AmTrust International Limited

Solvency and Financial Condition Report

For the year ended 31 December 2022

AmTrust International

AmTrust International

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Summary (unaudited)

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Company overview

AmTrust International Limited (AIL and including its subsidiaries, the AIL Group) is the UK holding company for the UK-based insurance companies and related insurance intermediaries of AmTrust Financial Services Inc. (AFSI and including its subsidiaries, the AmTrust Group). 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.

AFSI is a privately held company as of 29 November 2018. The AmTrust Group is a multinational property and casualty insurer specialising in coverage for small businesses.

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 2022.

Business model

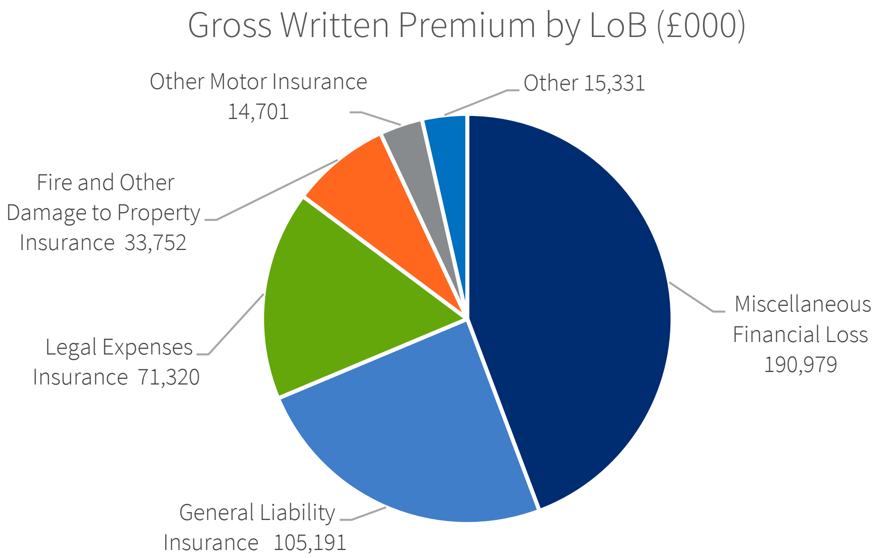
The AIL Group is headquartered in the UK and includes the following principal insurance subsidiaries:

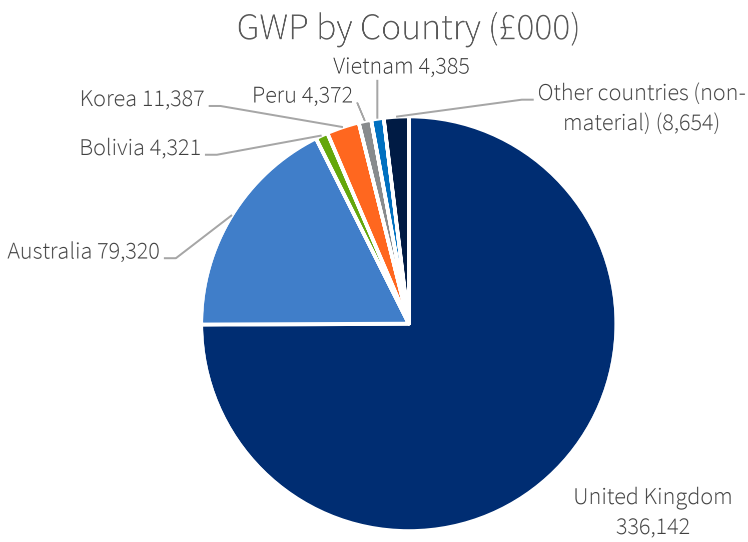
- AmTrust Europe Limited (AEL); and
- Motors Insurance Company Limited (MICL).

AIL also owns a number of intermediaries in the UK, Europe, Asia and the Americas, as well as the remainder of the AmTrust Group's Lloyd's platform which includes three Corporate Capital Vehicles (CCVs). Two of these CCVs are inactive and the third is in run-off. 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 along with the intermediaries. This means that the underlying results and risk exposures of the Lloyd's businesses and the intermediaries 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 0.

The AIL Group underwrites business in the UK, Europe, Asia, the Middle East and the Americas primarily within the following classes of business:

- *Miscellaneous financial loss*
  - Warranty
  - Mechanical breakdown
  - Guaranteed asset protection
- *Legal expenses*
- *General liability*
  - Professional indemnity
  - Structural defects (in run-off)
- *Fire and other damage to property*
  - Property
- *Credit and suretyship*
  - Mortgage insurance
  - Surety bonds
- *Other/remaining lines of business*
  - Medical expense (in run-off)
  - Other motor insurance and assistance





Material changes to AIL's business model

In 2022, AIL has seen another year of consolidation and embedding of controls. During the year we further reduced our line of business participation with our exit from A&H allowing us to focus on 5 key product lines. This reflected our continued determination to rationalise our portfolio and focus on our strengths. Similarly, we terminated our participation in the Title market. In each case our decision-making was aided by an understanding of the risk adjusted profitability through our Return on Capital modelling.

The split of our portfolio into Active lines and Run-Off has proved successful – we have created distinct strategies to manage both growth and exited portfolios.

The strategy intends to offer continuity and stability on the same focus and priorities that AIL has had over the last few years. The AIL Group is not proposing any sharp deviation from the strategies of prior years – the focus will remain on the five core lines of business without significant deviations into new product areas.

The continued focus on improving its systems of governance and controls, stand-alone operating capabilities and delegated underwriting model; and strengthening its financial condition and stability of its capital have resulted in the following changes to the Company's business model in 2022:

- Progressed group restructuring to deliver a more capital and operationally efficient structure – During 2022, the AIL Group continued to take steps to simplify its legal entity structure. As a result, the following direct and indirect subsidiaries of AIL, which are dormant in nature or are subsidiary holding companies, have been sold or dissolved in the year:
  - ANV Holdings (UK) Limited
  - ANV MGA Services BV
  - ANV Risk BV
  - AMT Mortgage Insurance Limited
  - AMT Mortgage Services Limited
  - AmTrust Underwriting Limited
  - AmTrust France SAS (sold during 2022)
- New reinsurance arrangement with AmTrust International Insurance Limited (AIIL) – AEL entered into a reinsurance arrangement with AIIL which is a related undertaking, to achieve operational finality on its legacy book (business underwritten 2019 and prior) and Run-Off Book and as a result significantly improved AEL's capital position (2022: 185% 2021: 145%) and it's capital stability. The counterparty exposure risk is managed through an arrangement where funds are withheld or collateral is held in trust for the full reinsurance exposure.

Business performance

Underwriting Performance – by material insurance entities in the AIL Group

AEL

AEL made a technical loss in 2022 of £9.9m (2021: loss of £42k) which is primarily driven by a strengthening of reserves for losses relating to structural defects included in general liability, and the loss recognised in the AIIL reinsurance arrangement. Losses were reported in general liability (£15.0m in 2022), miscellaneous financial loss (£3.9m in 2022) and fire and other damage property (£1.7m in 2022). These losses were offset by profit in legal expenses (profit of £11.7m in 2022).

MICL

Profitability levels improved in 2022 at a technical profit of £10.3m (2021: £8.7m). Whilst claims frequencies on mechanical breakdown returned to pre COVID levels and claims severities increased due to global inflation, the portfolio continued to be the largest contributor to the underwriting performance within MICL. Additionally claims frequencies and severities on GAP have remained lower than anticipated due to fewer road traffic accidents and high residual vehicle values, offsetting mobility levels being largely restored.

AMIL

AMIL was de-authorized as an insurance company effective 16 July 2021 and subsequently dissolved with effect from 1 March 2022.

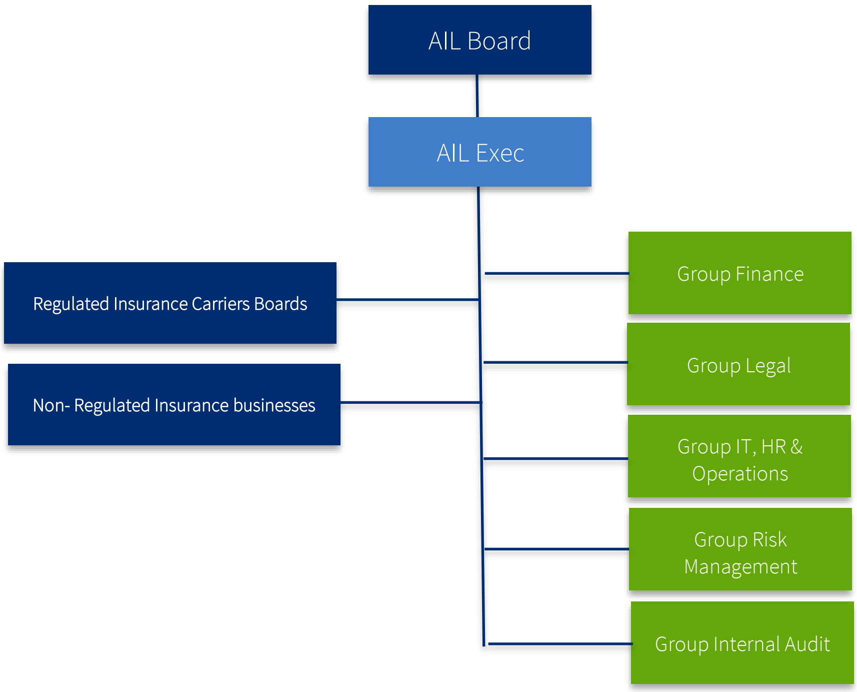
AmTrust International

Systems of Governance

AIL operates a decentralised Group Governance model where the primary accountability and day-to-day decision-making is carried out at 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 that 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. All significant subsidiaries within the AIL Group follow a 'three lines of defence' model from a local corporate governance point of view.

Responsibility for underwriting, day-to-day control and decision-making is maintained at a local entity level by independent boards, but the annual Business Plans for 2022 received strategic input and oversight from AIL.

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. Premium risk is the risk that premiums are insufficient to cover the value of claims made; and reserve risk is the risk that on-going claims are settled at a higher value than previously expected. 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 2022 both in terms of premiums and claims.

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 and foreign exchange 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.

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 its reinsurers.

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 Swiss Re and Amtrust International Insurance Limited (AIIL). AEL's exposure to the historic AIIL quota share is fully collateralised and the new reinsurance arrangement with AIIL is on a funds withheld or collateral basis. The Swiss Re quota share agreement is on a reserves withheld basis, reducing the net exposure. The credit quality of reinsurers is monitored when placing new and renewal reinsurance, as well as on an ongoing, current basis.

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.

Further information on AIL's risk profile is included 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 2022, the AIL Group's assets less liabilities were valued at £361.5m under Solvency II, compared with £287.0m 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 UK adopted 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 UK adopted Delegated Regulation (EU) 2015/35, which is further described in Section 0 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	31 Dec 2022 £000	31 Dec 2021 £000
Overall SCR	256,052	235,936
Own funds eligible for SCR coverage	361,453	295,377
SCR coverage	141%	125%
MCR	51,446	74,746
Own funds eligible for MCR coverage	361,453	295,226
MCR coverage	703%	395%

AIL's SCR split by risk module as of 31 December 2022 is shown in the table below.

Solvency Capital Requirement	31 Dec 2022 £000	31 Dec 2021 £000
Health NSLT underwriting risk	45	767
Non-Life underwriting risk	125,656	162,967
Market risk	47,547	38,494
Counterparty default risk	38,040	34,197
Undiversified Basic SCR	**211,288**	**236,425**
Diversification credit	(43,447)	(39,942)
Basic SCR	**167,841**	**196,483**
Operational risk	21,709	19,549
Loss absorbing capacity of DT	(9,375)	-
SCR Diversified	**180,175**	**216,032**
Capital requirement for residual undertakings	75,877	19,904
Overall SCR	**256,052**	**235,936**

AIL's solvency coverage has increased during the year from 125% to 141%. Own Funds have increased by £66.1m over the year while the SCR has increased by £20.1m.

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

The Board acknowledge their responsibility for preparing the AIL 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 AIL 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 AIL Group; and
- It is reasonable to believe that the AIL 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)

19 05 2023

Report of the external independent auditor to the Directors of AmTrust International Limited ('the Group') 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 (collectively "the Group") as at 31 December 2022:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Group as at 31 December 2022, ('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 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; and
- the written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('the Responsibility Statement').

In our opinion, the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report of the Group as at 31 December 2022 is prepared, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which it is based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations in effect as at the date of approval of the Solvency and Financial Condition Report, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which it is based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations in effect as at the date of approval of the Solvency and Financial Condition Report.

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 Group 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 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.

Emphasis of Matter – special purpose basis of accounting

We draw attention to the 'Valuation for solvency purposes', 'Capital Management' Capital Management sections of the Group Solvency and Financial Condition Report, which describe the basis of accounting of the information subject to audit in the

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

Relevant Elements of the Group Solvency and Financial Condition Report. 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.

Going concern

The Directors have prepared the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report on the going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Group Solvency and Financial Condition Report ("the going concern period").

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit, legal and risk, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board committee, Risk committee, Reserving committee, Remuneration committee and Audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet solvency targets, we perform procedures to address the risk of management override of controls, in particular the risk that the Group's management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the Solvency II technical provisions. We do not believe there is a fraud risk related to revenue recognition because the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report is a balance sheet driven report.

KPMG

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

We also performed procedures including:

- Evaluating the business purpose of significant unusual transactions; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report from our general commercial and sector experience, and through discussion with the those charged with governance and management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

As the Group includes regulated entities, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit.

The potential effect of these laws and regulations on the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report including regulatory capital and liquidity legislation and we assessed the extent of compliance with the PRA Rules and Solvency II regulations as part of our procedures on the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity legislation, GDPR legislation, anti-bribery, corruption and fraud, employment law, money laundering and certain aspects of Group legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other Information

The Directors are responsible for the Other Information.

KPMG

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

Our opinion on the information subject to audit in 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 information subject to audit in the Relevant Elements 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 information subject to audit in 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 information subject to audit 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 Group'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 Group 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 information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report is prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which it is based.

Our objectives are to obtain reasonable assurance about whether the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report is 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 information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report.

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

with the PRA rules and EU instruments relating to that undertaking from information provided by members of the Group and the relevant insurance group undertaking.

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 the Group's statutory financial statements for the year ended 31 December 2022. 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.

This engagement is separate from the audit of the annual financial statements of the Group and the report here relates only to the matters specified and does not extend to the Group's annual financial statements taken as a whole.

As set out in our audit report on those financial statements, that audit report is made solely to the Group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. The audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body for that audit work, for the audit report, or for the opinions we have formed in respect of that audit.

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

This report of the external auditor is made solely to the Group'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 Group'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 Group, 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 Group'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 Group through its governing body, for our audit, for this report, or for the opinions we have formed.

Umar Jamil

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

19 May 2023

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

Appendix to Report of the external independent auditor to the Directors of [Amtrust International Limited] ('the Group') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms – 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:

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- 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

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 is headquartered in the UK and includes the following principal insurance subsidiaries:

- AmTrust Europe Limited (AEL); and
- Motors Insurance Company Limited (MICL).

AIL also owns a number of intermediaries in the UK, Europe, Asia and the Americas, as well as the remainder of the AmTrust Group's Lloyd's platform which includes three Corporate Capital Vehicles (CCVs). Two of these CCVs are inactive and the third is in run-off. 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 along with the intermediaries. This means that the underlying results and risk exposures of the Lloyd's businesses and the intermediaries 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 0.

AIL's registered address is as follows:

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

A.1.2 Supervisory authority

AIL is subject to the AIL Group Supervision requirements of Solvency II. Insurance entities within the AIL Group are regulated by the Prudential Regulatory Authority (PRA).

The PRA's registered address is as follows:

Prudential Regulation Authority,
20 Moorgate, London
EC2R 6DA
Tel 020 7061 4444

A.1.3 External auditor

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

KPMG's UK office is located at:

KPMG LLP,
15 Canada Square,
London,
E14 5GL

A.1.4 Shareholders of qualifying holdings in the undertaking

AIL is a wholly owned subsidiary of AmTrust Equity Solutions Limited (AES).

AES is a holding company for part of the AmTrust Group's International operations domiciled in Bermuda.

AES's registered address is as follows:

AmTrust Equity Solutions Limited
7 Reid Street
Suite 400
Hamilton
HM 11
Bermuda

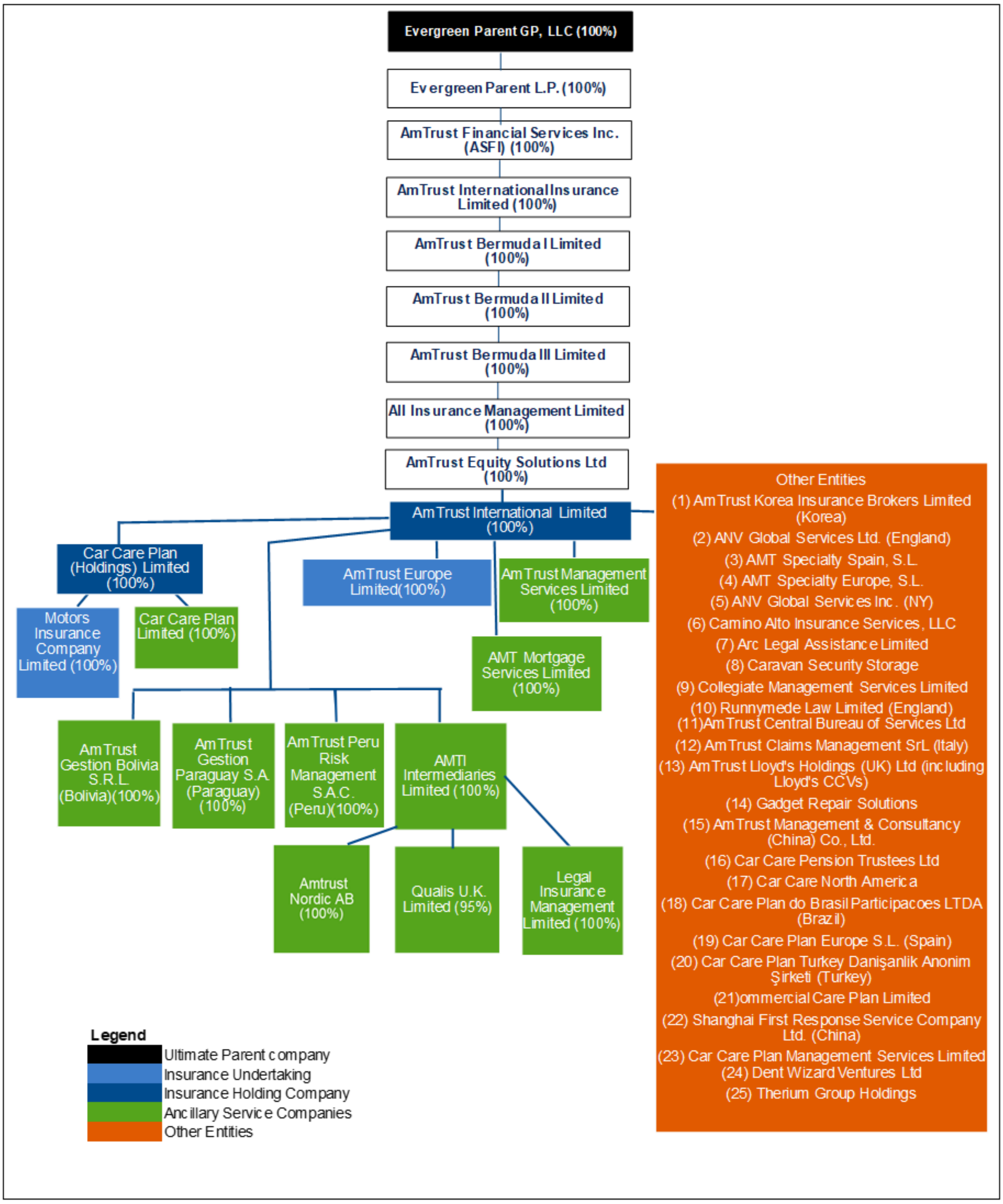
AIL's ultimate parent is Evergreen Parent GP, LLC (Evergreen), a Delaware registered US limited liability company.

Evergreen's registered address is as follows:

Evergreen Parent GP, LLC
Corporation Trust Center
1209 Orange Street,
Wilmington, DE, 19801

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

The diagram below shows the position of AIL within the AmTrust Group, and the entities within the scope of AIL 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.



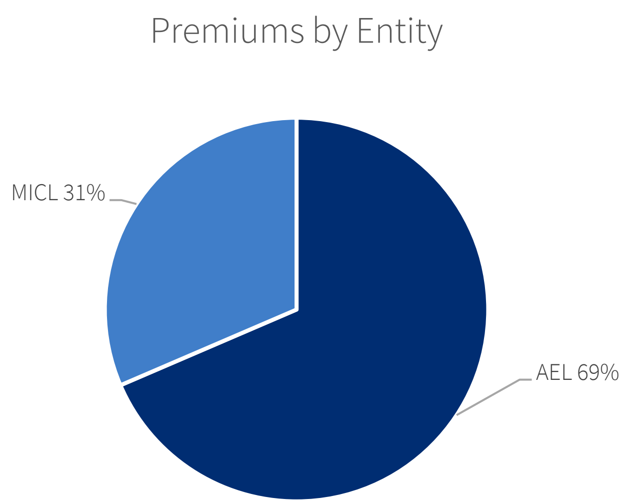
A.1.5 Material lines of business and material geographical areas

As shown in the legal entity structure chart above, the AIL Group 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 non-European countries. The material lines of business are General Liability Insurance, Miscellaneous Financial Loss, Legal Expenses, Fire & Other Damage to Property and Credit & Suretyship.
2. Motors Insurance Company Limited (MICL) - UK registered insurance company writing miscellaneous financial loss (motor breakdown insurance) and other ancillary motor lines of business across the UK, Europe, China and the Americas. MICL's primary underwriting focus is in the motor add-on insurance market, offering a number of distinct products within this segment.

The split of earned premiums for each of the insurance businesses within the AIL Group is shown in the chart below.

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 also owns Lloyd's CCVs, 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

The following significant events impacted the AIL Group during the year, or are expected to impact the AIL Group in the future:

- Progressed group restructuring to deliver a more capital and operationally efficient structure – During 2022, the AIL Group continued to take steps to simplify its legal entity structure. As a result, the following direct and indirect subsidiaries of AIL, which are dormant in nature or are subsidiary holding companies, have been sold or dissolved in the year:
  - ANV Holdings (UK) Limited
  - ANV MGA Services BV
  - ANV Risk BV

- AMT Mortgage Insurance Limited
- AMT Mortgage Services Limited
- AmTrust Underwriting Limited
- AmTrust France SAS (sold during 2022)

- New reinsurance arrangement with AmTrust International Insurance Limited (AIIL) – AEL entered into a reinsurance arrangement with AIIL which is a related undertaking, to achieve operational finality on its legacy book (business underwritten 2019 and prior) and Run-Off Book and as a result significantly improved AEL's capital position (2022: 185% 2021: 145%) and it's capital stability. The counterparty exposure risk is managed through an arrangement where funds are withheld or collateral is held in trust for the full reinsurance exposure.

A.2 Underwriting Performance

A.2.1 Overview

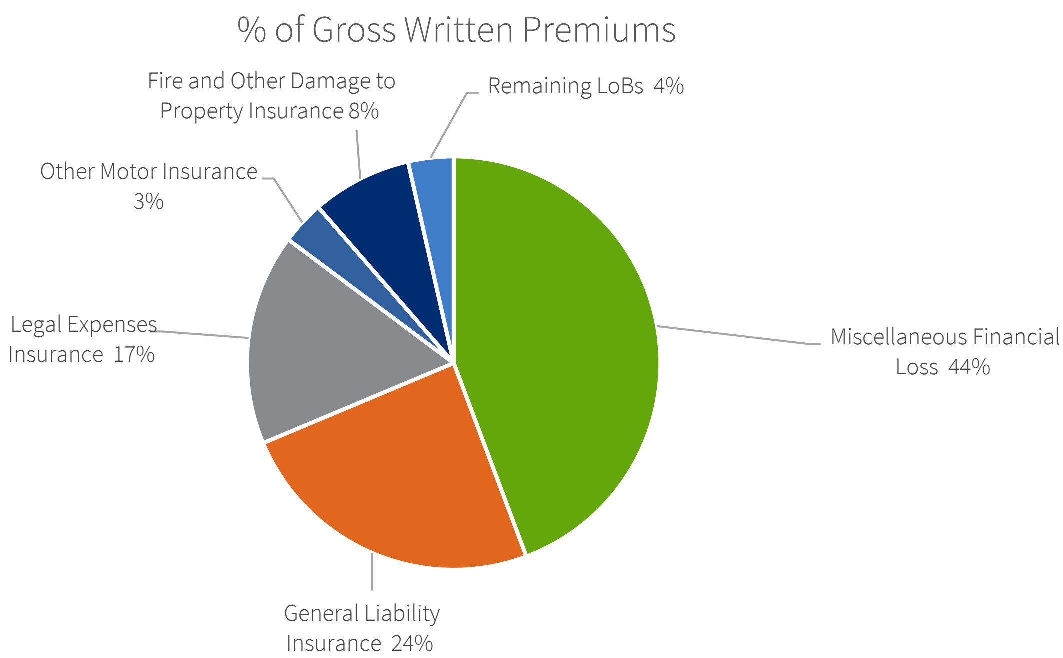
All insurance entities within the AIL Group seek to adopt strong risk appetites and underwriting disciplines in the lines of business that they participate in, and employ experienced and professional underwriters that have a good track record of underwriting profitably throughout the insurance cycle.

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

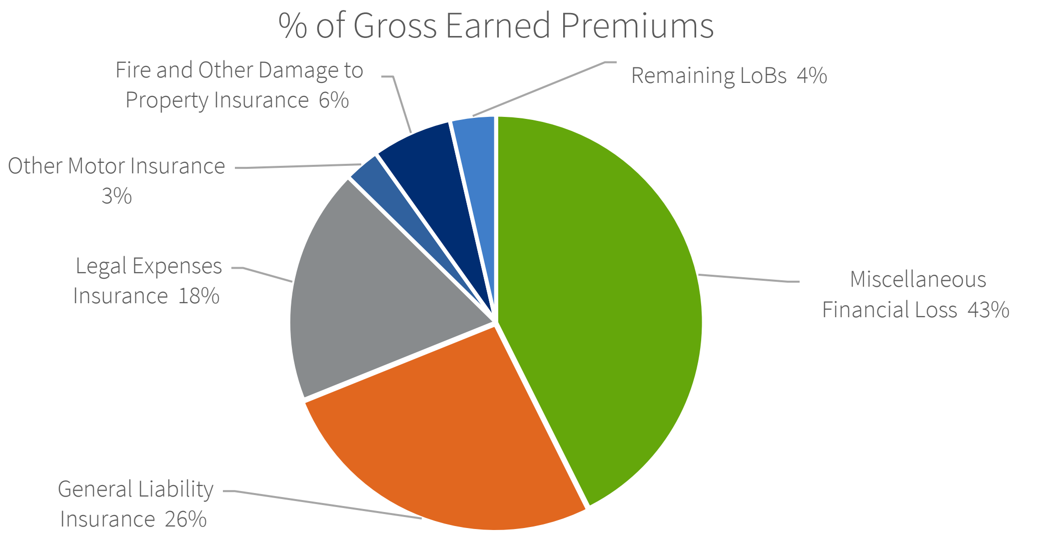
A.2.2 Underwriting Performance – by Premium, Claims, and Expenses

A.2.2.1 Gross Written Premiums (GWP)

The gross written premiums for the AIL Group amounted to £431.3m (2021: £460.3m) with gross earned premiums of £463.7m (2021: £450.3m) for the 12 months ended 31 December 2022. The split by line of business on written and earned premiums is given below:

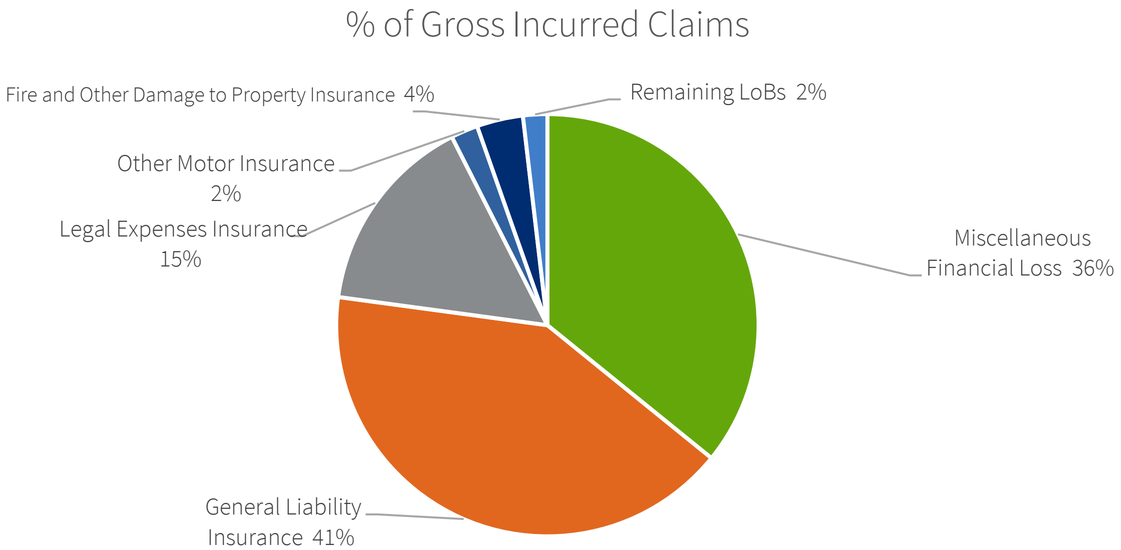


A.2.2.2 Gross Earned Premiums (GEP)



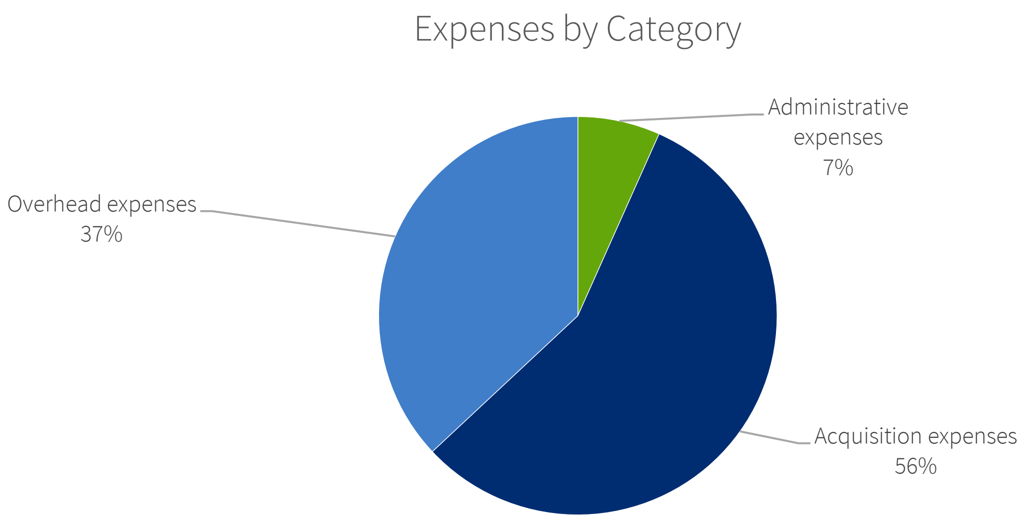
A.2.2.3 Gross Incurred Claims (GIC)

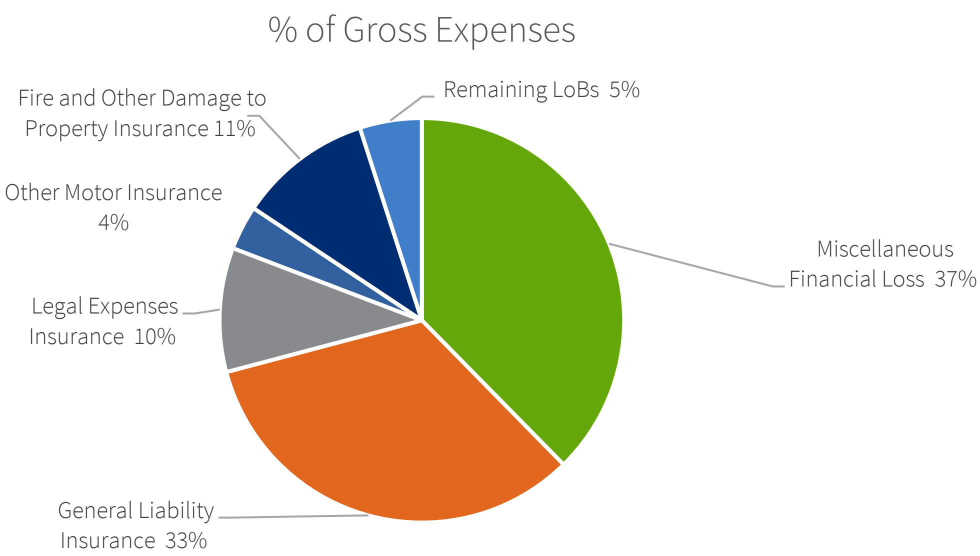
Gross incurred claims amounted to £333.5m (2021: £280.2m), which is split by line of business below:



A.2.2.4 Gross Expenses & Expenses by Category

Net technical expenses, including acquisition costs and operating expenses, for the year amounted to £120.9m (2021: £133.1m). A more detailed breakdown of expenses by line of business and by expense category is shown below:





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

A.2.3.1 AEL

AEL made a technical loss in 2022 of £9.9m (2021: loss of £42k) which is primarily driven by a strengthening of reserves for losses relating to structural defects included in general liability and the loss recognised in the AIIL reinsurance arrangement. Losses were reported in general liability (£15.0m in 2022), miscellaneous financial loss (£3.9m in 2022) and fire and other damage property (£1.7m in 2022). These losses were offset by profit in legal expenses (profit of £11.7m in 2022).

Net premiums written in 2022 were down by £49.9m versus prior year. Miscellaneous financial loss is £21.1m down on prior year (£28.9m in 2022; £49.9m in 2021), legal expenses is down £5.3m (£35.0m in 2022; £40.3m in 2021) and general liability down £19.9m (£59.7m in 2022; £79.6m in 2021). Net premiums earned is lower by £12.6m in 2022 (£177.0m in 2022; £189.6m in 2021) primarily due to the impacts on net written premiums described above.

Net claims incurred increased by £3.3m versus prior year at £104.5m in 2022 (2021: £101.2m). This was primarily due to general liability (£46.4min 2022; £35.0m in 2021) driven by higher losses in structural defects and professional indemnity, offset by lower losses in fire and other property damage (£6.0m in 2022; £9.5m in 2021), and legal expenses (£22.1m in 2022; £27.0m in 2021). These movements were primarily due to a reduction in business volumes as a result of the Company's 'Grow/Fix/Exit' plan partially and the higher reserve strengthening in 2022 in certain exited lines of business.

Net operating expenses decreased by £6.1m versus prior year at £82.3m in 2022 (2021: £88.4m) primarily from a reduction in net acquisition costs (from lower premiums) which are included in net operating expenses.

A.2.3.2 MICL

Following the COVID impacted years in 2020 and 2021, 2022 GWP increased across all key products, ending 13% higher year on year, in spite of used car transactions in the Company's principal market, the UK, being 8.5% down in the year.

Whilst claims frequencies on MBI returned to pre COVID levels and claims severities increased due to global inflation, the MBI portfolio continued to be the largest contributor to the underwriting performance within MICL.

Although mobility levels have to some extent been restored, claims frequencies and severities on GAP have remained lower than anticipated due to fewer road traffic accidents and high residual vehicle values.

Profitability levels improved in 2022, MICL continues to adopt strong risk appetites and underwriting disciplines in the lines of business that it participates in and has a core team of experienced and professional underwriters that have a good track record of achieving target loss ratios over many years.

A.2.3.3 AMIL

AMIL was de-authorized as an insurance company effective 16 July 2021 and subsequently dissolved with effect from 1 March 2022.

A.2.4 Underwriting Performance – by material line of business in the AIL Group (LoB)

Description	Miscellaneous Financial loss	General Liability insurance	Legal Expenses Insurance	Other Motor Insurance	Fire and other damage to property insurance	Remaining LoBs	Total
2022	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	190,979	105,191	71,320	14,701	33,752	15,331	431,274
Reinsurers' share	90,913	45,484	36,357	6,790	14,942	9,499	203,985
Net premiums written	100,066	59,707	34,963	7,911	18,810	5,832	227,289
Gross premiums earned	197,646	121,833	85,624	12,896	29,046	16,631	463,676
Reinsurers' share	81,752	51,314	39,403	4,730	10,334	9,828	197,361
Net premiums earned	115,894	70,519	46,221	8,166	18,712	6,803	266,315
	-						
Gross claims incurred	119,542	137,735	51,341	6,913	11,817	6,192	333,540
Reinsurers' share	55,334	91,294	29,220	3,200	5,832	3,674	188,554
Net claims incurred	64,208	46,441	22,121	3,713	5,985	2,518	144,986
	-						
Gross expenses	55,914	48,081	14,367	5,130	15,459	7,171	146,122
Reinsurers' share	10,590	9,052	1,973	548	1,062	2,004	25,229
Net expenses	45,324	39,029	12,394	4,582	14,397	5,167	120,893
Net technical result							436

Description	Miscellaneous Financial loss	General Liability insurance	Legal Expenses Insurance	Other Motor Insurance	Fire and other damage to property insurance	Remaining LoBs	Total
2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	203,805	118,002	79,459	12,837	32,255	14,020	460,378
Reinsurers' share	82,930	38,375	39,178	5,313	11,151	6,331	183,278
Net premiums written	120,875	79,627	40,281	7,524	21,104	7,689	277,100
Gross premiums earned	184,960	119,083	85,125	13,296	30,359	17,464	450,287
Reinsurers' share	64,132	43,463	41,254	3,237	10,776	7,599	170,461
Net premiums earned	120,828	75,620	43,871	10,059	19,583	9,865	279,826
Gross claims incurred	115,497	74,264	61,395	6,136	17,921	4,947	280,160
Reinsurers' share	53,822	39,255	34,412	2,057	8,434	2,337	140,317
Net claims incurred	61,675	35,009	26,983	4,079	9,487	2,610	139,843
Gross expenses	60,621	50,210	17,565	6,536	13,810	5,577	154,319
Reinsurers' share	7,338	5,928	3,798	339	1,287	2,513	21,203
Net expenses	53,283	44,282	13,767	6,197	12,523	3,064	133,116
Net technical result							6,868

A.2.4.1 General Liability Insurance

A.2.4.1.1 Casualty

AEL (100% of GEP)

AEL's Professional Indemnity (PI) product protects professionals against their legal liability for claims arising as a result of negligence during the course of carrying out their professional duties. AEL distributes PI through brokers, binders and an AmTrust Group owned MGA, Collegiate Management Services Limited. These products almost exclusively targets UK SMEs. AEL target UK domiciled companies.

The issues related to these claims are not prevalent in the remainder of AEL's other business in this class. AEL has been focused on growing the PI book as rates have hardened considerably in the last year presenting opportunities, albeit paying appropriate attention to the conduct risk associated with the SME client base. The Company has continued to improve the renewal book through underwriting and risk selection.

A.2.4.2 Miscellaneous Financial Loss

AEL (46% of GEP)

The main lines of business within this class are warranty and structural defects.

AEL offers a variety of warranty products including, but not limited to, motor, electrical device, home emergency and plant and equipment. The portfolio is balanced between coverholder-managing general agent (MGA) arrangements and reinsurance/contractual liability insurance policies ('CLIPs'); taking into account the conduct and compliance resources required to manage the business effectively. The majority of the portfolio is dedicated to consumer programmes, typically where the general public are purchasing insurable products from AEL's clients. AEL also offers warranties on commercial plant and machinery, where customers are small or large businesses.

Profitability in sub-segments has been steady, supported by receipt and analysis of detailed performance information. AEL's aim is to manage a smaller number of higher premium accounts, targeting a balanced portfolio mix in relation to short- and long-term risks.

In relation to Structural Defects, AEL elected to exit the structural defects market in 2019 and issued notice of termination on its remaining contracts. All accounts were terminated during 2019 except for one, which terminated in March 2020. This is long-tail business with up to ten years cover, so the business will continue to run-off up until 2030.

MICL (54% of GEP)

MICL's core product lines in this class of business are Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP), primarily in UK and Europe, at 95% an 4% respectively .

Following the COVID impacted years in 2020 and 2021, 2022 GWP increased across all key products, ending 13% higher year on year, in spite of used car transactions in the Company's principal market, the UK, being 8.5% down in the year.

Whilst claims frequencies on MBI returned to pre COVID levels and claims severities increased due to global inflation, the MBI portfolio continued to be the largest contributor to the underwriting performance within MICL.

Although mobility levels have to some extent been restored, claims frequencies and severities on GAP have remained lower than anticipated due to fewer road traffic accidents and high residual vehicle values.

Profitability levels improved in 2022, as continues to adopt strong risk appetites and underwriting disciplines in the lines of business that it participates in and has a core team of experienced and professional underwriters that have a good track record of achieving target loss ratios over many years.

A.2.4.3 Legal Expense Insurance

AEL (100% of GEP)

AEL's legal expenses portfolio consists of a wide variety of products that fall into before the event (BTE), commercial and personal after the event (ATE) and litigation funding business segments. AEL predominately utilises coverholder-MGAs to write BTE legal expenses business; and mainly distributes directly or via brokers without delegation for ATE and Litigation Funding business. These products are primarily targeted at consumer and commercial customers; however, circa 25-30% of the consumer BTE business is through inwards reinsurance. Distribution varies for different products and is primarily focused in the UK, Canadian and Australian market.

This business continued to be a specific area of growth for the foreseeable future; 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 its current customer base. Across segments, AEL's strategic objective is to be the leading provider, ensuring competitive edge is maintained through quality underwriting, providing a bespoke rather than commoditised service where possible and ensuring distribution is well considered.

Profitability in sub-segments has been steady. The markets for BTE and commercial ATE are highly competitive, whilst the personal ATE market has consolidated following government reforms.

A.2.4.4 Credit and Suretyship Insurance

AEL (100% of GEP)

The main lines of business within this class are Mortgage & Credit and Surety.

AEL's mortgage & credit products protect banks, building societies and consumers. AEL transacts the mortgage products directly; whilst the credit products are provided in conjunction with delegated partners through brokers. Mortgage products are have been transacted through a newly created AmTrust Group MGA, Qualis U.K. Limited in 2021. AEL's target mortgage insurance channels are mainly small to medium-sized banks and building societies in the UK and globally through reinsurance contracts in non-EEA countries. AEL's target credit customers are consumers within the UK purchasing income protection products.

AEL writes Surety business on an inward resinsurance basis from Latin America (LATAM). In line with AEL's risk appetite both quota share and excess of loss reinsurance is used to protect the account. The account is overseen by a professional team including lawyers, economists and accountants.

A.2.4.5 Fire and Other Damage to Property Insurance

AEL (100% of GEP)

AEL offers a range of specialist property insurance products, all of which are currently underwritten by coverholder-MGAs. Although AEL remains a small player in the overall property insurance sector, it is established in a number of smaller sub-segments of the market such as caravan, residential let (commercial and retail), tenants' contents, and unoccupied property insurance. AEL also writes commercial property insurance covering predominantly small to medium size commercial premises and targeted at a mixture of retail and SME commercial customers. AEL is, however, close to launching products on a Direct / Reinsurance basis writing predominately excess of loss commercial Property business for Corporate Customers.

The majority of AEL's customers are based in the UK with currently only two Coverholders having no UK business.

The sub-segments of caravan and residential let are underserved niches in the market that have relatively low competition and have proved to be consistently profitable. Residential Let has seen inflationary pressure in the building and building material market leading to increased claims costs in 2021, as a result rate increases were effected on renewals. Dislocation in the Commercial Property market due to market losses over a number of years have presented growth opportunities for AEL on both primary and excess of loss basis.

A.2.4.6 Remaining Lines of business

The remaining lines of business are the following:

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

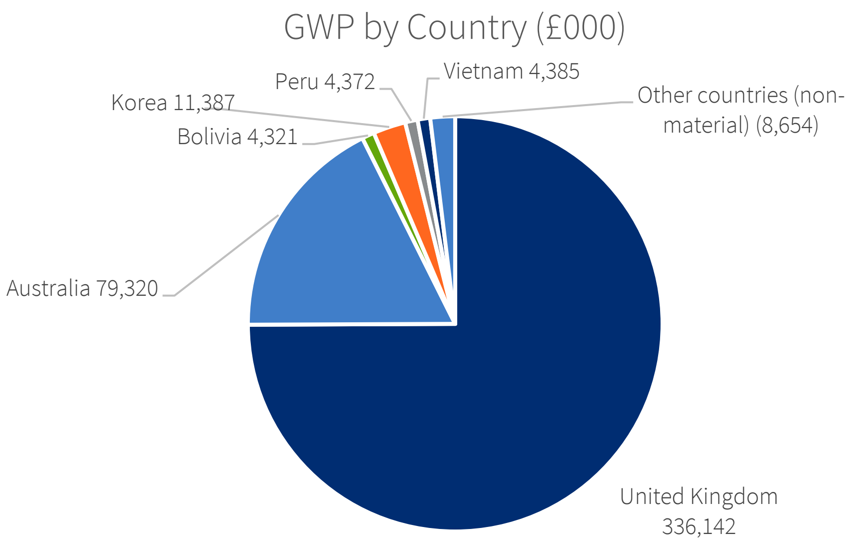
These lines of business account for the following:

- Gross Written Premium – 4%
- Gross Earned Premium - 3%
- Gross Claims Incurred – 2%
- Gross Expenses incurred – 3%

The majority of this remaining business originates from MICL as other motor insurance.

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	Australia	Korea	Vietnam	Peru	Bolivia	Other countries	Total
2022	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	336,142	79,321	11,387	4,385	4,372	4,321	(8,654)	431,274
Reinsurers' share	160,991	31,724	8,146	2,211	2,598	3,298	(4,983)	203,985
Net premiums wirtten	175,151	47,597	3,241	2,174	1,774	1,023	(3,671)	227,289
Gross premiums earned	403,945	31,984	9,698	1,877	5,869	3,692	6,612	463,676
Reinsurers' share	171,263	9,659	7,590	901	3,162	3,285	1,501	197,361
Net premiums earned	232,682	22,325	2,108	976	2,707	407	5,111	266,315
Gross claims incurred	288,486	31,565	955	(3,915)	4,470	268	11,711	333,540
Reinsurers' share	165,793	13,984	477	(1,191)	2,736	244	6,511	188,554
Net claims incurred	122,693	17,581	478	(2,724)	1,734	24	5,200	144,986
Net expenses	99,637	16,978	1,463	559	2,357	574	(674)	120,893
Net technical result								436

Country	United Kingdom	United Arab Emirates	Bolivia	Canada	China	Malaysia	Other countries	Total
2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GWP	385,273	10,095	6,653	14,033	7,654	26,479	10,192	460,379
Reinsurers' share	154,747	3,386	4,331	4,765	3,264	9,734	3,052	183,279
Net premiums wirtten	230,526	6,709	2,322	9,268	4,390	16,745	7,140	277,100
Gross premiums earned	383,780	9,691	6,410	12,940	3,851	3,909	29,706	450,287
Reinsurers' share	146,448	3,184	4,209	5,339	1,415	1,411	8,454	170,460
Net premiums earned	237,332	6,507	2,201	7,601	2,436	2,498	21,252	279,827
Gross claims incurred	247,755	6,214	-	670	3,056	817	21,647	280,159
Reinsurers' share	127,110	2,522	-	268	1,307	703	8,406	140,316
Net claims incurred	120,645	3,692	-	402	1,749	114	13,241	139,843
Net expenses	113,471	1,109	1,914	4,332	813	4,961	6,516	133,116
Net technical result								6,868

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 AmTrust 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.

Net income from the bond investments was a loss of £16m in 2022, which was a £9m greater loss than in prior year (2021: £7m). This represents interest income, net of investment expenses, of £8m (2021: £10m), unrealised losses of £20m (2021: loss of £9m) and realised loss on sale of £3m (2021: loss of £5m). The decrease in net income from these investments year on year was primarily a result of the general market volatility related to the economy and inflationary concerns and the valuation of fixed term bonds.

Income from equity instruments is derived from other AIL Group 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 and MICL.

Income and expenses during the year are shown in the table below.

2022	Dividends £'000	Interest £'000	Rent £'000	Net gains and losses £'000	Unrealised gains and losses £'000	Total £'000
Government Bonds	-	2,420	-	(2,943)	(8,317)	(8,840)
Corporate Bonds	-	5,110	-	(122)	(11,880)	(6,892)
Equity instruments	5,496	(81)	-	(2,129)	63,733	67,019
Investment funds	-	-	-	-	-	-
Collateralised securities	-	-	-	-	-	-
Cash and deposits	-	(976)	-	(39)	-	(1,015)
Mortgages and Loans	-	3,048	-	-	-	3,048
Properties	-	-	431	-	(136)	295
Total	**5,496**	**9,521**	**431**	**(5,233)**	**43,400**	**53,615**

2021	Dividends £'000	Interest £'000	Rent £'000	Net gains and losses £'000	Unrealised gains and losses £'000	Total £'000
Government Bonds	-	4,425	-	(4,564)	(3,801)	(3,940)
Corporate Bonds	-	5,102	-	(150)	(8,096)	(3,144)
Equity instruments	40,662	1,714	-	-	14,310	56,686
Investment funds	-	-	-	-	-	-
Collateralised securities	-	-	-	-	-	-
Cash and deposits	-	(517)	-	(128)	-	(645)
Mortgages and Loans	-	2,078	-	-	-	2,078
Properties	-	-	520	-	264	784
Total	**40,662**	**12,802**	**520**	**(4,842)**	**2,677**	**51,819**

A.4 Performance of other activities

AmTrust Management Services Ltd. (AMSL), a subsidiary of AIL, earned £1.2m (2021: £12.3m) in respect of fee income in the year for services performed in relation to the whole account quota-share reinsurance programme in AEL with AII. 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 0 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

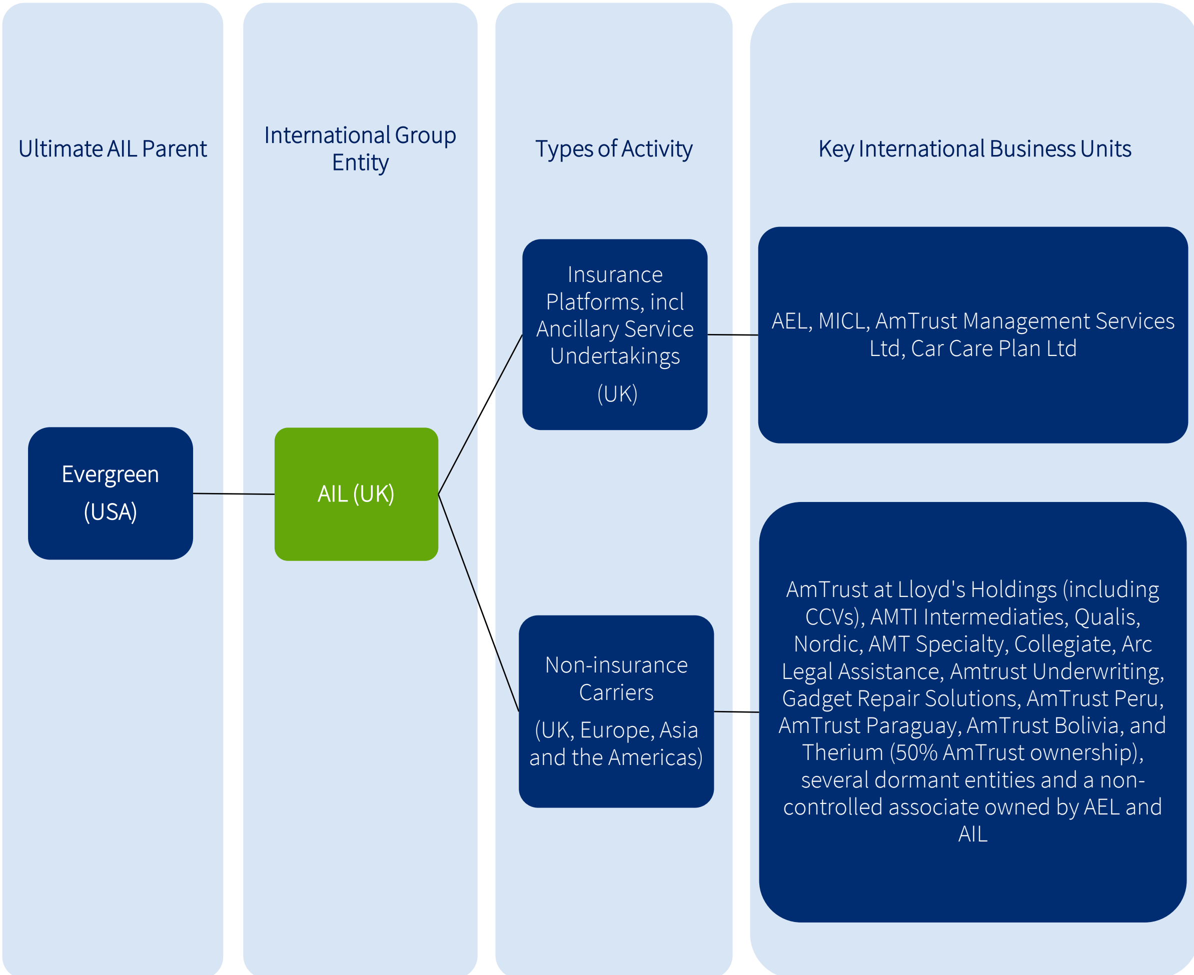
B System of Governance (unaudited)

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 the UK, Europe, Asia, the Middle East and the Americas. The AIL Group manages two fully owned legal subsidiaries that carry out insurance and/or reinsurance activities, as well as a number of non-insurance carriers based in the UK, Asia and the Americas. 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 in the UK, Asia and the Americas though the day-to-day operations of those entities are monitored more closely by the Boards of those solo entities.

The AIL insurance carriers include AEL and MICL. 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 2022:

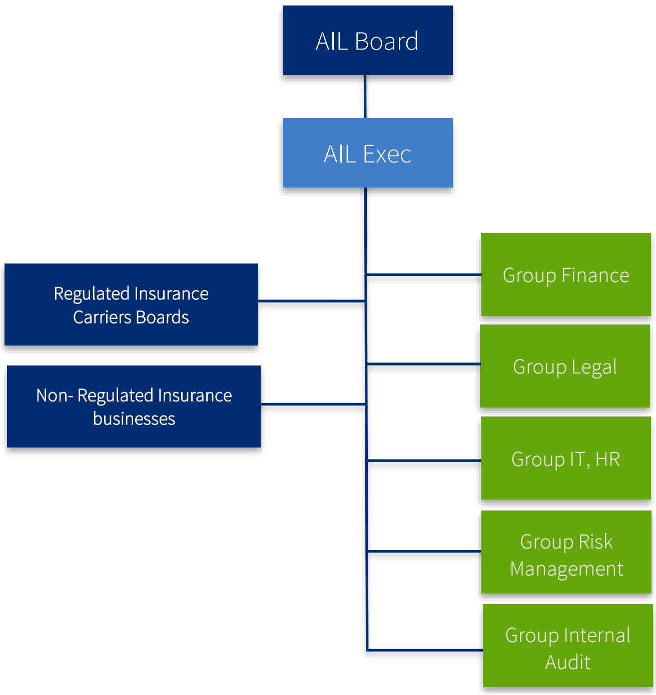


B.1.1 The Board and System of Governance

AIL operates a decentralised Group Governance model where the primary accountability and day-to-day decision-making is carried out at 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 that 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 on its website (*https://amtrustfinancial.com/amtrustinternational/corporate-governance/solvency-financial-condition-reports*).

All significant subsidiaries within the AIL Group follow a 'three lines of defence' model from a local corporate governance point of view.

Responsibility for underwriting, day-to-day control and decision-making is maintained at a local entity level by independent boards, but the annual Business Plans for 2022 received strategic input and oversight from AIL.



B.1.1.1 Board

The AIL Board is made up of the AmTrust Group CEO, the AmTrust International CEO and the AmTrust International 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:

- the generation of underwriting and operating income, including premium and revenue generation and loss and expense management;
- the development and implementation of strategy, operational plans, policies, procedures and budgets;
- the monitoring of operating and financial performance;
- the assessment and control of risk; and

the prioritisation and allocation of resources.

The Committee is composed of the following Executive Members:

Executive Member	Key Role
AIL Group 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 HR;
- AIL Group IT;
- AIL Group Internal Audit;
- Underwriting; and
- Entity CEOs.

B.1.1.3 Key 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, where appropriate there is commonality around the standards of operation and that the local entities follow business plans that 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.

The four key control functions are Risk Management, Compliance, Internal Audit and Actuarial. Further information on each of these key functions is detailed in sections B.3, B.4, B.5 and B.6 respectively.

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.

Key Entities within the AIL Group	AmTrust Europe Ltd (AEL)	Motors Insurance Company Ltd (MICL)	Non-Insurance Carrying Entities
Company Overview	UK Insurance Company writing multiple classes of business in UK & The Rest of the World (Non-EU)	UK Insurance Company writing primarily UK Extended Motor Warranty	A number of intermediaries or fee earning entities. Largest entities include Car Care Plan (CCP), Arc Legal and Collegiate
Key Classes of Business	PI, Legal Expenses, Property, Warranty, Mortgage & Credit	Mechanical Breakdown Insurance (MBI) and Guaranteed Asset Protection (GAP)	
Board of Directors	●	●	●
Independent Non-Executive Directors	●	●	
Executive Committee	●	●	
Board Audit Committee	●	●	
Board Risk Committee	●	●	
Board Reserving Committee	●	●	
Board Remuneration Committee	●	●	
Dedicated Risk Function	●	●	
Dedicated Actuarial Function	●	●	
Standalone Compliance Function	●	●	

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

Whilst the companies that comprise the AIL Group have made appointments to fill key roles, no other significant changes in the overall AIL system of governance were noted during 2022.

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. Policies, plans and programmes are either defined at AIL Group level or follow AmTrust Group principles with variation as appropriate to the Company and prevailing regulatory and / or legislative requirements.

B.1.3.1 Key Principles

As above, the policies vary by entity, but the remuneration frameworks follow similar key principles:

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 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 with both short and long term performance is taken into consideration as appropriate;
- Ensure the appropriate governance and independence as it relates to pay decisions and the appropriate scrutiny as it relates to key employees including those designated as Solvency II employees; and
- No member of the Remuneration Committee is involved in deliberations or decision making on their own pay or the pay of the other members of the Remuneration Committee.

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 base pay as relevant to remit and seniority;
- The proportion of pay delivered through variable remuneration generally increases with seniority within the organisation. This reflects the increased ability to impact the success of the organisation with increased seniority, and is in line with general market practice;
- Variable pay awards are designed to take into consideration both individual and business performance as appropriate for the role. Individual performance is assessed based upon performance against objectives (financial and non-financial) and also in line with the applicable competency framework. Business performance is aligned to agreed financial metrics and the individual component is designed to drive certain behaviours, including the exhibiting of the Company's values, advancing our culture and complying with the requirements of the regulatory regimes;
- All programmes allow flexibility and discretion which permit the respective board and management to ensure appropriate awards are made in all circumstances;
- Variable pay structures ensure that AmTrust's senior employees are aligned not only to the annual goals but also the long term success of the relevant business and AmTrust group through deferral and long term incentive arrangements linked to group performance over a multi-year period, typically 4 years; and
- Ensure alignment to risk and performance of the business with provisions as applicable to the business and/or population enabling the relevant Boards or Remuneration Committees to make a downward adjustment to proposed awards at either aggregate or individual level or to prevent the vesting of some or all of a tranche of a deferred award in line with the performance of either the individual or business.

B.1.3.3 Supplementary pension scheme for Board members

Across the AIL Group, Board members who are also employees are entitled to join an applicable and appropriate workplace pension scheme. The AIL Group does not provide any supplementary pension to its Independent Non-Executives.

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.

AIL also has had no material transactions with members of the Board during the reporting period.

B.1.3.5 Adequacy of the system of governance

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

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 two 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 Management Function (SMF) or, Certified Person 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 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 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 dedicated risk function, that works in collaboration with 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.

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.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 key operating regulated insurance subsidiaries within the AIL Group:

ERM Process	AEL	MICL	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. The Risk Management function and Capital Management function work collaboratively to consider a range of scenarios based on the risks identified in the RCSAs and top-down risk assessments
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 using a stochastic capital model or the Solvency II Standard Formula calculation. Results are regularly reviewed with representation from both the Risk and Capital Management functions to ensure all material risks are considered.
ORSA	●	●	Formal ORSA process in line with Solvency II, signed off by the Board. The process brings together all aspects of Risk Management and Capital Management.
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 closure of a business in the event of a failure and includes identification of critical economic functions; key dependencies between entities and functions; and preferred resolution strategies and their implications. Both plans are formulated with input from the Capital Management function.

Emerging Risk Reporting	●	●	Identify primarily external factors that give rise to new challenges, uncertainties and opportunities that are already having, or may at some stage in the future, have an impact on the Company's strategic objectives. The Risk Management function maintain a log of all identified emerging risks and associated action plans.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The ORSA brings together the ERM processes described above, enabling the Board of each entity to assess, monitor, manage, and report the short and long term risks that it faces or may face and to determine the Own Funds necessary to ensure the their overall solvency needs are met at all times.

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

Currently all UK insurers within the AIL Group adhere to Solvency II requirements and use the Standard Formula to calculate their individual solvency capital requirements and available capital (Own Funds). 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. Each UK insurer within the AIL Group completes an ORSA process annually, on a 'business as usual' basis, or if there is a material change in risk profile.

AIL's direct parent, AmTrust International Insurance Ltd, is registered in Bermuda, a Solvency II equivalent jurisdiction. It completes a Commercial Insurer's Solvency Self-Assessment (CISSA) report for the Bermuda Monetary Authority (BMA) on at least an annual basis, assessing risk governance and capital adequacy under normal and stressed conditions. AIL is included within this assessment and, as such, does not produce its own ORSA.

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 as part of the internal 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 Compliance functions of the entities within the AIL Group is independent of any business unit and is (with Risk Management) within the second line of defence for the AIL Group.

The AIL Compliance Functions service the AmTrust insurance carriers via dedicated Compliance teams based in the principal business locations of London (AEL) and Bradford (MICL). Each local team has a Head of Compliance, holding regulatory approval and 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 Head of Legal & Compliance. 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 Compliance functions have 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 internal audit function is a global AmTrust Group function that reports independently to each entity's Audit Committee. Internal audit provides senior management and the Audit Committees with information, analysis and recommendations about the adequacy, effectiveness and efficiency of the business operations and internal control environment.

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

This is achieved by:

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

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

Those working within 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.

B.6 Actuarial function

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 AIL Actuarial Function is comprised of some individuals with entity specific duties and others with cross entity responsibilities. The MICL Actuarial department is managed by a local Chief Actuary who provides all relevant information to the Group Chief Actuary.

The purpose of the Actuarial function 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 Chief Actuary or an appropriate representative attends the Underwriting Committee and the Reserving Committee, where one exists. The Actuarial function is also involved in supporting the reinsurance purchasing process where necessary. 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 the actuarial best estimate reserves against actual experience;
- Reporting to the entity level boards on the reliability and adequacy of the Technical Provisions calculation;
- Expressing an opinion regarding the underwriting policy at entity level;
- Providing a statistical framework to price various lines of business;
- Reviewing new business opportunities and providing feedback on the underlying models and assumptions or any external actuarial models used;
- Working with underwriters to provide support on product performance;
- Providing input to the Performance Committee as appropriate, where one exists;
- Providing assistance in the preparation of the business plans including independent input into the Ultimate Loss Ratios for each line of business;
- Providing inputs into the calculation(s) of the Standard Formula Solvency Capital Requirement;
- 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;
- Building and maintaining an economic capital model(s) for the various entities;
- Assessment of risk parameters used in the economic capital model(s);
- Validating the inputs into the economic capital model(s); and
- Reviewing reinsurance arrangements.

On an annual basis, the Actuarial function prepares and submits an Actuarial Function Report to the Board that sets out its work in the above areas and, in particular expresses an opinion on underwriting policy and reinsurance arrangements in accordance with Solvency II requirements.

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;

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 within the AmTrust Group provides services for development, modifications and upgrade of IT systems;
- AII Insurance Management, the in-house AmTrust Group 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.

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;
- General liability, which includes PI and other liability business. Legal Expenses was the largest classes of business for AEL in 2022; and
- Run-off (or Legacy) portfolio of programs that are no longer actively underwritten but represent significant exposure, including Structural Defects in AEL.

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 contracts within the AIL Group relates to the agreements between AII and AEL on its back book. Obligations under these arrangements are either protected by collateral or through a funds withheld structure in which the capital remains with AEL until settlement.

The largest external reinsurance arrangement within the AIL Group is between AEL and Swiss Re. For capacity to write new business, AEL is reliant on a 50% whole account quota share with Swiss Re, an "AA-" rated global third party reinsurer. The current contract ends on 30 June 2023, although AEL intends to renew either with Swiss Re or with an alternative partner. This contract was on a reserves withheld basis in the 2022/23 treaty year.

The reinsurance strategy is reviewed by management on a regular basis to ensure it remains effective and appropriate and is approved by the relevant entity Board at least annually.

C.1.4 Risk sensitivities

AIL has performed a series of sensitivity tests on its solvency position; these are shown in Section 0.

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 or bond 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 Risk and Compliance 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 affect 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 affect 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 the interest rate exposures related to it's investments in government and corporate bonds, which are articulated above.

C.2.3 Material risk mitigation

AIL Group entities operate a conservative investment strategy, investing primarily in fixed rate corporate or government 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 AmTrust 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 0.

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: Swiss Re 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. The exposures to AII is fully collateralised or protected through a funds withheld structure, and the exposure to Swiss Re is on a reserves withheld basis. 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 or the posting of acceptable collateral.

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.

The AIL Group manages the levels of credit risk it accepts by reviewing and managing exposures regularly at an individual entity level. 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 0.

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 is a material exposure to liquidity risk through investments in times of severe market stress. If premium payments are not received from coverholders and policyholders, this could also lead to a liquidity risk event. In any such event, the frequency of cash flow forecast updates and cash holdings are increased when deemed appropriate to ensure entities are in a position to honour all eligible obligations to all stakeholders as they come due. Reinsurance may additionally pose a residual liquidity risk with delays in payment by the reinsurer or their default that, 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 (Swiss Re and AII) by the collateral trust and funds withheld. The collateral contains a high proportion of liquid assets.

C.4.2 Material risk concentrations

AIL's liquidity risk exposure is concentrated in reinsurance contracts and financial assets (bonds).

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 £44,524,951. This amount is highly illiquid, but represents only 12.3% of the value of own funds.

C.4.5 Risk sensitivities

AIL has performed a series of sensitivity tests on its solvency position; these are shown in Section 0.

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, RCSA, and data governance to assess and monitor operational risk exposures. In addition, the insurance companies are in the process of formalising Operational Resilience risk assessments.

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 operational risk through IT, data, outsourcing, underwriting, reinsurance, fraud and conduct.

As a result of limitations inherent in all control systems, it may not be possible to entirely 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 Company's business. For instance, failure to maintain pricing disciplines and robust underwriting controls; poor quality Management Information or IT systems to capture data and business performance; failure to 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 concentration is in IT.

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. This reliance is even greater while the Company's offices are closed and employees are working remotely.

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, due diligence and business continuity 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 0.

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 and procedures framework and training programmes.

C.6.2 Strategic risk

Strategic risk arises from AIL's failure to sufficiently define its direction and objectives, together with the resourcing and monitoring of the achievement of the same.

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 ORSA process.

C.6.3 Governance risk

Governance risk arises from AIL's failure to demonstrate its independent and proper stewardship of its affairs in order to safeguard the assets of its 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

Other Group risks arise from AIL's interaction with or reliance on other parts of the AmTrust group, through parental influence, changes in overall A.M. 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 AmTrust 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 AmTrust Group CEO also holds approved person status under the SMCR within a number of the subsidiary entities at AIL.

C.6.5 Solvency risk

Solvency risk is the risk that the Company 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; financial accounts; and quarterly solvency forecasting (including the annual entity level ORSA processes) and prior to any strategic decision-making.

C.6.6 Reputational risk

Reputational 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	Own Funds (£m)	Increase/ (decrease) in Own Funds (£m)	SCR (£m)	Increase/(decrease) in SCR (£m)	Increase/ (decrease) in Solvency ratio (% points)
Underwriting	25% increase in volume of GWP in next 12 months	361.3	(0.2)	258.7	2.6	(1.5%)
Underwriting	25% decrease in volume of GWP in next 12 months	361.6	0.1	254.1	(2.0)	1.1%
Underwriting	25% increase in Claims provisions	326.7	(34.8)	266.9	10.8	(18.8%)
Underwriting	25% decrease in Claims provisions	397.6	36.1	246.0	(10.1)	20.5%
Market	25% increase in asset durations	361.5	0	258.6	2.5	(1.4%)
Market	25% decrease in asset durations	361.5	0	253.8	(2.3)	1.3%
Market	10% of investment portfolio moved to the two most concentrated exposures	361.5	0	256.7	0.6	(0.3%)
Market	Yield curve upshock	347.7	(13.8)	252.5	(3.6)	(3.5%)
Credit	Fall in rating of one credit step for three largest reinsurers	361.3	(0.2)	257.6	1.5	(0.9%)
Operational	Increase in technical provisions expenses of 50%	347.8	(13.7)	257.1	1.0	(5.9%)

The risk with the biggest effect on the SCR and solvency ratio is the increase in Claims Provisions, which impacts Reserve risk, Operational risk, Default risk and the level of Own Funds, and consequently both 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 other significant risk 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.

C.7.2 Subsequent Event

None noted.

Valuation for Solvency Purposes

Section D

D. Valuation for solvency purposes

The table below shows the valuation on a Solvency II basis of AIL's assets and liabilities as at 31 December 2022. Note that AIL will not prepare consolidated statutory financial accounts for the year ended 2022 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*
Deferred acquisition costs	-	78,347
Deferred tax assets	-	3,940
Property, plant & equipment held for own use	30,973	8,620
Property (other than for own use)	5,038	5,038
Holdings in related undertakings, including participations	142,074	106,366
Equities	5,005	5,005
Government Bonds	458,440	458,440
Corporate Bonds	233,575	233,571
Loans and mortgages	18,262	19,466
Reinsurance recoverables from:		
Non-life excluding health	532,790	731,936
Health similar to non-life	1,439	-
Deposits to cedants	1,605	1,709
Insurance and intermediaries receivables	22,561	265,028
Reinsurance receivables	48,018	48,583
Receivables (trade, not insurance)	122,970	95,027
Cash and cash equivalents	137,921	138,298
Any other assets, not elsewhere shown	-	(277)
Total assets	**1,760,671**	**2,199,097**

Description	Solvency II Value	Consolidated UK GAAP Value
Liabilities	£000	£000
Technical provisions – non-life	746,450	1,058,031
Technical provisions – non-life (excluding health)	745,193	1,058,031
Best Estimate	728,265	-
Risk margin	16,928	-
Technical provisions - health (similar to non-life)	1,257	-
Best Estimate	1,274	-
Risk margin	(17)	-
Provisions other than technical provisions	7,458	22,169
Pension benefit obligations	-	-
Deposit from reinsurers	339,618	347,619
Deferred Tax Liabilities	8,994	4
Insurance & intermediaries payables	-	32,722
Reinsurance payables	21,638	196,886
Payables (trade, not insurance)	22,546	22,546
Any other liabilities, not elsewhere shown	252,514	232,166
Total liabilities	**1,399,218**	**1,912,143**
Excess of assets over liabilities	**361,453**	**286,954**

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 similar consolidation approach applied to UK GAAP balances. 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.

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. As per UK adopted 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 UK adopted Delegated Regulation (EU) 2015/35, which is further described in Section 0 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, apart from the insurance undertakings, 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 partly consolidated AIL UK GAAP financial statements and the Solvency II balance sheets are driven by one primary factor:

- Adjustments made to UK GAAP values to reflect Solvency II's economic valuation principles as described in the introductory paragraph to this section.

D.1.1 Deferred acquisition costs

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Deferred acquisition costs	-	78,347

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

D.1.2 Deferred tax asset

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Deferred tax asset	-	3,940

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.

There is currently no Deferred Tax Assets. The reduction in Deferred Tax Asset under SII relates to Solvency II adjustments made to assets and liabilities out of which £6.3m relates to deferred tax reduction in the insurance companies and £2.8m relates to non insurance companies of the group including deconsolidation of participations.

The adjustments at the year-end resulted in an overall increase in the tax base of net assets within those fully consolidated entities and therefore a deferred tax liability has been recognised at the appropriate rate.

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.1.3 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	30,973	8,620
Property (other than for own use)	5,038	5,038

Property

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

Under UK GAAP lease obligations and right of use asset related to the period after 31 December 2019 are off balance sheet obligations. However, the basis for SII valuation is IFRS. Therefore, a Solvency II adjustment of £21.7m has been made to show the fair value of leased property in accordance with IFRS 16 which came into force on 1 January 2019.

Under IFRS 16, lessees are required to recognise lease assets and liabilities on the statement of financial position for all leases, with the exception of short-term and low-value leases. Where the Company is the lessee, a lease liability equal to the present value of outstanding lease payments and a corresponding right-of-use equal to the costs are initially recognised. The right-of-use asset is subsequently measured at amortised cost and depreciated on a straight-line basis over the length of the lease term.

The mitigating liability is shown in any other liabilities, not elsewhere shown, which is the reason for the increase shown in that Solvency II balance sheet caption to prior year.

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.1.4 Investments

D.1.4.1 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	142,074	106,366
Unaffiliated equities	5,005	5,005

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 partly 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 UK adopted 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 are 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 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 UK adopted 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 partly 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.1.4.2 Bonds, other investments and loans and mortgages

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Government Bonds	458,440	458,440
Corporate Bonds	233,575	233,571
Loans and Mortgages	18,262	19,466

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

For the purpose of the partly consolidated UK GAAP financials, 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.

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.

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 £1.2m 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 adverse adjustment is the effect of discounting the future cashflow of loans and mortgage asset in line with the company's valuation methodology.

D.1.5 Reinsurance recoverables

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Reinsurance recoverables from:		
Non-life excluding health	532,790	731,936
Health similar to non-life	1,439	-

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 0 for further details

D.1.6 Receivables

	Solvency II Value	Consolidated UK GAAP Value
Assets	*£000*	*£000*
Insurance and intermediaries receivables	22,561	265,028
Reinsurance receivables	48,018	48,583
Receivables (trade, not insurance)	122,970	95,027

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 convertible into a cash balance.

The 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 represents £225.7m of the movement in insurance and intermediaries receivables;
- Other reclassifications between the UK GAAP and Solvency II balance sheet in order to correctly classify certain items under the Solvency II categories.

D.1.7 Cash and other assets

	Solvency II Value	Consolidated UK GAAP Value
Assets	£000	£000
Cash and cash equivalents	137,921	138,298
Any other assets, not elsewhere shown	-	(277)

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.

Any other assets in the consolidated UK GAAP financial information has been reclassified to other liabilities under Solvency II.

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 £746.5m compared to £1,058.0m on a statutory basis due largely to 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 2022 and 2021 under Solvency II:

2022 Line of business	Gross of reinsurance (£000)	Recoverable from reinsurance (£000)	Net of reinsurance (£000)	Risk Margin (£000)	Total Technical Provisions (£000)
Assistance	611	310	301	24	325
Credit & suretyship	12,024	9,111	2,913	297	3,210
Fire & other damage to	22,443	13,335	9,108	928	10,036
Legal expenses	54,973	35,637	19,336	1,971	21,307
Medical expense	1,274	1,439	(165)	(17)	(182)
Miscellaneous	194,186	108,576	85,610	5,992	91,602
Other motor	12,780	6,801	5,979	353	6,332
General liability	431,248	359,020	72,228	7,363	79,591
Total	729,539	534,229	195,310	16,911	212,221

2021 Line of business	Gross of reinsurance (£000)	Recoverable from reinsurance (£000)	Net of reinsurance (£000)	Risk Margin (£000)	Total Technical Provisions (£000)
Assistance	783	301	482	40	522
Credit & suretyship	14,245	5,972	8,273	742	9,015
Fire & other damage to property	22,935	10,934	12,001	1,076	13,077
Legal expenses	83,347	39,959	43,388	3,890	47,278
Medical expense	2,353	1,728	625	56	681
Miscellaneous financial loss	196,986	85,525	111,461	7,986	119,447
Other motor	14,535	7,242	7,293	441	7,734
General liability	321,116	166,294	154,822	13,881	168,703
Total	656,300	317,955	338,345	28,112	366,457

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. This margin is removed for Solvency II Technical Provisions.

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;
- uncertainty over the number and magnitude of potential large losses on long tailed business;
- uncertainty over the impact of inflation across most sectors of the economy;
- economic uncertainty in assumptions used for classes such as 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 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 (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;
- estimation of the Risk Margin due to uncertainty in the run-off of the capital requirements; and
- uncertainty in the estimated ultimate amount of expenses that will be incurred in the run-off of the liabilities.

D.2.3 Other Uncertanties

AIL believes the uncertainty in the calculation of the Technical Provisions due to the COVID-19 crisis has now significantly reduced. However, the impact of rising inflation (partially due to a secondary impact of COVID-19) is a significant risk to the company across most classes of business. Where the effects are being seen immediately we have allowed for this appropriately in the best estimate. In addition AIL holds ENID loads specifically to allow for this uncertainty in a number of classes including miscellaneous financial loss (warranty), fire & other damage to property (property) and general liability (structural defects).

D.2.4 Differences between Solvency II valuation and UK GAAP Values

UK GAAP TPs	2022 £millions	2021 £millions
GAAP	247.7	445.3
Lapsed Provision	30.5	30.6
Lloyds (and other adjustments)	-	(2.5)
Removal of Margins	(4.1)	(15.4)
Removal of GAAP Excess of Loss Reinsurance	(5.1)	(2.6)
Removal of Other GAAP Items	(6.1)	(1.9)
Premium Provision Profits	(10.5)	(47.7)
Future Premiums	(67.5)	(80.0)
ENIDs	6.1	17.4
SII Expenses	38.5	30.8
Reinsurance Bad Debt	1.4	1.0
Lapse provision	(16.4)	(25.6)
Discounting	(19.2)	(11.0)
Risk Margin	16.9	28.1
Total	212.2	366.5

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 is 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.2.4.1 Include Lapse Provisions

An allowance for the increase in Technical Provisions due to the lapsing of business mainly for the Legal Expense lines of business.

D.2.4.2 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.2.4.3 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.2.4.4 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.2.4.5 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.2.4.6 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.2.4.7 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.2.4.8 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.2.4.9 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.2.4.10 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.2.4.11 Allowance for the impact of policies lapsing

Some lines of business (Legal Expenses) 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.2.5 Reinsurance

The AIL Group has significant reinsurance assets. For its AEL subsidiary, the older underwriting years and most lines of business are covered by a Quota Share provided by the AmTrust group company AII. Prior to 1 July 2016 this quota share was for 70% and then reduced to 60% from 1 July 2016, to 40% from 1 July 2017 and to 20% from 1 July 2018. This arrangement is fully collateralised. From 1 July 2019 the internal quota share was replaced by a 50% quota share with Swiss Re, covering most lines of business on all entities and this contract was renewed each year since then on broadly similar terms. External quota shares also cover other lines such as a 50% Quota Share on the AEL LatAm Surety line of business. The Solvency II Technical Provisions also make allowance for potential recoveries from non-proportional reinsurance with the most significant covering the PI, and Structural Defects classes.

From 30th September 2022 a further reinsurance arrangement was put in place with AII covering all of AEL's unpaid claims liabilities from underwriting years 2019 and prior and all run-off business from 2020-2022. This significantly reduced AIL's net TPs as can be seen in the tables above.

D.2.6 Significant changes in assumptions

In respect of the AEL book, the most significant changes (since Q4 2021) in the assumptions used to calculate the Technical Provisions are:

- A material increase in the gross provisions for the legacy Structural Defects book mainly due to the increased reporting of claims during 2022,
- A reduction in the profits in the UPR due to the mix of business and increased LRs for some classes including Structural defects,
- An increase in the ENID load to mainly as a result of the increased uncertainty due to the rising inflation rate.
- A reduction in the TPs due to greater discounting as a result of the increases in the yield curves during 2022
- A significant reduction in net TPs due to the reinsurance arrangement with AII discussed in the previous section.

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	7,458	22,169

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
Deposit from reinsurers	339,618	347,619
Deferred Tax Liabilities	8,994	4
Insurance & intermediaries payables	-	32,722
Reinsurance payables	21,638	196,886
Payables (trade, not insurance)	22,546	22,546
Any other liabilities, not elsewhere shown	252,514	232,166

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.

A independent pension valuation was done as at 31 December 2022, in accordance with FRS102 which is consistent with International Accounting Standard 19: Employee Benefits (IAS19). There was a surplus of £3.1m in the pension plan. The company is unable to recognise this surplus in its financial statements.

Deposit from reinsurer relates to the Swiss Re reserves withheld fund, as well as the funds withheld balance pertaining to the new reinsurance agreement AEL has with AIIL.

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. The material movement within any other liabilities relates to the lease adjustment made in relation to Exchequer Court.

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

D.4.1 Property, Plant and Equipment

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 2022.

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.

Leased properties are measured in accordance with the discounted value of the contract as at 1st of January 2019 when IFRS 16 first came into force and are then depreciated over the contractual period of the lease. A solvency II adjustment of £21.7m has been made to show the fair value of leased property in accordance with IFRS 16.

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

D.4.2 Loans and Mortgages

Within the UK GAAP annual accounts, loans and mortgages are measured at amortised cost using the effective interest rate method. Under Solvency II loans and mortgages are measured at fair value using the income approach through the discounted cash flow method.

The Solvency II valuation has been performed with reference to contractual interest rates and discounted using the prevailing PRA risk-free interest rate term structures at the date of valuation, in line with Solvency II guidelines.

D.5 Any other information

None noted.

Capital Management

Section E

E. Capital 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.)

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 2022	31 December 2021
Ordinary share capital – Tier 1	0*	0*
Share premium – Tier 1	-	-
Preference Shares – Tier 1	-	-
Reconciliation reserve – Tier 1	361,453	295,226
An amount equal to the value of net deferred tax assets – Tier 3	-	151
Deductions	-	-
Own funds	361,453	295,377

*Share capital is made up of 1 £1 ordinary shares

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

- the difference in valuation of assets and liabilities as represented by the reconciliation reserve and described in Section D of this report.
- Differences in the scope and treatment of related undertakings within the group balance sheet for UK GAAP and Solvency II purposes.

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

	2022 (£000)	2021 (£000)
Equity per UK GAAP financial statements	286,954	307,585
Goodwill and intangibles valued at nil	-	-
Adjustment in respect of moving to adjusted equity method of accounting for relevant subsidiaries	(34,276)	(20,921)
Differences in valuation of technical provision related items within insurance undertakings	26,810	81,054
Valuation differences on other assets and liabilities, including treatment of intercompany balances under the Solvency II consolidation method	90,959	(72,190)
Deferred tax adjustments relating to the above items	(8,994)	(151)
Own Funds per Solvency II Balance Sheet	361,453	295,377

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

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, SolvencyTool, to calculate its SCR using the Standard Formula. The AIL Group does not use any Undertaking Specific Parameters (USPs). The AIL Group does use a simplified calculation for the Risk Mitigation in the Type 1 Counterparty Default risk module.

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.

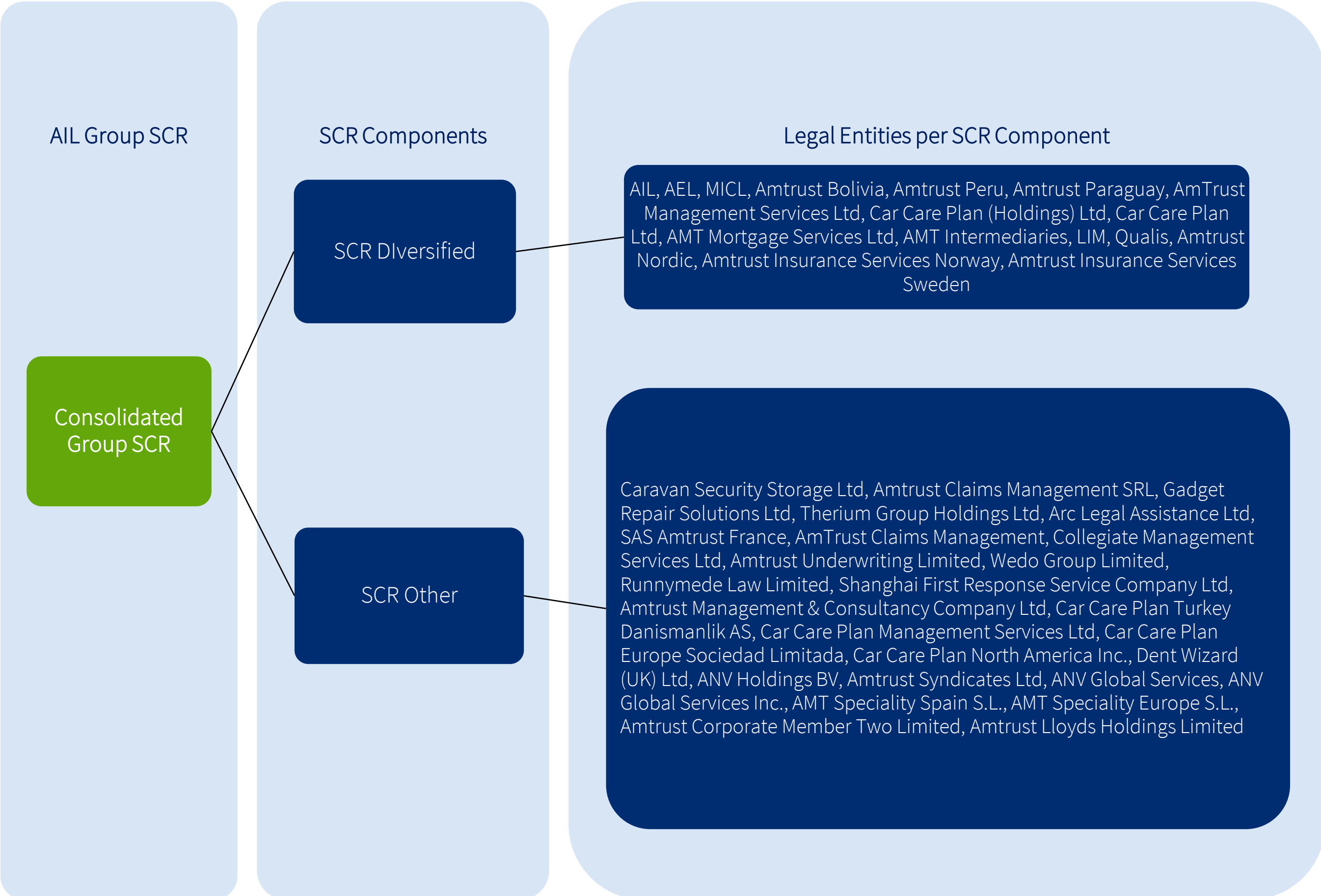
Consideration is also given to the existence of risks which only exist at the level of the AIL Group and these are factored into the SCR calculations.

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	2022 £000	2021 £000
SCR Diversified	180,175	216,032
SCR Other	75,877	19,904
SCR Total	256,052	235,936
MCR	51,446	74,746

E.2.2 Material change in SCR and MCR

The main driver behind the reduction in the SCR Diversified during the year is due to the new reinsurance agreement AEL has in place with AIIL. The agreement 100% reinsures business written prior to 2020 and all business identified as Run Off by AEL.

The increase in SCR other mainly relates to AmTrust Lloyds Holdings (UK) Limited.

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 2022 are as follows:

As reported (£000)	AEL	MICL (unaudited)
Solvency Requirement	114,455	55,100
Own Funds	211,448	86,410
Solvency Ratio	185%	157%

The solvency ratios for the solo insurance entities are therefore well in excess of 100%, and the combined Lloyd's CCVs (unaudited), 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 2022 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Available Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
SCR £256,052	1	361,453	100%	361,453	
	2	-	-	-	
	3	-	-	-	
	Total	361,453		361,453	141%

The AIL Group's eligible amount of Own Funds to cover the MCR as of 31 December 2022 is listed in the table below.

	Solvency Overview (in £000s)				
	Tier	Own Funds	Eligible %	Eligible Own Funds	MCR Ratio
MCR £51,446	1	361,453	100%	361,453	
	2	-	-	-	
	3	-	-	-	
	Total	361,453		361,453	703%

The AIL Group's eligible amount of Own Funds eligible to cover the SCR as of 31 December 2021 is listed in the table below.

Solvency Overview (in £000s)					
	Tier	Available Own Funds	Eligible %	Eligible Own Funds	Solvency Ratio
SCR £235,936	1	295,226	100%	295,226	
	2	-	-	-	
	3	151	100%	151	
	Total	295,377		295,377	125%

The AIL Group's eligible amount of Own Funds to cover the MCR as of 31 December 2021 is listed in the table below.

Solvency Overview (in £000s)					
	Tier	Own Funds	Eligible %	Eligible Own Funds	MCR Ratio
MCR £74,764	1	295,226	100%	295,226	
	2	-	-	-	
	3	151	0%	0	
	Total	295,377		295,226	395%

E.2.4 Solvency Capital Requirement

The AIL Group's SCR split by risk module at the end of the year and the prior year is shown in the table below

Solvency Capital Requirement	2022 £000	2021 £000
Health NSLT underwriting risk	45	767
Non-Life underwriting risk	125,656	162,967
Market risk	47,547	38,494
Counterparty default risk	38,040	34,197
Undiversified Basic SCR	211,288	236,425
Diversification credit	(43,447)	(39,942)
Basic SCR	167,841	196,483
Operational risk	21,709	19,549
Loss absorbing capacity of DT	(9,375)	-
SCR Diversified	180,175	216,032
Capital requirement for residual undertakings	75,877	19,904
Overall SCR	256,052	235,936

The AIL Group makes use of a simplified calculation for the Risk Mitigation of the Type 1 Counterparty Default risk module 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 PRA 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 2022, AIL has been in compliance with the both the MCR and the SCR.

E.6 Any other information

None noted.

Annex

Quantitative Reporting Templates

Annex 1
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	30,973
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	844,133
Property (other than for own use)	R0080	5,038
Holdings in related undertakings, including participations	R0090	142,074
Equities	R0100	5,005
Equities - listed	R0110	0
Equities - unlisted	R0120	5,005
Bonds	R0130	692,015
Government Bonds	R0140	458,440
Corporate Bonds	R0150	233,575
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	18,262
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	18,262
Reinsurance recoverables from:	R0270	534,229
Non-life and health similar to non-life	R0280	534,229
Non-life excluding health	R0290	532,790
Health similar to non-life	R0300	1,439
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	1,605
Insurance and intermediaries receivables	R0360	22,561
Reinsurance receivables	R0370	48,018
Receivables (trade, not insurance)	R0380	122,970
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	137,921
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	1,760,671

Annex 1
S.02.01.02
Balance sheet

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	746,450
Technical provisions – non-life (excluding health)	R0520	745,193
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	728,265
Risk margin	R0550	16,928
Technical provisions - health (similar to non-life)	R0560	1,257
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	1,274
Risk margin	R0590	(17)
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	7,458
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	339,618
Deferred tax liabilities	R0780	8,994
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	0
Reinsurance payables	R0830	21,638
Payables (trade, not insurance)	R0840	22,546
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	252,514
Total liabilities	R0900	1,399,218
Excess of assets over liabilities	R1000	361,453

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	8	0	0	0	14,701	0	33,752	105,191	0
Gross - Proportional reinsurance accepted	R0120	131	0	0	0	0	0	0	0	9,365
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	79	0	0	0	6,790	0	14,942	45,484	6,739
Net	R0200	59	0	0	0	7,911	0	18,810	59,707	2,625
Premiums earned										
Gross - Direct Business	R0210	102	0	0	0	12,896	0	29,046	121,833	0
Gross - Proportional reinsurance accepted	R0220	484	0	0	0	0	0	0	0	10,347
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	278	0	0	0	4,730	0	10,334	51,314	7,352
Net	R0300	308	0	0	0	8,166	0	18,712	70,519	2,995
Claims incurred										
Gross - Direct Business	R0310	(868)	0	0	0	6,917	0	11,817	137,742	(4)
Gross - Proportional reinsurance accepted	R0320	173	0	0	0	(4)	0	0	(7)	4,738
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	0	0	0	0	0	0	0	0	0
Net	R0400	(694)	0	0	0	6,913	0	11,817	137,735	4,734
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	74	0	0	0	4,582	0	14,397	39,029	3,256
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	61,929	1,866	155,887					373,332
Gross - Proportional reinsurance accepted	R0120	9,391	0	35,092					53,979
Gross - Non-proportional reinsurance accepted	R0130				0	0	0	3,963	3,963
Reinsurers' share	R0140	36,357	963	90,912	0	0	0	0	203,985
Net	R0200	34,963	903	100,066	0	0	0	0	227,289
Premiums earned									
Gross - Direct Business	R0210	75,767	1,348	163,937					404,928
Gross - Proportional reinsurance accepted	R0220	9,857	0	33,709					54,397
Gross - Non-proportional reinsurance accepted	R0230				0	0	0	0	4,351
Reinsurers' share	R0240	39,403	651	81,752	0	0	0	0	197,361
Net	R0300	46,221	697	115,893	0	0	0	0	266,316
Claims incurred									
Gross - Direct Business	R0310	41,238	666	103,780					301,289
Gross - Proportional reinsurance accepted	R0320	10,104	0	15,761					30,765
Gross - Non-proportional reinsurance accepted	R0330				0	0	0	0	1,486
Reinsurers' share	R0340	0	0	0	0	0	0	0	736
Net	R0400	51,341	666	119,542	0	0	0	0	332,804
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	12,394	25	45,324	0	0	0	0	120,894
Other expenses	R1200								0
Total expenses	R1300								120,894

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		Australia (by amount of gross premiums written)	Bolivia (by amount of gross premiums written)	Korea (by amount of gross premiums written)	Peru (by amount of gross premiums written)	Vietnam (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	319,781	79,320	0	0	0	0	399,102
Gross - Proportional reinsurance accepted	R0120	12,398	0	4,321	11,387	4,372	4,385	36,863
Gross - Non-proportional reinsurance accepted	R0130	3,963	0	0	0	0	0	3,963
Reinsurers' share	R0140	160,991	31,724	3,298	8,146	2,598	2,211	208,968
Net	R0200	175,151	47,597	1,023	3,241	1,774	2,173	230,960
Premiums earned								
Gross - Direct Business	R0210	387,617	31,984	0	0	0	0	419,601
Gross - Proportional reinsurance accepted	R0220	11,977	0	3,692	9,698	5,869	1,877	33,113
Gross - Non-proportional reinsurance accepted	R0230	4,351	0	0	0	0	0	4,351
Reinsurers' share	R0240	171,263	9,659	3,285	7,590	3,162	901	195,859
Net	R0300	232,682	22,326	407	2,108	2,707	976	261,205
Claims incurred								
Gross - Direct Business	R0310	276,675	31,565	0	0	0	0	308,241
Gross - Proportional reinsurance accepted	R0320	10,324	0	268	955	4,470	(3,915)	12,102
Gross - Non-proportional reinsurance accepted	R0330	1,486	0	0	0	0	0	1,486
Reinsurers' share	R0340	165,792	13,984	244	477	2,736	(1,191)	182,043
Net	R0400	122,693	17,581	24	477	1,734	(2,723)	139,786
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	99,637	16,978	574	1,463	2,357	559	121,568
Other expenses	R1200							0
Total expenses	R1300	99,637	16,978	574	1,463	2,357	559	121,568

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	0	0		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	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
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	0		0	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	361,453	361,453			
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	0				0
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					

Annex 1
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
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	361,453	361,453	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	361,453	361,453	0	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	361,453	361,453	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	361,453	361,453	0	0	
Consolidated Group SCR	R0590	256,052				
Minimum consolidated Group SCR	R0610	51,446				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	702.6%				
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	361,453	361,453	0	0	0
Group SCR	R0680	256,052				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	141.2%				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	361,453				
Own shares (held directly and indirectly)	R0710	0				
Foreseeable dividends, distributions and charges	R0720	0				
Other basic own fund items	R0730	0				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0				
Other non available own funds	R0750	0				
Reconciliation reserve before deduction for participations in other financial sector	R0760	361,453				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770	0	0			
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	44,525	0			
Total expected profits included in future premiums (EPIFP)	R0790	44,525	0			

Annex 1
S.25.01.22
Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	47,547		0
Counterparty default risk	R0020	38,041		
Life underwriting risk	R0030	0	0	0
Health underwriting risk	R0040	45	0	0
Non-life underwriting risk	R0050	125,656	0	0
Diversification	R0060	(43,446)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	167,841		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	21,709
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(9,375)
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	180,174
Capital add-on already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	R0220	256,052
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
Minimum consolidated group solvency capital requirement	R0470	51,446
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	75,877
Overall SCR		
SCR for undertakings included via D and A	R0560	0
Solvency capital requirement	R0570	256,052

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
United Kingdom	213800N3OVSKK29Z9E45GB 00020	2: Specific code	Affinia Capital (General Partner) Limited	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	Dormant	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Spain	213800KSJ3J7VKL8XX45	1: LEI	ANV Specialty Europe SL	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Spain	213800TO5FZ1FYSPNN55	1: LEI	ANV Specialty Spain SL	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Italy	213800PMJWPNZZ4PCF25	1: LEI	AMTRUST CLAIMS MANAGEMENT SRL	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	21380036A5PR1CAAL857	1: LEI	AMTRUST CORPORATE CAPITAL LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800ZZFXM7IZ7TLQ53	1: LEI	AMTRUST CORPORATE MEMBER TWO LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	2138003U97HLJXOYD682	1: LEI	AMTRUST EUROPE LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
Bolivia, Plurinational State of	213800WST5844MLII582	1: LEI	AMTRUST GESTION BOLIVIA S.R.L.	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	99.50%	1: Included in the scope		1: Method 1: Full consolidation
Paraguay	2138006GSB29GQY3Z561	1: LEI	AMTRUST GESTION PARAGUAY S.A.	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	99.50%	1: Included in the scope		1: Method 1: Full consolidation
United Kingdom	213800N3OVSKK29Z9E45	1: LEI	AMTRUST INTERNATIONAL LIMITED	5: Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United Kingdom	2138003Y1SHAOUN23T50	1: LEI	AMTRUST LLOYD'S HOLDINGS (UK) LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
China	213800Z475SUIFEKI251	1: LEI	AMTRUST MANAGEMENT & CONSULTANCY (CHINA) CO LIMITED	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800JNJKQTFD2SIV03	1: LEI	AMTRUST MANAGEMENT SERVICES LIMITED	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United Kingdom	213800N3OVSKK29Z9E45GB 00017	2: Specific code	AmTrust Syndicates Limited	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800QXC78VIDENZ226	1: LEI	AmTrust CENTRAL BUREAU OF SERVICES LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	2138008S52RFQHDYFJ48	1: LEI	ANV CORPORATE NAME LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United States	213800ZSMRPEDQOYZF86	1: LEI	ANV GLOBAL SERVICES INC.	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800XE3GQKYRI8H521	1: LEI	ANV GLOBAL SERVICES LTD	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Netherlands	213800R96TI2215QS207	1: LEI	ANV HOLDING B.V.	16: Other	Other	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800UVNUE977IUSD84	1: LEI	ARC LEGAL ASSISTANCE LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Ireland	213800N3OVSKK29Z9E45IE0 0049	2: Specific code	ARC LEGAL ASSISTANCE IRELAND LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800ME9SD7CRAMXE32	1: LEI	CAR CARE PENSION TRUSTEES LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method

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
United Kingdom	213800EPHXW81B9LVP37	1: LEI	CAR CARE PLAN (HOLDINGS) LIMITED	5: Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
Brazil	213800EFE8VSCHLHOR24	1: LEI	CAR CARE PLAN DO BRASIL PARTICIPACOES LTDA - ME	16: Other	Other	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	21380024M1VGR273P787	1: LEI	CAR CARE PLAN LIMITED	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United Kingdom	213800SPAABNRD25NY61	1: LEI	CAR CARE PLAN MANAGEMENT SERVICES LIMITED	16: Other	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Turkey	2138006ZW5PCXKWTCM42	1: LEI	Car Care Plan Turkey Danisanlik Anonim Sirketi	16: Other	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800GNMMMMW8MMSL37	1: LEI	CARAVAN SECURITY STORAGE LIMITED	16: Other	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800KQS22OQ88IKR39	1: LEI	Collegiate Management Services Limited	16: Other	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	2138002PM3FSSSXPR140	1: LEI	COMMERCIAL CARE PLAN LIMITED	16: Other	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB0002 7	2: Specific code	Dent Wizard Ventures Limited	16: Other	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	2138005GTOQH54T19318	1: LEI	GADGET REPAIR SOLUTIONS LIMITED	16: Other	Limited by shares	2: Non–mutual	0	99.99%	100.00%	99.99%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Malaysia	213800JBVQCXYM2TYT90	1: LEI	Mobile Repair Solutions Malyasia Sdn BHD	16: Other	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800K6RCIWYV4CZ691	1: LEI	MOTORS INSURANCE COMPANY LIMITED	2: Non life insurance undertaking	Limited by shares	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United States	213800N3OVSKK29Z9E45US0002 3	2: Specific code	New Chapter Capital Inc	16: Other	Other	2: Non–mutual	0	20.00%	20.00%	20.00%	Due to board composition the entity is not controlled and no longer consolidated	2: Significant	18.80%	1: Included in the scope		3: Method 1: Adjusted equity method
China	213800WOMSPUZJ8AMS23	1: LEI	SHANGHAI FIRST RESPONSE SERVICE COMPANY Ltd	16: Other	Other	2: Non–mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Malta	213800N3OVSKK29Z9E45MT0003 5	2: Specific code	Therium (Malta) Limited	16: Other	Limited by shares	2: Non–mutual	0	50.00%	50.00%	50.00%	-	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Malta	213800N3OVSKK29Z9E45MT0003 3	2: Specific code	Therium (Melita) Limited	16: Other	Limited by shares	2: Non–mutual	0	50.00%	100.00%	50.00%	-	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB0001 1	2: Specific code	THERIUM (UK) HOLDINGS LIMITED	16: Other	Limited by shares	2: Non–mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB0003 1	2: Specific code	Therium Australia Limited	16: Other	Limited by shares	2: Non–mutual	0	50.00%	100.00%	50.00%	-	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45GB0001 2	2: Specific code	THERIUM CAPITAL MANAGEMENT LIMITED	16: Other	Limited by shares	2: Non–mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Germany	213800N3OVSKK29Z9E45DE0003 6	2: Specific code	Therium Deutschland GMBH	16: Other	Limited by shares	2: Non–mutual	0	40.00%	40.00%	40.00%	-	1: Dominant	40.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE0003 8	2: Specific code	Therium Deutschland IC	16: Other	Limited by shares	2: Non–mutual	0	40.00%	40.00%	40.00%	-	1: Dominant	40.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45JE0002 1	2: Specific code	THERIUM FINANCE (No.1) – IC	16: Other	Other	2: Non–mutual	0	31.50%	50.00%	31.50%	-	2: Significant	31.50%	1: Included in the scope		3: Method 1: Adjusted equity method

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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	213800N3OVSKK29Z9E45J E00002	2: Specific code	THERIUM FINANCE HS IC	16: Other	Other	2: Non-mutual	0	25.00%	25.00%	25.00%	-	2: Significant	25.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45J E00006	2: Specific code	THERIUM FINANCE AG – IC	16: Other	Other	2: Non-mutual	0	25.00%	25.00%	25.00%	-	2: Significant	25.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45J E00004	2: Specific code	THERIUM FINANCE AHVHM – IC	16: Other	Other	2: Non-mutual	0	25.00%	25.00%	25.00%	-	2: Significant	25.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45J E00007	2: Specific code	THERIUM LITIGATION Finance MIF IC	16: Other	Other	2: Non-mutual	0	50.00%	25.00%	50.00%	-	2: Significant	25.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45J E00009	2: Specific code	THERIUM FINANCE ICC	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800PI137JQZX5SR78	1: LEI	THERIUM GROUP HOLDINGS LIMITED	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United States	213800N3OVSKK29Z9E45U S00029	2: Specific code	Therium Capital Management (USA) Inc	16: Other	Limited by shares	2: Non-mutual	0	40.00%	40.00%	40.00%	-	1: Dominant	40.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United Kingdom	213800N3OVSKK29Z9E45G B00032	2: Specific code	Therium Litigation Finance (Australia) Limited	16: Other	Limited by shares	2: Non-mutual	0	50.00%	100.00%	50.00%	-	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45J E00008	2: Specific code	THERIUM LITIGATION Funding IC	16: Other	Other	2: Non-mutual	0	50.00%	50.00%	50.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United States	213800N3OVSKK29Z9E45U S00034	2: Specific code	Therium Litigation Finance Inc	16: Other	Limited by shares	2: Non-mutual	0	50.00%	50.00%	50.00%	-	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Luxembourg	213800N3OVSKK29Z9E45L U00018	2: Specific code	Therium Luxembourg Sarl	16: Other	Other	2: Non-mutual	0	40.00%	40.00%	40.00%	-	2: Significant	40.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Norway	213800N3OVSKK29Z9E45N O00030	2: Specific code	Therium Capital Management Nordic AS	16: Other	Limited by shares	2: Non-mutual	0	25.00%	25.00%	25.00%	Loan from AmTrust to Therium Finance ICC giving AmTrust casting vote while loan remains outstanding	1: Dominant	25.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Australia	213800N3OVSKK29Z9E45A U00039	2: Specific code	Therium Capital Management (Australia) Pty Limited	16: Other	Limited by shares	2: Non-mutual	0	50.00%	50.00%	50.00%	-	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Australia	213800N3OVSKK29Z9E45A U00040	2: Specific code	VIE Legal Insurance Pty Limited	16: Other	Limited by shares	2: Non-mutual	0	33.50%	33.50%	33.50%	-	2: Significant	0.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Jersey	213800N3OVSKK29Z9E45J E00041	2: Specific code	Therium Secretarial Limited	16: Other	Limited by shares	2: Non-mutual	0	50.00%	50.00%	50.00%	-	1: Dominant	50.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Italy	98450079D9F504B5DB90	1: LEI	QUALIS EUROPE S.r.l.	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	95.00%	100.00%	95.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United Kingdom	213800FFC76BFU6OBD49	1: LEI	QUALIS UK LIMITED	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	95.00%	100.00%	95.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United Kingdom	213800N3OVSKK29Z9E45G B00045	2: Specific code	RUNNYMEDE LAW LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Peru	213800N3OVSKK29Z9E45P E00046	2: Specific code	AMTRUST PERU RISK MANAGEMENT S.A.C.	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation

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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
United Kingdom	213800N3OVSKK29Z9E45GB00047	2: Specific code	AMT INTERMEDIARIES LIMITED	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United Kingdom	213800N3OVSKK29Z9E45GB00051	2: Specific code	LEGAL INSURANCE MANAGEMENT LIMITED	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United Kingdom	213800N3OVSKK29Z9E45GB00052	2: Specific code	WEDO GROUP LIMITED	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Sweden	2138007KKFSO92PGH430	1: LEI	AMTRUST NORDIC AB	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
Sweden	213800N3OVSKK29Z9E45SE00053	2: Specific code	AMTRUST INSURANCE SERVICES SWEDEN AB	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
Norway	213800N3OVSKK29Z9E45NO00054	2: Specific code	AMTRUST INSURANCE SERVICES NORWAY AB	10: Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		1: Method 1: Full consolidation
United States	2138005L1AAOML6D1E51	1: LEI	CAR CARE NORTH AMERICA INC	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Spain	213800N8E4P9L66ZRH51	1: LEI	CAR CARE PLAN EUROPE S.L.	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
Korea, Republic of	213800N3OVSKK29Z9E45KR00055	2: Specific code	Amtrust Korea Insurance Brokers Limited (Korea)	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method
United States	213800N3OVSKK29Z9E45US00056	2: Specific code	Camino Alto Insurance Services, LLC	16: Other	Limited by shares	2: Non-mutual	0	100.00%	100.00%	100.00%	-	1: Dominant	100.00%	1: Included in the scope		3: Method 1: Adjusted equity method

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