AmTrust Insurance Luxembourg S.A.

Solvency and Financial Condition Report

Date of Board Approval: 04 May 2018

AmTrust Insurance Luxembourg
An AmTrust Financial Company

Contents

Summary

Overview of the Business & Context of this report

Business model

AmTrust Insurance Luxembourg S.A. (AILSA) is a Luxembourg registered insurance company, which writes only non-life business in Luxembourg and aboard. AILSA mainly exists as a fronting company that cedes 95% to 100% of the risks to AmTrust reinsurers or third-party reinsurers.

For year 2017, business activity in ALSA is rather low with only €0.15M premiums written in the Miscellaneous Financial Loss line of business, and business is 100% ceded. In anticipation of entering into a Shares Purchase Agreement (SPA) with a third party in 2018, all liabilities in AILSA were either novated or commuted during 2017. The SPA covers the acquisition of 100% the shares of AILSA. The resulting balance sheet purchased would consist of cash and shareholders' funds only.

AILSA is owned by AmTrust Equity Solutions, Ltd, a subsidiary of the AmTrust Financial Services Inc. group which is listed on the US NASDAQ exchange (ticker: AFSI). AFSI is a multinational property and casualty insurer specializing in coverage for small businesses.

Solvency II

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

As of the end of 2017, the major source of risk in AILSA's business model relates to the uncertainty around value of investment and cash assets. Regulatory capital is designed to act as buffer, which is to be held within the company's assets and liabilities, and provides a safety mechanism to protect policyholders should AILSA incur losses arising from decrease in the value of assets due to adverse movements in the prices of financial instruments or in the financial condition of the issuers.

This report is a Solvency II requirement, which is designed to give AILSA's external stakeholders (including policyholders) an insight into the solvency and financial condition of the Company.

Material changes to AILSA's business model

In preparing for the anticipated entity sale in 2018, all insurance liabilities were either novated or commuted during 2017 and no new business is expected to be written for year 2018.

Business performance

2017	Total €'000
Gross premiums written	149
Reinsurers' share	159
Net premiums written	-10
Gross premiums earned	279
Reinsurers' share	263
Net premiums earned	16
Gross claims incurred	25,377
Reinsurers' share	25,377
Net claims incurred	0
Net operating expenses	592
Other expense	1,016
Net technical result	440

Net of operating expenses, AILSA generates a small positive underwriting income in 2017.

Systems of Governance

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

The Board bears the ultimate responsibility for setting and achieving AILSA's strategy, and putting in place appropriate systems and infrastructures to manage the associated risk in its business model. In line with the principles of Solvency II and the established best practices within the Insurance market, AILSA follows the "Three Lines of Defence" model of corporate governance.

- 1st line of defence – Risk and control embedded in the business. Primary accountability within the context of day-to-day operations. The first line of defence ensures that operations are carried out correctly and that risk exposures are managed, controlled and reported in accordance with the risk appetite and risk policies set by the Board.
- 2nd line of defence – The oversight functions. The 2nd line is in charge of defining, developing, implementing and maintaining risk frameworks, policies and procedures. It defines the business guidelines and oversees the operations. It monitors and ensures that operations, policies and strategies are adequately aligned.
- 3rd line of defence – Provides independent assurance. The 3rd line challenges the design and effectiveness of risk management, compliance, control and governance processes. In order to achieve the necessary independence and objectivity. Internal Audit is an independent function that reports directly to the Board.

Risk Profile

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

- Market risk; and
- Credit risk.

For each risk category, AILSA has articulated how much risk it is willing and able to accept based on its strategic profile and capital position. AILSA has put in place systems and controls to manage its risk profile within its risk appetite statements.

Underwriting Risk

AILSA's risk exposure in respect of underwriting risk is nil.

AmTrust Group and a third-party reinsurer has entered into a Shares Purchase Agreement (SPA) in January 2018. The SPA covers the acquisition of 100% shares of AILSA. As of end of 2017, all liabilities in AILSA have been novated to a third-party or commuted. The resulting balance sheet purchased would consist of cash and shareholders' funds only.

Market Risk

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

The Company's material exposures to market risk are: interest rate risk, and spread risk on its bond portfolio.

Credit Risk

Credit risk is the potential loss arising principally from adverse changes in the financial condition of the counterparties.

AILSA is subject to material risk exposures with respect to its bank and reinsurance counterparty.

Other risks

AILSA is also exposed to the following other risks:

- Liquidity risk;
- Operational risk.

Valuation for solvency purposes

AILSA's assets and liabilities are valued differently when calculating its regulatory capital under Solvency II and when preparing its annual accounts for regulatory filing. The former applies the valuation rules from the Solvency II Directive, and the latter applies valuation rules under Generally Accepted Accounting Principles (GAAP) in Luxembourg.

Assets

The material difference in valuation of AILSA's assets under Luxembourg GAAP and Solvency II arise in the valuation of debt securities and other fixed income transferable securities.

Under Luxembourg GAAP, the debt securities and other fixed income transferrable securities are valued at amortized acquisition costs. On the other hand, Solvency II imposes market based valuation of assets.

Technical Provisions

The following table shows a summarised AILSA's total Technical Provisions as of Q4 2017. No best estimated liability exists at the end of 2017 as all insurance policies were either novated or transferred to other entity in mid 2017. Furthermore, no new business is expected to be written in 2018.

Line of Business	Gross Best Estimated Liability	Risk Margin	Gross Technical Provisions	Recoverables from Reinsurance Contacts	Total Technical Provisions Net of Recoverables
	€'000	€'000	€'000	€'000	€'000
Miscellaneous Financial Loss	0	0	0	0	0
Total	0	0	0	0	0

In general, the main differences in valuation of AILSA's technical provisions from Luxembourg GAAP to Solvency II standards include:

- Replacing unearned premium with premium provision, where premium provision considers the future cash flows associated with recognized obligations within the boundary of the contracts;
- Discounting the best estimate of claims, premiums and expense cash flows using discount rates specified by regulation (the relevant risk-free interest rate is provided by EIOPA);
- Adding a Risk Margin to the technical provisions based on the Cost of Capital method.

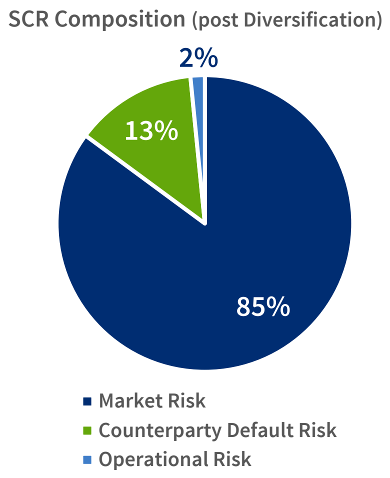
Capital Management

AILSA uses the tools published by EIOPA to calculate its SCR and MCR using the Standard Formula. The Company does not use any Undertaking Specific Parameters (USPs) allowed under Solvency II, nor does it use simplified calculations for any of the risk modules.

Capital Requirements 31 Dec 2017	€000
SCR	3,700
MCR	3,700

The AILSA's SCR split by risk module as of December 31st 2017 is shown in the table below.

Solvency Capital Requirement	€000
Market risk	479
Counterparty default risk	75
Undiversified Basic SCR	554
Diversification credit	(51)
Basic SCR	503
Operational risk	8
Adjustment for the loss absorbing effect of technical provisions	(3
Standard formula SCR	3,700



Business and Performance

Section A

A. Business and Performance

A.1 Business

A.1.1 Name and legal form of undertaking

AmTrust Insurance Luxembourg S.A. (AILSA or “the Company”) was incorporated in Luxembourg on January 19, 2012 as a “Société Anonyme” under Luxembourg Law. The primary objective of the Company is to provide Non-Life insurance products, in Luxembourg or aboard. AILSA is a General Insurer, and is not permitted to underwrite any Life insurance activities. AILSA is also referred to as a Composite insurer i.e. an insurance company that offers a range of insurance products, rather than a “mono-line” or a “specialist” insurer which tend to focus on one or a limited selection of insurance products.

The Company’s registered address is as follows:

AmTrust Insurance Luxembourg S.A. (AILSA)
Building Elise, Am Bann
21 rue Léon Laval
L-3372 Leudelange
Luxembourg

A.1.2 Supervisory authority

AILSA is regulated by the Commissariat Aux Assurances (CAA). The CAA is the Luxembourg authority competent for the supervision of the insurance sector.

The CAA’s registered address is as follows:

Commissariat aux Assurances
7, Boulevard Joseph II,
L-1840 Luxembourg
GD de Luxembourg
Tel (+352) 22 69 11 - 1
caa@caa.lu

AILSA is wholly owned by AmTrust Equity Solutions Limited (AES), which is an entity based in Bermuda.

AILSA is also regulated by Luxembourg Central Bank – Banque central de Luxembourg (BCL).

The BCL’s registered address is as follows:

Banque centrale du Luxembourg
2, boulevard Royal
L-2983 Luxembourg

A.1.3 External auditor

AILSA, together with the wider AmTrust Group, is audited by KPMG. KPMG’s Luxembourg office is located at:

KPMG,
39, Avenue John F. Kennedy
L-1855 Luxembourg

A.1.4 Shareholders of qualifying holding in the undertaking

AILSA is a wholly owned subsidiary of AmTrust Equity Solutions Ltd. (AES or the Group) which is a Bermuda Limited Company. AILSA’s ultimate parent is AmTrust Financial Services Inc (AFSI), a Delaware registered US corporation.

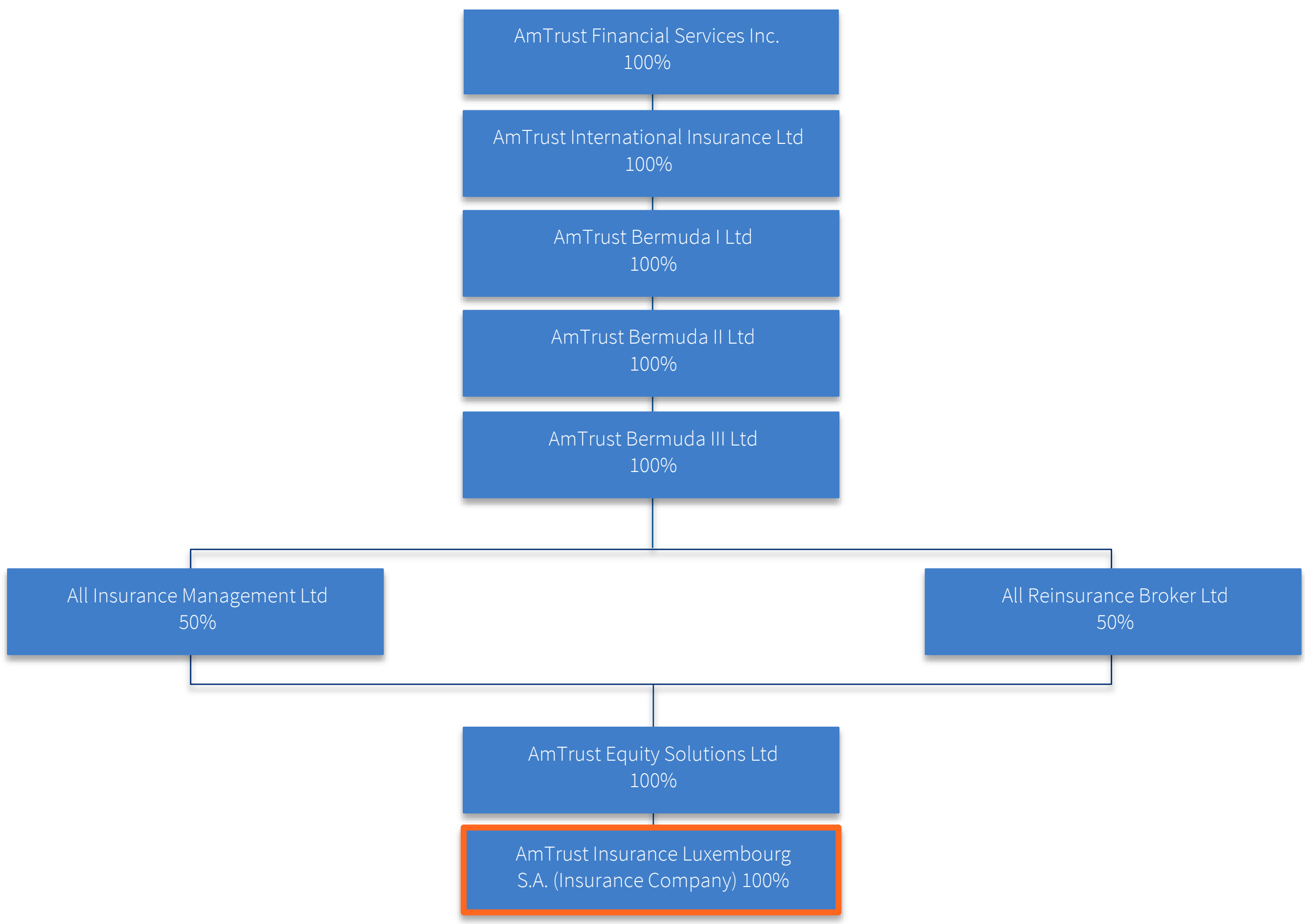
AFSI underwrites and provides property and casualty insurance products, in the United States and internationally to niche customer groups that it believes are generally underserved within the broader insurance market.

As a subsidiary of AmTrust Financial Services Inc. (NASDAQ Global Market: 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 “XIV” rating from A.M. Best, AFSI has earned a reputation as an innovative, technology driven provider of insurance products. Commitment to excellence is a common thread connecting each of the AmTrust companies.

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

A.1.5 Position within the legal structure of the group

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



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

The principal activity of the Company is the underwriting of general insurance business in Luxembourg and other European countries. The Company's main line of business is miscellaneous financial loss.

A.1.7 Material events

In preparing for the anticipated entity sale in 2018, all insurance exposures in AILSA were either novated or commuted during 2017 and no new business is expected to be written in 2018.

A.2 Underwriting Performance

A.2.1 Material lines of business

2017	Miscellaneous financial loss	Total
	€'000	€'000
Gross premiums written	149	149
Reinsurers' share	159	159
Net premiums written	-10	-10
Gross premiums earned	279	279
Reinsurers' share	263	263
Net premiums earned	16	16
Gross claims incurred	25,377	25,377
Reinsurers' share	25,377	25,377
Net claims incurred	0	0
Net operating expenses	592	592
Other expense	1,016	1,016
	________	________
Net technical result	440	440

A.2.1.1 Miscellaneous financial loss

ALISA mainly functions as a fronting company in 2017. Performance in 2017 has been expected on a net of reinsurance basis.

A.2.2 Material geographic areas

AILSA has operations in Luxembourg only.

2016	Luxembourg	Total
	€'000	€'000
Gross premiums written	149	149
Reinsurers' share	159	159
Net premiums written	-10	-10
Gross premiums earned	279	279
Reinsurers' share	263	263
Net premiums earned	16	16
Gross claims incurred	25,377	25,377
Reinsurers' share	25,377	25,377
Net claims incurred	0	0
Net operating expenses	592	592
Other expense	1,016	1,016
	________	________
Net technical result	440	440

A.3 Investment Performance

The Company invests in Corporate and Government bonds.

Investment income and expenses during the year are shown in the table below.

2017	Corporate and Government Bonds
	€'000
Income from other investments	1,247
Investment management expenses	(236)
	1,016

A.4 Performance of other activities

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

A.5 Any other information

None noted.

System of Governance

Section B

B. System of Governance

B.1 General information on the system of governance

B.1.1 The Board and System of Governance

The Company follows the "Three Lines of Defence" model of corporate governance.

- 1st line of defence – Risk and control embedded in the business. Primary accountability within the context of day-to-day operations. The first line of defence ensures that operations are carried out correctly and that risk exposures are managed, controlled and reported in accordance with the risk appetite and risk policies set by the Board.
- 2nd line of defence – The oversight functions. The 2nd line is in charge of defining, developing, implementing and maintaining risk frameworks, policies and procedures. It defines the business guidelines and oversees the operations. It monitors and ensures that operations, policies and strategies are adequately aligned.
- 3rd line of defence – Provides independent assurance. The 3rd line challenges the design and effectiveness of risk management, compliance, control and governance processes. In order to achieve the necessary independence and objectivity. Internal Audit is an independent function that reports directly to the Board.

The AILSA Board is collectively responsible for the long-term success of the Company and for compliance with all laws and regulations. Its role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The principal focus of the AILSA Board is on the overall policies, strategic plans, performance, annual budget, investment budgets, larger capital expenditure proposals and the Company's overall system of internal controls, governance and compliance. The Board develops and promotes its collective vision of the Company's purpose, its culture, its values and the behaviour it wishes to promote in conducting its business.

The Board of Directors consists of five members, which includes four representatives from the Senior Management team of the AmTrust Group and one external Director.

B.1.1.1 Committees

B.1.1.1.1 Compensation Committee

The key purpose of the Committee is to conduct an annual review of the Chief Executive Officer's performance as set forth in its charter and make reports to the Board. The Committee reports on executive compensation; and proposes compensation arrangements for Senior Management and the Chief Executive Officer for Board approval.

The Committee consists of all members from the Board.

B.1.1.1.2 Corporate Governance Committee

The key purpose of the Committee is to review and provide recommendations on management succession planning.

The key responsibilities of the Committee are to recommend succession planning relating to the Chief Executive Officer and other members of Senior Management.

The Committee consists of all members from the Board.

B.1.1.1.3 Transaction Approval & Underwriting Approval Committees

The key purpose of the Committees is to approve or deny a transaction referred by individual underwriters. Business written by AILSA follows the AmTrust Unique Risks Underwriting review process with the use of the Transaction Approval Committee as well as the Underwriting Approval Committee. The latter committee approves the transactions however it doesn't have the authority to bind the Company and the risk must be approved by the Board of Directors of AILSA. A full underwriting file must be properly reviewed by the AILSA Boards, approving the transaction and properly documented such approval.

Transactions that are required to be reported to the Underwriting Approval committee prior to binding, including but not limited to:

- New transactions
- Any transaction that does not meet the underwriting guideline restrictions
- Any transaction that is not specifically exempted by the underwriting processes detailed in the underwriting guideline
- Any program with significant property catastrophe exposure

The Transaction Approval Committee is made up of the three representatives from Senior Management. The Underwriting Approval Committee consists of four members from Senior Management.

B.1.1.1.4 Claim Review Committee

The key purpose of the Committee is to ensure appropriate claim review processes are in place at the Company and that the level of reserves booked by the Company are reasonable. The key responsibilities of the Committee are to present, discuss and review of the appropriateness of assumptions of claim assessment and reserve positions.

The Committee consists of four members from Senior Management.

B.1.1.1.5 Investment Committee

The key responsibilities and duties of the Committee is to monitor investment risk and associated credit and liquidity risk.

The Committee consists of four members from Senior Management.

B.1.1.1.6 The Risk & Compliance Committee

The key purpose of the Committee is to oversee all aspects of AILSA's risk management and to support the Board in the implementation of a robust risk management framework, including identifying, monitoring and managing risks to assist the Board in the delivery of the strategic objectives and business plans. The key responsibilities and duties of the Committee are to advise the Board on the risk strategy, including risk appetite and tolerance levels, for ensuring that the risk management framework is appropriate and adequately resourced.

The Committee consists of three members, which are the Chief Executive Officer (CEO) and two Directors of the Board.

B.1.1.1.7 Audit Committee

The key purpose of the Committee is to provide independent assurance on the design and effectiveness of the overall system of internal control, including risk management and compliance.

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

The Committee consists of three members, which are the Chief Executive Officer (CEO), the Chief Operating Officer (COO) and the Chief Risk Officer (CRO).

B.1.2 Changes in the System of Governance

There are no major changes in the system of governance, except for the following:

- Revised Committee membership in light of the senior management changes.

B.1.3 Remuneration Policy

AILSA's remuneration policy is designed to:

- help to attract, retain and motivate competent, experienced and skilled personnel;
- be competitive within the general insurance market;
- encourage and support a high performance culture;
- be consistent, fair and transparent;
- achieve a balance between short and long-term reward/fixed and variable pay to promote a long term focus;
- promote sound and effective risk management to prevent risk taking that exceeds the risk appetite / tolerance limits;
- ensure that incentives are aligned, particularly in relation to decision-making and risk-taking behaviour, with the Company's overall business and risk management strategies and objectives;
- avoid rewarding failure;
- consider the overall assessment of an individual's performance, not just the performance of the Company or a particular business unit; and
- particularly in the case of Executives, be aligned to the Shareholders' interests.

In consultation with the Compensation Committee and the Board, AILSA tries to do the following in respect of its remuneration practices:

- ensure consistent, equitable and transparent remuneration policies and practices;
- set base salary at the median level in the market;
- where appropriate reward upper quartile performance with upper quartile pay;
- with regard to variable pay:
  - introduce/maintain appropriate short and long term incentive schemes appropriate to the business strategy and risk management principles and objectives; and
  - align variable pay to the Company's Return on Equity ("ROE") goal;
  - where, appropriate the Line of Business ROE target(s); and
  - individual performance (including the adherence to its Corporate Conduct principles).
- ensure separate/specific arrangements for the various categories of staff; i.e.
  - those personnel whose professional activities have a material impact on the risk profile of the business (Board Members, key function holders, Underwriters);
  - those who may have a conflict of interest (e.g. Risk Management, Compliance, Actuarial, Claims, UW Support);
  - those who are unable to materially/directly affect the profitability of the organisation but who are crucial to its effective operation (e.g. Finance, IT, HR, etc.).
- defer the payment of a portion of the variable remuneration - in particular for Executive and Senior Professional/income generating personnel - in whatever vehicle(s) it deems appropriate (Long Term Incentive Plans, Restricted Stock Units, etc.) in line with its corporate strategy;
- provide a competitive package of benefits.

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

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

As part of the agreements with all staff receiving RSUs, there are good and bad leaver provisions in the contracts.

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

B.1.3.1 Supplementary pension scheme for Board members

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

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

B.1.3.2 Material transactions with shareholders, persons with significant influence and Board members

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

B.2 Fit and Proper Requirements

AILSA has a Fit and Proper Policy in place that outlines the various checks at recruitment and throughout employment. In particular, when deciding whether a person is fit and proper, AILSA needs to be satisfied that the individual:

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

When deciding whether the Board is fit and proper, the Company seeks to ensure that the Directors collectively possess appropriate qualifications, experience and knowledge about at least:

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

Fitness and propriety 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 solvency assessment

B.3.1 Risk Management Strategy

The overriding goal of AILSA's risk management strategy is to control and to achieve as much as possible a reduction in the Company's risk exposure as a means of minimizing the impact of undesired and/or unexpected events, this to increase the likelihood of achieving AILSA's strategic and business objectives.

Consequently, the risk management objectives are to:

- set out the level of risk acceptable (Risk appetite and Risk Tolerance);
- identify all kinds of risks which represent a threat to the achievement of its strategic objectives;
- identify, define and regularly measure key risk indicators enabling an efficient monitoring of risks;
- define and take appropriate actions to reduce risk exposure;
- ensure the risk management framework implementation in day-to-day business processes;
- regularly review controls and mitigation actions to ensure that they remain relevant and effective.

The key risk categories have set up specific control and monitoring mechanisms are:

- Underwriting/Reserving
- Liquidity and concentration
- Asset and liabilities Management
- Operational
- Investment
- Counterparty

In order to achieve these objectives, the risk management system has been clearly documented and specified through risk management policies to each key risk category.

These policies detailing all key components of the Risk Management System ensure that it:

- contains clearly assigned overall risk management responsibilities;
- is defined to be consistent with the strategic objectives of the Company;
- operate across all the activities of the Company;
- is a continuous approach which is referred to in all major decision-taking processes of the Company

In addition, an outsourcing policy, containing the same policies above, defines the key rules and criteria to be respected by a service provider.

Policies are approved by the Board of Directors and must be reviewed at least once a year or at any time when an external or internal event occurs with a significant impact on the Risk Management System.

To respect the prudent person principle, AILSA has set up an investment policy.

The approved investment guidelines set out limits in terms of asset allocation. Assets related to liabilities will be held in high quality (generally BBB or better) fixed income securities. These securities will be actively managed amongst sectors (corporate bonds, government bonds, etc.) and will be constructed to ensure an appropriate matching of interest rate sensitivity relative to the liabilities. Management will work closely with AmTrust's asset management group.

B.3.1.1 Risk Appetite

The risk appetite sets out the target amount of risk that AILSA is prepared to accept in order to achieve its strategic objectives and sets out the tolerances for all risk categories in order to ensure a cautious management of the operations while staying aligned with the owners' expectations.

The objectives assigned to the risk appetite framework are as follows:

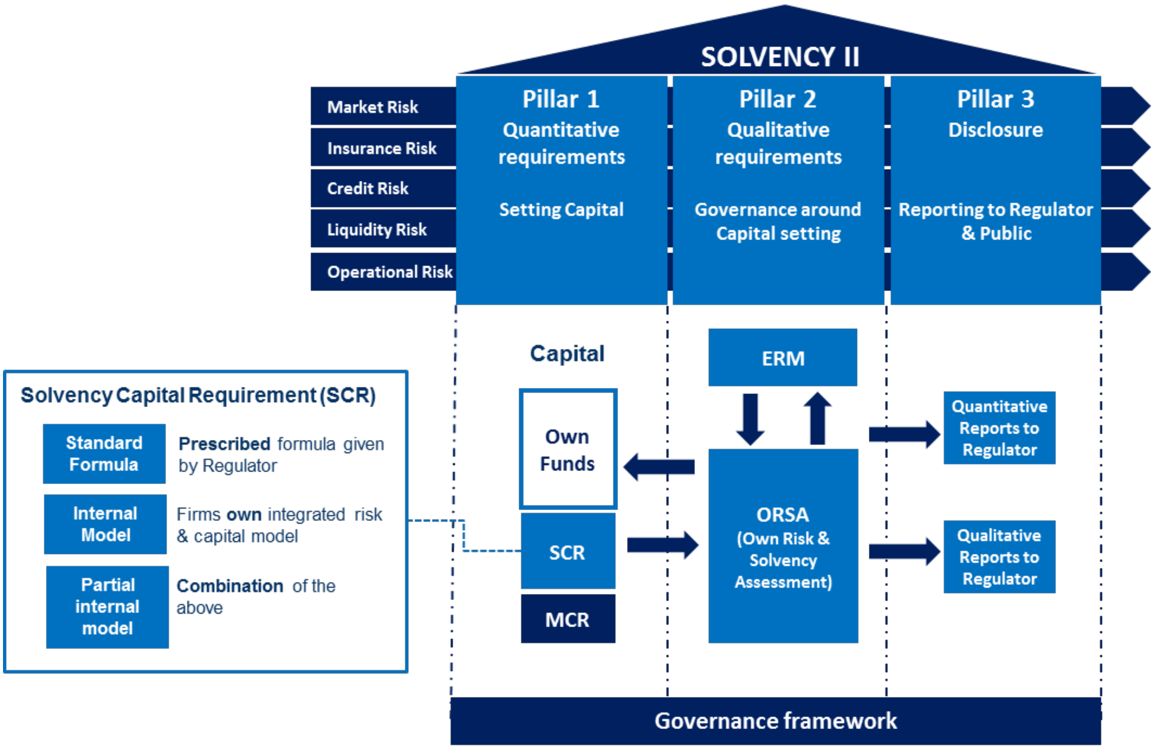
- Both qualitative and quantitative aspects must be taken into account;
- Risk appetite is a pivotal link between strategic objectives of the organization and its risk management framework;
- Risk appetite helps to structure the core of the risk management framework;
- Risk appetite is pragmatically expressed in such a way that it can be then easily cascaded in day-to-day business decisions and processes.

B.3.1.2 Approach

In order to achieve the aforementioned objectives, the following methodology has been chosen and may be summarized through five consecutive steps detailed hereunder.

Step	Component	Contents
Step 1	Risk appetite	Clear and pragmatic indication of the maximum global level of risk AmTrust Luxembourg entities is willing to accept in the pursuit of its strategic objectives. It is expressed by a ratio, a maximum loss amount or any other relevant element.
Step 2	Appetite per risk category	Clear and pragmatic expression of the risk appetite AmTrust Luxembourg entities is willing to accept for each risk category. The individual set of appetites is in line with the risk appetite as defined in Step 1.
Step 3	Metrics	List of metrics that will be used to monitor each risk appetite as defined under Step 2.
Step 4	Limits	The defined and precise limits, checkpoints and/or early warning indicators applied on each metric enabling to run the day-to-day business operations by staying under the defined appetite(s) for each risk category.
Step 5	Tolerance per limit	Definition of the maximum acceptable variation of each limit for each metric.

B.3.2 Own Risk and Solvency Assessment (ORSA)



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

The Own Risk and Solvency Assessment (ORSA) forms a key part of Enterprise Risk Management at AILSA and is performed at least annually. It is the process through which the Board and Management team assess the risks faced by AILSA, both now and in the future, and AILSA's own assessment of the level of own funds that it believes are necessary to meet the strategic goals of the Company. Therefore, ORSA is termed to be an Economic assessment of capital.

Economic Capital differs from Regulatory Capital. The latter is the Regulator's assessment of AILSA's capital required to continue and meet the Regulator's objectives, which includes maintaining safety and soundness in the wider financial system. AILSA's solvency risk appetite is that capital should always remain above a margin of these limits and has set this to be 110% of the SCR (the Regulatory Capital requirement under Solvency II).

In broad terms, the ORSA process seeks to have a clear understanding of the Company's historic and prospective strategy and what risks this creates for the Company's Economic balance sheet both now and in the future. Economic Capital should then be held at a level that allows AILSA to achieve this strategy and manage these risks.

AILSA has used a deterministic model to calculate its economic capital, which heavily relied on the Standard Formula. In line with the proportionality principles, AILSA has demonstrated that the Standard Formula is not an inappropriate measure of its risk profile for calculating Regulatory Capital.

AILSA uses the tools published by EIOPA to calculate its Solvency II Standard Formula solvency capital requirement (SCR) as well as populating the Solvency II quantitative reporting templates (QRTs).

AILSA will complete 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 Internal Control system embedded in AILSA's operations is a mix of actions and processes undertaken by all stakeholders within the company to provide reasonable assurance that the strategic objectives will be achieved.

The objectives of the Company's Internal Control system are therefore to ensure:

- an ordered execution of ethical, economical, efficient and effective operations;
- accountability obligations are fulfilled;
- availability and reliability of financial and non-financial information;
- compliance with applicable laws, regulations and administrative provisions;
- resources are protected against losses, misuse and damages.

In order to achieve the aforementioned objectives, the Internal Control framework of AILSA is structured around five complementary components.

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the company's operations through the continuous oversight of the Board of Directors and the communication to all internal stakeholders of all governance and risk principles through the present manual.
2) Risk assessment	Procedures and policies are detailed and formalized in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
3) Reporting channels	Clear and structured reporting processes are in place enabling the Board of Directors to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board of Directors, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables to company to continuously monitor and adapt when necessary its internal control system.
5) Control activities	AmTrust Luxembourg Insurance developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations, as formalized hereafter.

B.4.2 Compliance function

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

The Compliance Function has ultimate recourse to the AILSA Board and has the right to escalate to the Board, directly or through its Committees, any instances of non-compliance with this policy.

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

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

B.5 Internal audit function

The internal audit team is located in New York, London, and Cleveland. The AmTrust Internal Audit Function is headed up by the Chief Audit Executive, who reports administratively to the Chief Financial Officer and functionally to the board and the audit committee.

AILSA as part of the AmTrust Group may be audited by the AmTrust Internal Audit. All AmTrust subsidiaries are not audited every year, priority is given to material subsidiaries.

The mission of the internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations.
The scope of work of the internal audit department is to determine whether the organization's network of risk management, control, governance process, as designed and represented by management, is adequate.

The Scope of internal auditing encompasses the following activities among others:

- Review the adequacy and effectiveness of management's processes for risk management, internal control, and governance. Quality and continuous improvement are fostered in the organization's control process.
- Review the adequacy and effectiveness of management's system for strategic and annual plans and objective setting, and ensure the annual internal audit plan is designed to assist in attaining these objectives.
- Review established systems, policies, and procedures to determine if they are adequate to ensure the organization is in compliance with laws and regulations. Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

Internal audit reports are sent directly to the Audit Committee and include into its reporting conclusions on follow-up, and post-implementation validation, on audit findings and recommendations.

B.6 Actuarial function

The primary purpose of the Actuarial Function is to provide support in many areas including reserving, pricing and Solvency II.

Responsibilities of the Actuarial Function under Solvency II include:

- Coordinate the calculation of technical provisions;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimate against experience;
- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions in the cases set out in Article 82;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements;
- Contribute to the effective implementation of the risk management system with respect to risk modelling and the ORSA.

The Actuarial Function is a Key Function, headed by a qualified AmTrust actuary who is a credentialed member of the Casualty Actuarial Society.

B.7 Outsourcing

The purpose of the Outsourcing policy is to establish the requirements for identifying, justifying, and implementing outsourcing arrangements for any function or activity within AILSA, this in order to ensure that the outsourcing activities are carried out appropriately.

AILSA remains fully responsible for discharging all of its obligations when it outsources functions or activities.

It is a requirement that outsourcing of critical or important operational functions or activities shall not be undertaken in such a way as to lead to any of the following:

- Materially impairing the quality of the system of governance of the Company;
- Unduly increasing the operational risk;
- Impairing the ability of the supervisory authorities to monitor the compliance of the Company with obligations;
- Undermining continuous and satisfactory services to the Company.

The Board of Directors is responsible for arranging and validating outsourcing agreements. No service, function and/or activity may be outsourced without the prior formal and written confirmation of the Board of Directors.

The Company doesn't externally outsource any of the four key functions.

B.8 Any other information

None noted.

Risk Profile

Section C

C. Risk Profile

C.1 Underwriting risk profile

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

AILSA's risk exposure in respect of underwriting risk is nil.

AmTrust Group and a third-party reinsurer has entered into a Shares Purchase Agreement (SPA) in January 2018. The SPA covers the acquisition of 100% shares of AILSA. As of end of 2017, all liabilities in AILSA have been novated to a third-party or commuted. The resulting balance sheet purchased would consist of cash and shareholders' funds only.

C.1.2 Material risk concentrations

None. See C.1.1

C.1.3 Material risk mitigation

None. See C.1.1

C.1.4 Risk sensitivities

None. See C.1.1

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.

C.2.1 Material risk exposures

The Company's material exposures to market risk are: interest rate risk and spread on its bond portfolio.

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

C.2.2 Material risk concentrations

The AILSA's investment portfolio has a total market value of €4.96M, with Austria Serie making up 59%, and Standard Chartered and ENI S.P.A. together representing 41%.

C.2.3 Material risk mitigation

AILSA operates a conservative investment strategy, investing primarily in fixed income, investment grade corporate and sovereign debt. The Company has no appetite for investments in equities and complex investments such as derivatives. By investing in relatively simple assets, the Company fulfils the Prudent person principle because it is able to properly understand its investment risks.

The ultimate parent AFSI manages the investment portfolios on behalf of the Luxembourg entities.

C.2.4 Risk sensitivities

The Company carries out stress and scenario testing as part of the ORSA process. One of the adverse scenarios produced by the ORSA analysis looks at how fluctuations in interest rates and market value of investments impacts the value of Own Funds. The stress test scenario confirmed no material capital impact.

C.2.5 Other material information

None noted.

C.3 Credit risk

Credit risk is the potential loss arising principally from adverse changes in the financial condition of the issuers of our fixed maturity securities and the financial condition of our third party counterparties.

C.3.1 Material risk exposures

AILSA is subject to material risk exposures with respect to its reinsurers, banks and bond issuers.

C.3.2 Material risk concentrations

AILSA is exposed to general economic, business and industry conditions. Adverse general economic conditions may cause, among other things, significant reductions in available capital and liquidity from banks and other credit providers. The Company's largest bank exposure is to ING.

The AILSA's investment portfolio has a total market value of €4.96M, with Austria Serie making up 59%, and Standard Chartered and ENI S.P.A. together representing 41%.

C.3.3 Material risk mitigation

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

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

The Company manages the levels of credit risk it accepts by reviewing exposures regularly and reporting to management of significant counterparties.

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

No separate stress test is carried out for credit risk exposure. Due to the simple structure of the Company, the stress scenario addressing both underwriting and market risks is considered to be sufficient for stress testing purposes.

C.3.5 Other material information

None noted.

C.4 Liquidity risk

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

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

C.4.1 Material risk exposures

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

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

C.4.2 Material risk concentrations

AILSA's liquidity risk exposure is concentrated in financial assets (bonds).

C.4.3 Material risk mitigation

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

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

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

C.4.4 Expected profit in future premiums

None.

C.4.5 Risk sensitivities

Given the liquidity is not a material risk for the Company, no specific risk sensitivity is provided.

C.4.6 Other material information

None noted.

C.5 Operational risk

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

AILSA has risk management processes in place to assess and monitor operational risk exposures.

C.5.1 Material risk exposures

The Company is exposed to Key Employee, IT, Data, Fraud, Regulatory/Legal, Capital and Reputation risks.

As a result of limitations inherent in all control systems, it may not be possible to adequately prevent fraud or errors from occurring. 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 our business.

C.5.2 Material risk concentrations

Due to the nature and scale of the business, AILSA's material risk concentration is in loss of Key Personnel.

AILSA is highly reliant on a small number of key employees. The loss of one key employee may have material impact to the Company operations.

C.5.3 Material risk mitigation

AILSA 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, deal sheets, peer review, due diligence and business continuity and Sarbanes-Oxley controls.

C.5.4 Risk sensitivities

Based on the Standard Formula, Operational risk is not indicated as a material risk to the Company. Thus no specific risk sensitivity is provided.

C.5.5 Other material information

None noted.

C.6 Other material risks

None noted.

C.7 Any other information

None noted.

Valuation for Solvency Purposes

Section D

D. Valuation for solvency purposes

D.1 Assets

As a general principle, AILSA's assets and liabilities are valued differently when calculating its regulatory capital (SCR) under Solvency II and when preparing its annual accounts for filing at the Luxembourg Register of Commerce. The former applies the valuation rules from the Solvency II Directive, and the latter applies valuation rules under Generally Accepted Accounting Principles (GAAP) in Luxembourg.

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

D.1.1 Financial Investments

AILSA has an investment portfolio made up of corporate and government bonds. This bond portfolio is valued at amortized acquisition costs under the Luxembourg GAAP. On the other hand, Solvency II imposes market based valuation of assets. Therefore, adjustments are needed to be made to the Luxembourg GAAP position.

D.1.2 Deferred Acquisition Costs

Deferred acquisition costs are recognized as assets under the Luxembourg GAAP, but not under the Solvency II rules.

D.1.3 Other

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

D.2 Technical Provisions

On a Solvency II basis the total Technical Provisions (TPs), including the Risk Margin, were €0.0m compared to €0.0m on a statutory basis. The TPs are the best estimate of future cash flows discounted for the time value of money.

The following table shows a summarised AILSA's total Technical Provisions as of Q4 2017. No best estimated liability exists at the end of 2017 as all insurance policies were either novated or transferred to other entity in mid 2017. Furthermore, no new business is expected to be written in 2018.

Line of Business	Gross Best Estimated Liability	Risk Margin	Gross Technical Provisions	Recoverables from Reinsurance Contacts	Total Technical Provisions Net of Recoverables
	€'000	€'000	€'000	€'000	€'000
Miscellaneous Financial Loss	0	0	0	0	0
Total	0	0	0	0	0

D.2.1 Methodology

Under Solvency II, the technical provisions are made up of claim provisions, premium provisions, and risk margin. The claim and premium provisions are valued separately, and calculated in accordance with the general provisions for the determination of technical provisions as set out in Articles 75 to 78 of the Solvency II Directive.

The best estimate is calculated gross, without deduction of the amounts recoverable from reinsurance contracts. The calculation of amounts recoverable from reinsurance contracts takes into account the expected losses due to default of the counterparty. The adjustment is based on an assessment of the probability of default of the counterparty and the expected loss given default, where the probability of default is determined based on the credit rating of the counterparty.

The best estimate of future cash flows is discounted at EIOPA prescribed rates.

The risk margin is calculated as per the prescribed Solvency II cost-of-capital approach.

D.2.2 Uncertainties

Expectations about possible variations in the amount and/or timing of the cash flows represent the uncertainty inherent in the cash flows. As a result, it is possible that actual experience may be different than the best estimates, and such difference may be material. The majority of the liability that is related to unreported claims (IBNR) underscores the high level of uncertainty in the best estimation of technical provisions. There is also inherent uncertainty in the calculation of premium provisions. The future experience related to unexpired risk may be materially deviated from the expected.

D.2.3 Differences between Solvency II valuation and Financial statements

In general, to convert the GAAP reserves into Solvency II Technical Provisions the main adjustments are as follows:

- Replacing unearned premium with premium provision, where premium provision considers the future cash flows associated with recognized obligations within the boundary of the contracts;
- Discounting the best estimate of claims, premiums and expense cash flows using discount rates specified by regulation (the relevant risk-free interest rate is provided by EIOPA);
- Adding a Risk Margin to the technical provisions based on the Cost of Capital method.

D.2.4 Significant changes in assumptions

None noted.

D.3 Other liabilities

No adjustments are made to the Luxembourg GAAP balance sheet to move to Solvency II.

D.4 Alternative methods for valuation

AILSA does not use any alternative methods for valuation.

D.5 Any other information

None noted.

Capital Management

Section E

E. Capital Management

E.1 Own funds

AILSA manages its Own Funds with the objective of always being able to satisfy both the MCR and the SCR plus a buffer. AILSA strives to maintain a SCR above 110%.

In anticipation of the entity sale, AILSA prepares solvency projection for year 2018 only. Should the sale not be finalized in 2018, the ORSA process will be re-performed once the detailed business plan become available.

AILSA's capital resources are made up of Tier 1 unrestricted capital. There were no significant changes in the structure of Own Funds during the year; no share capital has been issued and no dividends have been paid.

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

€'000	Dec 2016	Dec 2017
Ordinary share capital	5,438	5,438
Share premium	0	0
Reconciliation reserve	214	378
Own funds	5,652	5,839

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

	Solvency Overview (in €000s), as of December, 31 2017				
	Tier	Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
SCR 3,700	1	5,839	100%	5,839	
	2	0	0	0	
	3	0	0	0	
	Total	5,839	100%	5,839	158%

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

	Solvency Overview (in €000s)				
	Tier	Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
MCR 3,700	1	5,839	100%	5,839	
	2	0	0	0	
	3	0	0	0	
	Total	5,839	100%	5,839	158%

There are certain differences between the value of Own Funds under Solvency II and the value of Equity (€5.832m) shown in the Company's Financial Statements. These arise due to the difference in valuation of assets and liabilities described in Section D of this report. A reconciliation is shown in the table below.

	€000
Equity per Financial Statements	5,832
Difference in SII TPs net of reinsurance	0
Difference in Value of Investment	10
Removal of Deferred acquisition costs	0
Deferred Tax on SII profits	-3
Solvency II Own Funds	5,839

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

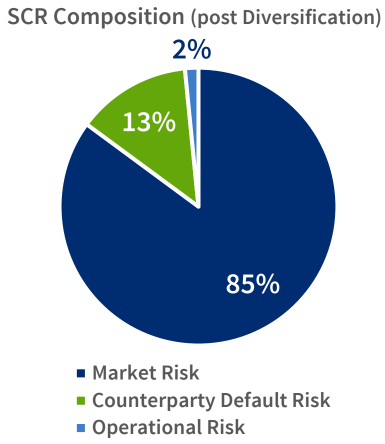
E.2 Solvency capital requirement and minimum capital requirement

AILSA uses the tools published by EIOPA to calculate its SCR and MCR using the Standard Formula. The Company does not use any Undertaking Specific Parameters (USPs) nor does it use simplified calculations for any of the risk modules.

Capital Requirements 31 Dec 2017	€000
SCR	3,700
MCR	3,700

The AILSA's SCR split by risk module as of December 31st 2017 is shown in the table below.

Solvency Capital Requirement	€000
Market risk	479
Counterparty default risk	75
Undiversified Basic SCR	554
Diversification credit	(51)
Basic SCR	503
Operational risk	8
Adjustment for the loss absorbing effect of technical provisions	(3)
Standard formula SCR	3,700



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

AILSA 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

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

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

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

E.6 Any other information

None noted.

QRTs

Section F

Annex 1
S.02.01.01
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	0
Investments (other than assets held for index-linked and unit-linked co	**R0070**	4,980
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	0
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	0
Bonds	**R0130**	4,980
Government Bonds	**R0140**	2,941
Corporate Bonds	**R0150**	2,039
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	0
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	0
Non-life and health similar to non-life	**R0280**	0
Non-life excluding health	**R0290**	0
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and u	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	0
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	0
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but	**R0400**	0
Cash and cash equivalents	**R0410**	1,117
Any other assets, not elsewhere shown	**R0420**	133
Total assets	**R0500**	6,230

Annex 1
S.02.01.01
Balance sheet

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	0
Technical provisions – non-life (excluding health)	**R0520**	0
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	0
Risk margin	**R0550**	0
Technical provisions - health (similar to non-life)	**R0560**	0
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	0
Risk margin	**R0590**	0
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	0
Technical provisions - health (similar to life)	**R0610**	0
Technical provisions calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and un	**R0650**	0
Technical provisions calculated as a whole	**R0660**	0
Best Estimate	**R0670**	0
Risk margin	**R0680**	0
Technical provisions – index-linked and unit-linked	**R0690**	0
Technical provisions calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	3
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	207
Reinsurance payables	**R0830**	0
Payables (trade, not insurance)	**R0840**	0
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**	181
Total liabilities	**R0900**	391
Excess of assets over liabilities	**R1000**	5,839

Annex 1
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	0	0	0	0	0	0	0	0	0
Net	R0200	0	0	0	0	0	0	0	0	0
Premiums earned										
Gross - Direct Business	R0210	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	0	0	0	0	0	0	0	0	0
Net	R0300	0	0	0	0	0	0	0	0	0
Claims incurred										
Gross - Direct Business	R0310	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	0	0	0	0	0	0	0	0
Net	R0400	0	0	0	0	0	0	0	0	0
Changes in other technical provisions										
Gross - Direct Business	R0410	0	0	0	0	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	0	0	0	0	0	0	0	0	0
Net	R0500	0	0	0	0	0	0	0	0	0
Expenses incurred	R0550	0	0	0	0	0	0	0	0	0
Other expenses	R1200									
Total expenses	R1300									

Annex 1
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of Business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110	0	0	149					149
Gross - Proportional reinsurance accepted	R0120	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	0	0
Reinsurers' share	R0140	0	0	159	0	0	0	0	159
Net	R0200	0	0	-10	0	0	0	0	-10
Premiums earned									
Gross - Direct Business	R0210	0	0	279					279
Gross - Proportional reinsurance accepted	R0220	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0	0
Reinsurers' share	R0240	0	0	263	0	0	0	0	263
Net	R0300	0	0	16	0	0	0	0	16
Claims incurred									
Gross - Direct Business	R0310	0	0	-25,377					-25,377
Gross - Proportional reinsurance accepted	R0320	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0330				0	0	0	0	0
Reinsurers' share	R0340	0	0	-25,377	0	0	0	0	-25,377
Net	R0400	0	0	0	0	0	0	0	0
Changes in other technical provisions									
Gross - Direct Business	R0410	0	0	0					0
Gross - Proportional reinsurance accepted	R0420	0	0	307					307
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	0	0	307	0	0	0	0	307
Other expenses	R1200								307
Total expenses	R1300								615

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

AmTrust Insurance Luxembourg
An AmTrust Financial Company

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		(by amount of gross premiums written)	(by amount of gross premiums written)	(by amount of gross premiums written)	(by amount of gross premiums written)	(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	149	0	0	0	0	0	149
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130	0	0	0	0	0	0	0
Reinsurers' share	R0140	159	0	0	0	0	0	159
Net	R0200	-10	0	0	0	0	0	-10
Premiums earned								
Gross - Direct Business	R0210	279	0	0	0	0	0	279
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230	0	0	0	0	0	0	0
Reinsurers' share	R0240	263	0	0	0	0	0	263
Net	R0300	16	0	0	0	0	0	16
Claims incurred								
Gross - Direct Business	R0310	-25,377	0	0	0	0	0	-25,377
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330	0	0	0	0	0	0	0
Reinsurers' share	R0340	-25,377	0	0	0	0	0	-25,377
Net	R0400	0	0	0	0	0	0	0
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	307	0	0	0	0	0	307
Other expenses	R1200							307
Total expenses	R1300	615	0	0	0	0	0	615

Annex 1
S.17.01.02
Non-Life technical provisions

		Accepted non-proportional reinsurance				
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport	Non-proportional property reinsurance	Total Non-Life obligation
		C0140	C0150	C0160	C0170	
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0
Total recoverable from reinsurance/SPV after the adjustment for expected losses due to counterparty default	**R0050**	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium Provisions						
Gross - Total	**R0060**	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	0	0
Net Best Estimate of Premium Provisions	**R0150**	0	0	0	0	0
Claims provisions						
Gross - Total	**R0160**	0	0	0	0	0
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	0	0	0
Net Best Estimate of Claims Provisions	**R0250**	0	0	0	0	0
Total Best estimate - Gross	**R0260**	0	0	0	0	0
Total Best estimate - Net	**R0270**	0	0	0	0	0
Risk margin	**R0280**	0	0	0	0	0
Amount of the transitional on Technical Provisions						
TP as a whole	**R0290**	0	0	0	0	0
Best Estimate	**R0300**	0	0	0	0	0
Risk Margin	**R0310**	0	0	0	0	0
Technical provisions						
Technical provisions - total	**R0320**	0	0	0	0	0
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	0	0	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- t	**R0340**	0	0	0	0	0

Annex 1
S.19.01.21
Non-life insurance claims

Total non-life business

Accident year / Underwriting year	Z0010	2 - Underwriting Year

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											-	R0100	-	-
N-9	R0160	-	-	-	-	-	-	-	-	-	-		R0160	-	-
N-8	R0170	-	-	-	-	-	-	-	-	-			R0170	-	-
N-7	R0180	-	-	-	-	-	-	-	-				R0180	-	-
N-6	R0190	-	-	-	-	-	-	-					R0190	-	-
N-5	R0200	-	3,782	1,969	-	358	-						R0200	-	6,108
N-4	R0210	190	237	-	629	-							R0210	-	1,057
N-3	R0220	570	422	3,664	-								R0220	-	4,657
N-2	R0230	6,146	6,005	-									R0230	-	12,151
N-1	R0240	184	-										R0240	-	184
N	R0250	-											R0250	-	-
													Total R0260	-	24,157

Annex 1
S.19.01.21
Non-life insurance claims

Total non-life business

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +			In current year
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300			C0360
Prior	R0100											0		R0100	0
N-9	R0160	0	0	0	0	0	0	0	0	0	0			R0160	0
N-8	R0170	0	0	0	0	0	0	0	0	0				R0170	0
N-7	R0180	0	0	0	0	0	0	0	0					R0180	0
N-6	R0190	0	0	0	0	0	0	0						R0190	0
N-5	R0200	0	0	0	0	0	0							R0200	0
N-4	R0210	0	0	0	0	0								R0210	0
N-3	R0220	0	0	5,081	0									R0220	0
N-2	R0230	0	11,039	0										R0230	0
N-1	R0240	9,257	0											R0240	0
N	R0250	0												R0250	0
													Total	R0260	0

Annex 1
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	5,462	5,462		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	378	378			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other items approved by supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified						
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	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	
Total basic own funds after deductions	R0290	5,839	5,839	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	5,839	5,839	0	0	0
Total available own funds to meet the MCR	R0510	5,839	5,839	0	0	
Total eligible own funds to meet the SCR	R0540	5,839	5,839	0	0	0
Total eligible own funds to meet the MCR	R0550	5,839	5,839	0	0	
SCR	R0580	508				
MCR	R0600	3,700				
Ratio of Eligible own funds to SCR	R0620	1149%				
Ratio of Eligible own funds to MCR	R0640	158%				

		Total	
		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	5,839	
Own shares (held directly and indirectly)	R0710	0	
Foreseeable dividends, distributions and charges	R0720	0	
Other basic own fund items	R0730	5,462	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0	
Reconciliation reserve	R0760	378	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	0	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0	
Total Expected profits included in future premiums (EPIFP)	R0790	0	

Annex 1
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	479		0
Counterparty default risk	R0020	75		
Life underwriting risk	R0030	0	0	0
Health underwriting risk	R0040	0	0	0
Non-life underwriting risk	R0050	0	0	0
Diversification	R0060	(51)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	503		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	8
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(3)
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	508
Capital add-on already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	R0220	508
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Annex 1
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	0

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

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	0

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

Overall MCR calculation

		C0070
Linear MCR	R0300	0
SCR	R0310	508
MCR cap	R0320	229
MCR floor	R0330	127
Combined MCR	R0340	127
Absolute floor of the MCR	R0350	3,700
		C0070
Minimum Capital Requirement	R0400	3,700

AMILSFCR00108052018

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