AmTrust International Underwriters DAC

Solvency and Financial Condition Report
For the year ended 31 December 2019

AmTrust International Underwriters
An AmTrust Financial Company

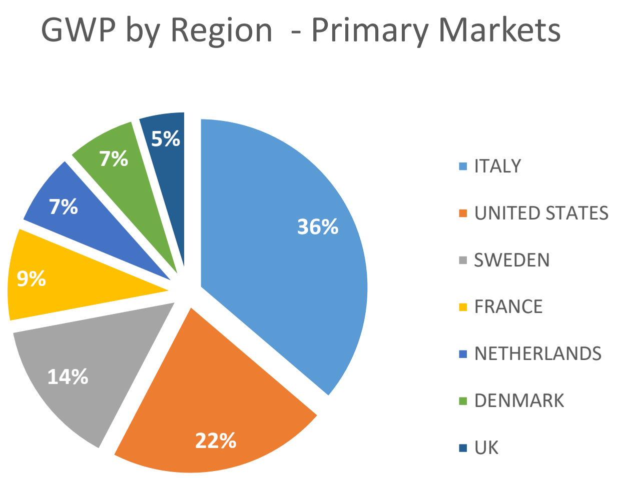
Contents

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 2019 are shown in the chart below.



The Company's primary underwriting activities by Gross Written Premium ("GWP") are within the following classes of business:

- Medical Malpractice Liability,
- USA Commercial Credit,
- Warranty,
- Surety.

The Company is a subsidiary of the AmTrust Financial Services Inc. ("AFSI") group. AFSI is a private 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 fourth SFCR prepared by the Company. It is prepared on a solo entity basis and it covers the year ended 31 December 2019.

Material changes to the Company's business model

2019 year was a time of transition and change for the Company. AIU undertook significant changes to its risk profile during 2019. Among the significant changes introduced over the course of the year were:

- Collateral changes to the AmTrust International Insurance Ltd ("AIIL") reinsurance quota share,
- Collateral changes to the Maiden Re ("Maiden") quota share,
- Structural changes to the AmTrust quota share arrangements,
- Delivery of Brexit strategy as it related to migration of business to UK AmTrust sister company and corresponding transfer of EU business to AIU,

- The Company withdrew from writing Professional Indemnity and US General Liability from the start of 2019 and placed these programmes in run-off.
- Inception of a new quota share treaty with Swiss Re which took effect from 01 July 2019,
- Execution of AIU Business Plan 2019-2021 including downsizing of exposure to US Surplus Lines Liability business,
- Divestiture of the National Borg Surety business through a Group transaction with Liberty Mutual,
- Production of a Recovery and Resolution Report,
- Embarked on an inwards and outwards Portfolio Transfer process involving transferring:
    1. Italian Medical malpractice to the newly formed Italian Insurance Company (AmTrust Assicurazioni),
    2. Other EU risk to AIU including Mortgage Indemnity Insurance
    3. Surety business to Liberty Mutual as part of the divestiture process.

Item numbered 1 and 2 above are due to complete in the second half of 2020. Item number 3 is due to complete within the first half of 2020.

Separately several external events occurred which have impacted the AIU business:

- Maiden AM Best downgrade and the subsequent decision taken by Maiden to withdraw its AM Best rating,
- Decision taken by Maiden to relocate its headquarters from Bermuda to Vermont, USA (executed during Q1 2020),
- Decision by the Central Bank to increase AIU's PRISM Risk rating from "medium low" to "medium high" during 2019. The impact of that will be a significant increase in regulatory levy and further enhancements to the governance of the Company.

In addition, the outbreak of Coronavirus in early 2020 is a material event the business is currently managing. As the effects of the Coronavirus pandemic are now being felt on a global scale, the Company and many of its policyholders, distribution partners and vendors have taken steps to alter or reduce normal business activity to help control the spread of the outbreak. These actions include the following:

- The implementation of business continuity plans which included the temporary closure of offices in Dublin, Sweden, Italy and France and the request for employees to work from home,
- Increased communication and coordination with the Company's stakeholders and shared service partners and
- Increased liquidity to ensure the Company maintains adequate cash flow to honour its commitment to policyholders, employees and vendors.

The Company anticipates there may be some near to mid-term impacts on its financial, liquidity and solvency positions arising from:

- Devaluations in the Company's bond portfolio,
- Reduced volumes of new business written,
- Volatility in claims incurred in certain lines of business,
- An increase in bad debt from companies experiencing liquidity issues and
- Higher operating expenses from preparations for and temporarily working under an alternative workplace scenario.

Various stress and scenario testing is underway within the business to allow analysis of the potential impact on the Company's Solvency Capital Requirement ("SCR"). However, given the recent and quickly evolving nature of this event and the unknown length and ultimate scope of its impacts, the Company is unable to assess any potential long-term impacts it may have on its strategy or financial results at this time.

Given the Company's insurance portfolio is diversified across and within several core lines of business and that these lines do not demonstrate a high level of correlation in performance, AIU believes this will help balance the impact of this event from both a top line (gross written premium) and bottom line (technical account) perspective. The Company is actively monitoring the evolving performance of the medical malpractice, commercial credit, mortgage insurance and payment protection insurance lines of business as these are believed to be the most vulnerable to increased claims activity from this event. The Company also believes that any material increases in claims activity would be partially offset through its quota share and excess of loss reinsurance schemes.

Business performance

Business Performance	2019 €'000	2018 €'000
Gross Written Premium	574,106	594,203
Gross Earned Premium	598,076	533,892
Gross Incurred Claims	(461,644)	(390,498)
Gross Operating Expenses	(174,150)	(153,917)
Gross Technical Result	(37,718)	(10,523)
Reinsurance balance	70,594	41,419
Net Technical Result	32,876	30,896
Allocated investment income	24,042	(153)
Foreign exchange gain/(loss)	5,158	3,402
Balance on technical account	62,076	34,146

The Company's net technical result in 2019 was a profit just short of €33m, which was an increase of just over €2m 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 in section B 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 General Liability in particular Italian medical malpractice. The largest class of business for 2019 was Italian medical malpractice.

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, AIIL and Swiss Re.

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 2019, the Company's assets less liabilities were valued at €266.2m, under Solvency II, compared with €314.5m under Irish GAAP. The difference of €48.3m 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 SCR.

The Company calculates its SCR using the Standard Formula. During 2019, the Company engaged Willis Towers Watson Limited ("WTW") to assist with an assessment of whether AIU's risk profile deviated from the assumptions underlying the Solvency II SCR as calculated according to the Standard Formula and whether these deviations were significant. This assessment is required as part of the Company's Own Risk and Solvency Assessment ("ORSA"), in accordance with paragraph 1(c) of Article 45 of the Solvency II Framework Directive.

Based on the considerations set out in WTW's report its view is that the Standard Formula provides an appropriate quantification of a one-year 99.5% value-at-risk for the Company, covering all material quantifiable risks to which AIU is exposed and covering existing business, as well as the new business expected to be written over the following twelve months.

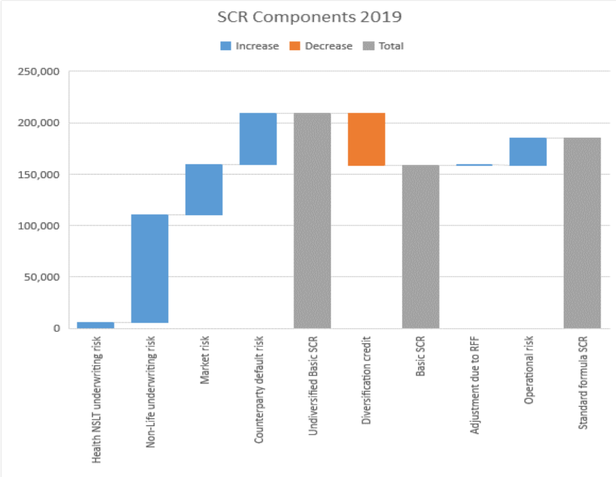
The Company does not use any Undertaking Specific Parameters ("USPs") allowed under Solvency II, nor does it use simplified calculations for any of the risk modules.

The Company's Own Funds increased by circa €42.6m in 2019 due to profitability of underlying business in the year.

Capital Requirements 31 Dec 2019	2019 €'000	Coverage	2018 €'000	Coverage
Own funds	266,184		223,529	
SCR	184,693	144%	167,714	133%
MCR	46,173	576%	41.929	533%

The Company's SCR split by risk module as at 31 December 2019 is shown in the table and chart below.

Solvency Capital Requirement	2019 €'000
Health NSLT underwriting risk	5,520
Non-Life underwriting risk	104,628
Market risk	48,872
Counterparty default risk	49,923
Undiversified Basic SCR	208,943
Diversification credit	(50,416)
Basic SCR	158,528
Adjustment due to RFF	0
Operational risk	26,165
Standard formula SCR	184,693



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 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.

Tel +353 (0) 775 2900
dublin@amtrustgroup.com

A.1.2 Supervisory authority

The Company is regulated by the Central Bank of Ireland. 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's ultimate parent was AmTrust Financial Services Inc, 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 AFSI 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.

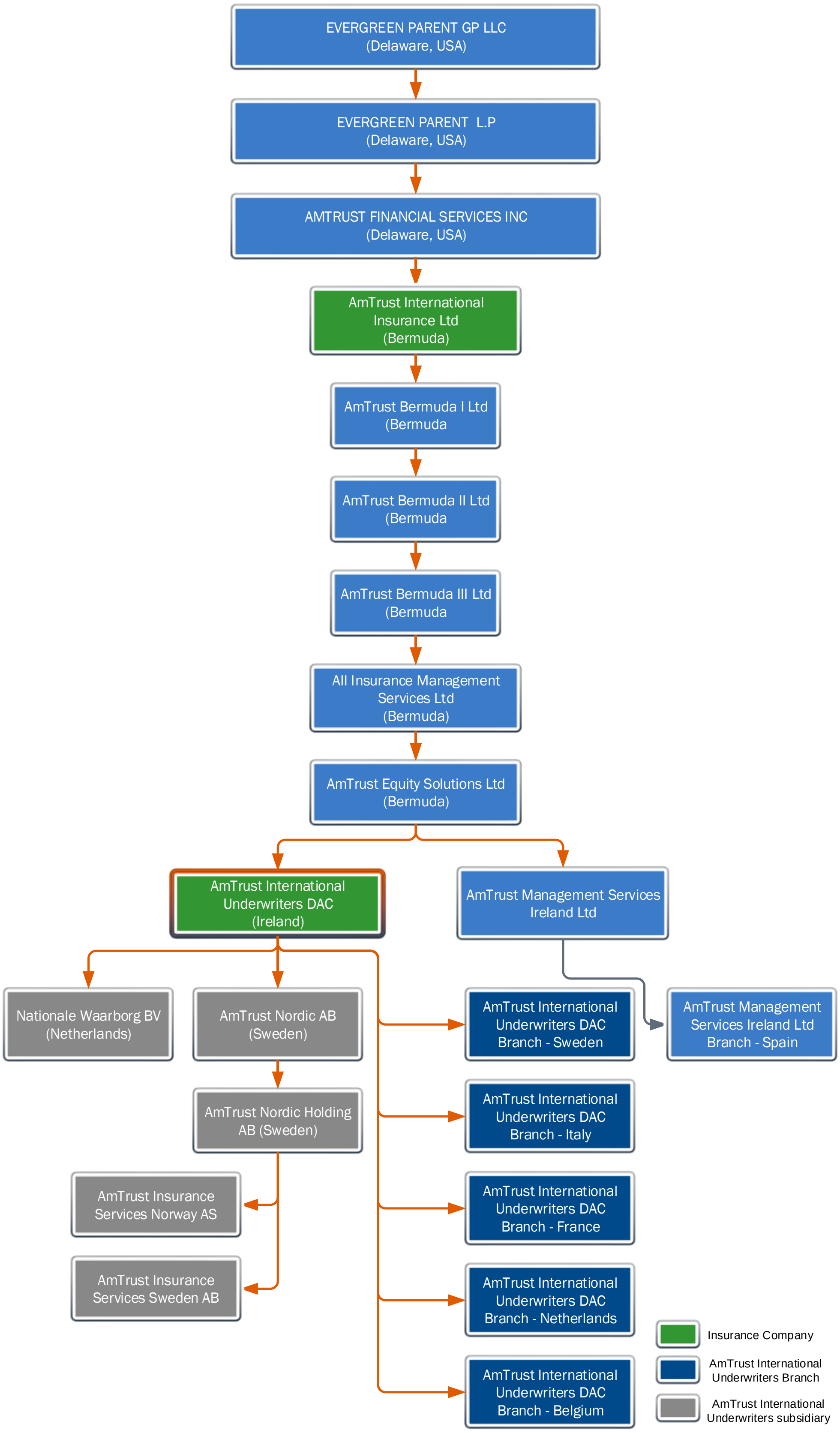
AFSI underwrites and provides property and casualty insurance products in the United States and internationally to niche customer groups that it believes are generally underserved within the broader insurance market.

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. 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 in 2019 were Medical Malpractice Liability, Miscellaneous Financial Loss, Warranty, Commercial Credit and Surety.

A.1.7 Material events

2019 year was a time of transition and change for the Company. AIU undertook significant changes to its risk profile during 2019. Among the significant changes introduced over the course of the year were:

- Collateral changes to the AIIL reinsurance quota share[1],
- Collateral changes to the Maiden quota share[2],
- Structural changes to the AmTrust quota share arrangements,
- Delivery of Brexit strategy as it related to migration of business to UK AmTrust sister company and corresponding transfer of EU business to AIU,
- The Company withdrew from writing Professional Indemnity and US General Liability from the start of 2019 and placed these programmes in run-off.
- Inception of a new quota share treaty with Swiss Re which took effect from 01 July 2019,
- Execution of AIU Business Plan 2019-2021 including downsizing of exposure to US Surplus Lines Liability business,
- Divestiture of the National Borg Surety business through a Group transaction with Liberty Mutual,
- Production of a Recovery and Resolution Report,
- Embarked on an inwards and outwards Portfolio Transfer process involving transferring:
    1. Italian Medical malpractice to the newly formed Italian Insurance Company (AmTrust Assicurazioni),
    2. Other EU risk to AIU including Mortgage Indemnity Insurance
    3. Surety business to Liberty Mutual as part of the divestiture process.

Item numbered one and two above are due to complete in the second half of 2020. Item number three is due to complete within the first half of 2020.

Separately several external events occurred which have impacted the AIU business:

- Maiden AM Best downgrade and the subsequent decision taken by Maiden to withdraw its AM Best rating,
- Decision taken by Maiden to relocate its headquarters from Bermuda to Vermont, USA,
- Decision by the Central Bank to increase AIU's PRISM Risk rating from "medium low" to "medium high" during 2019. The impact of that will be a significant increase in regulatory levy and further enhancements to the governance of the Company.

In addition, the outbreak of Coronavirus in early 2020 is a material event the business is currently managing. As the effects of the Coronavirus pandemic are now being felt on a global scale, the Company and many of its

---

[1] While Maiden has re-domesticated to the US during the first quarter of 2020, the Company has made an allowance for assets held within the calculation of the counterparty default risk in the SCR as at year-end 2019. The Company held €67m of assets at year-end 31 December 2019 relating to the Company's exposure to Maiden-related claims from 01 January 2019 and prior. The Company plans to collateralise Maiden to ensure that the SCR coverage is not negatively impacted and to set up a trust account for the collateral.

[2] As at 31 December 2019, the value of collateral assets held in a trust account for the sole use and benefit of the beneficiary (AIU), totalled €132m. These assets are held off the balance sheet of AIU and relate to the Company's exposure to claims on the AmTrust International Limited ('AIIL') book of business. The majority of the assets held are fixed income securities rated at least "A" and subject to group investment guidelines. Termination of the trust account would be subject to conditions as set out in the Trust agreement, effective 01 January 2019.

policyholders, distribution partners and vendors have taken steps to alter or reduce normal business activity to help control the spread of the outbreak. These actions include the following:

- The implementation of business continuity plans which included the temporary closure of offices in Dublin, Sweden, Italy and France and the request for employees to work from home,
- Increased communication and coordination with the Company's stakeholders and shared service partners and
- Increased liquidity to ensure the Company maintains adequate cash flow to honour its commitment to policyholders, employees and vendors.

The Company anticipates there may be some near to mid-term impacts on its financial, liquidity and solvency positions arising from;

- Devaluations in the Company's bond portfolio,
- Reduced volumes of new business written,
- Volatility in claims incurred in certain lines of business,
- An increase in bad debt from companies experiencing liquidity issues and
- Higher operating expenses from preparations for and temporarily working under an alternative workplace scenario.

Various stress and scenario testing is underway within the business to allow analysis of the potential impact on the Company's SCR. However, given the recent and quickly evolving nature of this event and the unknown length and ultimate scope of its impacts, the Company is unable to assess any potential long-term impacts it may have on its strategy or financial results at this time.

Given the Company's insurance portfolio is diversified across and within several core lines of business and that these lines do not demonstrate a high level of correlation in performance, AIU believes this will help balance the impact of this event from both a top line (gross written premium) and bottom line (technical account) perspective. The Company is actively monitoring the evolving performance of the medical malpractice, commercial credit, mortgage insurance and payment protection insurance lines of business as these are believed to be the most vulnerable to increased claims activity from this event. The Company also believes that any material increases in claims activity would be partially offset through its quota share and excess of loss reinsurance schemes.

A.2 Underwriting Performance

A.2.1 Material lines of business

Line of Business 2019	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	17,904	0	17,904	(16,480)	1,425
Other Motor Insurance	1,037	132	1,169	(616)	553
Fire and other damage	14,366	1,103	15,469	(10,863)	4,606
General Liability	635,238	41,390	676,628	(503,810)	172,818
Credit and suretyship	49,127	1,260	50,387	(45,125)	5,262
Assistance	203	10	213	(171)	42
Miscellaneous financial loss	154,306	8,461	162,767	(127,439)	35,328
Non-Proportional Property Reinsurance	0	0	0	0	0
Total	872,181	52,357	924,538	(704,505)	220,033

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**

A.2.1.1 General Liability

A.2.1.1.1 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 Company's branches in France (Lyon) and Italy (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 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 Company's Underwriting Committee ("UWC").

As referenced earlier in this document under material changes section, Italian medical malpractice business will, following a portfolio transfer process, transfer to AFSI's Italian based insurance carrier, AmTrust Assicurazioni. It is envisaged that this process will occur during the second half of 2020.

A.2.1.1.2 – US General Liability and Professional Indemnity

AIU stopped writing new business for these types of programmes at the start of 2019 and as a result, these are now in run-off.

A.2.1.2 Miscellaneous financial loss

A.2.1.2.1 Warranty

The key covers provided within this segment are consumer electronics, auto warranty, home emergency and plant and equipment.

The consumer electronics business segment includes cover in respect of mobile phones, televisions, computers and portable tablets.

The Company has extensive experience in the Nordic region and its business is generated by the Company's underwriters working closely with the Stockholm office. As a result of the Company's Brexit planning process, its positions in the UK market significantly decreased in 2019.

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.2.1.3 Property

A.2.1.3.1 Property

The Company also began to underwrite a small portfolio of commercial and personal property in the Netherlands and Ireland during 2019 pursuant to its Brexit strategy.

A.2.1.4 Other

A.2.1.4.1 Accident and health

Prior to Brexit, certain private health, Personal Accident and Dental insurance was written in the UK and mainland Europe by the Group's UK based insurance carriers. The European aspects of this business have migrated to AIU as a consequence of Brexit and accordingly projected growth arising from these lines of business across the Company Branch network is expected to continue to increase in 2020 and beyond.

A.2.1.4.2. Credit and Surety

Following the divestiture of the National Borg Surety business through a Group transaction with Liberty Mutual during 2019 and the subsequent portfolio transfer of this business during 2020, the Company's involvement in the Surety line of business will significantly decrease in 2020 and beyond. The transfer of this business was completed on 31 March 2020.

AIU operates a large commercial credit programme in the US.

A.2.1.4.3 Mortgage

Prior to Brexit, 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 2020 are expected to increase. The existing EU business held by the UK carriers will transfer via the UK Prudential Regulatory Authority's ("PRA") Part VII portfolio transfer process during the second half of 2020.

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.

2019	USA	Italy	Sweden	France	Netherlands	Ireland
	€'000	€'000	€'000	€'000	€'000	€'000
Gross premiums written	112,072	189,879	75,353	48,233	37,675	4,656
Reinsurers' share	91,263	103,051	40,736	29,809	26,670	2,430
Net premiums written	20,809	86,828	34,617	18,424	11,004	2,226
Gross premiums earned	160,487	161,699	64,487	52,825	35,218	2,667
Reinsurers' share	136,296	98,881	42,137	38,441	26,997	1,748
Net premiums earned	24,191	62,818	22,350	14,384	8,221	918
Gross claims incurred	130,098	107,344	34,549	51,568	12,590	8,587
Reinsurers' share	108,845	69,818	19,444	38,071	10,860	6,908
Net claims incurred	21,253	37,526	15,105	13,497	1,730	1,680
Net operating expenses	7,969	25,562	2,843	1,899	2,784	4,577

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
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
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	677
Net operating expenses	8,751	8,428	7,718	1,570	4,361	1,245

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 which was sold during 2019.

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

2019	Corporate and Government Bonds	Equities	Loans and Receivables
	€'000	€'000	€'000
Income from other investments	8,426	0	1,026
Unrealised (loss)/gain on investments	12,219	0	0
Investment management expenses	(2,081)	0	0
Realised gain/(loss) on sale of investments	4,360	0	0
	22,924	0	1,026

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

A.4 Performance of other activities

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

A.5 Any other information

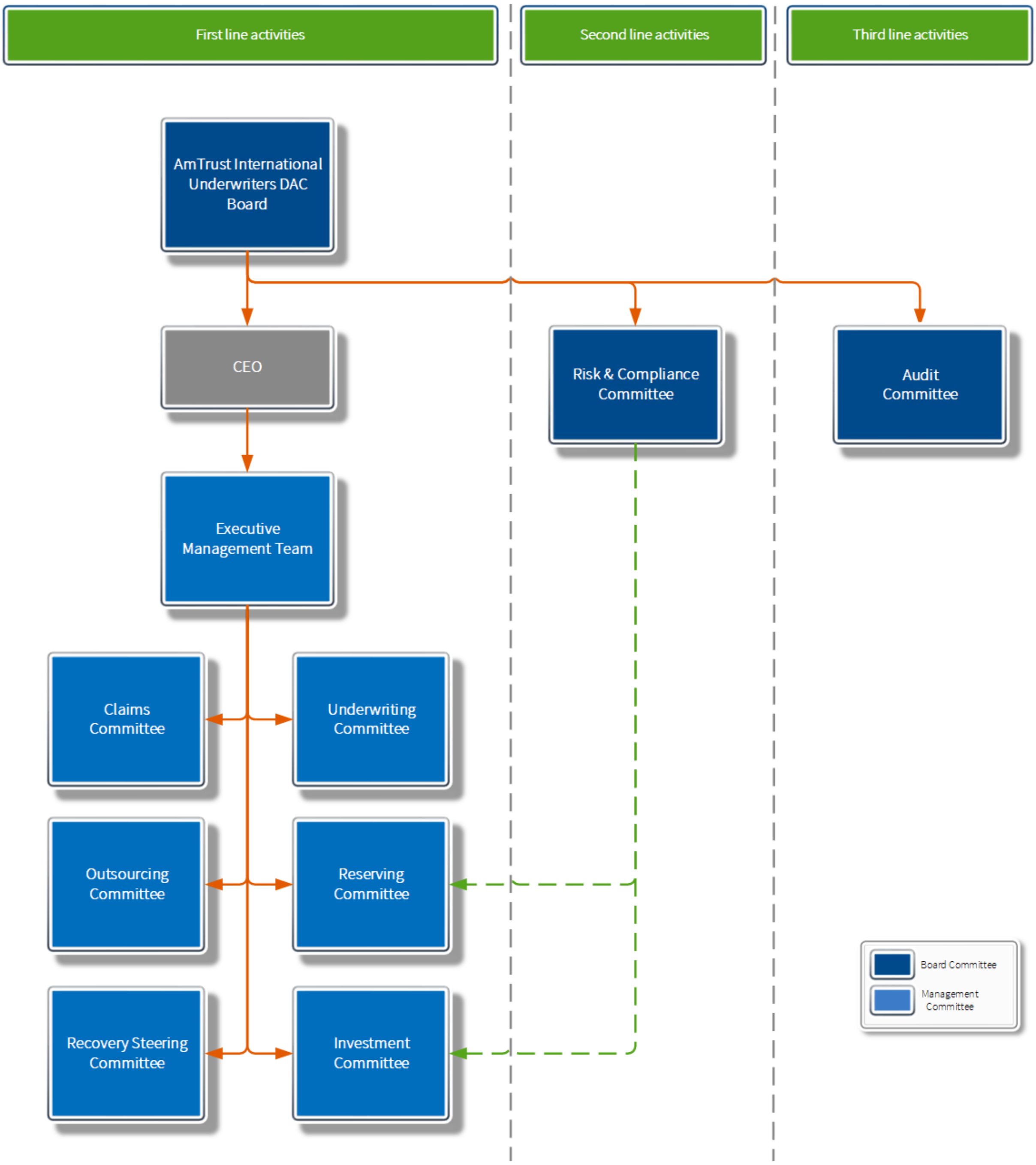
None noted.

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 in this line of defence.

B.1.1.1 Board responsibilities

The Board comprise an Independent Non-Executive Chairman, three other Independent Non-Executive Directors ("INED"), 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 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, 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 appointed the CEO. The renewal of the CEO contract shall be reviewed at least every five years.

At year-end 2019, 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, member of the Risk and Compliance Committee
Independent Non-Executive Director (INED)	Independent	Chairing the Risk & Compliance Committee, member of the Audit Committee
Independent Non-Executive Director (INED)	Independent	Member of the Audit Committee
Non-Executive Director (NED)	Group Role	Group Representative
Chief Executive Officer (CEO)	Executive	Day-to-day running of the Company

The composition of the Board has been subject to ongoing change which commenced in late 2018 and which continued through 2019. This has resulted in five director resignations during this period and the appointment of three new Independent Non-Executive Directors and a Group Non-Executive Director.

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, the Head of Underwriting and the Head of Claims. The Chief Risk Officer, Head of Compliance and the Head of Actuarial Function are invitees.

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 the Head of Claims. The Head of Compliance is an invitee to this committee. 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 three members including the Chief Finance Officer, Actuarial Manager 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, 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 the Head of Claims. The Head of Compliance is an invitee. The Chair may request staff members to attend meetings as and when required.

B.1.1.5.6 Outsourcing Committee

The key purpose of the Outsourcing Committee is to provide governance, oversight, and advice/ recommendations to the Executive Management Team on matters relating to all outsourcing arrangements with third party and intragroup outsourcing service providers. This committee is also responsible for monitoring and reviewing the effectiveness of the internal controls required to manage outsourcing risk. The committee is chaired by the Internal Third Party Administrator Audit Manager and its membership is made up of representatives from each business unit including claims, underwriting, operations, risk and compliance.

B.1.1.5.7 Recovery Steering Committee

The Company's Recovery and Resolution Plan identifies the process and timing for the establishment of a Recovery Steering Committee. It is chaired by the Chief Risk Officer and other members include the CEO, Chief Financial Officer and Head of Legal. The committee meets pursuant to certain defined trigger events referred to within the AIU Recovery and Resolution plan.

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, and two independent Non-Executive Directors. The Chief Risk Officer, the Head of Compliance and the Chief Financial Officer are invitees.

B.1.1.7 Third Line Committee

B.1.1.7.1 Audit Committee

This 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 three 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 2019. These included the following:

- Establishment of an Outsourcing Committee and as part of the Company's Recovery and Resolution Plan a Recovery Steering 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.
- Splitting the role formerly held by the Head of Risk and Compliance into two separate PCF positions, Chief Risk Officer and Head of Compliance.

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[3]. 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:

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

- 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,
- promote sound and effective risk management4 to prevent excessive risk taking5 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.

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

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

- 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 or Company performance.
- All programmes allow flexibility and discretion, which permit the Board and management to ensure appropriate awards are made in all circumstances.
- 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 Irish 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[6] 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
- 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 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.

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

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 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 process, all employees are encouraged to report any additional risks, errors or near misses to the Risk 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 or 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 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 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 on an annual basis and 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.

Prior to AFSI becoming a private company, by virtue of being a material overseas subsidiary of AFSI, the Company was 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 was developed at Group level, which is cascaded down to all material subsidiaries within the AmTrust group. AFSI and accordingly, AIU is no longer obliged comply with SOX. Nevertheless, the Company continues to adopt the SOX approach and the controls within the Company's framework are routinely tested and attested by management. Management produce an internal control report 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 these controls under this process is monitored by the Internal Audit function. The outcomes of monitoring are reported to senior management and any control deficiencies identified at the Company are reported to management for consideration of the aggregate impact to the control framework of the Global group.

B.4.2 Compliance function

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

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 and for promoting an organisational culture that encourages ethical behaviour. 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")[7] and Actuarial function within the Company is to provide support to the Company in many areas including reserving, pricing and capital management. Additionally, other statistical and management information support is provided where necessary. This work is required to be undertaken in an objective and independent manner whilst incorporating feedback from the business where appropriate.

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.

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

- 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

During 2019 the Company appointment a Head of TPA Audit and appointed a team to support this area. This team is responsible for carrying our due diligence of all TPAs and conducting audits on the Company's TPAs.

The Company has designated three key outsourced functions as critical or important. All of these are Group/AFSI entities. They are; AmTrust Management Services Ireland Limited ("AMSIL"), AmTrust North America ("ANA") and AmTrust Management Services Limited ("AMSL"). AMSIL provides support services and people to the Company and through its Spanish Branch to other areas of the Group located in Spain. ANA provides services to support the Company pursue its USA programme strategy including provision of premium administration, claims services and operations management. AMSL provides support services through a UK-based shared services arrangement, which supports AIU's strategy.

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 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 General Liability business, in particular, Italian Medical malpractice which represented the largest class of business during 2019. In addition, other material classes in terms of size are Warranty and Commercial Credit. 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 type of 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 thirty-eight 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 AIIL (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 (Bermuda). All reinsurance programmes must be approved by the Company's Board.

With effect from 01 July 2019, the Company entered into a Quota Share Reinsurance Agreement with Swiss Re Europe S.A. ("Swiss Re") for a 50% cession on six lines of business for new and renewal business underwritten from 01 July 2019 to 30 June 2020. Swiss Re share the risk on a proportional basis, after any other applicable reinsurance with the exception of two loss corridors that would only apply on the Medical Malpractice product.

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 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 its property in Milan which is occupied by its branch operation. The Amsterdam office was sold during 2019.

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 and 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.

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), an internal controls process that closely follows the SOX 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 embarked on a material transformation programme of its IT Framework in 2018 which continued 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.

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	193.1	8.4	266.2	0	137.8%	(6.3%)
Underwriting	25% decrease in volume of GWP in next 12 months	176.7	(8.0)	266.2	0	150.7%	6.5%
Underwriting	25% increase in Claims provisions	194.9	10.2	227.1	(39.1)	116.5%	(27.6%)
Underwriting	25% decrease in Claims provisions	175.2	(9.5)	305.3	39.1	174.2%	30.1%
Market	25% increase in asset durations	188.2	3.5	266.2	0	141.4%	(2.7%)
Market	25% decrease in asset durations	181.2	(3.5)	266.2	0	146.9%	2.8%
Market	10% increase in asset concentrations	187.4	2.7	266.2	0	142.1%	(2.1)%
Market	Yield Curve Upshock	178.0	(6.6)	257.4	(8.8)	144.6%	0.4%
Credit	Fall in rating of one credit step for three largest insurers	208.4	23.7	266.2	0	127.7%	(16.4)%
Operational	50% increase in TP expenses	186.8	2.1	250.8	(15.4)	134.2%	(9.9%)

The risk with the most material effect on the SCR is Underwriting whereby a twenty-five percent increase in Claims provisions drives 27.6% negative impact to the Solvency Ratio. 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 2019.

€'000	Solvency II value (C0010)	Statutory accounts value (C0020)
Assets		
Goodwill	0	0
Deferred acquisition costs	0	38,029
Intangible Assets	0	0
Deferred Tax Assets	6,912	0
Property, plant & equipment held for own use	19,139	12,337
Investments (other than assets held for index-linked and unit-linked contracts)	417,769	414,995
Bonds	416,205	413,433
Government Bonds	28,269	28,062
Corporate Bonds	370,601	368,109
Collateralised securities	17,336	17,262
Collective Investment Undertakings	117	117
Deposits other than cash equivalents	1,447	1,447
Loans and mortgages	17,019	15,478
Other loans and mortgages	17,019	15,478
Reinsurance recoverables from:	704,505	784,293
Non-life and health similar to non-life	704,505	784,293
Non-life excluding health	688,025	763,173
Health similar to non-life	16,480	21,120
Deposits to Cedants	0	0
Insurance and intermediaries receivables	40,448	133,599
Reinsurance receivables	21,687	228,662
Receivables (trade, not insurance)	53,446	100,409
Cash and cash equivalents	27,703	27,703
Total assets	*1,308,628*	*1,755,505*
Technical provisions – non-life	924,538	1,012,988
Technical provisions – non-life (excluding health)	906,634	981,195
Best Estimate	854,277	981,195
Risk margin	52,357	0
Technical provisions - health (similar to non-life)	17,904	31,793
Best Estimate	17,904	31,793
Deposits from reinsurers	68,289	68,289
Deferred Tax Liabilities	0	0
Insurance & intermediaries payables	0	0
Reinsurance payables	0	253,820
Payables (trade, not insurance)	49,617	105,841
Total liabilities	*1,042,444*	*1,440,937*
Excess of assets over liabilities	266,184	314,568

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 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.

The Company holds an investment in its Nordic subsidiary at cost less impairment. Under Solvency II, this is adjusted to the equity method

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	9,712

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	19,139	12,337
Intangible Assets - software	0	0

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	416,205	413,433
Government Bonds	28,269	28,062
Corporate Bonds	370,601	368,109
Collateralised securities	17,336	17,262
Collective Investment Undertakings	117	117
Deposits other than cash equivalents	1,447	1,447

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.

As at 31 December 2019, the value of assets held in the trust account for the sole use and benefit of the beneficiary (AIU), totalled €132m. The majority of the assets held were fixed income securities rated at least "A" and subject to group investment guidelines. Termination of the trust account would be subject to conditions as set out in the Trust agreement, effective 01 January 2019.

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.

	Solvency II Value	Statutory Accounts Value
Assets	€'000	€'000
Loan and mortgages	17,019	15,478

D.1.4 Reinsurance recoverables

	Solvency II Value	Statutory Accounts Value
Assets	€'000	€'000
Non-life and health similar to non-life	704,505	784,293
Non-life excluding health	688,025	763,173
Health similar to non-life	16,480	21,120

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	0	0
Insurance and intermediaries receivables	40,448	133,599
Reinsurance receivables	21,687	228,662
Receivables (trade, not insurance)	53,446	100,409

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.

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.1.6 Cash and other assets

	Solvency II Value	Statutory Accounts Value
Assets	€'000	€'000
Cash and cash equivalents	27,703	27,703

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 2019, the total technical provisions, including the risk margin, were €220m compared to €228.7m on a statutory basis, a difference of 4%.

The following tables shows a summary of the Company's Technical Provisions under Solvency II for 2019 and 2018.

Line of Business 2019	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	17,904	0	17,904	(16,480)	1,425
Other Motor Insurance	1,037	132	1,169	(616)	553
Fire and other damage	14,366	1,103	15,469	(10,863)	4,606
General Liability	635,238	41,390	676,628	(503,810)	172,818
Credit and suretyship	49,127	1,260	50,387	(45,125)	5,262
Assistance	203	10	213	(171)	42
Miscellaneous financial loss	154,306	8,461	162,767	(127,439)	35,328
Non-Proportional Property Reinsuranc	0	0	0	0	0
Total	872,181	52,357	924,538	(704,505)	220,033

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

The Company's Irish 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 Irish GAAP for 2019.

Line of Business 2019	Claims Outstanding	Unearned Premium	Gross Technical Provisions	Recoverables from Reinsurance Contracts	Total Technical Provisions Net of Recoverables
Income Protection	19,105,809	12,686,955	31,792,764	21,120,484	**10,672,281**
Fire and other damage to Property	19,921,881	3,606,097	23,527,978	15,093,184	**8,434,793**
General Liability	540,329,175	117,850,638	658,179,813	514,890,644	**143,289,169**
Credit and Suretyship	51,486,576	15,029,590	66,516,166	58,403,157	**8,113,009**
Other	65,643,411	167,327,949	232,971,360	174,776,917	**58,194,443**
Total	**696,486,852**	**316,501,229**	**1,012,988,081**	**784,284,387**	**228,703,695**

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.

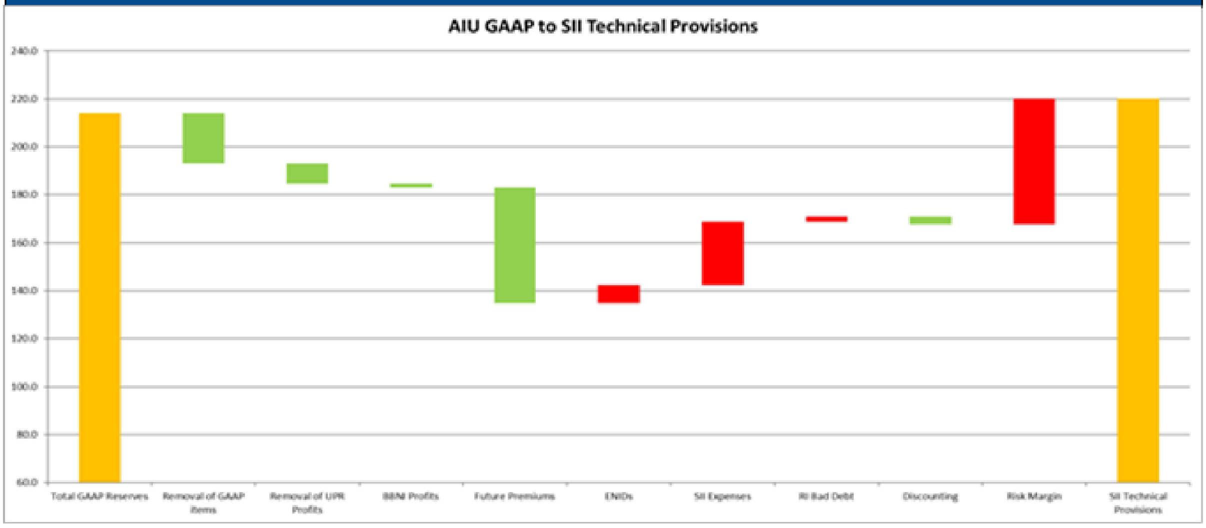
D.2.2 SII Related Uncertainties

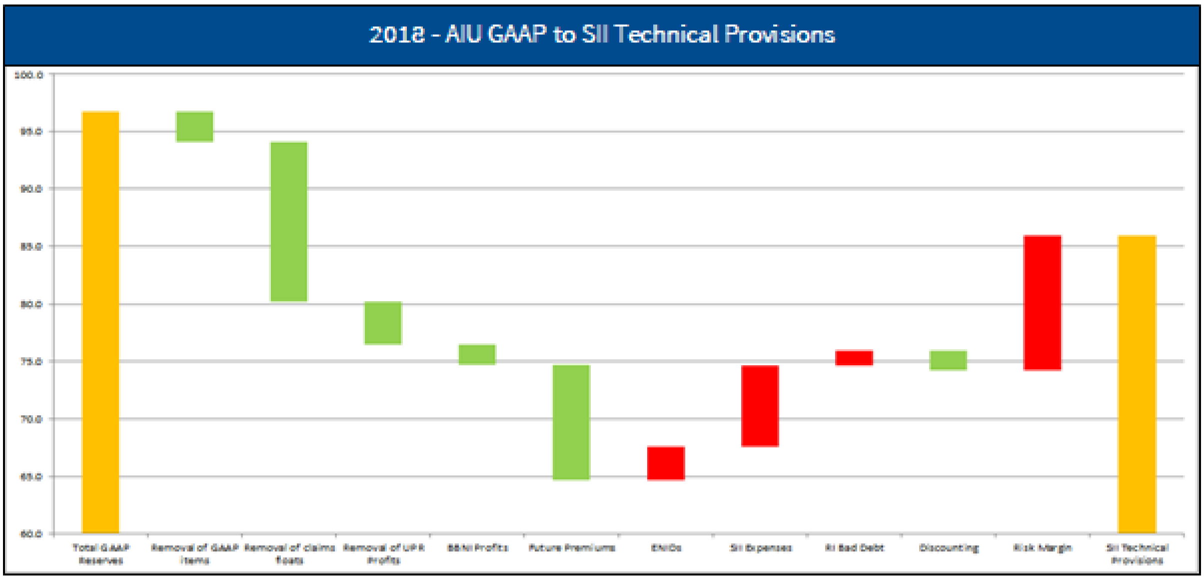
Additional uncertainties because of the Solvency II adjustments include:

- 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

2019 - AIU GAAP to SII Technical Provisions





The Company's Irish 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 Irish GAAP estimates to a Solvency II basis the following adjustments are made.

D.2.3.1 Removal of any margins in the Irish 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 Irish 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 Irish 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 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 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
Deferred Tax Assets	6,912	0

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

As a result of adjusting the Irish 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	68,289	68,289
Insurance and intermediaries payables (Overdue)	0	0
Reinsurance payables	0	253,820
Payables (trade, not insurance)	49,617	105,841

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 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-19	Dec-18
Ordinary share capital	1,946	1,946
Capital Contributions	21,856	21,856
Capital redemption reserve	13,270	13,270
Reconciliation reserve	229,112	186,457
Own funds	266,184	223,529

The Company's eligible amount of Own Funds eligible to cover the SCR as of 31 December 2019 and 2018 are listed in the tables below.

Solvency Overview (in €'000s), as of 31 Dec 2019					
	Tier	Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
SCR 184,693	1	266,184	100%	266,184	
	2	0	0%	0	
	3	0	0%	0	
	Total	266,184	100%	266,184	144%

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

The Company's eligible amount of Own Funds to cover the MCR as of 31 December 2019 and 2018 are listed in the tables below.

Solvency Overview (in €'000s), as of 31 Dec 2019					
	Tier	Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
MCR 46,173	1	266,184	100%	266,184	
	2	0	0%	0	
	3	0	0%	0	
	Total	266,184	100%	266,184	576%

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

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 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)	2019	2018
Excess of assets over liabilities	266,184	223,529
Other Basic Own Fund Items	(37,072)	(37,072)
Reconciliation Reserve	229,112	186,457

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

€'000	2019	2018
Equity per Financial Statements	314,568	237,579
Difference in SII TPs	(62,098)	(26,065)
Goodwill	0	(1,255)
Deferred Tax Adjustment	6,912	4,289
Market Value adjustment on Property and Other	6,802	8,982
Solvency II Own Funds	266,184	223,529

E.2 Solvency capital requirement and minimum capital requirement

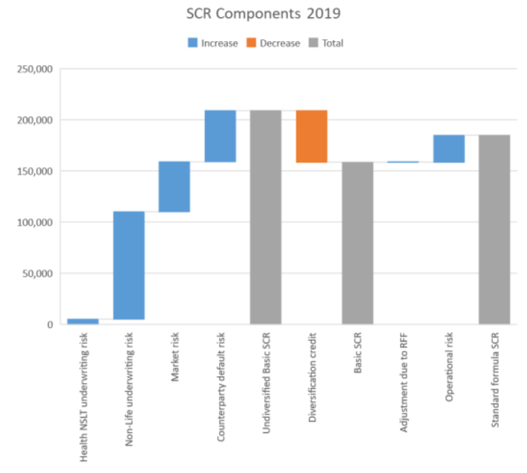
Capital Requirements (€'000)	2019	2018
SCR	184,693	167,714
MCR	46,173	41,929

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.

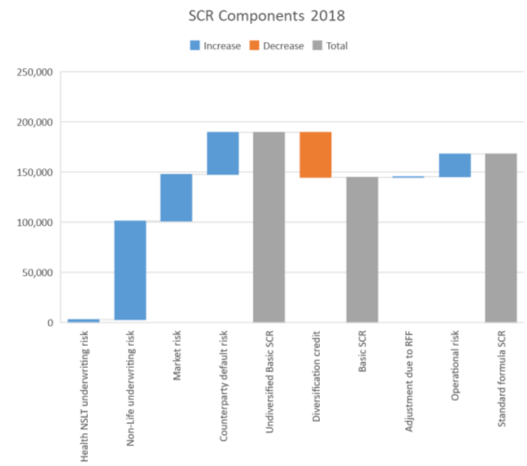
E.2.1 Solvency Capital Requirement

The Company's SCR split by risk module as of 31 December 2019 and 2018 are shown in the tables below.

Solvency Capital Requirement	2019 €'000
Health NSLT underwriting risk	5,520
Non-Life underwriting risk	104,628
Market risk	48,872
Counterparty default risk	49,923
Undiversified Basic SCR	208,943
Diversification credit	(50,416)
Basic SCR	158,528
Adjustment due to RFF	0
Operational risk	26,165
Standard formula SCR	184,693



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



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)	2019	2018
Linear MCR	44,828	23,449
SCR	184,693	167,714
MCR cap	83,112	75,472
MCR floor	46,173	41,929
Combined MCR	46,173	41,929
Absolute floor of the MCR	2,500	2,500
Minimum Capital Requirement	46,173	41,929

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	1,425	15,643
Other motor insurance and proportional reinsurance	420	664
Fire and other damage to property insurance and proportional reinsurance	3,503	20,429
General liability insurance and proportional reinsurance	131,428	92,149
Credit and suretyship insurance and proportional reinsurance	4,002	28,831
Assistance and proportional reinsurance	32	71
Miscellaneous financial loss insurance and proportional reinsurance	26,867	55,609
Non-proportional property reinsurance	0	0

E.2.3 Material change in SCR and MCR

Solvency coverage has increased from 133% at 31 December 2018 to 144% at 31 December 2019. This movement is principally due to the following capital actions in the year:

- Impact of increase in Gross Technical provisions of over one-hundred and twenty-eight million euro compared to year-end 2018.
- 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.

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**	6,912,016
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	19,138,648
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	417,768,570
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**	416,205,460
Government Bonds	**R0140**	28,269,206
Corporate Bonds	**R0150**	370,600,602
Structured notes	**R0160**	0
Collateralised securities	**R0170**	17,335,652
Collective Investments Undertakings	**R0180**	116,560
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	1,446,549
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	17,019,238
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	17,019,238
Reinsurance recoverables from:	**R0270**	704,504,519
Non-life and health similar to non-life	**R0280**	704,504,519
Non-life excluding health	**R0290**	688,025,016
Health similar to non-life	**R0300**	16,479,504
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	40,448,439
Reinsurance receivables	**R0370**	21,687,184
Receivables (trade, not insurance)	**R0380**	53,446,495
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**	27,703,072
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	1,308,628,181

Annex 1
S.02.01.02

Balance sheet
Liabilities

		Solvency II value
		C0010
Technical provisions – non-life	R0510	924,537,832
Technical provisions – non-life (excluding health)	R0520	906,633,701
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	854,276,713
Risk margin	R0550	52,356,988
Technical provisions - health (similar to non-life)	R0560	17,904,131
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	17,904,131
Risk margin	R0590	0
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	68,288,757
Deferred tax liabilities	R0780	0
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	0
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	49,617,270
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	1,042,443,859
Excess of assets over liabilities	R1000	266,184,322

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	0	40,496,810	0	0	1,535,905	0	44,118,483	217,925,415	121,214,321
Gross - Proportional reinsurance accepted	R0120	0	158	0	0	0	0	0	1,712,960	9,940,136
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	0	24,853,772	0	0	871,435	0	23,689,247	127,489,369	102,323,505
Net	R0200	0	15,643,195	0	0	664,470	0	20,429,236	92,149,006	28,830,952
Premiums earned										
Gross - Direct Business	R0210	0	38,014,785	0	0	657,865	0	44,085,645	235,528,108	115,833,469
Gross - Proportional reinsurance accepted	R0220	0	158	0	0	0	0	0	2,446,935	12,517,301
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	0	26,488,467	0	0	372,142	0	25,491,521	160,518,988	105,281,207
Net	R0300	0	11,526,476	0	0	285,723	0	18,594,124	77,456,055	23,069,563
Claims incurred										
Gross - Direct Business	R0310	0	23,222,778	0	0	638,134	0	30,722,233	221,960,953	40,879,942
Gross - Proportional reinsurance accepted	R0320	0	(14,640)	0	0	0	0	0	(675,824)	9,732,604
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	15,401,366	0	0	364,410	0	15,586,742	165,267,301	40,494,043
Net	R0400	0	7,806,771	0	0	273,724	0	15,135,491	56,017,828	10,118,503
Changes in other technical provisions										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550	0	4,939,829	0	0	113,557	0	240,930	32,121,925	5,534,805
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	0	430,168	132,599,990					558,321,091
Gross - Proportional reinsurance accepted	R0120	0	0	4,131,973					15,785,226
Gross - Non-proportional reinsurance accepted	R0130								
Reinsurers' share	R0140	0	358,977	81,122,656	0	0	0	0	360,708,960
Net	R0200	0	71,191	55,609,307	0	0	0	0	213,397,357
Premiums earned									
Gross - Direct Business	R0210	0	1,599,774	144,715,701					580,435,347
Gross - Proportional reinsurance accepted	R0220	0	0	2,676,750					17,641,143
Gross - Non-proportional reinsurance accepted	R0230								
Reinsurers' share	R0240	0	1,364,750	109,849,339	0	0	0	0	429,366,414
Net	R0300	0	235,024	37,543,112	0	0	0	0	168,710,076
Claims incurred									
Gross - Direct Business	R0310	0	1,650,974	121,120,232					440,195,246
Gross - Proportional reinsurance accepted	R0320	0	0	2,800,343					11,842,484
Gross - Non-proportional reinsurance accepted	R0330								
Reinsurers' share	R0340	0	1,399,568	90,392,874	0	0	0	0	328,906,305
Net	R0400	0	251,406	33,527,701	0	0	0	0	123,131,425
Changes in other technical provisions									
Gross - Direct Business	R0410	0	0	0					0
Gross - Proportional reinsurance accepted	R0420	0	0	0					0
Gross - Non- proportional reinsurance accepted	R0430								
Reinsurers' share	R0440	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550	0	59,206	3,500,784	0	0	0	0	46,511,036
Other expenses	R1200								
Total expenses	R1300								46,511,036

S.05.02.01

Premiums, claims and expenses by country

Non-life obligations for home country		Home country	**Top 5 countries (by amount of gross premiums written) - non-life obligations**					**Total Top 5 and home country**
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		IT	US	SE	FR	NL	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	4,656,121	189,694,490	110,358,902	75,334,404	48,233,283	27,919,011	456,196,211
Gross - Proportional reinsurance accepted	R0120	0	184,477	1,712,960	18,598	0	9,755,659	11,671,694
Gross - Non-proportional reinsurance accepted	R0130	0	0	0	0	0	0	0
Reinsurers' share	R0140	2,429,691	103,050,813	91,263,342	40,735,987	29,809,394	26,670,267	293,959,494
Net	R0200	2,226,429	86,828,154	20,808,520	34,617,015	18,423,889	11,004,403	173,908,411
Premiums earned								
Gross - Direct Business	R0210	2,666,676	161,697,038	158,040,116	64,417,548	52,617,049	22,702,096	462,140,523
Gross - Proportional reinsurance accepted	R0220	0	1,598	2,446,935	69,130	207,917	12,515,703	15,241,282
Gross - Non-proportional reinsurance accepted	R0230	0	0	0	0	0	0	0
Reinsurers' share	R0240	1,748,243	98,880,600	136,295,771	42,136,846	38,440,534	26,996,569	344,498,564
Net	R0300	918,433	62,818,036	24,191,279	22,349,831	14,384,433	8,221,230	132,883,242
Claims incurred								
Gross - Direct Business	R0310	8,587,291	107,343,494	130,773,846	34,506,562	51,413,911	2,857,513	335,482,617
Gross - Proportional reinsurance accepted	R0320	0	38	(675,824)	42,153	154,479	9,732,566	9,253,413
Gross - Non-proportional reinsurance accepted	R0330	0	0	0	0	0	0	0
Reinsurers' share	R0340	6,907,615	69,817,951	108,845,149	19,444,022	38,071,032	10,859,795	253,945,564
Net	R0400	1,679,676	37,525,580	21,252,874	15,104,693	13,497,358	1,730,284	90,790,465
Changes in other technical provisions								
Gross - Direct Business	R0410	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430	0	0	0	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0
Expenses incurred	R0550	4,576,659	25,561,974	7,968,534	2,843,181	1,898,954	2,783,582	45,632,848
Other expenses	R1200							
Total expenses	R1300							45,632,848

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
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	R0050	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium Provisions							
Gross - Total	R0060	0	5,044,583	0	0	636,045	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	3,433,817	0	0	376,526	0
Net Best Estimate of Premium Provisions	R0150	0	1,610,766	0	0	259,519	0
Claims provisions							
Gross - Total	R0160	0	12,859,549	0	0	400,596	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	13,045,687	0	0	239,698	0
Net Best Estimate of Claims Provisions	R0250	0	(186,138)	0	0	160,897	0
Total Best estimate - Gross	R0260	0	17,904,131	0	0	1,036,641	0
Total Best estimate - Net	R0270	0	1,424,628	0	0	420,417	0
Risk margin	R0280	0	1	0	0	132,400	0
Amount of the transitional on Technical Provisions							
TP as a whole	R0290	0	0	0	0	0	0
Best Estimate	R0300	0	0	0	0	0	0
Risk Margin	R0310	0	0	0	0	0	0
Technical provisions							
Technical provisions - total	R0320	0	17,904,132	0	0	1,169,041	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	16,479,504	0	0	616,224	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	0	1,424,629	0	0	552,817	0

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
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	R0050	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium Provisions							
Gross - Total	R0060	1,447,410	66,213,564	307,844	0	46,219	110,164,037
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	791,307	51,479,742	156,272	0	37,447	82,757,299
Net Best Estimate of Premium Provisions	R0150	656,103	14,733,822	151,572	0	8,772	27,406,738
Claims provisions							
Gross - Total	R0160	12,918,760	569,024,432	48,818,880	0	156,980	44,141,946
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	10,072,048	452,330,233	44,968,457	0	133,960	44,682,027
Net Best Estimate of Claims Provisions	R0250	2,846,712	116,694,198	3,850,423	0	23,020	(540,081)
Total Best estimate - Gross	R0260	14,366,170	635,237,996	49,126,724	0	203,199	154,305,983
Total Best estimate - Net	R0270	3,502,815	131,428,020	4,001,995	0	31,793	26,866,658
Risk margin	R0280	1,103,128	41,390,105	1,260,332	0	10,012	8,461,011
Amount of the transitional on Technical Provisions							
TP as a whole	R0290	0	0	0	0	0	0
Best Estimate	R0300	0	0	0	0	0	0
Risk Margin	R0310	0	0	0	0	0	0
Technical provisions							
Technical provisions - total	R0320	15,469,298	676,628,101	50,387,056	0	213,212	162,766,994
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	10,863,355	503,809,976	45,124,729	0	171,407	127,439,326
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	4,605,943	172,818,125	5,262,327	0	41,805	35,327,668

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
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	R0050	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium Provisions						
Gross - Total	R0060	0	0	0	0	183,859,702
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	0	139,032,409
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	44,827,293
Claims provisions						
Gross - Total	R0160	0	0	0	0	688,321,143
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	0	0	565,472,111
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	122,849,032
Total Best estimate - Gross	R0260	0	0	0	0	872,180,845
Total Best estimate - Net	R0270	0	0	0	0	167,676,326
Risk margin	R0280	0	0	0	0	52,356,990
Amount of the transitional on Technical Provisions						
TP as a whole	R0290	0	0	0	0	0
Best Estimate	R0300	0	0	0	0	0
Risk Margin	R0310	0	0	0	0	0
Technical provisions						
Technical provisions - total	R0320	0	0	0	0	924,537,834
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	704,504,519
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	0	0	0	0	220,033,315

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											2,386,626	R0100	2,386,626	2,386,626
N-9	R0160	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	4,053,047		R0160	4,053,047	115,824,255
N-8	R0170	19,191,054	96,887,551	21,295,810	12,388,000	(21,465,318)	8,323,508	3,708,790	3,683,851	(427,722)			R0170	(427,722)	143,585,524
N-7	R0180	28,761,559	78,525,882	26,977,181	30,548,423	25,568,160	20,360,830	10,905,280	9,967,178				R0180	9,967,178	231,614,494
N-6	R0190	26,974,601	73,502,753	38,934,109	40,583,525	35,524,666	26,428,209	37,842,218					R0190	37,842,218	279,790,081
N-5	R0200	29,397,822	72,043,645	37,860,948	22,052,886	15,066,255	19,163,431						R0200	19,163,431	195,584,987
N-4	R0210	34,953,116	79,409,006	33,808,464	24,466,641	23,959,142							R0210	23,959,142	196,596,368
N-3	R0220	39,621,290	78,896,418	37,456,955	35,260,586								R0220	35,260,586	191,235,250
N-2	R0230	70,041,546	83,236,294	58,264,659									R0230	58,264,659	211,542,498
N-1	R0240	45,664,032	105,057,641										R0240	105,057,641	150,721,673
N	R0250	55,512,433											R0250	55,512,433	55,512,433
													Total R0260	351,039,237	1,774,394,188

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											1,592,168		R0100	1,518,159
N-9	R0160	0	0	0	0	0	2,874,586	2,123,266	834,968	1,143,922	(1,738,937)			R0160	(1,770,903)
N-8	R0170	0	0	0	0	18,276,682	13,346,839	10,163,164	6,072,535	6,798,962				R0170	6,699,276
N-7	R0180	0	0	0	45,863,539	7,940,341	24,909,727	25,638,055	17,609,869					R0180	17,127,565
N-6	R0190	0	0	119,729,416	112,270,484	79,230,302	78,225,321	50,598,120						R0190	49,666,503
N-5	R0200	0	84,898,407	86,411,976	63,737,157	55,488,005	40,176,305							R0200	39,041,807
N-4	R0210	53,612,995	88,658,978	81,542,103	67,990,116	53,998,565								R0210	52,339,932
N-3	R0220	60,057,568	105,219,329	115,968,921	102,183,850									R0220	9,729,744
N-2	R0230	83,481,656	178,839,143	190,850,434										R0230	187,850,117
N-1	R0240	44,855,342	158,438,520											R0240	156,616,447
N	R0250	79,683,419												R0250	79,502,498
													Total	R0260	688,321,145

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	1,946,008	1,946,008		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0				
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	13,270,299		13,270,299	0	0
Reconciliation reserve	R0130	229,111,966	229,111,966			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other items approved by supervisory authority as basic own funds not specified above	R0180	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	266,184,321	252,914,022	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	266,184,321	252,914,022	13,270,299	0	
Total available own funds to meet the MCR	R0510	266,184,321	252,914,022	13,270,299	0	
Total eligible own funds to meet the SCR	R0540	266,184,321	252,914,022	13,270,299	0	0
Total eligible own funds to meet the MCR	R0550	266,184,321	252,914,022	13,270,299	0	
SCR	R0580	184,693,032				
MCR	R0600	46,173,258				
Ratio of Eligible own funds to SCR	R0620	144%				
Ratio of Eligible own funds to MCR	R0640	576%				

		Total	
		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	266,184,322	
Own shares (held directly and indirectly)	R0710	0	
Foreseeable dividends, distributions and charges	R0720	0	
Other basic own fund items	R0730	37,072,355	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0	
Reconciliation reserve	R0760	229,111,966	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	0	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	1,400,000	
Total Expected profits included in future premiums (EPIFP)	R0790	1,400,000	

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

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0100**
Market risk	**R0010**	48,872,454		0.0
Counterparty default risk	**R0020**	49,922,842		
Life underwriting risk	**R0030**	0	0	0
Health underwriting risk	**R0040**	5,519,870	0	0
Non-life underwriting risk	**R0050**	104,628,257	0	0
Diversification	**R0060**	(50,415,815)		
Intangible asset risk	**R0070**	0		
Basic Solvency Capital Requirement	**R0100**	158,527,607		

Calculation of Solvency Capital Requirement		**C0100**
Adjustment due to RFF/MAP nSCR aggregation	**R0120**	0
Operational risk	**R0130**	26,165,425
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency Capital Requirement excluding capital add-on	**R0200**	184,693,032
Capital add-on already set	**R0210**	0
Solvency capital requirement for undertakings under consolidated method	**R0220**	184,693,032
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	184,693,032
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	0
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

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	44,827,527

		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
Income protection insurance and proportional reinsurance	R0030	1,424,627.9	15,643,196.3
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	420,416.8	664,470.3
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	3,502,815.5	20,429,235.7
General liability insurance and proportional reinsurance	R0090	131,428,020.3	92,149,389.1
Credit and suretyship insurance and proportional reinsurance	R0100	4,001,995.1	28,830,952.8
Legal expenses insurance and proportional reinsurance	R0110	0.0	0
Assistance and proportional reinsurance	R0120	31,792.6	71,191.3
Miscellaneous financial loss insurance and proportional reinsurance	R0130	26,866,657.6	55,609,308.5
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	0

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

Overall MCR calculation

		C0070
Linear MCR	R0300	44,827,527
SCR	R0310	184,693,032
MCR cap	R0320	83,111,864
MCR floor	R0330	46,173,258
Combined MCR	R0340	46,173,258
Absolute floor of the MCR	R0350	2,500,000
		C0070
Minimum Capital Requirement	R0400	46,173,258

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

AIUSFCR00121042020

AmTrust International Underwriters
An AmTrust Financial Company