AmTrust International Limited

Solvency and Financial Condition Report

For the year ended 31 December 2018

AmTrust International

AmTrust International

Contents

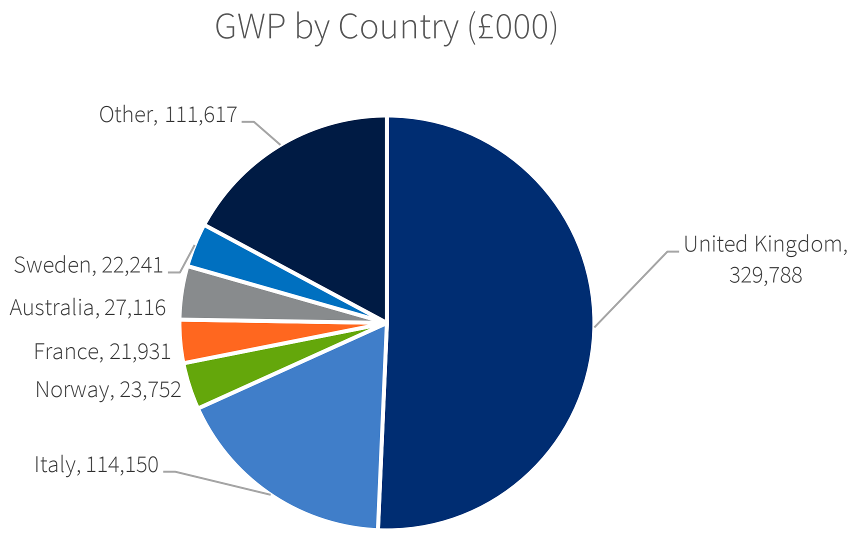
Summary (unaudited)

Overview of the Business & Context of this report

Business model

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

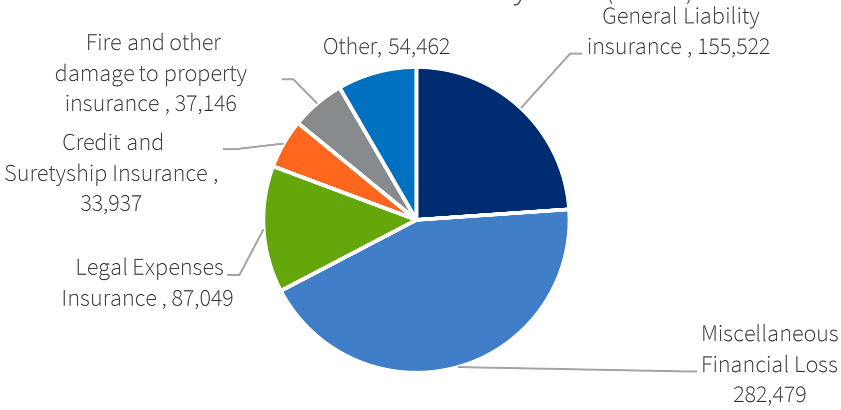
The principal subsidiaries of AIL headquartered in the UK include AmTrust Europe Limited (AEL), Motors Insurance Company Limited (MICL) and AMT Mortgage Insurance Limited (AMIL), as well as the Lloyd's platform of AmTrust which includes four Corporate Capital Vehicles (CCVs). Under Solvency II, the Lloyd's CCVs are not deemed insurance companies and are therefore not consolidated within the AIL Group as with the regulated insurance entities. Instead, these entities are brought into the AIL Group under the adjusted equity method. This means that the underlying results and risk exposures of the Lloyd's businesses are brought in through a single line item called "Holdings in related undertakings, including participations", rather than on a line-by-line fully consolidated basis. This is further explained in Section D. AIL also owns a number of intermediaries in the EU and Asia.



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

- Medical Malpractice (included in Solvency II line of business "General Liability Insurance");
- Property and Casualty;
- General Liability;
- Legal Expenses;
- Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP) (included in Solvency II line of business "Miscellaneous Financial Loss"); and
- Credit and Suretyship, specifically Mortgage Insurance and Surety.

Gross Written Premium by LoB (£000)



[1]Miscellaneous Financial Loss consists primarily of warranty and structural defects businesses as described further in Section A.2.4.2 below.

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

This report is a Solvency II requirement, which is designed to give AIL's external stakeholders an insight into the solvency and financial condition of the AIL Group. This SFCR report covers the year ended 31 December 2018.

Material changes to AIL's business model

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

- Change in control of ultimate parent company – 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, together with Barry Zyskind, Chairman and CEO of AmTrust, George Karfunkel and Leah Karfunkel (collectively, the Karfunkel-Zyskind Family), acquired the approximately 45% of AFSI's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties did not already own or control. This "go-private transaction" was a strategic step to focus on the operational excellence of AmTrust and implement the long-term strategies that position the group for future success;
- Decision to exit certain product lines/programmes – During 2018, the AIL Group decided to exit certain underperforming or non-core product lines or programmes (i.e. Structural Defects, Liability and Temple). In addition, the AFSI Group has entered into agreements in 2019 to sell its go-forward interest in the AmTrust at Lloyd's platform and Surety businesses;
- Intra-group reinsurance – AEL has made changes to the structure of its internal quota share reinsurance programme within the wider AmTrust Group during the year consistent with its previously announced plan to reduce exposure over time;
- Maiden Reinsurance Limited (Maiden) – Maiden's financial position deteriorated over several quarters resulting in the downgrading of its financial strength rating to "B++ (Good)" from AM Best during 2018 (ultimately withdrawn at Maiden's request in February 2019) and it failing to meet its Enhanced Capital Requirement (ECR) as reported to the Bermuda Monetary Authority (BMA) in both Q3'18 and Q4'18. Following the execution on certain steps of its agreed recovery plan with the BMA, Maiden's ECR coverage ratio was above 100% at the end of Q1'19. AEL's credit exposure to Maiden is still supported by investments in a collateral trust account equal to 100% of the credit exposure. AEL

terminated on a prospective basis its quota share reinsurance programme with Maiden effective as of 1 January 2019;

- Brexit – the vote by the UK public to opt out of Europe will have a material impact on the way the AIL Group operates with respect to its licenses, business mix allocation and strategic focus in the future; and
- Part VII transfers – both AMIL and Pedigree Livestock Insurance Limited (PLI) are undertaking a Part VII process to transfer their UK businesses into their parent, AEL. The transfers are expected to complete before the end of 2019. As part of Brexit, the AIL Group intends to apply for additional Part VII transfers in 2019 to move all of its European mainland business into affiliate insurance companies domiciled in Ireland and Italy.

Business performance

Underwriting Performance – by material insurance entities in the AIL Group

AEL

AEL's net technical result in 2018 was a small loss, primarily due to the strengthening of reserve levels based upon developments during the year.

The company experienced a period of transition during 2018 and as a result has realigned its portfolio into 2019 to focus on key areas of growth while exiting less profitable lines and transferring European mainland business to AmTrust's Irish based insurer, AmTrust International Underwriters Designated Activity Company (AIU DAC) and a soon to be acquired insurance company based in Italy.

MICL

During 2018, MICL experienced an increase in Gross Written Premium (GWP) and technical result. This successful performance was driven by improved performance of the Mechanical Breakdown Insurance portfolio, which accounted for 69% (2017: 81%) of total GWP. The UK market remains the largest market, accounting for 80% (2017: 77%) of the Mechanical Breakdown Insurance GWP.

AMIL

During 2018, AMIL has stopped originating new business and is only renewing exiting relationships. As a result, the amount of Net Written premium (NWP), gross of reinsurance outward, decreased to £9,930,000 from £14,235,000 in 2017 and Net Earned premium decreased to £8,309,000 from £11,452,000 in 2017.

During the year, AMIL undertook one significant partial commutation of insurance liabilities with an active customer and a number of smaller commutations.

As AMIL is undertaking a Part VII transfer into AEL in 2019 and has plans for another into AIU DAC for 2020, all new mortgage clients are being written in either AEL or AIU DAC.

PLI

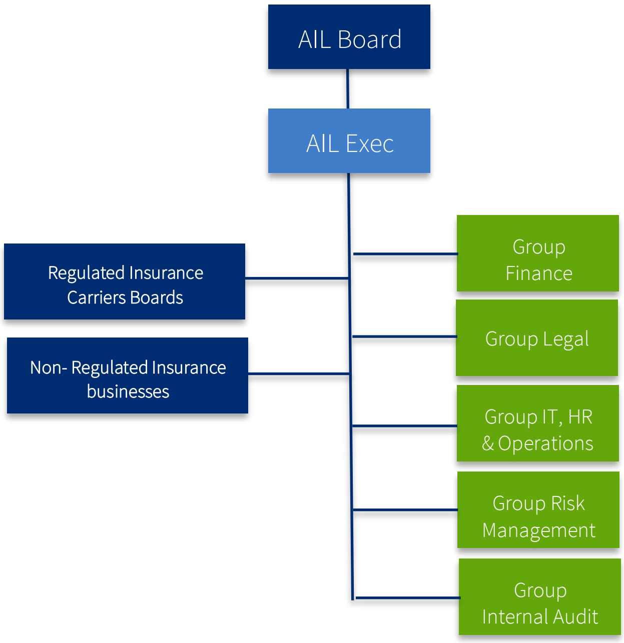
PLI ceased underwriting new business in the Pet Insurance class in 2006. No further policies have been underwritten since then, and all policies expired in 2007 without exception. PLI continued to be in solvent run-off in 2018 with no premiums or claims in the year.

In 2017, PLI initiated a Part VII transfer of all of PLI's assets and liabilities into AEL. The process started in the fourth quarter of 2017 and is expected to be completed in 2019.

Systems of governance

The AIL Group operates a decentralised group governance model where the primary accountability and day-to-day decision-making is carried out at the local subsidiary level. AIL's regulated insurance companies and Lloyd's CCVs operations are managed by standalone local boards, which are composed of executive directors, group non-executive directors and independent non-executive directors. They also have formal sub-committee structures which report into the local board of directors. Executives from AIL hold non-executive roles on the regulated insurance platforms and Lloyd's CCVs to provide support from a strategic Group oversight perspective. All significant subsidiaries within the AIL Group follow a three lines of defence model from a local corporate governance point of view.

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



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

Risk Profile

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

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

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

Underwriting Risk

AIL's largest risk exposure is in respect of underwriting risk (premium risk and reserve risk) in its insurance carrying subsidiaries. The majority of the AIL Group's material underwriting risk exposure comes from the Miscellaneous Financial Loss class of business underwritten by AEL and MICL, which represented the largest line of business during 2018 both in terms of premiums and claims.

Market Risk

AIL's material exposure to market risk is within the investment and foreign currency balances held within its insurance subsidiaries, and in the equity risk on its strategic investments in subsidiaries. There is no exposure to equity risk for the Lloyd's CCVs, as they all have net liabilities capped to nil value so the AIL Group does not carry this balance as an investment.

Credit Risk

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

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

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

Other risks

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

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

AIL does not believe these other risks to be material for the AIL Group as detailed in Section C below.

Valuation for solvency purposes

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

As at 31 December 2018, the AIL Group's assets less liabilities were valued at £465.0m under Solvency II, compared with £524.7m under UK GAAP. The causes of the difference are explained in detail in Section D.

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

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

Capital Management

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

Solvency Capital Requirement

Capital Requirements (£000)	31 Dec 2018	31 Dec 2017
Overall SCR	378,713	353,822
Own funds eligible for SCR coverage	461,955	463,281
SCR coverage	122%	131%
MCR	131,510	104,290
Own funds eligible for MCR coverage	457,065	457,260
MCR coverage	348%	438%

AIL's SCR split by risk module as of 31 December 2018 is shown in the table below.

Solvency Capital Requirement	31 Dec 2018 £000	31 Dec 2017 £000
Health NSLT underwriting risk	2,986	3,175
Non-Life underwriting risk	245,317	224,188
Market risk	117,681	80,147
Counterparty default risk	38,857	36,763
Undiversified Basic SCR	**404,841**	344,272
Diversification credit	(85,412)	(66,910)
Basic SCR	**319,429**	277,362
Operational risk	35,230	31,801
Loss absorbing capacity of DT	(1,429)	(1,100)
SCR Diversified	**353,230**	308,063
Capital requirement for residual undertakings	25,483	45,759
Overall SCR	**378,713**	353,822

AIL's solvency coverage has decreased during the year from 131% to 122%. Own Funds have remained stable over the year while the SCR has increased by £24.9m, largely due to accepting new loans that attracted Market Risk charges.

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

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

The Directors are satisfied that:

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

Signed on behalf of the Board of Directors

J Cadle (Director)

25 June 2019

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

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

Opinion

Except as stated below, we have audited the following documents prepared by AmTrust International Limited as at 31 December 2018:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of AmTrust International Limited as at 31 December 2018, ('**the Narrative Disclosures subject to audit**'); and
- Group templates S02.01.02, S23.01.22, S25.01.22, S32.01.22 ('**the Templates subject to audit**').

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

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

- The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Group Solvency and Financial Condition Report;
- Group templates S05.01.02, S05.02.01;
- the written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('**the Responsibility Statement**');

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

In our opinion, the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report of AmTrust International Limited as at 31 December 2018 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the Group Solvency and Financial Condition Report. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of technical provisions and related disclosures and the appropriateness of the going concern basis of preparation of the Group Solvency and Financial Condition Report. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Emphasis of Matter – special purpose basis of accounting

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you if:

- the directors' use of the going concern basis of accounting in the preparation of the SFCR is not appropriate; or
- the directors have not disclosed in the SFCR any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the SFCR is authorised for issue.

Other Information

The Directors are responsible for the Other Information.

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

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

Responsibilities of Directors for the Group Solvency and Financial Condition Report

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements.

Other Information

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

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

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

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

Ben Priestley

For and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London, E14 5GL

25 June 2019

- The maintenance and integrity of AmTrust International Limited's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Solvency and Financial Condition Report since it was initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of Solvency and Financial Condition Reports may differ from legislation in other jurisdictions.

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

Group standard formula

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

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

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

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

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

Business and Performance

Section A

A. Business and Performance (unaudited)

A.1 Business

A.1.1 Name and legal form of undertaking

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

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

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

A.1.2 Supervisory authority

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

The PRA's registered address is as follows:

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

A.1.3 External auditor

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

KPMG's UK office is located at:

KPMG LLP,
15 Canada Square,
London,
E14 5GL
Tel 020 7311 1000

A.1.4 Shareholders of qualifying holdings in the undertaking

AIL is a wholly owned subsidiary of AmTrust Equity Solutions Limited (AES). Until 29th November 2018, AIL's ultimate parent was AmTrust Financial Services Inc (AFSI), a Delaware registered United States corporation. On 29th 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, together with Barry Zyskind, Chairman and CEO of AmTrust, George Karfunkel and Leah Karfunkel (collectively, the Karfunkel-Zyskind Family), acquired the approximately 45% of AFSI's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties did not already own or control.

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

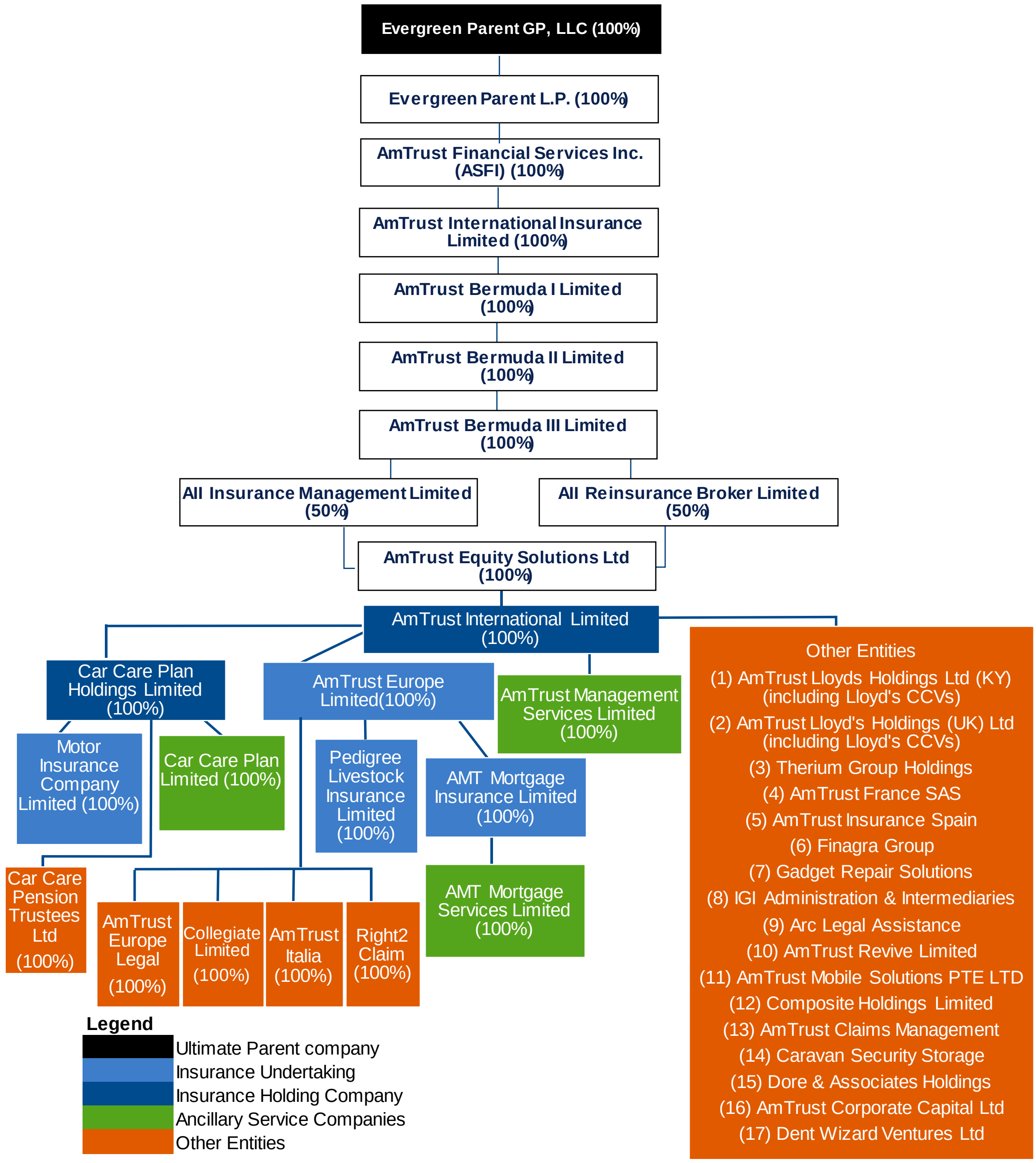
AFSI underwrites and provides property and casualty insurance products, in the United States and internationally to niche customer groups that it believes are generally underserved within the broader insurance market.

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

While there is no current indication that the completion of the "go-private transaction" will have an immediate impact on the business strategy of the AIL Group, it is recognised that there may be longer-term implications for the business, which at this stage are not ascertainable.

The principal subsidiaries of AIL headquartered in the UK include AmTrust Europe Limited (AEL), Motors Insurance Company Limited (MICL) and AMT Mortgage Insurance Limited (AMIL), as well as the Lloyd's platform of AmTrust, which includes four Corporate Capital Vehicles (CCVs). Under Solvency II, the Lloyd's CCVs are not deemed insurance companies and are therefore not consolidated within the AIL Group as with the regulated insurance entities. Instead, these entities are brought into the AIL Group under the adjusted equity method. This means that the underlying results and risk exposures of the Lloyd's businesses are brought in through a single line item called "Holdings in related undertakings, including participations", rather than on a line-by-line fully consolidated basis. This is further explained in Section D. AIL also owns a number of administrators in the EU and Asia.

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



A.1.5 Material lines of business and material geographical areas

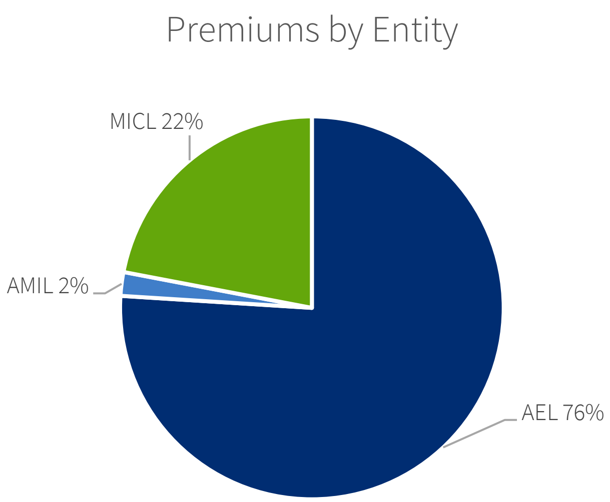
As shown in the legal entity structure chart above, AIL is part of a world-wide financial services group that operates in a variety of geographic locations and across multiple insurance product lines. Each of the main insurance carrying subsidiaries and their key lines of business are briefly discussed below:

1. AmTrust Europe Limited (AEL) – UK registered insurance company writing general insurance business in the UK and other European countries. The core lines of business are General Liability Insurance (Medical Malpractice and Casualty), Legal Expenses, Fire and Other Damage to Property, Credit and Suretyship and Miscellaneous Financial Loss.
2. Motors Insurance Company Limited (MICL) - UK registered insurance company writing motor breakdown insurance and other ancillary motor lines of business (excluding motor liability) across the UK, Europe, China and Latin America. MICL's primary underwriting focus is in the motor add-on insurance market, offering a number of distinct products within this segment.

3. **AMT Mortgage Insurance Limited (AMIL)** – UK registered mono-line insurance company writing solely Business-to-Business (B2B) insurance products. AMIL specialises in insuring mortgage lenders in respect of borrower default.
4. **Pedigree Livestock Insurance Limited (PLI)** – UK registered insurance company that ceased underwriting new business in the Pet Insurance class in 2006. No further policies have been underwritten since then, and all policies expired in 2007 without exception. The Company continued to be in solvent run-off in 2018 with no premiums or claims in the year.

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

Earned Premiums



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

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

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

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

- **Change in control of ultimate parent company** – On 29th 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, together with Barry Zyskind, Chairman and CEO of AmTrust, George Karfunkel and Leah Karfunkel (collectively, the Karfunkel-Zyskind Family), acquired the approximately 45% of AFSI's issued and outstanding common shares that the Karfunkel-Zyskind Family and certain of its affiliates and related parties did not already own or control. This "go-private transaction" was a strategic step to focus on the operational excellence of AmTrust and implement the long-term strategies that position the group for future success;
- **Decision to exit certain product lines/programmes** – During 2018, the AIL Group decided to exit certain underperforming or non-core product lines or programmes (i.e. Structural Defects, Liability and Temple).

In addition, the AFSI Group has entered into agreements in 2019 to sell its go-forward interest in AmTrust at Lloyd's and Surety businesses;

- Intra-group reinsurance – AEL has made changes to the structure of its internal quota share reinsurance programme within the wider AmTrust Group during the year consistent with its previously announced plan to reduce exposure over time;
- Maiden – Maiden's financial position deteriorated over several quarters resulting in the downgrading of its financial strength rating to "B++ (Good)" from AM Best during 2018 (ultimately withdrawn at Maiden's request in February 2019) and it failing to meet its ECR as reported to the BMA in both Q3'18 and Q4'18. Following the execution on certain steps of its agreed recovery plan with the BMA, Maiden's ECR coverage ratio was above 100% at the end of Q1'19. AEL's credit exposure to Maiden is still supported by investments in a collateral trust account equal to 100% of the credit exposure. AEL terminated on a prospective basis its quota share reinsurance programme with Maiden effective as of 1 January 2019
- Brexit – the vote by the UK public to opt out of Europe will have a material impact on the way the AIL Group operates with respect to its licenses, business mix allocation and strategic focus in the future; and Part VII transfers – both AMIL and Pedigree Livestock Insurance Limited (PLI) are undertaking a Part VII process to transfer their UK businesses into their parent, AEL. The transfers are expected to complete before the end of 2019. As part of Brexit, the AIL Group intends to apply for additional Part VII transfers in 2019 to move all of its European mainland business into affiliate insurance companies domiciled in Ireland and Italy.

A.2 Underwriting Performance

A.2.1 Overview

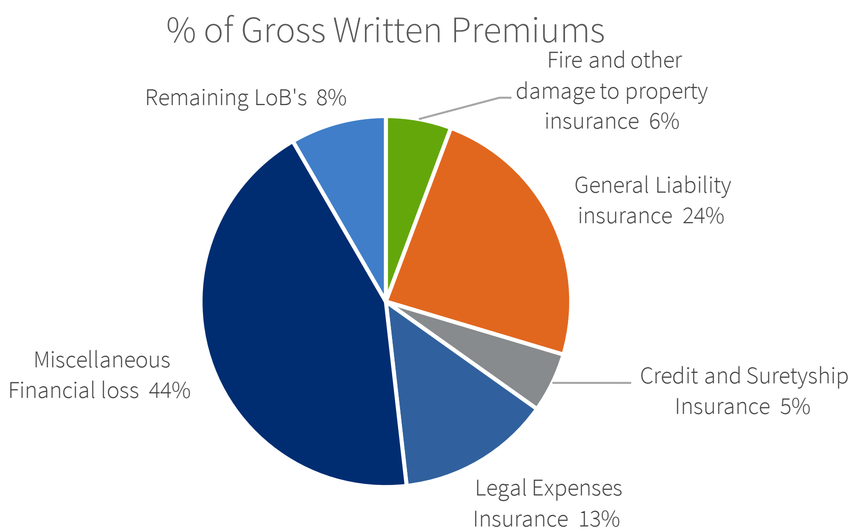
All insurance entities within the AIL Group seek to adopt strong risk appetites and underwriting disciplines in the lines of business that they participate in, and employ experienced and professional underwriters that have a good track record of underwriting profitably throughout the insurance cycle.

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

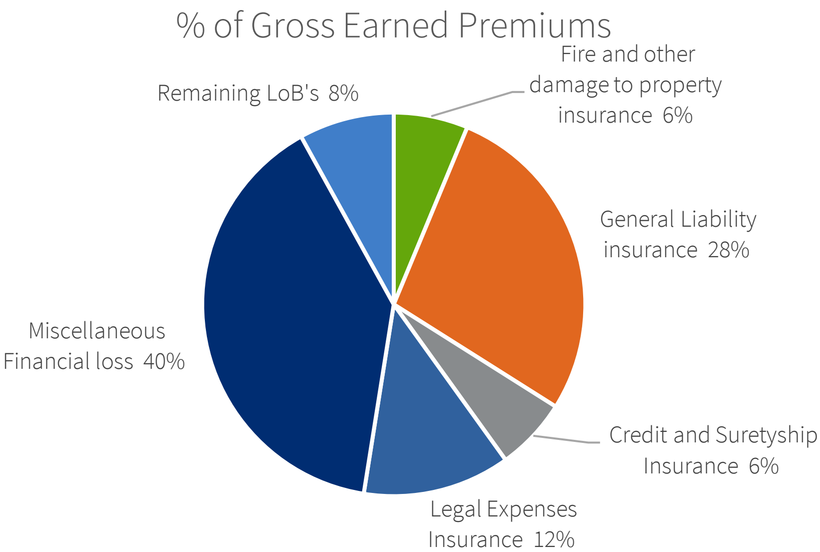
A.2.2 Underwriting Performance – by Premium, Claims, and Expenses

A.2.2.1 Gross Written Premiums (GWP)

The gross written premiums for the AIL Group amounted to £650.6m (2017: £577.6m) with earned premiums of £574.3m (2017: £562.6m) for the 12 months ended 31 December 2018. The split by line of business on written and earned premiums is given below:

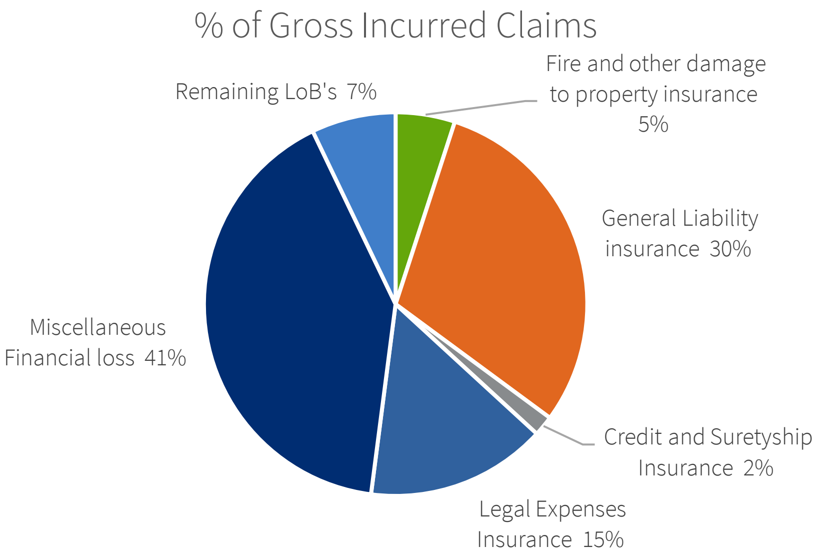


A.2.2.2 Gross Earned Premiums (GEP)



A.2.2.3 Gross Incurred Claims (GIC)

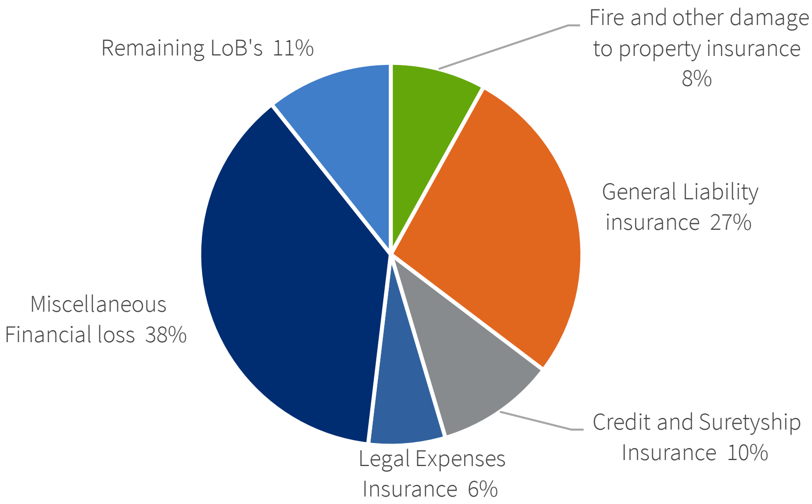
Gross incurred claims amounted to £385.3m (2017: £339.5m), which is split by line of business below:



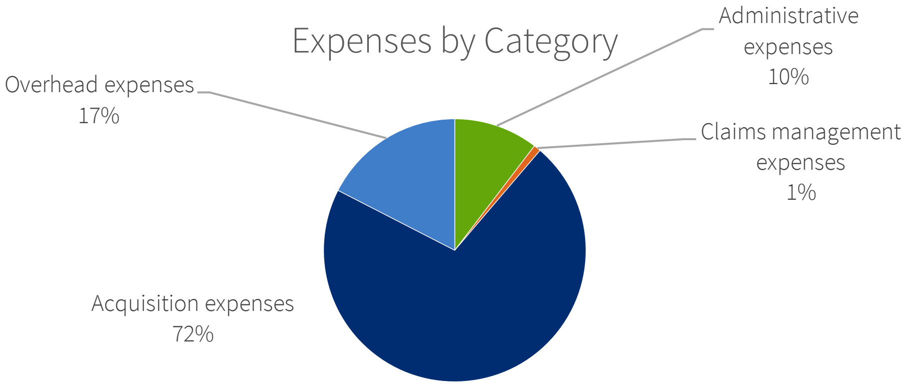
A.2.2.4 Gross Expenses & Expenses by Category

Technical expenses, including acquisition costs and operating expenses, for the year amounted to £190.8m (2017: £209.3m) along with other expenses of £0.2m. A more detailed breakdown of expenses by line of business and by expense category is shown below:

% of Gross Expenses



Expenses by Category



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

A.2.3.1 AEL

AEL's net technical result in 2018 was a small loss, primarily due to the strengthening of reserve levels based upon developments during the year.

The company experienced a period of transition during 2018 and as a result has realigned its portfolio into 2019 to focus on key areas of growth while exiting less profitable lines and transferring European mainland business to AmTrust's Irish based insurer, AIU DAC, and a soon to be acquired insurance company based in Italy.

A.2.3.2 MICL

During 2018, MICL experienced an increase in Gross Written Premium (GWP) and technical result. This successful performance was driven by improved performance of the Mechanical Breakdown Insurance portfolio, which accounted for 69% (2017: 81%) of total GWP. The UK market remains the largest market, accounting for 80% (2017: 77%) of the Mechanical Breakdown Insurance GWP.

A.2.3.3 AMIL

During 2018, AMIL stopped originating new business and is only renewing exiting relationships. As a result, the amount of Net Written premium (NWP), gross of reinsurance outward, decreased to £9,930,000 from £14,235,000 in 2017 and Net Earned premium decreased to £8,309,000 from £11,452,000 in 2017.

During the year, AMIL undertook one significant partial commutation of insurance liabilities with an active customer and also a number of smaller commutations.

As AMIL is undertaking a Part VII transfer into AEL in 2019 and has plans for another into AIU DAC for 2020, all new mortgage clients are being written in either AEL or AIU DAC.

A.2.3.4 PLI

PLI ceased underwriting new business in the Pet Insurance class in 2006. No further policies have been underwritten since then, and all policies expired in 2007 without exception. PLI continued to be in solvent run-off in 2018 with no premiums or claims in the year.

In 2017, PLI initiated a Part VII transfer of all of PLI's assets and liabilities into AEL. The process started in the fourth quarter of 2017 and is expected to be completed in 2019.

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

Description	Miscellaneous Financial loss	General Liability insurance	Legal Expenses Insurance	Credit and Suretyship Insurance	Fire and other damage to property insurance	Remaining LoBs	Total
2018	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	282,479	155,522	87,049	33,937	37,146	54,462	650,595
RI share	(52,687)	(41,783)	(33,751)	(16,057)	(9,192)	(7,363)	(160,833)
NWP	229,792	113,739	53,298	17,880	27,954	47,099	489,762
GEP	226,573	158,943	71,437	35,128	36,029	46,154	574,264
RI share	(50,363)	(49,857)	(31,162)	(16,430)	(11,080)	(10,138)	(169,030)
NEP	176,210	109,086	40,275	18,698	24,949	36,016	405,234
GIC	157,342	115,992	58,692	6,601	19,283	27,429	385,339
RI share	(51,260)	(50,262)	(28,210)	(3,504)	(6,891)	(10,476)	(150,603)
NIC	106,082	65,730	30,482	3,097	12,392	16,953	234,736
Gross expenses	71,416	52,036	12,392	19,219	15,377	20,394	190,834
RI share	(5,699)	(3,019)	(2,809)	(4,884)	(714)	(826)	(17,951)
Net expenses	65,717	49,017	9,583	14,335	14,663	19,568	172,883
Other Expenses							(231)
Net result							(2,154)

Description	Miscellaneous Financial loss	General Liability insurance	Legal Expenses Insurance	Credit and Suretyship Insurance	Fire and other damage to property insurance	Remaining LoBs	Total
2017	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	257,145	158,119	45,518	32,369	35,543	48,899	577,593
RI share	(70,061)	(62,265)	(25,532)	(17,922)	(14,173)	(14,306)	(204,259)
NWP	187,084	95,854	19,986	14,447	21,370	34,593	373,334
GEP	200,105	197,532	49,508	35,497	31,863	48,104	562,609
RI share	(53,852)	(92,343)	(27,550)	(16,990)	(12,866)	(14,822)	(218,423)
NEP	146,253	105,189	21,958	18,507	18,997	33,282	344,186
GIC	119,316	123,727	49,091	9,490	14,539	23,379	339,543
RI share	(44,418)	(77,946)	(31,402)	(1,613)	(8,419)	(13,236)	(177,034)
NIC	74,898	45,781	17,689	7,877	6,120	10,143	162,509
Gross expenses	70,143	68,004	10,767	23,424	14,044	22,960	209,342
RI share	(7,100)	(7,711)	(1,937)	(2,911)	(782)	(1,016)	(21,457)
Net expenses	63,043	60,293	8,830	20,513	13,262	21,944	187,885
Other Expenses							2,954
Net result							(9,162)

A.2.4.1 General Liability Insurance

A.2.4.1.1 Medical Malpractice

AEL (100% of GEP)

AEL entered the Italian medical malpractice market in December 2009 as the market was hardening and developed a strong on-the-ground presence in Italy via a dedicated branch infrastructure. This line of business has made up a significant portion of the AEL results since entering the market, however, due to Brexit, AEL is no longer responding to new Medical Malpractice public hospital tenders in Italy, which are instead being referred to AmTrust's Irish based insurer, AIU DAC. Business written in AEL therefore has been limited to renewals and extensions of contracts with existing hospitals and policies for smaller associations and individual doctors.

A.2.4.1.2 Casualty

AEL (100% of GEP)

A hardening of the market has provided opportunities and improved rates for AELs professional indemnity line of business towards the end of 2018. The strategy is to focus upon smaller firms and to underwrite on a primary basis. Underwriting volatility has been mitigated by reinsurance protection. The finalisation of the acquisition of Collegiate Management Services Limited in the latter part of 2016 was a significant platform for growth in 2017 which has been consolidated during 2018. Into 2019, the Company's intention is for further consolidation, rather than significant growth, albeit AEL remains open to considering further opportunities should they arise.

The general liability business has performed well in 2018 but AEL is significantly reducing its involvement in this business in 2019 as a result of Brexit and a reduced appetite for longer tail business.

A.2.4.2 Miscellaneous Financial Loss

AEL (56% of GEP)

The main lines of business within this class are warranty and structural defects. The performance of the warranty line of business has remained consistent with prior years and AEL intends to maintain this line going forward through consideration of less mature markets. International expansion in this area presents opportunities for AEL including South East Asia.

In relation to structural defects, a strengthening of reserves has been included in the current year results, reducing overall returns. AEL intends to reduce its future exposure to accounts such as this where claims exposures are particularly long tail.

MICL (44% of GEP)

MICL's core product lines are Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP), in the Miscellaneous Financial Loss Solvency II class of business, Wholesale Floor Plan (WFP), in the Motor Other Solvency II class of business and a small amount of Roadside Assistance (RAS), in the Solvency II Assistance class of business. MICL also has a small portfolio of Cosmetic Repair, Alloy Wheel Repair and Tyre Insurance products. These are all within the Miscellaneous Financial Loss class of business and are not material. The material geographic areas are UK, Europe, China and Latin America.

All key MBI markets remained profitable. A reduction in underwriting profit in Latin America was offset by a strong performance all other key markets. GAP is only underwritten in the UK and income grew by 57% as a result of the acquisition of a number of dealer programmes. GAP performed poorly in 2018 due to an increase in claims frequency and severity which impacted all GAP programmes and rating action has taken place during 2018 to counteract these adverse trends. CRI and ALT GWP increased significantly as described elsewhere but the programmes are very immature. In 2018, MICL suffered few large WFP losses. None of the losses triggered the excess of loss cover and the combined WFP portfolio still delivered an underwriting profit, with all key markets also returning an underwriting profit. Assistance provided an underwriting surplus in line with 2017.

A.2.4.3 Legal Expense Insurance

AEL (100% of GEP)

AEL has actively diversified its legal expenses line of business so that is not overly dependent upon one particular market. Accordingly, it underwrites a variety of different products across multiple distribution channels in both the UK and overseas. AEL's strategic objective is to become the leading provider in its chosen markets, defined either by territory, market segment or product type. The legal business is a specific area of growth for the 2019 year and as an 'A' rated insurer, AEL is well positioned to take advantage of this market. AEL has a broad range of experience and skills that have allowed the development of innovative solutions suited to the current customer base.

Personal and Commercial "before the event" (BTE) legal expenses insurance continued to grow in 2018, meaning that AEL is now one of the leading BTE providers in the UK and Ireland. BTE products are distributed through specialist MGAs (often acting as coverholders) and insurance brokers. These BTE products are backed with access to 24/7 legal advice helplines.

Commercial "after the event" (ATE) legal expenses insurance is another growth area with opportunities in both the UK and overseas common law jurisdictions. AEL has a dedicated business development function that focuses upon marketing Commercial ATE to law firms and their clients. Trading conditions for Personal ATE remained challenging in 2018. The expiry of a binding authority with a coverholder during 2018 has reduced overall written premiums in this line of business. The performance of the book has been negatively impacted by the results of this legacy business while the underlying go forward business continues to be strong. The implementation of the Civil Liability Act 2018 in April 2020 is a consideration but AEL remains optimistic about business levels and profitability within this line of business for 2019.

A.2.4.4 Credit and Suretyship Insurance

AEL (45% of GEP)

The group's wholly owned managing agent in Spain, and the associated entities in that sub-group, has continued to grow, particularly the assumed business from South America. In line with AEL's risk appetite both quota share and excess of loss reinsurance is utilised to protect the account. The account is overseen by a professional team including lawyers, economists and accountants. Focus within this line of business for AEL will continue to be in South America as European business begins to be underwritten by AIU DAC.

During 2018, AEL has continued to write business which was previously underwritten by AMIL.

AMIL (55% of GEP)

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

The Company intends to effect a Part VII transfer from AMIL to AEL for the run-off of the UK business by the end of 2019 and to AIU DAC for the remaining mainland European business of the existing AMIL portfolio in 2020.

A.2.4.5 Fire and Other Damage to Property Insurance

AEL (100% of GEP)

Performance in 2018 has been consistently strong as in recent years.

Looking forward into 2019 the market is expected to be increasingly competitive. A key underwriting focus going forward is exposure management and to further develop the postcode-rating model seeking to increase the footprint of risk selection within the UK.

A.2.4.6 Remaining Lines of business

The remaining lines of business are the following:

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

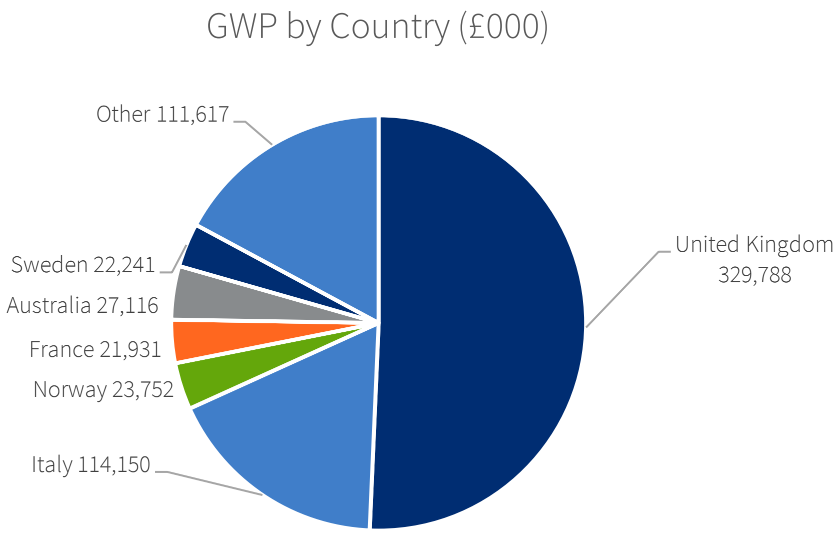
These lines of business account for the following:

- Gross Written Premium – 8%
- Gross Earned Premium - 8%
- Gross Claims Incurred – 7%
- Gross Expenses incurred – 11%

The majority of this remaining business originates from AEL as Motor Vehicle Liability and Medical Expenses.

A.2.5 Material Geographic Locations

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



Country	United Kingdom	Italy	Norway	France	Australia	Sweden	Other	Total
2018	£'000	£'000	£'000	£'000	£'000	£'000	£'000	2018
GWP	329,788	114,150	23,752	21,931	27,116	22,241	111,617	650,595
RI share	(67,959)	(33,498)	(5,300)	(6,865)	(11,629)	(6,384)	(29,198)	(160,833)
NWP	261,829	80,652	18,452	15,066	15,487	15,857	82,419	489,762
GEP	262,155	124,884	21,272	15,427	18,836	26,202	105,488	574,264
RI share	(70,741)	(38,680)	(6,854)	(5,695)	(8,543)	(8,620)	(29,897)	(169,030)
NEP	191,414	86,204	14,418	9,732	10,293	17,582	75,591	405,234
GIC	193,730	92,914	20,476	9,272	9,301	8,432	51,214	385,339
RI share	(69,090)	(40,700)	(9,875)	(4,070)	(4,130)	(5,218)	(17,520)	(150,603)
NIC	124,640	52,214	10,601	5,202	5,171	3,214	33,694	234,736
Gross expenses	65,556	38,696	7,161	3,550	3,786	9,697	44,437	172,883
RI share	-	-	-	-	-	-	-	-
Net expenses	65,556	38,696	7,161	3,550	3,786	9,697	44,437	172,883
Other Expenses								(231)
Net result								(2,154)

Country	United Kingdom	Italy	Sweden	Norway	France	Greece	Other	Total
2017	£'000	£'000	£'000	£'000	£'000	£'000	£'000	2017
GWP	258,385	117,773	55,523	24,948	15,035	13,047	92,882	577,593
RI share	(80,901)	(45,454)	(15,871)	(9,246)	(6,776)	(3,751)	(42,260)	(204,259)
NWP	177,484	72,319	39,652	15,702	8,259	9,296	50,622	373,334
GEP	221,686	154,344	43,446	20,711	14,315	13,638	94,469	562,609
RI share	(78,431)	(75,349)	(12,724)	(9,077)	(7,036)	(4,389)	(31,417)	(218,423)
NEP	143,255	78,995	30,722	11,634	7,279	9,249	63,052	344,186
GIC	147,059	99,755	19,590	13,880	9,433	6,576	43,250	339,543
RI share	(67,351)	(64,122)	(11,086)	(7,782)	(6,013)	(3,537)	(17,142)	(177,033)
NIC	79,708	35,633	8,504	6,098	3,420	3,039	26,108	162,510
Gross expenses	54,643	34,406	20,580	4,542	2,411	5,765	65,537	187,884
RI share	-	-	-	-	-	-	-	-
Net expenses	54,643	34,406	20,580	4,542	2,411	5,765	65,537	187,884
Other Expenses								2,954
Net result								(9,162)

A.3 Investment Performance

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

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

Interest income from investments was higher than the previous year primarily as a result of a growth in the portfolio over the course of the year. Overall, the income from the portfolio is down year over year as a result of unrealised losses, which has been driven by uncertainty in the external markets.

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

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

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

2018	Dividends £'000	Interest £'000	Rent £'000	Net gains and losses £'000	Unrealised gains and losses £'000	Total £'000
Government Bonds	-	1,248	-	79	(257)	1,070
Corporate Bonds	-	11,648	-	(3,362)	(8,314)	(28)
Equity instruments	37,323	-	-	-	(21,450)	15,873
Investment funds	-	-	-	-	-	-
Collateralised securities	-	(1)	-	-	-	(1)
Cash and deposits	-	(135)	-	-	-	(135)
Mortgages and Loans	-	636	-	-	-	636
Properties	-	-	473	-	(1,187)	(714)
Total	37,323	13,396	473	(3,283)	(31,208)	16,701

2017	Dividends £'000	Interest £'000	Rent £'000	Net gains and losses £'000	Unrealised gains and losses £'000	Total £'000
Government Bonds	-	434	-	12	8	454
Corporate Bonds	-	11,985	-	(565)	(1,037)	10,383
Equity instruments	3,822	-	-	-	16,292	20,114
Investment funds	-	-	-	-	-	-
Collateralised securities	-	76	-	10	1	87
Cash and deposits	-	254	-	-	-	254
Properties	-	-	747	-	(684)	63
Total	3,822	12,749	747	(544)	14,582	31,356

A.4 Performance of other activities

AmTrust Management Services Ltd. (AMSL), a subsidiary of AIL, earned £16.7m (2017: £31.4m) in respect of fee income in the year for services performed in relation to the whole account quota-share reinsurance programme in AEL with AmTrust International Insurance Ltd (AII), the Bermudian AFSI Group reinsurance company. The fee income is received from entities outside the insurance group for activities not strictly as an insurance company and therefore is not considered as part of underwriting performance discussed in Section A.2 above.

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

A.5 Any other information

None noted.

System of Governance

Section B

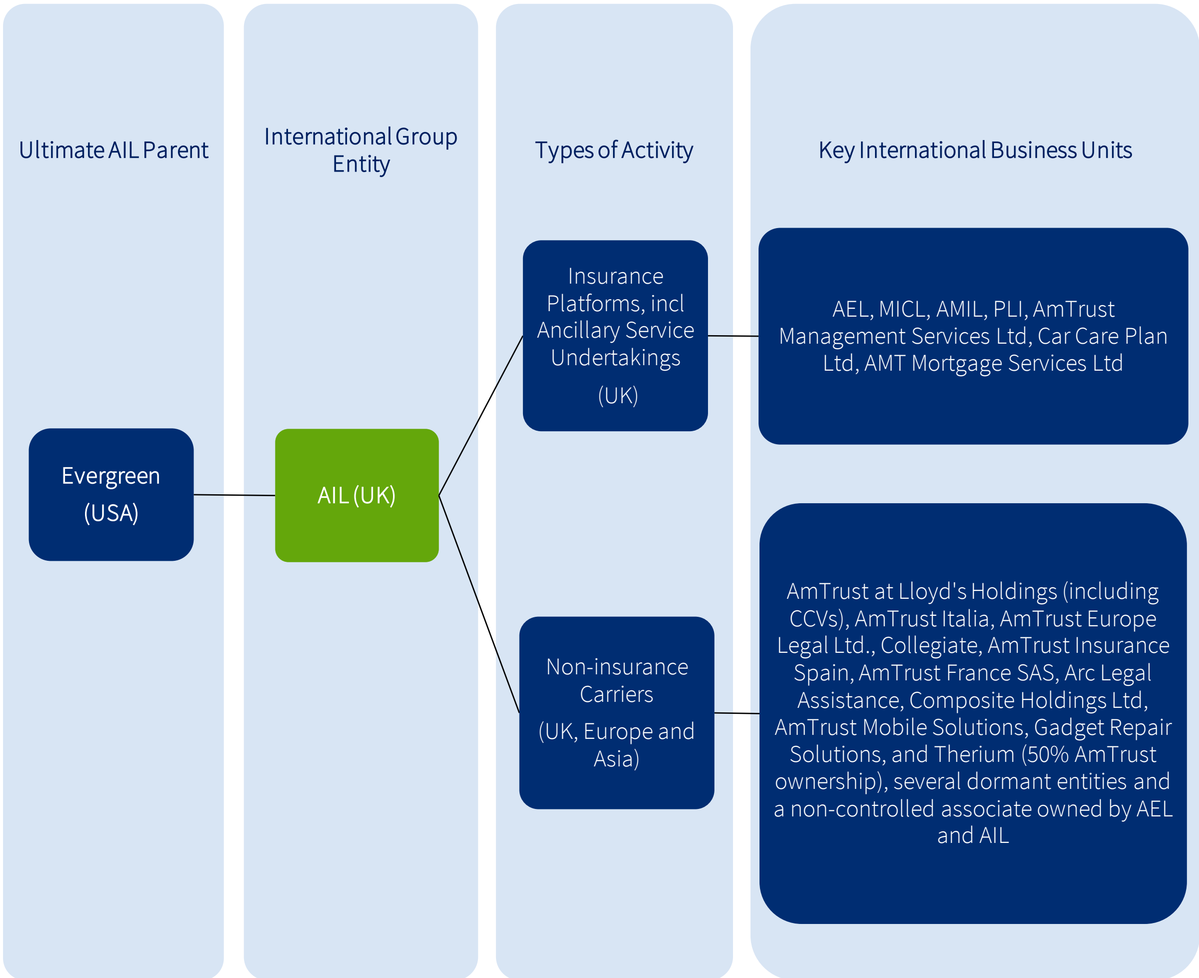
B. System of Governance (unaudited)

B.1 General information on the system of governance

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

The AIL insurance carriers include AEL, MICL, AMIL and PLI. PLI ceased underwriting new business in the pet insurance class in 2006 and the company is now in solvent run off. All insurance carriers are UK regulated entities operating under the Solvency II regime.

The diagram below outlines the high-level structure of the AIL Group as at 31 December 2018:

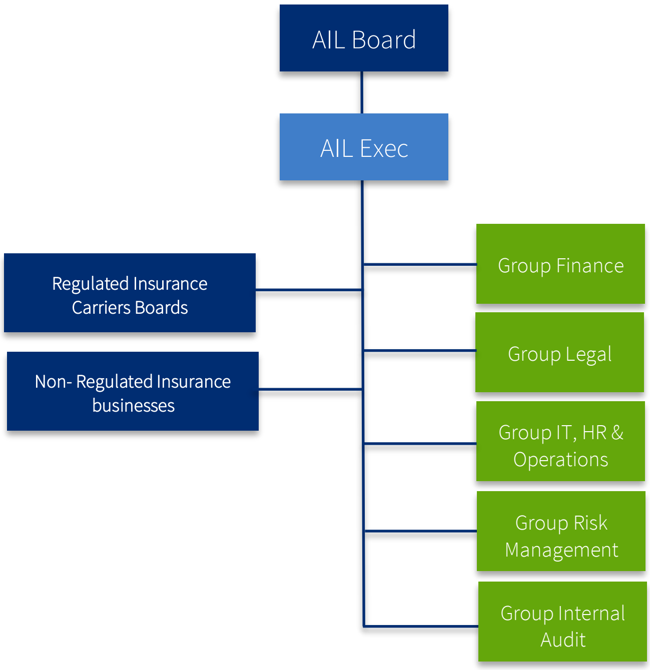


B.1.1 The Board and System of Governance

AIL operates a decentralised Group Governance model where the primary accountability and day-to-day decision-making is carried out a local subsidiary level. AIL's regulated insurance entities are all compliant with Solvency II on a solo basis, and are managed by standalone local boards, which are composed of executive directors, group non-executive directors and independent non-executive directors. They also have formal sub-committee structures which report into the board of directors. Members of the AIL Executive Committee hold non-executive roles on the regulated insurance platforms to provide support from a Group strategic oversight perspective. The SFCRs for AIL's regulated insurance entities can be found under the "Corporate Governance" section of its website (http://www.amtrustinternational.com/en-GB/sfcr/). All significant subsidiaries within the AIL Group follow a three lines of defence model from a local corporate governance point of view.

AIL's primary purpose in 2018 was to provide alignment and economic efficiencies at a group level by identifying shared services that can be performed centrally for its primary insurance businesses, and ensuring that entities operate to consistent group wide standards for risk management.

In respect of underwriting, day-to-day control and decision-making is maintained at a local entity level by independent boards, but the annual Business Plans for 2019 received strategic input and oversight from AIL.



B.1.1.1 Board

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

B.1.1.2 Executive Committee

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

- Development and implementation of the AIL Group's operational plans and projects, policies, procedures and budgets;
- Management of capital allocation;
- Assessment and monitoring of financial, actuarial and operational performance;
- Control of risks; and
- Advise on prioritisation and allocation of resources.

The Committee is composed of the following Executive Members:

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

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

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

B.1.1.3 Solvency II Control Functions:

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

B.1.1.4 Risk Management

The Group Risk Management function is managed by the AIL Group Chief Risk Officer who reports direct to the AFSI Chief Risk Officer and a dotted reporting to the AIL CFO. The Group Risk function ensures that the interests of the regulated legal entities within the AIL Group are protected and reports of the risks captured at the legal entities level to the AIL Executive Committee. Group Risk also provides challenge and independent advice to the AIL Executive Committee on strategic matters, including Group strategy, capital allocation, mergers and acquisitions and business planning.

B.1.1.5 Compliance

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

B.1.1.6 Actuarial

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

B.1.1.7 Internal Audit

The Group Internal Audit function is managed by the AIL Group Head of Internal Audit, who reports to the Audit Committees of the standalone regulated entities as well as to the AFSI Group Chief Audit Officer. The Group Internal Audit function operates in line with the Audit Charters approved by the Audit Committees of the standalone regulated entities. The Group Internal Audit function provides independent and objective assurance over the design and operational effectiveness of controls in place to manage risks impacting performance of the entities within the AIL Group. The AIL Group Head of Internal Audit challenges Executive Management to improve the effectiveness of governance, risk management and internal controls.

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

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

A brief summary of the Governance Structures of the insurance carriers reporting to AIL is provided below. Each company operates a system of corporate governance to ensure that there is a clear process of decision-making combined with accountability and transparency. In line with established best practices within the Insurance market, each company follows the "Three Lines of Defence" model of corporate governance. More detailed information on the Systems of Governance of the insurance carriers within AIL can be found in Section B.1 of the SFCR reports for each insurance entity. These are available under the "Corporate Governance" Section of the website (http://www.amtrustinternational.com/en-GB/sfcr/).

While the Lloyd's CCVs are not deemed insurance undertakings and therefore not consolidated in the AIL Group for Solvency II, they have not been included in the tables below. However, as the Syndicates are required to comply with the Solvency II regime through the Society of Lloyd's, the Managing Agencies of the Syndicates on which the CCVs participate maintain a system of governance similar to the other insurance entities within the AIL Group. Syndicate 1861 is the only live underwriting syndicate with Syndicate 2526 being placed into run-off at the end of 2016, Syndicates 1206 and 5820 at the end of 2017 and Syndicate 44 at the end of 2018.

Key Entities within the AIL Group	AmTrust Europe Ltd (AEL)	AMT Mortgage Insurance Ltd (AMIL)	Motors Insurance Company Ltd (MICL)	Pedigree Livestock Insurance Ltd (PLI)	Non-Insurance Carrying Entities
Company Overview	UK Insurance Company writing multiple classes of business in UK & Europe	UK Insurance Company writing only Mortgage Indemnity Insurance business, primarily in Europe	UK Insurance Company writing primarily UK Extended Motor Warranty	Company in run-off since 2007, previously writing Pet Insurance. No technical provisions	A number of intermediaries or fee earning entities. Largest entities include Car Care Plan (CCP), AmTrust Italia, and Therium
Key Classes of Business	General Liability and Legal Expenses	Credit and suretyship, specifically mortgage insurance	Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP)	Pet insurance	
2018 Annual Total Gross Written Premium in £'000	497,641	9,930	143,013	Nil	
Board of Directors	●	●	●	●	●
Independent Non-Executive Directors	●	●	●	Company in Run-Off	
Executive Committee	●	●	●	Company in Run-Off	
Board Audit Committee	●	●	●	Company in Run-Off	
Board Risk Committee	●	●	●	Company in Run-Off	
Board Reserving Committee	●	●	●	Company in Run-Off	
Board Remuneration Committee	●	●	●	Company in Run-Off	
Standalone Risk Function	●	●	●	(Covered by AEL)	
Standalone Actuarial Function	●	●	●	(Covered by AEL)	
Standalone Compliance Function	●	(Covered by AEL)	●	(Covered by AEL)	

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

The following material changes in the AIL system of governance took place in 2018:

- Departure of the AIL Group CFO in March 2018 with replacement appointed in May 2018;
- Appointment of the AmTrust International CEO;

- Appointment of the Managing Directors for the International Business Units (BUs), including the Med Mal BU, the Specialty BU, and the Car Care Plan BU;
- Appointment of the international leads for the new International Group functions, including the new Group CFO, the Head of Legal, the Head of HR and the Head of IT;
- Retirement of the AIL CEO in December 2018; and
- Departure of the AIL COO in December 2018.

The AmTrust International CEO assumed responsibility for developing the international business segment's strategy in line with that of the AFSI Group's strategy, generating underwriting/operating income and managing losses and expenses.

The new AIL Group CFO is responsible for coordination of the financial activities at AIL with the plans established by AFSI and oversight of the financial planning and analysis, accounting and financial reporting at AIL resulting in further improvements to the management of risk.

In addition to these developments, the following changes took place in early 2019:

- Appointment of the Head of Specialty Operations for the Specialty BU in April 2019; and
- Appointment of the Head of International Group Finance in April 2019.

The Head of Specialty Operations will be responsible for the performance of the underwriting platform, streamlining and harmonising the booking processes for Specialty Business in different entities and optimising data management solutions.

The Head of International Group Finance will take over the Controllership function for the International Group, including the AIL Group consolidation and reporting, accounting policy and intercompany transactions.

B.1.3 Remuneration

The subsidiary level boards are responsible for the establishment and implementation by management of the remuneration policies for their entities and are authorised to review and approve the remuneration plans and programmes that fall within the remuneration policies. At the AIL Group level, the AIL Board is responsible for the coordination of the remuneration policies applied by the AIL Group entities.

B.1.3.1 Key Principles

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

- Provide market-competitive pay for the business sector, role and location of the relevant employees - individual pay rates may fall above or below market median based upon experience, tenure and performance in role as well as the market supply and demand for a particular skill set;
- Enable the respective company to attract and retain the right talent for the business at a business-appropriate and sustainable cost;
- Provide market-appropriate pay structures which include a role-appropriate level of variable pay in line with market norms and an appropriate benefits programme;
- Ensure that pay programmes are aligned to the respective company's business strategy, risk appetite statements, codes of conduct and applicable regulations and reward only appropriate behaviour. Ensure that both short and long term performance is taken into consideration as appropriate; and
- Ensure the appropriate governance and independence as it relates to pay decisions and the appropriate scrutiny as it relates to key employees including those designated as Solvency II employees.

B.1.3.2 Variable Pay

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

- Variable pay and the associated programmes and awards are structured according to the nature of the role and its position within the business;

- Fixed and variable pay are broadly aligned to market norms, with a sufficiently high proportion of pay delivered in fixed form to be competitive with market median levels as appropriate on a role-by-role basis;
- The proportion of pay delivered through variable remuneration generally increases with seniority within the organisation. This reflects the increased ability to impact the success of the organisation with increased seniority, and is in line with general market practice;
- Variable pay awards are designed to take into consideration both the individual's and the respective company's performance as appropriate for the role. Individual performance is assessed based upon performance against objectives (financial and non-financial) and also in line with the respective company's competency framework. Company performance is aligned to agreed financial metrics;
- All programmes allow flexibility and discretion which permit the respective board and management to ensure appropriate awards are made in all circumstances;
- 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 respective company's senior employees (including Solvency II employees) are aligned not only to the annual goals of the respective company but equally as importantly, the long term success of the BU and the AIL Group; and
- To ensure alignment to risk and performance of the business, provisions exist so that the relevant subsidiary Boards or the Remuneration Committees have the ability to not permit vesting of some or all of a tranche of the award.

B.1.3.3 Supplementary pension scheme for Board members

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

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

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

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

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

- AEL has a quota share agreement with AII, which is an indirect shareholder in AEL. AEL also entered into a loan agreement with AII for €29.8 million, repayable over 5 years;
- MICL made an intercompany loan to AII with a balance of £10.0m as at 31 December 2017. The loan was made on an arm's length basis and accrues interest at a fixed amount above the LIBOR interest rate. A substantial proportion of this loan was repaid during 2018;
- In order to provide the required capital for the Lloyd's CCVs, AFSI and AII provided a credit facility whereby various letters of credit were issued to meet the Fund's at Lloyd's requirements in 2017 and 2018 underwriting years;
- The arrangement entered into in 2016 for AII to reinsure any liabilities of the CCVs arising under the above-mentioned credit facility was endorsed during 2017 to run to the end of 2018. It encompasses the liabilities of all open years of account during the period of the arrangement;

- AmTrust Italia srl made two intercompany loans to AmTrust Insurance Agency Italia with a total balance of €34 million. The arrangements were entered into in 2017 and the loan was transferred to AEL by AmTrust Italia srl in December 2018; and
- Under the revolving loan facility entered into in 2015 by the AII Reinsurance Broker, Ltd (lender) and Therium Group Holdings Lts (borrower), Therium had the outstanding loans with the balances of £73 million, $ 49 million and € 2 million in 2018. AII had an outstanding intercompany loan with AmTrust International Ltd. with a balance of € 39.6 million.

B.2 Fit and Proper Requirements

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

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

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

When deciding whether the Board is fit and proper, each AIL entity seeks to ensure that the Directors collectively possess appropriate qualifications, experience and knowledge concerning, as a minimum:

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

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

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

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

B.3.1 Risk Management Strategy

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

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

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

ERM Process	AEL	MICL	AMIL	Summary Description of the ERM Processes
Risk Registers & Risk and Control Self- Assessment (RCSAs)	●	●	●	Entity records its key risks and controls within a risk register and periodically communicates with the risk owners to verify the accuracy of the risk registers
Risk and ORSA Policies	●	●	●	Documented Risk and ORSA Policies in place, owned and signed off by the entity level boards
Top-down Risk Assessment	●	●	●	Ground up assessments of risks, captured on risk registers, are supplemented by top-down risk assessments that include Executives, Non-Executives and Internal Audit
Key Risk Indicators (KRIs) Reporting	●	●	●	KRIs measure amount of risk using risk tolerances. These are monitored by Risk Management and reported to the Executive Committee and Risk & Compliance Committee
Stress Tests	●	●	●	Periodic stress testing, including reverse stress, to determine the impact to the entity's balance sheet and capital position of various events
Incident Reporting and Escalation	●	●	●	Capturing, reporting, and escalating of incidents (risk events) for the purpose of analysis, reporting and improvement of internal controls
Controls & Compliance Monitoring	●	●	●	Key controls subjected to regular independent testing by Internal Audit and Compliance
Capital Modelling and Capital Allocation	●	●	●	Economic or Regulatory capital modelling through the use of a stochastic capital model or the Solvency II Standard Formula calculation
ORSA	●	●	●	Formal ORSA process in line with Solvency II, signed off by the Board
Recovery and Resolution Plan	●	●	-	The recovery plan aims to prevent the business from failing, while it is a going concern and includes: triggers at which point the recovery plan would be invoked; example scenarios that would cause the triggers to be breached; and a set of management actions which can be used to restore the solvency and liquidity position and allow the Company to continue its operations The resolution plan aims to ensure orderly failure of a business and includes: identification of critical economic functions; key dependencies between entities and functions; and preferred resolution strategies and their implications
Emerging Risk Reporting	●	●	●	Periodic review of the 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 Own Risk and Solvency Assessment (ORSA)

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

Under Solvency II, regulated companies must maintain capital above the Solvency Capital Requirement (SCR), and must calculate and submit their respective SCRs as part of a quarterly regulatory return. In addition, a Group SCR submission is made to cover the AIL Group.

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

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

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

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

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

B.4 Internal control system

B.4.1 Internal control system

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

The entity specific internal controls systems operate as follows:

- Primary responsibility for the identification, monitoring, control and reporting of significant risk rests with the heads of the various business functions on an ongoing basis;
- Risk and control owners are identified for all significant risks and controls. The Enterprise Risk Management framework ensures that these risks and controls are reviewed on a regular basis;
- The Internal Audit function is responsible for auditing the control environment against the audit plan agreed by the entity level Audit Committees; and
- On behalf of the entity level Boards, the respective Audit Committees and the Risk & Compliance Committees regularly review the systems of internal control. The review covers all controls, including financial, operational and compliance controls, completeness and accuracy of data and the risk management process. Necessary actions are taken to remedy any significant control failings or weaknesses identified.

B.4.2 Compliance function

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

Each subsidiary has its own Compliance Officer with ultimate recourse to the relevant regulated entity Board, directly or through their Committees. Compliance Officers operate under the umbrella of the AIL Group's legal and compliance framework led by the AIL Group's Chief Compliance Officer. These arrangements are aimed at providing leadership and facilitating consistent policy, standards and independence both at the group level and across regulated entities within the AIL Group.

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

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

B.5 Internal audit function

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

This is achieved by:

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

Internal Audit is independent from the business and is directly responsible to the Chairmen of the Audit Committees of the standalone entities, with a day-to-day administrative reporting line to the Group Chief Executive Officer of the AIL Group of entities. Internal Audit has free and unrestricted access to the Chairmen of the Boards, the Chairmen of the Audit Committees and the Chief Executive Officers.

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

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

B.6 Actuarial function

Each insurance carrier has a dedicated Actuarial function. The MICL and AMIL Actuarial departments are managed by the local Chief Actuaries who report and provides all relevant information to the Group Chief Actuary.

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

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

The Appropriate members of the Actuarial function entity Chief Actuary or his representative attends the Underwriting Committee and the Reserving Committee, where one exists. The Actuarial function is also assists involved in the reinsurance purchasing process through the capital models. The Chief Actuary will rely on work produced by other members of the Actuarial function to fulfil the necessary roles and responsibilities.

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

- Production of the Technical Provisions in accordance with Solvency II principles and ensuring that methodologies and underlying models used are appropriate for the specific lines of business of the undertaking and for the way the business is managed, having regard to the available data;
- Assessment of whether the information technology systems used in the calculation of the Technical Provisions sufficiently support the actuarial and statistical procedures;
- Monitoring best estimates against actual experience. The comparison of best estimates against experience shall include comparisons between observed values and the estimates underlying the calculation of the best estimate, in order to draw conclusions on the appropriateness, accuracy and completeness of the data and assumptions used as well as on the methodologies applied in their calculation;
- Providing assistance for the pricing of insurance risks;
- Providing inputs into the calculation of the SCR;
- Providing assistance for the preparation of business plans;
- Working closely with the Risk Management function to facilitate the implementation of an effective risk management system. Support to the Risk Management function to quantify the risks identified;
- Providing a statistical framework to price various lines of business;
- Providing independent input into the ULRs to be used in the business plans;
- Providing inputs into the calculation of the SCR;
- Assessing the data quality used in actuarial functions;
- Reporting to the Board on the reliability and adequacy of the Technical Provisions calculation;
- Reviewing reinsurance arrangements;
- Ad hoc analysis of the performance of specific segments as required by the business;
- Opining on the overall underwriting policy; and
- Opining on the adequacy of reinsurance arrangements.

B.7 Outsourcing

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

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

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

- Due diligence undertaken of a prospective provider in order to identify the potential operational, prudential and conduct of business regulatory risks that may be associated with the placement of the outsourced function to specific provider(s);
- Formal and disciplined authorities for the appointment of coverholders;
- Formal contract management and monitoring;
- Routine management attestation as to continuous control compliance in relation to outsourcing;
- Independent internal monitoring by the Risk Management and Compliance functions and Internal Audit; and
- Third party audit coverage as routinely approved and monitored by senior management at solo entity level.

B.7.1 Material Intra-Group Outsourcing Arrangements

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

- Local subsidiaries outsource a range of support functions to UK based shared services (including Exposure Management, Legal, Finance. HR, IT, Operations and Procurement & Facilities, Risk Management and Internal Audit) provided by the AIL Group;

- The US based software development team at AFSI provides services for development, modifications and upgrade of IT systems, including the ANA system for underwriting and claims handling of Italian Medical Malpractice business at AEL and the warranty administration system at Car Care Plan Ltd (CCP);
- AII Insurance Management, the in-house AFSI investment management company, manages investments on behalf of the AIL subsidiaries in line with their respective investment mandates; and
- MICL relies on its sister company CCP to provide policy and claims administration, distribution, policy fulfilment and IT services.

B.8 Any other information

None noted.

Risk Profile

Section C

C. Risk Profile (unaudited)

C.1 Underwriting risk

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

C.1.1 Material risk exposures

Through its insurance carriers, the AIL Group is exposed to premium risk, that is the risk that premiums are insufficient to cover the value of claims made; and reserve risk, the risk that ongoing claims are settled at a higher value than previously expected.

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

C.1.2 Material risk concentrations

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

- Miscellaneous financial loss, which includes extended warranties written by MICL and AEL; and
- General liability, which includes Medical Malpractice, PI and other liability business. The Italian Medical Malpractice account represented the largest class of business for AEL during 2018.

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

C.1.3 Material risk mitigation

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

Insurance entities within the AIL Group also use external and internal reinsurance to mitigate underwriting risk. The largest internal reinsurance contract within the AIL Group relates to the quota-share agreement between AII and AEL. In 2018, AII retroceded some of the Medical Malpractice business written by AEL to Maiden, an external reinsurance company located in Bermuda. Maiden's financial position had deteriorated over several quarters resulting in the downgrading of its financial strength rating.

At 31 December 2018, Maiden had a "B++ (Good)" rating from AM Best (ultimately withdrawn at Maiden's request in February 2019). In addition, Maiden failed to meet its ECR as reported to the BMA in both Q3'18 and Q4'18. Following the execution on certain steps of its agreed recovery plan with the BMA, Maiden's ECR coverage ratio was above 100% at the end of Q1'19. Both the direct reinsurance arrangement between AEL and Maiden and the retrocession agreement between AII and Maiden have been terminated on a prospective basis effective as of 1 January 2019. AEL's and AII's credit exposures to Maiden are still supported by investments in collateral trust accounts equal to at least 100% of the respective credit exposures.

C.1.4 Risk sensitivities

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

C.1.5 Other material information

None noted.

C.2 Market risk

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

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

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

C.2.1 Material risk exposures

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

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

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

C.2.2 Material risk concentrations

AIL's material market risk exposures are to its foreign currency exposure in Euros as a result of underwriting in European markets primarily through AEL and AMIL.

C.2.3 Material risk mitigation

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

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

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

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

C.2.4 Risk sensitivities

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

C.2.5 Other material information

None noted.

C.3 Credit risk

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

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

C.3.1 Material risk exposures

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

C.3.2 Material risk concentrations

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

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

C.3.3 Material risk mitigation

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

AEL reinsured some of its Medical Malpractice business to Maiden. Maiden's financial position had deteriorated over several quarters resulting in the downgrading of its financial strength rating. At 31 December 2018, Maiden had a "B++ (Good)" rating from AM Best (ultimately withdrawn at Maiden's request in February 2019). In addition, Maiden failed to meet its ECR as reported to the BMA in both Q3'18 and Q4'18. Following the execution on certain steps of its agreed recovery plan with the BMA, Maiden's ECR coverage ratio was above 100% at the end of Q1'19. The retrocession agreement with Maiden has been terminated on a prospective basis effective as of 1 January 2019. AEL's credit exposure to Maiden is still supported by investments in a collateral trust account equal to 100% of the credit exposure.

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

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

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

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

C.3.4 Risk sensitivities

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

C.3.5 Other material information

None noted.

C.4 Liquidity risk

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

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

C.4.1 Material risk exposures

There are no material risk exposures to liquidity risk, as the majority of assets are invested in highly liquid corporate bonds which can be realised for cast at short notice.

Reinsurance may additionally pose a residual liquidity risk with delays in payment by the reinsurer or their default which, while classed as a credit risk event, also poses major liquidity issues for the firm. This is effectively mitigated for the two largest reinsurer exposures (Maiden and AII) by the collateral trusts, both of which contain a high proportion of liquid assets.

Additionally, the exposure to Medical Malpractice claims is very long-tail in nature, so a significant part of the insurance liabilities is not expected to create short-term liquidity stress.

C.4.2 Material risk concentrations

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

C.4.3 Material risk mitigation

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

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

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

C.4.4 Expected profit in future premiums

The value of expected profit in future premiums is £11,185,432 . This amount is highly illiquid, but represents only 2.4% 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 AIL Group has no significant impact to its liquidity.

C.4.6 Other material information

None noted.

C.5 Operational risk

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

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

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

C.5.1 Material risk exposures

The AIL Group is exposed to IT, Data, Outsourcing, Underwriting, Reinsurance, Fraud, Legal, and Reputational risks.

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

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

C.5.2 Material risk concentrations

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

IT is an integral aspect of AIL's day-to-day business operations and as such, any system failure can pose a serious threat to the AIL Group's operations.

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

C.5.3 Material risk mitigation

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

C.5.4 Risk sensitivities

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

C.5.5 Other material information

None noted.

C.6 Other material risks

C.6.1 Legal and Regulatory risks

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

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

C.6.2 Strategic risk

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

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

C.6.3 Governance risk

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

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

C.6.4 Other Group risks

The risks arising from other parts of its group, through parental influence, changes in overall AM Best Rating, or direct contagion.

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

Regular meetings take place within the Global Risk department to ensure risks are shared between AIL and the wider Group. The AFSI Group CEO also holds approved person status under the Senior Insurance Managers Regime (SIMR) within a number of the subsidiary entities at AIL.

C.6.5 Solvency risk

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

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

C.6.6 Reputational risk

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

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

C.7 Any other information

C.7.1 Risk sensitivities

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

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

Risk category	Test	SCR (£m)	Increase/(decrease) in SCR (£m)	Increase/(decrease) in Solvency ratio (% points)
Underwriting	25% increase in volume of GWP in next 12 months	381.2	7.6	-2.5%
Underwriting	25% decrease in volume of GWP in next 12 months	367.7	-5.9	2.0%
Underwriting	25% increase in Claims provisions	398.8	25.2	-28.3%
Underwriting	25% decrease in Claims provisions	351.5	-22.1	31.0%
Market	25% increase in asset durations	380.7	7.1	-2.3%
Market	25% decrease in asset durations	366.5	-7.0	2.4%
Market	10% of investment portfolio moved to the two most concentrated exposures	379.9	6.3	-2.1%
Credit	Fall in rating of one credit step for three largest reinsurers	379.0	5.4	-1.8%
Credit	Maiden default	417.7	44.1	-13.2%
Operational	Increase in technical provisions of 25%	399.4	25.8	-42.0%

The risk with the biggest effect on the SCR and solvency ratio is the operational risk charge, which is driven by the level of Technical Provisions. The Group has a robust system of internal controls to mitigate operational risk, which is described in section B.4.1.

Underwriting risk, both in terms of increases in volume of premium written and increases in claims provisions, also has a material effect on the SCR and solvency ratio. The Group monitors premium volumes against plan at entity level and has robust reserving processes in each operating insurance entity to mitigate these risks.

The only other significant risk to the SCR and solvency ratio is credit risk, in particular to Maiden defaulting on its reinsurance obligations. The reinsurance contract is now in run-off, so the exposure will reduce over time.

Valuation for Solvency Purposes

Section D

D. Valuation for solvency purposes

The table below shows the valuation on a Solvency II basis of AIL's assets and liabilities as at 31 December 2018. Note that AIL will not prepare consolidated statutory financial accounts for the year ended 2018 as it is taking the exemption available under Section 401 of the Companies Act 2006. Consolidated UK GAAP results have been prepared for the purpose of this disclosure (hereafter referred to as the 'consolidated UK GAAP financial statements.')

Description	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Goodwill	-	48,705
Deferred acquisition costs	-	382,728
Intangible assets	-	79,048
Deferred tax assets	4,890	29,653
Property, plant & equipment held for own use	18,643	38,501
Property (other than for own use)	7,417	7,417
Holdings in related undertakings, including participations	75,054	-
Equities	2,024	2,268
Government Bonds	93,488	219,297
Corporate Bonds	659,880	1,228,839
Collective Investments Undertakings	87	87
Other investments	12	12
Loans and mortgages	71,322	63,489
Reinsurance recoverables from:	658,964	951,358
Non-life excluding health	657,908	951,358
Health similar to non-life	1,056	-
Deposits to cedants	1,086	1,086
Insurance and intermediaries receivables	58,204	548,965
Reinsurance receivables	45,452	132,101
Receivables (trade, not insurance)	120,653	353,092
Cash and cash equivalents	103,070	307,303
Any other assets, not elsewhere shown	36,489	31,171
Total assets	1,956,735	4,425,120

Description	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Technical provisions calculated as a whole	-	3,023,312
Technical provisions – non-life (excluding health)	1,220,630	-
Best Estimate	1,170,093	-
Risk margin	50,537	-
Technical provisions - health (similar to non-life)	4,599	-
Best Estimate	4,254	-
Risk margin	345	-
Contingent liabilities	-	-
Provisions other than technical provisions	3,082	3,082
Pension benefit obligations	325	325
Derivatives	-	-
Debts owed to credit institutions	7,590	7,590
Insurance & intermediaries payables	32,018	76,575
Reinsurance payables	76,142	242,960
Payables (trade, not insurance)	83,149	363,262
Any other liabilities, not elsewhere shown	67,245	183,292
Total liabilities	**1,494,780**	**3,900,398**
Excess of assets over liabilities	**461,955**	**524,722**

D.1 Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

D.1.1 Goodwill and intangible assets

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Goodwill	-	48,705
Intangible Assets	-	79,048

Goodwill is valued at nil for Solvency II purposes. Intangible assets, other than goodwill, are valued at nil unless they can be sold separately and it can be demonstrated that there is a value for the same or similar assets that has been derived in active markets. Through its Lloyd's CCVs, the AIL Group owns £500.0m of tradable Syndicate capacity for which no value for the intangible was recognised as of 31 December 2018. While the AIL Group has not recognised an asset as of 31 December 2018, management believes there are readily available pricing statistics from the annual Lloyd's auctions or from comparable private transactions at an arm's length transaction that could be used to derive a value for this asset.

D.1.2 Deferred acquisition costs

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Deferred acquisition costs	-	382,728

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

D.1.3 Deferred tax asset

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Deferred tax asset	4,890	29,653

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

The movement between the UK GAAP and Solvency II positions is mainly driven by £28.4m of UK GAAP deferred tax, which is held in the Lloyd's CCV group and is therefore reclassified as part of the adjustment to be investments in participation. This is mitigated by £6.5m recognised under Solvency II relates to movements realised within the underlying solo Solvency II balance sheets of AEL and MICL, with a further £3.1m arising from Solvency II adjustments to the insurance holding company and ancillary services company and deconsolidation of ancillary companies.

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

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

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

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

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Property, plant & equipment held for own use	18,643	38,501
Property (other than for own use)	7,417	7,417

Property

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

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

Plant and equipment

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

D.1.5 Investments

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

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Holdings in related undertakings, including participations	75,054	-
Unaffiliated equities	2,024	2,268

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

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

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

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

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

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

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

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

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

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

D.1.5.2 Bonds, other investments and loans and mortgages

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Government Bonds	93,488	219,297
Corporate Bonds	659,880	1,228,839
Collective investment	87	87
Other Investments	12	12
Loans and Mortgages	71,322	63,489

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

For the purpose of the consolidated UK GAAP financial statements, the AIL Group elects to carry its investments at fair value through the profit and loss account at inception. These assets are managed and their performance evaluated on a fair value basis, and information about their fair values is provided internally to key management personnel on a regular basis including the relevant Boards and Investment Committees within the relevant entities. For the purpose of Solvency II this same fair value approach is appropriate. Therefore, most significant driver of the variance between UK GAAP and Solvency II is the removal and reclassification of the investment portfolio held by the CCVs and non Ancillary, this amounted to £571.1m in corporate bonds and £125.8m, in government bonds.

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

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

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

Where accrued interest is not held within the value of investments for the statutory accounts, the amount is reclassified to investments for the purpose of Solvency II. No adjustments were made for differences in valuation. Accrued interest reclassification accounts for £2.1m of the movement while the remaining movement is the result of the accounting difference for the treatment of Solvency II participations.

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

A valuation adjustment of £7.8m was made to loans and mortgages at the balance sheet date in line with the Company's discounted cash flow method of valuation for loans and mortgages. The favourable adjustment is a result of the contractual interest rates on the loans being above current market rates and therefore, greater than the discount rate.

D.1.6 Reinsurance recoverables

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Reinsurance recoverables from:		
Non-life excluding health	657,907	951,358
Health similar to non-life	1,056	-

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

D.1.7 Receivables

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Insurance and intermediaries receivables	58,204	548,965
Reinsurance receivables	45,452	132,101
Receivables (trade, not insurance)	120,653	353,092

There is a valuation adjustment for a reinsurance receivable in AMIL related to a reinsurance profit commission based on the underlying performance of the insurance business under an earned premium, UK GAAP approach. An adjustment is made to this balance under Solvency II recalculating the receivable based on future discounted cash flows. This accounts for £2.8m of the movement on reinsurance receivables.

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

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

- Receivables, which are not yet due, are reclassified and dealt with as part of the Technical Provisions, described below. This adjustment is illustrated in the significant reduction in value between the consolidated UK GAAP value and the Solvency II value. This amount represents £248.3m of the movement in insurance and intermediary receivables;
- Under Solvency II CCVs and non-ancillary entities are not considered a part of the AIL Group. Therefore, the removal of the line-by-line balances of non-consolidated entities, making up £570.4m of the reduction in receivables; and
- The offsetting £11.7m relates to other reclassifications to better reflect the Solvency II balance sheet line items. There are a number of other reclassifications made between the UK GAAP balance sheet and the Solvency II balance sheet relating to these items to correctly classify items under the Solvency II balance sheet categories. The most material of these adjustments relates to the accounting treatment of participations for Solvency II.

D.1.8 Cash and other assets

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Deposit to Cedants	1,086	1,086
Cash and cash equivalents	103,070	307,303
Any other assets, not elsewhere shown	36,489	31,171

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

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

D.2 Technical Provisions

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

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

On a Solvency II basis the total Gross Technical Provisions, including the Risk Margin, amounts to £1,225.2m compared to £2,999.2m on a statutory basis due largely to:

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

The following tables show a summary of AIL's Technical Provisions as at 31 December 2018 and 2017 under Solvency II:

2018 Line of business	Gross of reinsurance (£000)	Recoverable from reinsurance (£000)	Net of reinsurance (£000)	Risk Margin (£000)	Total Technical Provisions (£000)
Assistance	754	402	352	0.0	352
Credit & suretyship	56,356	13,708	42,648	4,444	47,092
Fire & other damage to property	26,299	8,196	18,103	1,952	20,055
Legal expenses	67,312	32,675	34,637	3,736	38,373
Medical expense	4,254	1,056	3,198	345	3,543
Miscellaneous financial loss	326,419	120,333	206,086	17,933	224,019
Other motor	5,404	1,049	4,355	254	4,609
Motor vehicle liability	7,517	4,140	3,377	364	3,741
General liability	680,033	477,404	202,629	21,854	224,483
Total	1,174,348	658,963	515,385	50,882	566,267

2017 Line of business	Gross of reinsurance (£000)	Recoverable from reinsurance (£000)	Net of reinsurance (£000)	Risk Margin (£000)	Total Technical Provisions (£000)
Assistance	378	(886)	(508)	(124)	(632)
Credit & suretyship	59,488	(12,498)	46,990	5,154	52,144
Fire & other damage to property	15,421	(6,551)	8,870	1,464	10,334
Legal expenses	33,872	(25,124)	8,748	1,444	10,192
Medical expense	2,726	(2,441)	285	47	332
Miscellaneous financial loss	250,779	(103,347)	147,432	15,373	162,805
Other motor	2,844	(1,688)	1,156	118	1,274
Motor vehicle liability	7,342	(4,294)	3,048	503	3,551
General liability	687,194	(516,584)	170,610	28,162	198,772
Total	1,060,044	(673,413)	386,631	52,141	438,772

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

D.2.1 Underlying Uncertainties

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

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

D.2.2 Solvency II Related Uncertainties

Additional uncertainties because of the Solvency II adjustments include:

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

- potential for deviation in payment patterns from expectations, resulting in an over or under-estimation of the level of discount;
- uncertainty over the volume of unincepted business;
- uncertainty surrounding the future premium receivable; and
- estimation of the Risk Margin due to uncertainty in the run-off of the capital requirements.

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

UK GAAP TPs	£millions
GAAP	1,689.2
Lloyds	(1,063.4)
Removal of Margins	(16.5)
Other GAAP Adjustments	5.3
Premium Provision Profits	(56.6)
Future Premiums	(83.5)
ENIDs	12.5
SII Expenses	61.3
Reinsurance Bad Debt	1.2
Lapse provision	(22.1)
Discounting	(12.0)
Risk Margin	50.9
Total	566.3

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

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

D.2.3.1 Remove Lloyd's Technical Provisions

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

D.2.3.2 Removal of any margins in the UK GAAP reserves

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

D.2.3.3 Recognition of profit in the Unearned Premium Reserve (UPR)

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

D.2.3.4 Recognition of profits in business written prior to, but incepting after, the valuation date

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

D.2.3.5 Allowance for future premiums

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

D.2.3.6 Allowance for Events Not In Data

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

D.2.3.7 Allowance for expenses required to service the run-off of the technical provisions

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

D.2.3.8 Allowance for Reinsurance Bad Debt (non-recoverable reinsurance)

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

D.2.3.9 Allowance for the future cost of reinsurance in respect of written business

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

D.2.3.10 Allowance for the impact of policies lapsing

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

D.2.3.11 Allowance for future investment income (discounting)

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

D.2.3.12 Allowance for a risk margin

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

D.2.4 Reinsurance

The AIL Group has significant reinsurance assets. For its AEL subsidiary, most lines of business are covered by a 70% Quota Share from AII. This Quota Share reduced to 60% from 1 July 2016, to 40% from 1 July 2017 and to 20% from 1 July 2018. This quota share arrangement is fully collateralised.

Significant external quota shares also cover other Solvency II insurance lines such as a 50% Quota Share on the Surety line of business and a 40% Quota Share on Medical Malpractice. The quota share in relation to the Medical Malpractice business is from Maiden and has reduced from 40% to 32.5% on 1 July 2016 and to 20% from 1 July 2017. As of 1 January 2019, this coverage has been terminated on a prospective basis. This Medical Malpractice quota share arrangement is fully collateralised. The Solvency II Technical Provisions also make allowance for potential recoveries from non-proportional reinsurance with the most significant covering the PI, Liability and Property classes.

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

D.2.5 Significant changes in assumptions

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

- Medical malpractice – the underlying loss ratios for this class have increased during 2018;
- The credit for discounting has reduced due to the reduction in the yield curves (as provided by EIOPA); and
- There has been a reduction in the Future Premiums mainly as a result of a fall in the volumes of medical malpractice and legal expense business.

There has been a significant reduction in the Technical Provisions in respect of the AMIL book of business as a result of:

- very little new business being written on this entity;
- commutation of various existing programmes;
- the pay-down of the reserves in respect the existing business; and
- reduced Solvency II loads (ENIDS, expenses etc.) as a result of the three points above.

The increase in the Technical Provisions for MICL flows from the increased UK GAAP provisions which is driven by the increased volumes of business and hence unearned premiums reserves.

D.3 Other liabilities

D.3.1 Provisions other than technical provisions

	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Provisions other than technical provisions	3,082	3,082

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

D.3.2 Loans payables and other liabilities

	Solvency II Value	Consolidated UK GAAP Value
Liabilities	*£000*	*£000*
Pension benefit obligations	325	325
Derivatives	-	-
Debts owed to credit institutions	7,590	7,590
Insurance & intermediaries payables	32,018	76,575
Reinsurance payables	76,142	242,960
Payables (trade, not insurance)	83,149	363,262
Any other liabilities, not elsewhere shown	67,245	183,292

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

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

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

In accordance with FRS102 which is consistent with International Accounting Standard 19: Employee Benefits (IAS19), the company recognises the full pension deficit calculated by the actuaries in its financial statements. This amount is included in the consolidated UK GAAP financial statements. As at 31 December 2018, there was a deficits of £325,000 in the pension benefit obligations.

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

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

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

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

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

Where appropriate, long term payables have been moved to their fair value as is stipulated in the Solvency II valuation principles. Fair values have been derived by applying a discounted cash flow model. Specifically, two intercompany loans, each with a duration of 10 years have been valued using this method. The material movement within any other liabilities relates to creditors held within participations which are not fully consolidated for Solvency II purposes. This accounts for around £92.9m of the movement.

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

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

D.4 Alternative methods for valuation

Within the UK GAAP annual accounts, property held other than for own use is valued at fair market value while property held for own use is valued at fair market value less accumulated depreciation. The latest valuation was performed as part of the year end process for 31 December 2018.

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

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

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

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

D.5 Any other information

None noted.

Capital Management

Section E

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E. Management

E.1 Own Funds

E.1.1 Objectives, policies and strategy

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

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

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

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

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

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

E.1.2 Composition of Own Funds

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

£'000	31 December 2018	31 December 2017
Ordinary share capital – Tier 1	67,337	66,601
Share premium – Tier 1	178,075	173,811
Preference Shares – Tier 1	52,700	52,700
Reconciliation reserve – Tier 1	158,953	164,148
An amount equal to the value of net deferred tax assets – Tier 3	4,890	6,021
Deductions	-	-
Own funds	**461,955**	**463,281**

- Share capital is made up of 67,337,367 £1 ordinary shares with equal voting rights.
- During the year, 736,337 share with an average value of £6.79 per share have been issued for the amount of £150.2m. These shares were taken up by the immediate parent company of AIL, AmTrust Equity Solutions Limited. No dividends have been paid on these shares.
- Preference shares have 8% non-cumulative dividend. The shares rank pari passu with ordinary shares on windup.

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

- The reconciliation reserve represents the difference in valuation of assets and liabilities as described in Section D of this report.

- Differences in the scope and treatment of related undertakings within the AIL Group balance sheet for UK GAAP and Solvency II purposes.

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

	2018 (£000)	2017 (£000)
Equity per UK GAAP financial statements	524,722	499,443
Goodwill and intangibles valued at nil	-	(129,339)
Adjustment in respect of moving to adjusted equity method of accounting for relevant subsidiaries	(70,275)	95,051
Differences in valuation of technical provision related items within insurance undertakings	56,148	(20,179)
Valuation differences on other assets and liabilities, including treatment of intercompany balances under the Solvency II consolidation method	(51,627)	13,225
Deferred tax adjustments relating to the above items	2,987	5,081
Own Funds per Solvency II Balance Sheet	**461,955**	**463,281**

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

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

Letters of credit were lodged with Lloyd's on behalf of the CCVs, totalling £438.5m as at 31 December 2018 and were partly collateralised through funds held in trust accounts by the Account Party to the facility agreement. The Guarantor and Account Party to the credit facility exist outside of the AIL Group. There is minimal legal exposure to the AIL Group's Own Funds to any current or existing obligations on AIL or an entity within the AIL Group to fund the CCVs as such obligations fall upon the Guarantor and Account Party which are outside the AIL Group. Further, as these letters of credit are subject to asset restrictions and requirements as set out by Lloyd's, the AIL Group's Own Funds would not be called upon to protect the policyholders of the Syndicates as this is addressed through the Lloyd's chain of security across the whole market.

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

Due to the above, the impact of the CCVs on both Own Funds and the SCR for AIL is nil.

E.1.3 Composition of Available and Eligible Own Funds

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

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

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

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

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

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

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

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

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

E.2 SCR and MCR

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

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

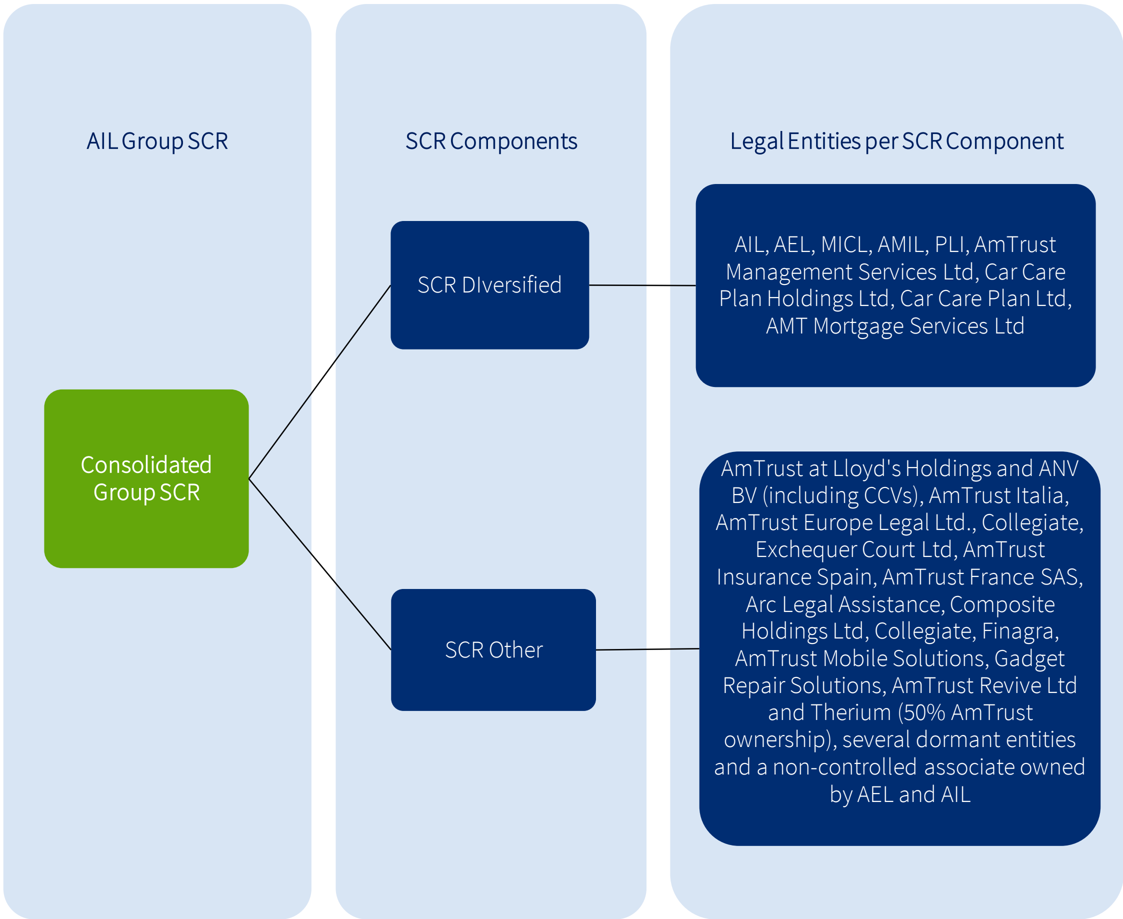
Consideration is also given to the existence of risks which only exist at the level of the AIL Group and these are factored into the SCR calculations.

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

i) The SCR Diversified calculation is derived from line-by-line data for those entities included on a consolidated basis, as described above. These insurance entities will contribute to the diversification effects recognised at group level within this calculation.

ii) The SCR Other calculation aggregates all other undertakings, including related but not subsidiary ancillary services undertakings, and applies certain market risk charges to the equity values of these other undertakings in accordance with Article 13 of the Implementing Measures.

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



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

E.2.1 Diversification

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

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

The resulting AIL Group SCR and MCR are as follows:

Capital Requirements 31 December	2018 £000	2017 £000
SCR Diversified	353,229	308,063
SCR Other	25,483	45,759
SCR Total	378,713	353,822
MCR	131,510	104,290

E.2.2 Material change in SCR and MCR

There are two material changes which overall resulted in an increase in the SCR and MCR during the course of the year.

Firstly, new loan assets accepted in the year, with a resulting increase in both the Concentration risk and Spread risk charge in the Market risk calculation.

Secondly, reserve strengthening across a number of lines of business during 2018 has adversely impacted on the Reserve Risk charge in the Non-Life Underwriting risk calculation.

E.2.3 Solvency Coverage Ratio

On a standalone basis, the SCR, Own Funds and solvency ratios for the solo insurance entities as reported in their standalone SFCRs for 31 December 2018 are as follows:

As reported (£000)	AEL	AMIL (unaudited)	MICL (unaudited)	PLI[1] (unaudited)
Solvency Requirement	271,942	35,468	75,589	3,658
Own Funds	346,922	75,089	104,674	4,440
Solvency Ratio	128%[2]	212%	138%	121%

[1]PLI is no longer trading and has no technical provisions. While the SCR is £0.3m, the Absolute floor of the MCR of £3.7m results in solvency coverage ratio for the MCR of 121%.

[2]AEL reported a Solvency Ratio of 130% for 31 December 2018 in its SFCR as it was completed prior to AIL and AEL becoming aware of Maiden's non-compliance with its regulatory requirement at 31 December 2018. This 128% number reflects what AEL's Solvency Ratio would have been if adjusted for Maiden.

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

The AIL Group's eligible amount of Own Funds eligible to cover the SCR as of 31 December 2018 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Available Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
SCR £378,713	1	457,065	100%	457,065	
	2	-	-	-	
	3	4,890	100%	4,890	
	Total	461,955		461,955	122%

The AIL Group's eligible amount of Own Funds to cover the MCR as of 31 December 2018 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Own Funds	Eligible %	Eligible Own Funds	MCR Ratio
MCR £131,510	1	457,065	100%	457,065	
	2	-	-	-	
	3	4,890	0%	0	
	Total	461,955		457,065	348%

The AIL Group's eligible amount of Own Funds eligible to cover the SCR as of 31 December 2017 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Available Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
SCR £353,822	1	457,260	100%	457,260	
	2	-	-	-	
	3	6,021	100%	6,021	
	Total	463,281		463,281	131%

The AIL Group's eligible amount of Own Funds to cover the MCR as of 31 December 2017 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Own Funds	Eligible %	Eligible Own Funds	MCR Ratio
MCR £104,290	1	457,260	100%	457,260	
	2	-	-	-	
	3	6,021	0%	0	
	Total	463,281		457,260	438%

E.2.4 Solvency Capital Requirement

The AIL Group's SCR split by risk module as of 31 December 2018 is shown in the table and accompanying chart below.

Solvency Capital Requirement	£000
Health NSLT underwriting risk	2,986
Non-Life underwriting risk	245,317
Market risk	117,681
Counterparty default risk	38,857
Undiversified Basic SCR	404,841
Diversification credit	(85,412)
Basic SCR	319,429
Operational risk	35,230
Loss absorbing capacity of DT	(1,429)
SCR Diversified	353,230
Capital requirement for residual undertakings	25,483
Overall SCR	378,713

The AIL Group's SCR split by risk module as of 31 December 2017 is shown in the table and accompanying chart below.

Solvency Capital Requirement	£000
Health NSLT underwriting risk	3,175
Non-Life underwriting risk	224,188
Market risk	80,147
Counterparty default risk	36,763
Undiversified Basic SCR	**344,272**
Diversification credit	(66,910)
Basic SCR	**277,362**
Operational risk	31,801
Loss absorbing capacity of DT	(1,100)
SCR Diversified	**308,063**
Capital requirement for residual undertakings	45,759
Overall SCR	**353,822**

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

E.2.5 MCR

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

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

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

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

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

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

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

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

Throughout the period from 31 December 2017 to 31 December 2018, AIL has been in compliance with the both the MCR and the SCR.

E.6 Any other information

None noted.

Annex

Quantitative Reporting Templates

AmTrust International

Annex 1
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	4,890
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	18,643
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	837,961
Property (other than for own use)	R0080	7,417
Holdings in related undertakings, including participations	R0090	75,054
Equities	R0100	2,024
Equities - listed	R0110	0
Equities - unlisted	R0120	2,024
Bonds	R0130	753,368
Government Bonds	R0140	93,488
Corporate Bonds	R0150	659,880
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	87
Derivatives	R0190	12
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	71,322
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	71,322
Reinsurance recoverables from:	R0270	658,964
Non-life and health similar to non-life	R0280	658,964
Non-life excluding health	R0290	657,908
Health similar to non-life	R0300	1,056
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	1,086
Insurance and intermediaries receivables	R0360	58,204
Reinsurance receivables	R0370	45,452
Receivables (trade, not insurance)	R0380	120,653
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	103,070
Any other assets, not elsewhere shown	R0420	36,489
Total assets	R0500	1,956,735

Annex 1
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	1,225,229
Technical provisions – non-life (excluding health)	R0520	1,220,630
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	1,170,093
Risk margin	R0550	50,537
Technical provisions - health (similar to non-life)	R0560	4,599
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	4,254
Risk margin	R0590	345
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	3,082
Pension benefit obligations	R0760	325
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	0
Derivatives	R0790	0
Debts owed to credit institutions	R0800	7,590
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	32,018
Reinsurance payables	R0830	76,142
Payables (trade, not insurance)	R0840	83,149
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	67,245
Total liabilities	R0900	1,494,781
Excess of assets over liabilities	R1000	461,955

Annex 1

S.05.01.02 (unaudited)

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110	20,651	0	0	8,318	19,424	0	37,146	155,423	17,445
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	672	0	0	99	16,492
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	3,548	0	0	1,606	1,381	0	9,192	41,783	16,057
Net	R0200	17,103	0	0	6,712	18,715	0	27,954	113,739	17,880
Premiums earned										
Gross - Direct Business	R0210	23,912	0	0	10,016	6,692	0	36,029	158,844	20,597
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	800	0	0	99	14,531
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	5,360	0	0	2,263	1,579	0	11,080	49,857	16,430
Net	R0300	18,552	0	0	7,753	5,913	0	24,948	109,086	18,698
Claims incurred										
Gross - Direct Business	R0310	14,106	0	0	8,056	3,158	0	19,283	115,981	2,439
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	-17	0	0	11	4,161
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	5,916	0	0	3,487	573	0	6,891	50,262	3,504
Net	R0400	8,190	0	0	4,569	2,568	0	12,392	65,730	3,097
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	10,526	0	0	4,531	2,709	0	14,663	49,016	14,336
Other expenses	R1200									
Total expenses	R1300									

Annex 1

S.05.01.02 (unaudited)

Premiums, claims and expenses by line of business

		Line of Business for: non-life			Line of Business for: accepted non-				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110	80,051	5,397	249,140					592,995
Gross - Proportional reinsurance accepted	R0120	6,998	0	33,339					57,600
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	0	0
Reinsurers' share	R0140	33,751	828	52,687	0	0	0	0	160,833
Net	R0200	53,298	4,569	229,792	0	0	0	0	489,762
Premiums earned									
Gross - Direct Business	R0210	65,462	4,735	193,366					519,651
Gross - Proportional reinsurance accepted	R0220	5,976	0	33,207					54,613
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0	0
Reinsurers' share	R0240	31,163	936	50,363	0	0	0	0	169,030
Net	R0300	40,275	3,799	176,210	0	0	0	0	405,234
Claims incurred									
Gross - Direct Business	R0310	51,503	2,127	141,487					358,140
Gross - Proportional reinsurance accepted	R0320	7,189	0	15,855					27,199
Gross - Non-proportional reinsurance accepted	R0330				0	0	0	0	0
Reinsurers' share	R0340	28,210	500	51,260	0	0	0	0	150,603
Net	R0400	30,482	1,627	106,082	0	0	0	0	234,736
Changes in other technical provisions									
Gross - Direct Business	R0410	0	0	0					0
Gross - Proportional reinsurance accepted	R0420	0	0	0					0
Gross - Non- proportional reinsurance accepted	R0430				0	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0
Expenses incurred	R0550	9,583	1,802	65,717	0	0	0	0	172,883
Other expenses	R1200								(231)
Total expenses	R1300								172,652

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

Non-life obligations for home country		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		IT (by amount of gross premiums written)	NO (by amount of gross premiums written)	FR (by amount of gross premiums written)	GR (by amount of gross premiums written)	SE (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
		C0080	C0090	C0100	C110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	320,112	116,759	23,752	22,030	26,860	22,241	531,755
Gross - Proportional reinsurance accepted	R0120	9,676	(2,610)	0	(99)	256	0	7,223
Gross - Non-proportional reinsurance accepted	R0130	0	0	0	0	0	0	0
Reinsurers' share	R0140	67,959	33,498	5,300	6,865	11,628	6,384	131,635
Net	R0200	261,829	80,652	18,452	15,066	15,487	15,857	407,343
Premiums earned								
Gross - Direct Business	R0210	252,970	127,493	21,272	15,526	18,794	26,202	462,257
Gross - Proportional reinsurance accepted	R0220	9,186	(2,609)	0	(99)	42	0	6,520
Gross - Non-proportional reinsurance accepted	R0230	0	0	0	0	0	0	0
Reinsurers' share	R0240	70,741	38,680	6,854	5,695	8,543	8,620	139,133
Net	R0300	191,415	86,204	14,418	9,732	10,293	17,582	329,644
Claims incurred								
Gross - Direct Business	R0310	184,016	76,447	20,476	9,084	9,264	8,432	307,719
Gross - Proportional reinsurance accepted	R0320	9,715	16,466	0	187	37	0	26,406
Gross - Non-proportional reinsurance accepted	R0330	0	0	0	0	0	0	0
Reinsurers' share	R0340	69,089	40,700	9,875	4,070	4,130	5,218	133,083
Net	R0400	124,641	52,214	10,600	5,201	5,171	3,215	201,042
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	65,556	38,696	7,161	3,550	3,786	9,697	128,446
Other expenses	R1200							0
Total expenses	R1300	65,556	38,696	7,161	3,550	3,786	9,697	128,446

Annex 1
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	67,337	67,337		0	
Non-available called but not paid in ordinary share capital at group level	R0020	0	0		0	
Share premium account related to ordinary share capital	R0030	178,075	178,075		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Non-available subordinated mutual member accounts at group level	R0060	0		0	0	0
Surplus funds	R0070	0	0			
Non-available surplus funds at group level	R0080	0	0			
Preference shares	R0090	52,700		52,700	0	0
Non-available preference shares at group level	R0100	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Non-available share premium account related to preference shares at group level	R0120	0		0	0	0
Reconciliation reserve	R0130	158,953	158,953			
Subordinated liabilities	R0140	0		0	0	0
Non-available subordinated liabilities at group level	R0150	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	4,890				4,890
The amount equal to the value of net deferred tax assets not available at group level	R0170	0				0
Other items approved by supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	R0190	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	R0200	0	0	0	0	0
Non-available minority interests at group level	R0210	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	0	0	0	0	
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	0	0	0	0	0

Annex 1
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Deductions for participations where there is non-availability of information (Article 229)	R0250	0	0	0	0	0
Deductions for participations included by using D&A when a combination of methods is used	R0260	0	0	0	0	0
Total non-available own fund items	R0270	0	0	0	0	0
Total deductions	R0280	0	0	0	0	0
Total basic own funds after deductions	R0290	461,955	404,365	52,700	0	4,890
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
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Non available anicllary own funds at group level	R0380	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Own funds of other financial sectors						
Reconciliation reserve	R0410	0	0	0	0	
Institutions for occupational retirement provision	R0420	0	0	0	0	0
Non regulated entities carrying out financial activities	R0430	0	0	0	0	
Total own funds of other financial sectors	R0440	0	0	0	0	
Own funds when using the D&A, exclusively or in combination with method 1						
Own funds aggregated when using the D&A and combination of method	R0450	0	0	0	0	0
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	461,955	404,365	52,700	0	4,890

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Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total available own funds to meet the minimum consolidated group SCR	R0530	457,065	404,365	52,700	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	461,955	404,365	52,700	0	4,890
Total eligible own funds to meet the minimum consolidated group SCR	R0570	457,065	404,365	52,700	0	
Minimum consolidated Group SCR	R0610	131,510				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	347.6%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	461,955	404,365	52,700	0	4,890
Group SCR	R0680	378,713				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	122.0%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	461,954
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	303,002
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Other non available own funds	R0750	0
Reconciliation reserve before deduction for participations in other financial sector	R0760	158,953
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	0
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	11,185
Total expected profits included in future premiums (EPIFP)	R0790	11,185

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Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	117,681		0
Counterparty default risk	R0020	38,857		
Life underwriting risk	R0030	0	0	0
Health underwriting risk	R0040	2,986	0	0
Non-life underwriting risk	R0050	245,317	0	0
Diversification	R0060	(85,412)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	319,429		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	35,230
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(1,429)
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	353,229
Capital add-on already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	R0220	378,713
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	353,229
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

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Solvency Capital Requirement - for groups on Standard Formula

		Net solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Minimum consolidated group solvency capital requirement	R0470	131,510		
Information on other entities				
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	0		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	0		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	0		
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirements for non-regulated entities carrying out financial activities	R0530	0		
Capital requirement for non-controlled participation requirements	R0540	0		
Capital requirement for residual undertakings	R0550	25,483		
Overall SCR				
SCR for undertakings included via D and A	R0560	0		
Solvency capital requirement	R0570	378,713		

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Undertakings in the scope of the group

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
IRELAND	AA GADGET REPAIR LIMITED	1 - LEI	OTHER	2 - Non-mutual	0	0		88.20%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
JERSEY	Affinia Capital (General Partner) Limited	2 - Specific code	OTHER	2 - Non-mutual	0	0		50.00%	Loan from AmTrust group to Therium Group Holdings Limited	1 - Dominant	0.5	1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED STATES	AMCAFE LLC	2 - Specific code	OTHER	2 - Non-mutual	0	0		23.00%	0	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	AMT MORTGAGE INSURANCE LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	0	0	100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
UNITED KINGDOM	AMT MORTGAGE SERVICES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
UNITED KINGDOM	AMTRUST AT LLOYD'S LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
ITALY	AMTRUST CLAIMS MANAGEMENT SRL	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	AMTRUST CORPORATE CAPITAL LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	AMTRUST CORPORATE MEMBER LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	AMTRUST CORPORATE MEMBER TWO LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	AMTRUST EUROPE LEGAL LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	AMTRUST EUROPE LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	0	0	100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
FRANCE	AMTRUST FRANCE SAS	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
BOLIVIA, PLURINATIONAL STATE OF	AMTRUST GESTION BOLIVIA S.R.L.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
PARAGUAY	AMTRUST GESTION PARAGUAY S.A.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
PERU	AMTRUST GESTION PERU S.A.C.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
SPAIN	AMTRUST INSURANCE SPAIN SL	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	AMTRUST INTERNATIONAL LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	0	0	100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
ITALY	AMTRUST ITALIA S.R.L.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	AMTRUST LLOYD'S HOLDINGS (UK) LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
CAYMAN ISLANDS	AMTRUST LLOYD'S HOLDINGS LIMITED	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
CHINA	AMTRUST MANAGEMENT & CONSULTANCY (CHINA) CO	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
UNITED KINGDOM	AMTRUST MANAGEMENT SERVICES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
INDIA	AMTRUST MOBILE SOLUTIONS INDIA HOLDINGS PRIVATE LIMITED	1 - LEI	OTHER	2 - Non-mutual	0	0		55.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
INDIA	AMTRUST MOBILE SOLUTIONS INDIA PRIVATE LIMITED	2 - Specific code	OTHER	2 - Non-mutual	0	0		27.50%	0	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
MALAYSIA	AMTRUST MOBILE SOLUTIONS MALAYSIA HOLDINGS SDN. BHD.	1 - LEI	OTHER	2 - Non-mutual	0	0		55.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
MALAYSIA	AMTRUST MOBILE SOLUTIONS MALAYSIA SDN BHD	1 - LEI	OTHER	2 - Non-mutual	0	0		55.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
Philippines	AmTrust Mobile Solutions Philippines Inc.	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
SINGAPORE	AMTRUST MOBILE SOLUTIONS SINGAPORE PTE LTD	1 - LEI	OTHER	2 - Non-mutual	0	0		77.50%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	AMTRUST REVIVE LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	AMTRUST SYNDICATE HOLDINGS LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	AMTRUST SYNDICATE SERVICES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	AmTrust Syndicates Ltd.	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	AMTRUST UNDERWRITING LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	ANV CENTRAL BUREAU OF SERVICES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	ANV CORPORATE NAME LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED STATES	ANV GLOBAL SERVICES INC.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	ANV GLOBAL SERVICES LTD	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
NETHERLANDS	ANV HOLDING B.V.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	ANV HOLDINGS (UK) LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
NETHERLANDS	ANV INTERNATIONAL B.V.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
NETHERLANDS	ANV MGA SERVICES B.V.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
NETHERLANDS	ANV RISK B.V.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED STATES	ANV SERVICES US INC.	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	ANV Syndicate Management Ltd.	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	ARC LEGAL ASSISTANCE LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	CAR CARE PENSION TRUSTEES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
UNITED KINGDOM	CAR CARE PLAN (HOLDINGS) LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	0	0	100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
BRAZIL	CAR CARE PLAN DO BRASIL PARTICIPACOES LTDA - ME	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
GERMANY	CAR CARE PLAN GMBH	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	CAR CARE PLAN LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
UNITED KINGDOM	CAR CARE PLAN MANAGEMENT SERVICES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
Turkey	Car Care Plan Turkey Danisanlik Anonim Sirketi	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%			0
UNITED KINGDOM	CARAVAN SECURITY STORAGE LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	Collegiate Limited	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	Collegiate Management Services Limited	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	COMMERCIAL CARE PLAN LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	COMPOSITE ASSISTANCE LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	COMPOSITE HOLDINGS LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	COMPOSITE LEGAL EXPENSES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	Dent Wizard Ventures Limited	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	DORE & ASSOCIATES HOLDINGS LIMITED	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	DORE UNDERWRITING SERVICES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	Finagra Grains Limited	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	Only one of two	2 - Significant		1 – Included in the scope	0.00%			0
UNITED KINGDOM	Finagra Group Limited	1 - LEI	Limited by shares	2 - Non-mutual	0	0		22.90%	0	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED STATES	FINAGRA USA Inc	1 - LEI	OTHER	2 - Non-mutual	0	0		22.90%	0	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	GADGET REPAIR SOLUTIONS LIMITED	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		75.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
SINGAPORE	GADGET REPAIR SOLUTIONS PTE LTD	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
UNITED KINGDOM	IGI ADMINISTRATION SERVICES LIMITED	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant	1	1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	IGI INTERMEDIARIES LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
GERMANY	IWS International Warranty Solutions GmbH	1 - LEI	Limited by shares	2 - Non-mutual	0	0		50.00%	0	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0

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C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GIBRALTAR	MIRIS Solutions Limited	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	MOTORS INSURANCE COMPANY LIMITED	2 - Specific code	Limited by shares	2 - Non-mutual	Prudential Regulation Authority	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	1 - Method 1: Full consolidation		0
UNITED STATES	New Chapter Capital Inc	1 - LEI	OTHER	2 - Non-mutual	0	0		18.80%	Due to board composition the conclusion is that the entity is not controlled	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	OAKWOOD VILLAGE LIMITED	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	PEDIGREE LIVESTOCK INSURANCE LIMITED	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%			0
INDONESIA	PT AMTRUST MOBILE SOLUTIONS INDONESIA	1 - LEI	Limited by shares	2 - Non-mutual	0	0		60.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
INDONESIA	PT AMTRUST MOBILE SOLUTIONS INDONESIA HOLDINGS	1 - LEI	OTHER	2 - Non-mutual	0	0		100.00%	0	1 - Dominant	1	1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	RIGHT2CLAIM LTD.	1 - LEI	Limited by shares	2 - Non-mutual	0	0		100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
CHINA	SHANGHAI FIRST RESPONSE SERVICE CO LIMITED	1 - LEI	OTHER	2 - Non-mutual	0	0	0	100.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	Therium (Malta) Limited	1 - LEI	Limited by shares	2 - Non-mutual	0	0		50.00%	0	1 - Dominant		1 – Included in the scope	0.00%			0
LUXEMBOURG	Therium (Melita) Limited	1 - LEI	Limited by shares	2 - Non-mutual	0	0		50.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	THERIUM (UK) HOLDINGS LIMITED	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		50.00%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	Therium Australia Limited	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		50.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	THERIUM CAPITAL MANAGEMENT LIMITED	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		50.00%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
GERMANY	Therium Deutschland GMBH	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		40.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	Therium Deutschland IC	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		40.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	THERIUM FINANCE (No.1) – IC	2 - Specific code	OTHER	2 - Non-mutual	0	0		35.90%	0	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	THERIUM FINANCE 3C IC	2 - Specific code	OTHER	2 - Non-mutual	0	0		25.00%	0	2 - Significant	0.25	1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	THERIUM FINANCE AG – IC	2 - Specific code	OTHER	2 - Non-mutual	0	0		25.00%	0	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	THERIUM FINANCE AHV – IC	2 - Specific code	OTHER	2 - Non-mutual	0	0		25.00%	Loan from AmTrust group to Therium Group Holdings Limited giving AmTrust casting vote while the loan remains outstanding	1 - Dominant	0.25	1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0

AmTrust International

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

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non-mutual)	Supervisory authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
JERSEY	THERIUM FINANCE HS – IC	2 - Specific code	OTHER	2 - Non-mutual	0	0		25.00%	0	2 - Significant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	THERIUM FINANCE ICC	2 - Specific code	OTHER	2 - Non-mutual	0	0		50.00%	Loan from AmTrust group to	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	THERIUM FINANCE KLG – IC	2 - Specific code	OTHER	2 - Non-mutual	0	0		50.00%	Loan from AmTrust group to	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
JERSEY	THERIUM GROUP HOLDINGS LIMITED	2 - Specific code	OTHER	2 - Non-mutual	0	0	0	50.00%	Loan from AmTrust group to	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED STATES	Therium Inc	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		40.00%	0	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED KINGDOM	Therium Litigation Finance (Australia) Limited	1 - LEI	Limited by shares	2 - Non-mutual	0	0		50.00%	0	1 - Dominant	0.5	1 – Included in the scope	0.00%	3 - Method 1: Adjusted		0
JERSEY	THERIUM LITIGATION FINANCE IC	2 - Specific code	OTHER	2 - Non-mutual	0	0		50.00%	Loan from AmTrust group to	1 - Dominant		1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
UNITED STATES	Therium Litigation Funding Inc	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		50.00%	0	1 - Dominant	0.5	1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
LUXEMBOURG	Therium Luxembourg Sarl	2 - Specific code	OTHER	2 - Non-mutual	0	0		40.00%	0	2 - Significant	0.4	1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0
NORWAY	Therium Capital Management Nordic AS	2 - Specific code	Limited by shares	2 - Non-mutual	0	0		20.00%	Loan from AmTrust group to Therium Group Holdings Limited	1 - Dominant	0.2	1 – Included in the scope	0.00%	3 - Method 1: Adjusted equity method		0

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