494,350	175,955,502	89,815,971
Net	R0300		2,914,686				539	6,513,453	39,343,813	15,270,003
Claims incurred										
Gross - Direct Business	R0310		13,616,489				409	36,074,374	164,557,867	38,219,570
Gross - Proportional reinsurance accepted	R0320		-31,949				0	-33,043	1,212,029	3,909,482
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340		11,522,561				348	30,358,943	140,953,281	36,434,230
Net	R0400		2,061,979				61	5,682,388	24,816,615	5,694,822
Changes in other technical provisions										
Gross - Direct Business	R0410		0				0	0		
Gross - Proportional reinsurance accepted	R0420		0				0	0		
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers' share	R0440		0				0	0		
Net	R0500		0				0	0		
Expenses incurred	R0550		962,631				197	969,726	21,970,475	6,608,207
Other expenses	R1200									
Total expenses	R1300									

S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of Business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110		3,829,678	180,165,657					578,008,574
Gross - Proportional reinsurance accepted	R0120		0	2,741,815					16,194,277
Gross - Non-proportional reinsurance accepted	R0130								
Reinsurers' share	R0140		3,255,226	155,553,093					496,375,237
Net	R0200		574,452	27,354,378					97,827,614
Premiums earned									
Gross - Direct Business	R0210		3,848,748	142,827,888					520,785,513
Gross - Proportional reinsurance accepted	R0220		0	2,453,034					13,106,189
Gross - Non-proportional reinsurance accepted	R0230								
Reinsurers' share	R0240		3,271,434	123,654,059					447,645,030
Net	R0300		577,314	21,626,863					86,246,672
Claims incurred									
Gross - Direct Business	R0310		2,817,525	121,547,707					376,833,941
Gross - Proportional reinsurance accepted	R0320		0	2,787,382					7,843,901
Gross - Non-proportional reinsurance accepted	R0330								
Reinsurers' share	R0340		2,394,896	105,903,598					327,567,857
Net	R0400		422,629	18,431,491					57,109,985
Changes in other technical provisions									
Gross - Direct Business	R0410								
Gross - Proportional reinsurance accepted	R0420								
Gross - Non- proportional reinsurance accepted	R0430								
Reinsurers' share	R0440								
Net	R0500								
Expenses incurred	R0550		154,313	4,247,394					34,912,943
Other expenses	R1200								
Total expenses	R1300								34,912,943

AmTrust International Underwriters
An AmTrust Financial Company

S.05.02.01
Premiums, claims and expenses by country

Non-life obligations for home country		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		US (by amount of gross premiums written)	IT (by amount of gross premiums written)	SE (by amount of gross premiums written)	FR (by amount of gross premiums written)	GB (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
		C0080	C0090	C0091	C0092	C0093	C0094	C0140
Premiums written								
Gross - Direct Business	R0110	715,548	172,271,056	121,820,695	66,491,724	47,301,522	72,226,923	480,827,469
Gross - Proportional reinsurance accepted	R0120	-	1,576,687	-	229,557	2,698	-	1,808,942
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	
Reinsurers' share	R0140	627,275	147,728,779	94,099,840	56,800,435	39,648,241	61,361,383	400,265,953
Net	R0200	88,273	26,118,964	27,720,855	9,920,846	7,655,979	10,865,541	82,370,457
Premiums earned								
Gross - Direct Business	R0210	3,704,040	175,465,935	96,156,755	52,754,108	48,436,113	53,146,589	429,663,540
Gross - Proportional reinsurance accepted	R0220	-	1,635,040	-	231,492	328,281	-	2,194,813
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	
Reinsurers' share	R0240	3,164,701	150,432,623	74,940,640	45,143,491	40,977,469	45,178,301	359,837,225
Net	R0300	539,338	26,668,352	21,216,115	7,842,109	7,786,925	7,968,288	72,021,128
Claims incurred								
Gross - Direct Business	R0310	4,511,778	115,475,546	70,101,668	37,810,112	40,012,213	39,144,177	307,055,495
Gross - Proportional reinsurance accepted	R0320	-	1,212,029	-	- 22,224	389,747	- 10,820	1,568,732
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	
Reinsurers' share	R0340	3,835,010	99,215,271	59,829,248	32,121,812	34,341,601	33,261,466	262,604,407
Net	R0400	676,768	17,472,305	10,272,420	5,666,076	6,060,360	5,871,892	46,019,820
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420	-						
Gross - Non-proportional reinsurance accepted	R0430	-						
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	1,244,710	8,751,194	8,428,026	7,718,162	1,570,456	4,361,145	32,073,693
Other expenses	R1200							
Total expenses	R1300							32,073,693

Annex 1
S.17.01.02
Non-Life technical provisions

		Direct business and accepted proportional reinsurance					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0020	C0030	C0040	C0050	C0060	C0070
Technical provisions calculated as a whole	R0010	0.0	0.0	0.0	0.0	0.0	0.0
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	R0050	0.0	0.0	0.0	0.0	0.0	0.0
Technical provisions calculated as a sum of BE and RM			0				0.0
Best estimate			0				0.0
Premium Provisions			0				0.0
Gross - Total	R0060	0.0	3,941,717	0.0	0.0	0.0	3,842.8
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0.0	3,351,216	0.0	0.0	0.0	3,419.1
Net Best Estimate of Premium Provisions	R0150	0.0	590,501	0.0	0.0	0.0	423.6
Claims provisions			0				0.0
Gross - Total	R0160	-	8,329,445	-	-	-	2,937.0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	9,045,063	-	-	-	2,494.9
Net Best Estimate of Claims Provisions	R0250	-	- 715,618	-	-	-	442.1
Total Best estimate - Gross	R0260	0.0	12,271,162	0.0	0.0	0.0	6,779.7
Total Best estimate - Net	R0270	0.0	-125,117	0.0	0.0	0.0	865.7
Risk margin	R0280	0.0	1.0	0.0	0.0	0.0	252.9
Amount of the transitional on Technical Provisions			0				0.0
TP as a whole	R0290	0.0	0.0	0.0	0.0	0.0	0.0
Best Estimate	R0300	0.0	0.0	0.0	0.0	0.0	0.0
Risk Margin	R0310	0.0	0.0	0.0	0.0	0.0	0.0
Technical provisions			0				0.0
Technical provisions - total	R0320	0.0	12,271,163	0.0	0.0	0.0	7,032.7
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0.0	12,396,279	0.0	0.0	0.0	5,914.1
Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	R0340	0.0	-125,116	0.0	0.0	0.0	1,118.6

Annex 1
S.17.01.02
Non-Life technical provisions

		Direct business and accepted proportional reinsurance					
		Fire and other damage to property insurance	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscellaneous financial loss**
		C0080	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**
Technical provisions calculated as a whole	**R0010**	0.0	0.0	0.0	0.0	0.0	0.0
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	**R0050**	0.0	0.0	0.0	0.0	0.0	0.0
Technical provisions calculated as a sum of BE and RM		0	0	0		0	0
Best estimate		0	0	0		0	0
Premium Provisions		0	0	0		0	0
Gross - Total	**R0060**	44,076,403	30,981,906	12,450,443		1,175,404	104,340,895
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	37,324,802	24,571,886	10,521,407		998,550	88,875,326
Net Best Estimate of Premium Provisions	**R0150**	6,751,601	6,410,020	1,929,037		176,854	15,465,569
Claims provisions		0	0	0		0	0
Gross - Total	**R0160**	27,534,455	433,116,703	16,151,777		1,410,964	60,054,839
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	23,691,431	366,653,018	15,049,289		1,199,774	61,426,292
Net Best Estimate of Claims Provisions	**R0250**	3,843,024	66,463,685.00	1,102,488		211,190	- 1,371,453
Total Best estimate - Gross	**R0260**	71,610,858	464,098,608	28,602,221		2,586,367	164,395,734
Total Best estimate - Net	**R0270**	10,594,625	72,873,705	3,031,525		388,044	14,094,115
Risk margin	**R0280**	3,095,318	21,290,728	885,688		113,371	4,117,725
Amount of the transitional on Technical Provisions		0	0	0		0	0
TP as a whole	**R0290**	0	0.0	0.0		0.0	0.0
Best Estimate	**R0300**	0	0.0	0.0		0.0	0.0
Risk Margin	**R0310**	0	0.0	0.0		0.0	0.0
Technical provisions		0	0	0		0	0
Technical provisions - total	**R0320**	74,706,176	485,389,336	29,487,909		2,699,738	168,513,459
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	61,016,233	391,224,903	25,570,696		2,198,324	150,301,618
Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	**R0340**	13,689,943	94,164,433	3,917,213		501,414	18,211,841

Annex 1
S.17.01.02
Non-Life technical provisions

		Accepted non-proportional reinsurance				
		Non-proportional health reinsurance	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	**Total Non-Life obligation**
		C0140	**C0150**	**C0160**	**C0170**	
Technical provisions calculated as a whole	**R0010**	0.0	0.0	0.0		0.0
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	**R0050**	0.0	0.0	0.0		0.0
Technical provisions calculated as a sum of BE and RM						0
Best estimate						0
Premium Provisions						0
Gross - Total	**R0060**	0.0	0.0	0.0		196,970,610
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0.0	0.0	0.0		165,646,605
Net Best Estimate of Premium Provisions	**R0150**	0.0	0.0	0.0		31,324,005
Claims provisions						0
Gross - Total	**R0160**	-	-	-		546,601,120
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	-	-	-		477,067,362
Net Best Estimate of Claims Provisions	**R0250**	-	-	-		69,533,758
Total Best estimate - Gross	**R0260**	0.0	0.0	0.0		743,571,730
Total Best estimate - Net	**R0270**	0.0	0.0	0.0		100,857,762
Risk margin	**R0280**	0.0	0.0	0.0		29,503,084
Amount of the transitional on Technical Provisions						0
TP as a whole	**R0290**	0.0	0.0	0.0		0.0
Best Estimate	**R0300**	0.0	0.0	0.0		0.0
Risk Margin	**R0310**	0.0	0.0	0.0		0.0
Technical provisions						0
Technical provisions - total	**R0320**	0.0	0.0	0.0		773,074,814
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0.0	0.0	0.0		642,713,967
Technical provisions minus recoverables from reinsurance/SPV and Finite Re-total	**R0340**	0.0	0.0	0.0		130,360,847

Annex 1
S.19.01.21
Non-life insurance claims
Total non-life business

Accident year / Underwriting year	Z0010	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)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110			C0170	C0180
Prior	R0100											2,988,961		R0100	2,988,961	2,988,961
N-9	R0160	13,002,151	48,318,968	21,692,144	12,402,898	6,282,846	5,567,269	3,327,733	5,721,612	436,504	1,247,563			R0160	1,247,563	117,999,688
N-8	R0170	14,739,447	50,011,167	20,027,461	6,572,059	7,582,241	4,485,323	3,160,810	3,409,233	1,783,466				R0170	1,783,466	111,771,207
N-7	R0180	19,191,054	96,887,551	21,295,810	12,388,000	-21,465,318	8,323,508	3,708,790	3,683,851					R0180	3,683,851	144,013,246
N-6	R0190	28,761,559	78,525,882	26,977,181	30,548,423	25,568,160	20,360,830	10,905,280						R0190	10,905,280	221,647,316
N-5	R0200	26,974,601	73,502,753	38,934,109	40,583,525	35,524,666	26,428,209							R0200	26,428,209	241,947,863
N-4	R0210	29,397,822	72,043,645	37,860,948	22,052,886	15,066,255								R0210	15,066,255	176,421,556
N-3	R0220	34,953,116	79,409,006	33,808,464	24,466,641									R0220	24,466,641	172,637,226
N-2	R0230	39,621,290	78,896,418	37,456,955										R0230	37,456,955	155,974,664
N-1	R0240	70,041,546	83,236,294											R0240	83,236,294	153,277,840
N	R0250	45,664,032												R0250	45,664,032	45,664,032
													Total	R0260	252,927,508	1,544,343,600

Annex 1

S.19.01.21

Non-life insurance claims

Total non-life business

Accident year / Underwriting year	Z0010	Underwriting Year

Gross undiscounted Best Estimate Claims Provisions (absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +			Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100											1,004,681		R0100	973,260
N-9	R0160	-	-	-	-	-	-	1,400,301	796,867	1,205,695	1,687,384			R0160	1,578,768
N-8	R0170	-	-	-	-	-	2,874,586	2,123,266	834,968	1,143,922				R0170	1,097,204
N-7	R0180	-	-	-	-	18,276,682	13,346,839	10,163,164	6,072,535					R0180	5,875,384
N-6	R0190	-	-	-	45,863,539	37,940,341	24,909,727	25,638,055						R0190	24,266,250
N-5	R0200	-	-	119,729,416	112,270,484	79,230,302	78,225,321							R0200	74,721,620
N-4	R0210	-	84,898,407	86,411,976	63,737,157	55,488,005								R0210	52,644,622
N-3	R0220	53,612,995	88,658,978	81,542,103	67,990,116									R0220	64,175,007
N-2	R0230	60,057,568	105,219,329	115,968,921										R0230	110,142,475
N-1	R0240	83,481,656	178,839,143											R0240	170,056,118
N	R0250	44,855,342												R0250	41,070,410
													Total	R0260	546,601,120

Annex 1

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	6,788,663	6,788,663		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
Surplus funds	**R0070**	0				
Preference shares	**R0090**	0			0	0
Share premium account related to preference shares	**R0110**	13,270,299		13,270,299	0	0
Reconciliation reserve	**R0130**	181,614,286	181,614,286			
Subordinated liabilities	**R0140**	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**	21,856,048	21,856,048	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	0	0	0	0	
Total basic own funds after deductions	**R0290**	223,529,296	210,258,997	13,270,299	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	0			0	
Unpaid and uncalled preference shares callable on demand	**R0320**	0			0	0
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

Annex 1

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	223,529,296	210,258,997	13,270,299	0	
Total available own funds to meet the MCR	**R0510**	223,529,296	210,258,997	13,270,299	0	
Total eligible own funds to meet the SCR	**R0540**	223,529,296	210,258,997	13,270,299	0	0
Total eligible own funds to meet the MCR	**R0550**	223,529,296	210,258,997	13,270,299	0	
SCR	**R0580**	167,714,470				
MCR	**R0600**	41,928,617				
Ratio of Eligible own funds to SCR	**R0620**	133.28%				
Ratio of Eligible own funds to MCR	**R0640**	533.12%				

		Total	
		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	223,529,296	
Own shares (held directly and indirectly)	**R0710**	0	
Foreseeable dividends, distributions and charges	**R0720**	0	
Other basic own fund items	**R0730**	41,915,010	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0	
Reconciliation reserve	**R0760**	181,614,286	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	0	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	2,335,457	
Total Expected profits included in future premiums (EPIFP)	**R0790**	2,335,457	

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	46,603,968		-
Counterparty default risk	R0020	41,541,215		
Life underwriting risk	R0030	-	-	-
Health underwriting risk	R0040	2,799,184	-	-
Non-life underwriting risk	R0050	98,277,664	-	-
Diversification	R0060	- 44,211,910		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	145,010,120		

		C0100
Calculation of Solvency Capital Requirement		
Adjustment due to RFF/MAP nSCR aggregation	R0120	397,197
Operational risk	R0130	22,307,152
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	167,714,470
Capital add-on already set	R0210	-
Solvency capital requirement for undertakings under consolidated method	R0220	167,714,470
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	166,497,640
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	1,216,830
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Annex 1

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity
Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	23,449,093

		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	0.0
Income protection insurance and proportional reinsurance	R0030	0.0	4,070,421
Workers' compensation insurance and proportional reinsurance	R0040	0.0	0.0
Motor vehicle liability insurance and proportional reinsurance	R0050	0.0	0.0
Other motor insurance and proportional reinsurance	R0060	0.0	0.0
Marine, aviation and transport insurance and proportional reinsurance	R0070	865.7	2,001.0
Fire and other damage to property insurance and proportional reinsurance	R0080	10,594,625	6,698,362
General liability insurance and proportional reinsurance	R0090	72,873,705	44,568,554
Credit and suretyship insurance and proportional reinsurance	R0100	3,031,525	14,731,516
Legal expenses insurance and proportional reinsurance	R0110	0.0	0.0
Assistance and proportional reinsurance	R0120	388,044	574,452
Miscellaneous financial loss insurance and proportional reinsurance	R0130	14,094,115	27,182,318
Non-proportional health reinsurance	R0140	0.0	0.0
Non-proportional casualty reinsurance	R0150	0.0	0.0
Non-proportional marine, aviation and transport reinsurance	R0160	0.0	0.0
Non-proportional property reinsurance	R0170	0.0	0.0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	0.0

		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	0.0	
Obligations with profit participation - future discretionary benefits	R0220	0.0	
Index-linked and unit-linked insurance obligations	R0230	0.0	
Other life (re)insurance and health (re)insurance obligations	R0240	0.0	
Total capital at risk for all life (re)insurance obligations	R0250		0.0

Overall MCR calculation

		C0070
Linear MCR	R0300	23,449,093
SCR	R0310	167,714,470
MCR cap	R0320	75,471,511
MCR floor	R0330	41,928,617
Combined MCR	R0340	41,928,617
Absolute floor of the MCR	R0350	2,500,000
		C0070
Minimum Capital Requirement	R0400	41,928,617

AmTrust International Underwriters

An AmTrust Financial Company