International General Insurance Co. Ltd

Financial Condition Report

2017 Year End

1. BUSINESS AND PERFORMANCE

A. Name of Insurer

This report relates to International General Insurance Co. Ltd ('the Company' or 'IGI Bermuda) which is fully owned by its parent International General Insurance Holding Limited ('IGI Holdings' or 'IGI Group').

IGI Bermuda is a limited liability company registered and incorporated in Bermuda under the Companies Act of 1981 on 2 May 2007 and on the 26 July 2007 licensed as a Class 3B insurer by the Bermuda Monetary Authority to write a range of specialty classes of general insurance and reinsurance.

IGI Holdings is a non-regulated holding company registered and domiciled in the Dubai International Financial Centre ('DIFC') acting as a holding company of the IGI Group.

B. Supervisor

The Company is supervised by the Bermuda Monetary Authority as detailed below. Subsidiaries of the Company are subject to local supervision in their respective jurisdictions as detailed in Section E below.

Bermuda Monetary Authority
BMA House
43 Victoria Street
Hamilton
Bermuda
001 (441) 295 5278
insuranceinfo@bma.bm

C. Auditors

IGI Holdings
Ernst & Young
P O Box 9267
28th Floor, Al Saqr Business Tower, Sheikh Zayed Road
Dubai, United Arab Emirates

IGI Bermuda
Ernst & Young Ltd.
3 Bermudian Road
Hamilton HM 08, Bermuda

D. Ownership

The Company is fully owned by its parent IGI Holdings. IGI Holdings is a privately owned Company.

The IGI Group commenced operations in March 2002 and has emerged as a major participant within its specialized lines of business. The Group's business by geography is widely diversified across MENA region, Asia and Europe and operates from a number of platforms worldwide, allowing it access to a broad spread of risks while providing appropriate jurisdictions to accept a wide range of policy types.

IGI Bermuda is a Class 3 B (re)insurer regulated by Bermudan Monetary Authority and acts as the principal underwriting entity for the IGI Group.

IGI Underwriting Co. Ltd ('IGI Underwriting') provides management, underwriting and operational support for all the subsidiaries of the IGI Group. It is a wholly owned subsidiary of IGI Holdings.

North Star Underwriting Limited (‘North Star’) operates as an underwriting agency for IGI Bermuda and IGI UK. It is an approved Lloyd’s cover holder and acts as a specialist marine underwriter. It is a wholly owned subsidiary of IGI Holdings.

International General Insurance Company (UK) Limited (‘IGIUK’) is regulated by the UK Financial Conduct Authority and Prudential Regulatory Authority. It is a wholly owned subsidiary of IGI Bermuda.

International General Insurance Company Ltd. Labuan Branch (‘IGI Labuan’) is registered as a first tier reinsurer regulated by the Labuan Financial Services Authority and acts as an offshore branch of IGI Bermuda. It is supported by an office in Kuala Lumpur providing marketing services.

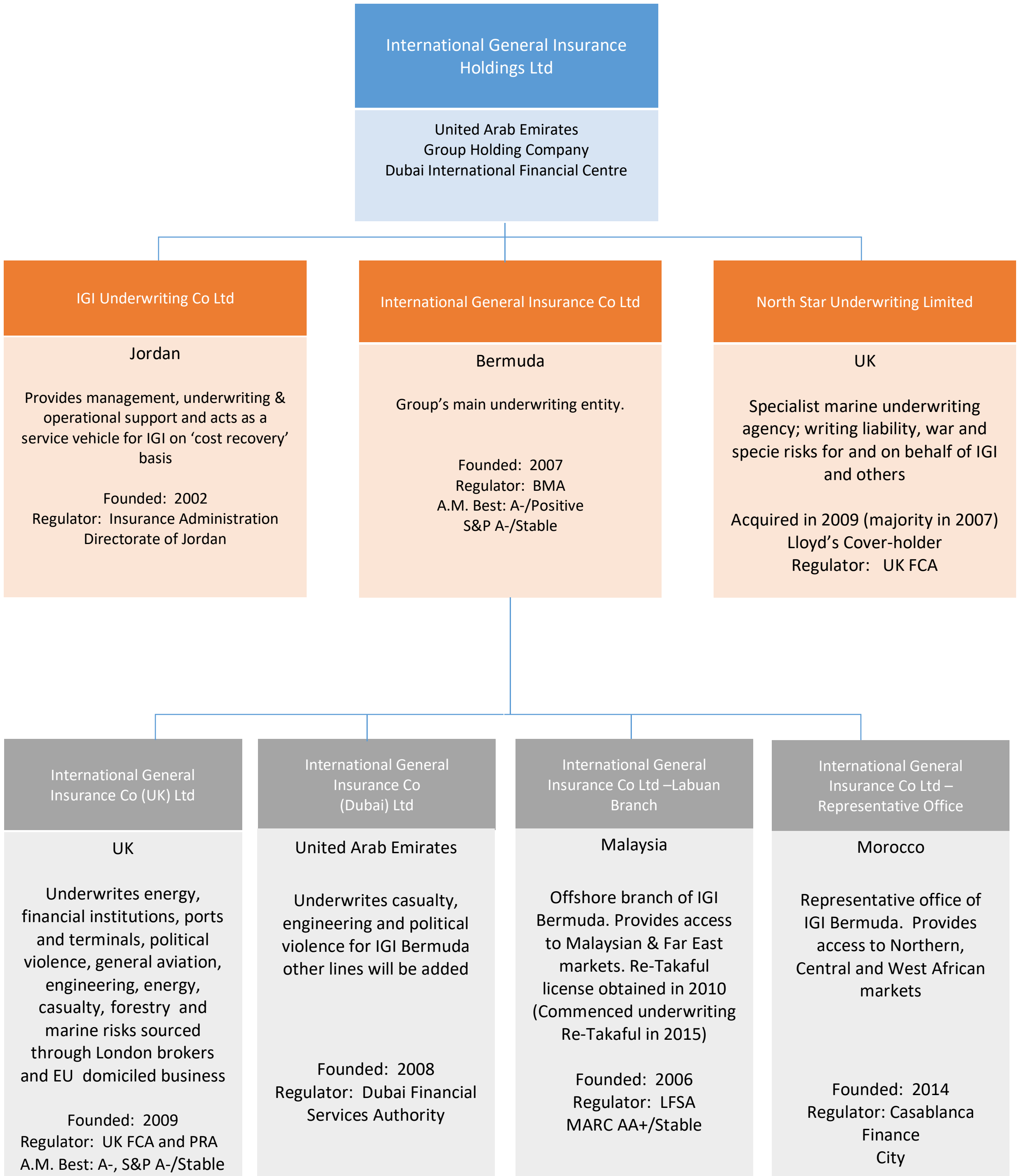
International General Insurance Company (Dubai) Limited (‘IGI Dubai’) is incorporated as a company limited by shares under the DIFC Companies Law. IGI Dubai is regulated by the Dubai Financial Services Authority (DFSA) and engaged in the business of insurance intermediation and insurance management. It is a wholly owned subsidiary of IGI Bermuda.

IGI Casablanca acts as the representative office of IGI Bermuda for Northern, Central and Western African markets and is regulated by Casablanca Finance City (‘CFC’).

The corporate structure is detailed below;

E. Group Structure

The following chart shows the Group Structure including the fully owned subsidiaries of the Company and their respective local regulators



F. Insurance Business Written by Business Segment and by Geographical Region

IGI Group underwrites a diversified portfolio of specialist direct and facultative risks relating to the Energy, Property, Financial Institutions, Ports and Terminals, Engineering, Marine, General Aviation, Political Violence, Professional Indemnity, Directors & Officers, Legal Expenses and Forestry sectors in addition to multi class reinsurance treaty business with a strong focus on the MENA region, Africa and Asia.

The Group has adopted a careful and disciplined underwriting strategy since inception, which it continues to develop and enhance with continuous emphasis on specialty lines. The Group focuses on the profitability of the policies that it underwrites rather than on the volume of business, relying on a team of experienced underwriters with strong, long-standing relationships with brokers, cedants and reinsurers.

IGI Group operates from a number of platforms worldwide, allowing access to a broad spread of risks, while providing appropriate jurisdictions to accept a wide range of policy types (including Middle Eastern regional business, London market risks, African business, Takaful policies etc.). Underwriting is carried out across the platforms, with individual team members physically based in the relevant geographies.

Insurance business written by business segment during the reporting period is given below:

In USD 000'	Gross written premiums 2017	Concentration Percentage	Gross written premiums 2016	Concentration Percentage
	$	%	$	%
Energy	87,937	31	77,743	34
Property	51,273	19	39,419	17
Ports & Terminals	17,263	6	17,519	8
Casualty	43,120	16	20,747	9
Political Violence	9,731	4	16,083	7
Financial	14,271	5	11,352	5
Reinsurance	17,891	6	12,638	5
Engineering	10,376	4	14,992	6
Aviation	18,998	7	17,088	7
Marine	2,014	1	2,636	1
Forestry	2,466	1	1,210	1
Total	**275,340**		**231,427**	

Insurance business written geographical region during the reporting period is given below:

In USD 000'	*Gross written premiums 2017*	*Concentration Percentage*	*Gross written premiums 2016*	*Concentration Percentage*
	$	%	$	%
Africa	9,753	3.5	11,663	5
Asia	34,125	12	43,384	19
Central America	45,667	17	35,388	15
Europe	74,876	27	43,013	19
MENA	41,012	15	39,447	17
North America	1,141	0.5	1,769	1
South America	33,668	12	21,767	9
Worldwide	35,098	13	34,996	15
Total	**275,340**		**231,427**	

G. Performance of Investments & Material Income & Expenses

Investment Performance

Investment Portfolio Composition

The Company maintains a highly liquid portfolio comprised primarily of cash and fixed income securities, which represented close to 80% of invested assets as at December 31, 2017.

A summary of the investment portfolio by asset class as at 31st December 2017 is given below:

Asset type In USD 000'	IGI Bermuda Consolidated EBS Carrying Values		IGI Group Carrying Values	
	$	Composition	$	Composition
Short term deposits	136,160	32.9%	136,160	32.9%
Bonds and Debentures	189,746	45.9%	189,793	45.9%
Equities	43,704	10.6%	44,740	10.8%
Other investments	1,347	0.3%	1,347	0.3%
Investment in Properties	31,168	7.5%	30,375	7.3%
Investment in Affiliates	11,828	2.8%	11,828	2.8%
Total	**413,953**	**100%**	**414,243**	**100%**

The investment strategy of IGI Group is comprised of high-level objectives and prescribed investment guidelines, which govern asset allocation.

In support of these guidelines, the investment strategy prescribes investment allocation targets by asset class. The actual asset allocation mix has adhered to these targets with only minor variations driven by broader changes to the macro-economic environment. However, the Company does not actively change its investments in response to short-term factors such as increased volatility or changes in market sentiment.

The Company uses a panel of high quality third party investment advisors to implement the investment strategy set out by its Investment Committee of the Board of Directors. The Group's Chief Investment Officer is responsible for implementing the investment strategy and routinely monitors the portfolio to ensure that these parameters are being met and the portfolio is behaving appropriately.

Investment Portfolio Performance:

The Company maintains a highly liquid portfolio comprised primarily of cash and fixed income securities, which represented close to 80% of invested assets at December 31, 2017.

The following table shows the Return on Investment ('ROI') achieved by the Group in FY 2017 as against FY 2016 by asset class:

Return on Investments by Asset Class	2017	2016
Short term deposits	2.5%	2.3%
Bonds and Debentures	2.0%	2.0%
Equities	33.5%	30.7%
Other investments	10.6%	0.5%
Investment in Properties	1.1%	4.5%
Investment in Affiliates	1.6%	0.7%
Total	**4.4%**	**5.4%**

The return on investments above represents investment income recorded in income statement plus fair value movement in investments during the year 2017.

a) Increase in interest on short term bank deposits is due to slightly improved interest rates offered during FY 2017 as compared to FY2016

b) The return on Bonds and Debentures remained consistent at 2% on year on year basis

c) Equities

    a. Average dividend yield on total equity portfolio has improved from 3.8% in 2016 to 4.3% in 2017.

    b. Realized gain on disposal of investments has increased due to disposal of higher number of stocks during 2017 and some realised losses as a result of maturity and early call of fixed income bonds.

d) Investment custodian and management fee has increased due to corresponding increase in size of investment portfolios held with investment managers compared to last year.

Material Income & Expenses for the Reporting Period

The consolidated key underwriting performance of 'the Company' based on financial statements prepared in accordance with International Financial Reporting standards as at 31st December is summarized as follows:

Key Figures in USD 000'	**2017** **$**	**2016** **$**
Gross Written Premium	275,341	231,427
Reinsurance Premiums Ceded	106,497	82,820
Net Premium Written	168,843	148,608
Net Premium Earned	154,809	156,903
Net Acquisition Cost	50,611	48,130
Net Claims	(93,502)	(71,456)
Gross Underwriting profit	10,695	37,317
Management expenses	12,615	14,412
Investment Income	12,493	12,536
Net Income for the year	**10,439**	**34,741**

- The Company posted an increase of 19% in its gross premiums written (GWP) compared to last year. Increase is recorded in all major lines of business from last year. Addition of new sub classes namely 'General liability and legal expense' under casualty operations, 'Renewable energy' under energy portfolio & 'Denial of Access' under PV portfolio is expected to contribute to sustainable premium growth in near future.

- The Net premium earned relative to retained premium closed at 92% vis-à-vis 105% of previous year. Net UEPR charge in P&L has been recorded due to incremental premium reserves build up for significant growth in GWP from last year. In contrast, FY 16 vis-à-vis FY 15 witnessed decline in GWP by 4.5% which explains net release of premium reserves in previous year.

- Net acquisition cost to net premium earned works out to 32.7% for y/e 2017 versus 30.6% last year. Increase in acquisition cost percentage is a result of reduction in gross earned premium base induced by increase in non -proportional reinsurance cost during 2017.

- On YoY basis, ratio of ‘Net claims’ to ‘Net premium earned’ works out to 60% vis-à-vis 46% of previous year.

- Q3 of Year 17 has witnessed major CAT events namely Hurricane IRMA, Maria in Caribbean and two earth quakes in Mexico. These CAT events have negatively impacted the results of Global reinsurers having exposure in the region. However, IGI using its effective reinsurance protection has still managed to mitigate the severity of these losses at net level.

- The Company posted an Underwriting profit of $10.69 million as against $ 37.32 million in 2016. Decline in underwriting profit has mainly resulted from deterioration in net claims on YOY basis.

There is a decline in management expenses of the company from last year due to better expense management in line with the budget outlay

Any Other Material Information

No other material information

2. GOVERNANCE STRUCTURE

A. System of Governance

The IGI Group Board of Directors is supported by its Risk, Audit and Compliance Committee ('RAC'), Nomination & Remuneration Committee ('NRC') and Investment Committee ('IC'). All these committee also provide support to other Group entities.

The following Management Committee support both the Group and the management in its day to day functioning;

- Management Committee
- Enterprise Risk Management Committee
- Underwriting Governance Committee
- Reinsurance Committee
- Reserving Committee

IGI has adopted 'Group Code of Conduct and Ethics' which applies to its Board of Directors, its committees, the senior and executive management and the staff members of all IGI Group operational entities. The Code ensures that the Board of Directors acts in the best interest of the Company while maintaining full compliance with the laws, rules and regulations of the jurisdictions in which it operates.

The overall governance structure of the Group has not changed materially in 2017- the key developments being an increased investment in the role of the Management committees to provide more frequent and detailed oversight and challenge than that afforded by the quarterly Board and its committees.

B. Structure

IGI Group maintains an efficient and sound organizational structure commensurate with its operational requirement and with a view to governing and managing its business efficiently and effectively. All major changes in the organization's structure are approved by the Nomination and Remuneration Committee of its Board.

The governance structure is based on well-defined lines of responsibility ('three lines of defence') spanning front line Functions, Risk and Compliance Functions, Internal Audit Function and governed by the Board in order to provide independent oversight and challenge.

The executive management team consists of experienced insurance industry professionals with extensive international market experience and long histories of success in their respective specialist areas.

C. Board and Senior Executive

The following table shows the Board and Senior Executive of 'the Company' and 'IGI Group':

Board Members:

Name	Board Position (IGI Bermuda)	Board Position (IGI Group)
Wasef Jabsheh	CEO and Executive Director	Vice Chairman
Walid Jabsheh	President and Executive Director	-
Pervez Rizvi	CFO and Executive Director	-
Andreas Loucaides	Non-Executive Director	-
Paul Gatutha	Non-Executive Resident Director	-
Mohammad Abu Gazaleh	-	Chairman & Non-Executive Director
Khalifa Al Mulhem	-	Non-Executive Director
Abdulaziz Al Balushi	-	Non-Executive Director
Soumitra Biswas	-	Non-Executive Director
Hani Jabsheh	-	Non-Executive Director
David King	-	Independent Non-Executive Director

Officers:

Name	Board Position	Responsibilities
Wasef Jabsheh	Executive Director	Chief Executive Officer
Walid Jabsheh	Executive Director	President
Pervez Rizvi	Executive Director	Chief Financial Officer
Hatem Jabsheh	-	Chief Operating and Investment Officer
Tim Deardon	-	Group Head of Claims
Simon Spurr	-	Group Head of Risk Management
Mark West	-	Group Chief Actuary
Michael Farah	-	Vice President - Internal Audit
Ashraf Asad	-	Vice President - Information Technology
Rawan Alsulaiman	-	Chief Legal Officer
Adam Safwat	-	Vice President - Underwriting & Business Development
Reem Naouri	-	Senior Compliance Officer

i. Board and Senior Executive Structure, Role, Responsibilities and Segregation of Responsibilities

a. The Board of Directors

The Board of Directors is responsible for the management of the Company and for setting the goals and strategies necessary to operate and provide oversight for the implementation of those strategies carried out by the Executive Management. Potential conflicts of interest are discussed and disclosed at the start of every Board meeting.

The Board fulfils its duties and obligations through its following committees:

b. Risk, Audit and Compliance Committee ('RAC')

The Committee meets at least quarterly and at such other times as deemed necessary by the Board. The Committee is comprised solely of Non-Executive Directors and is chaired by an Independent Non-Executive Director who has significant experience in the area of risk, finance and compliance. The other two members bring extensive experience in the areas of Underwriting, Corporate and Financial management. The Committee is attended by members of the Group executive and senior management team from the specific subject matter expertise and input as required.

The Committee's objective is to assist the Board in fulfilling its financial and statutory reporting, controls and compliance responsibilities to achieve the Company's goals while protecting shareholder interest. These responsibilities span key functions including risk management, business continuity management, compliance, internal audit, financial crime and whistleblowing. The Committee also oversees the appointment and engagement of the Company's external auditors.

The Committee is authorized to investigate any matter within its remit, seek any information from the Directors and/or employees which is necessary to satisfactorily discharge its duties and make recommendations to the Board where action or improvement is needed.

c. Nomination and Remuneration Committee

This Committee provides oversight and support to the Group and its subsidiaries including IGIUK, meeting at least twice a year. Its objective is to assist Boards of Directors in the appointment of Board members, review and recommend on the skills and capabilities required of Board members and review the structure of the Boards including evaluation of the independence criteria for independent members.

The Committee is also responsible for setting remuneration and compensation for all Executive Directors and the Group Chairman and recommending and monitoring the level and structure of remuneration for the Executive Management of the Company.

d. Investment Committee

This Committee provides oversight to the Group and all the subsidiaries for investment management, meeting at least twice a year. The main objective of the Committee is to assist Boards in fulfilling their oversight responsibility for the investment assets of the Company.

The Committee is responsible for formulating the overall investment policies, establishing investment guidelines and monitoring the management of the investment portfolio in compliance with the policy and guidelines set in this regard and also for meeting performance objective over time.

The Committee provides specific recommendations and support to the Board.

e. Changes during the Period

There have been no material changes in the system of governance of the Company over the 2017 period.

ii. **Remuneration Policy**

In accordance with the Corporate Governance Manual, the Remuneration and Nomination Committee of the Board of Directors is responsible for setting remuneration and compensation for Executive Directors and the CEO and recommending the same to the Board for approval. The current remuneration structure of the Non-executive Directors of IGI Group consists of two aspects 1) annual retainer 2) fees based on attendance of meetings.

Remuneration policy and practices in respect of executives and employees are designed to compensate employees equitably based on their performance, consistent with IGI’s business needs and financial strength and in a way that does not discriminate against anyone based on race, religion, colour, marital status, gender, age or disability.

The structure of remuneration for all employees including senior executives is comprised of:

- Basic salary plus defined allowances & benefits as per the terms of employment.
- Discretionary cash bonuses (rewarded annually at the Company's discretion based on a combination of individual and Company performance and not constituting a contractual right).
- Contribution to Social security as per local labour laws of land where IGI Offices are domiciled.
- Coverage under Medical and Life insurance as per Group Medical and Life Insurance Scheme.

Certain employees designated as 'key' based on their contribution to the Company's objectives may be rewarded an annual bonus the payment of which is deferred over a four year period. The senior management team also participate in a discretionary ‘Phantom share option plan’ linked to the book value of the Company's shares from the date of granting to the date of exercise and subject to a five year vesting period.

iii. **Pension or Early Retirement Schemes for Members, Board and Senior Employees**

There is no pension or early retirement schemes for Directors. For senior executives and employees, pension contributions are in line with the local labour laws of land where IGI Offices are domiciled.

iv. **Shareholder Controllers, Persons who Exercise Significant Influence, the Board or Senior Executive Material Transactions**

None applicable.

D. Fitness and Proprietary Requirements

i. Fit and Proper Process in assessing the Board and Senior Executive

The Company carries out an extensive range of background checks before making any senior appointment. The 'fit and proper' checks include amongst other things:

- The declaration form to be completed by the applicant.
- The undertaking of credit checks to determine the status of the person's credit record.
- The checking of qualifications and work experience.
- The undertaking of background checks for violation of any regulations etc.
- Undertaking of checks via the internet or any other means for any other adverse information relating to the person.

A person will only be deemed fit and proper if it can be shown that:

- The person possesses the competence, character, diligence, honesty, integrity and judgment to properly perform their duties.
- The person is not disqualified from acting in the position or performing their duties in terms of any legislation.
- The person does not have any conflicts of interest in performing its duties as an affected person or, if such a conflict exists, it is appropriately disclosed and assessed to ensure that it does not create a material risk of the person failing to perform his/her obligations/duties properly.

ii. Board and Senior Executives Professional Qualifications, Skills and Expertise

Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated and be selected based upon the contributions they can make to the Board.

The Nomination and Remuneration Committee reviews the qualifications of potential Director Candidates and makes recommendations to the Board.

The Board of the IGI Group currently consists of members from various backgrounds and qualifications that serve IGI's business:

Biographies of IGI Holdings Board of Directors are set out below:

Mohammad Abu Ghazaleh ***Chairman of the Board, Non-Executive Director***
Mohammad serves as chairman of the board of directors and chief executive officer of Fresh Del Monte Produce Inc. in the United States. He also serves as the chairman and chief executive officer of National Poultry Jordan, Royal Jordanian Air Academy in Jordan and Queen Noor Technical College, as chairman of Arab Wings and as a member of the boards of directors of Bank Misr Liban in Egypt and United Cable Industries Company in Jordan. Mohammad also serves on the board of trustees of the American University in Cairo. Previously, Mohammad served as chairman and chief executive officer of IAT Group and as chief executive officer of United Trading Company in the United Arab Emirates from 1986 to 1996.

Wasef S. Jabsheh ***Vice Chairman and Chief Executive Officer***
Wasef Jabsheh worked in oil, petrochemicals and construction account management roles at Kuwait Insurance Company from 1967 to 1971, and as a branch manager for Kuwait Insurance Company in Abu Dhabi and Al Ain City. Wasef served as the general manager of Abu Dhabi National Insurance Co. from 1976 to 1989. He established Middle East Insurance Brokers in 1989, and founded International Marine & General Insurance Co. in 1991, which was ultimately purchased in 1994 by Houston Casualty Insurance Holdings, Inc. From 1995 to 1997, Wasef was a director of Houston Casualty Insurance Holdings, Inc. As a result of a non-compete clause with Houston Casualty Insurance Holdings, Inc. Wasef was involved in non-insurance related businesses from 1997 to 2001. Wasef founded IGI in 2001. From 2001 to 2005, Wasef served as the Company's Chairman and Chief Executive Officer. After the Company's capital increase in 2005, in compliance with international corporate governance standards, he became Vice Chairman and Chief Executive Officer. Wasef also serves as a board member of Saudi United Cooperative Insurance Co. Wasef holds a B.A. degree in Economics and Business Administration from the American University of Cairo.
Abdul Aziz Al Balushi ***Non-Executive Director***
Abdul Aziz Al Balushi, Group Chief Executive Officer of Oman International Development and Investment Company SAOG (OMINVEST) is currently the Chairman of Oman Electricity Transmission Company SAOC (a wholly government-owned entity), Oman Real Estate Investments and Services SAOC, and Ubhar Capital SAOC. He is also the Deputy Chairman of Oman National Investment Corporation SAOC and Salalah Resorts SAOC Prior to joining OMINVEST in 2014, he held the position of chief executive officer of Ahli Bank SAOG. He currently serves on the board of directors for a number of financial institutions in Oman and elsewhere in the GCC such as the Oman Arab Bank SAOC, National Finance Company SAOG and National Life and General Insurance Company SAOC. AbdulAziz holds a Master of Science Degree in Finance from the University of Strathclyde (UK)
David King ***Independent Non-Executive Director***
David currently serves as non-executive Chairman of IGI UK Board of Directors and is also Chairman of the risk and audit committee of IGI Holdings. Additionally, he serves as non-executive chairman of their Board, and member of their audit committee and remuneration committee. From 2010 to 2012, he was executive director of Middle East business development at China Construction Bank International. Prior to that, David held the positions of director of finance and administration and chief executive officer of The London Metal Exchange from 1987 to 2001, managing director and acting chief executive of the Dubai Financial Services Authority from 2003 to 2005 and managing director of global banking in the MENA division of HSBC Bank Middle East Limited from 2005 to 2009. David is a fellow in the Association of Chartered Certified Accountants and holds a Master of Business Administration from Cranfield University.
Soumitra Biswas ***Non-Executive Director***
Soumitra has over 33 years of experience as a financial executive in the insurance industry. As a member of the Institute of Chartered Accountants of India, Soumitra held senior management positions with the Life Insurance Corporation of India and served as assistant general manager (finance and administration) of Al Khazna Insurance Company in Abu Dhabi. He previously worked for Price Waterhouse, where he eventually held a senior audit position. He worked with IGI Group

from 2006 till 2015 as Group CFO. Soumitra holds a Bachelor of Commerce with Honours in Advanced Accountancy.
Khalifa Al Mulhem ***Non-Executive Director***
Khalifa has 30 years of experience in the construction of industrial projects industries. Previously, Khalifa worked for the Saudi Industrial Development Fund in Saudi Arabia. Khalifa holds a B.A. degree in Business Administration with a Finance Major from the University of Colorado, Boulder.
Hani Jabsheh ***Non-Executive Director***
Hani is the co-founder and current chief executive officer of Al-Bawaba.Com Inc, based in Jordan, an online digital content provider and online media platform for the Arab world and greater Middle East. Prior to entering the online media industry in 2000, Hani was a broker at Lloyd's in London for two years, employed by Aon Group's energy division. Hani holds an Honors Bachelor of Business Administration from Wilfred Laurier University.

Biographies of IGI Bermuda Board of Directors, Officers and Senior Management are set out below:

Wasef S. Jabsheh ***CEO and Executive Director***
Wasef Jabsheh worked in oil, petrochemicals and construction account management roles at Kuwait Insurance Company from 1967 to 1971, and as a branch manager for Kuwait Insurance Company in Abu Dhabi and Al Ain City. Wasef served as the general manager of Abu Dhabi National Insurance Co. from 1976 to 1989. He established Middle East Insurance Brokers in 1989, and founded International Marine & General Insurance Co. in 1991, which was ultimately purchased in 1994 by Houston Casualty Insurance Holdings, Inc. From 1995 to 1997, Wasef was a director of Houston Casualty Insurance Holdings, Inc. As a result of a non-compete clause with Houston Casualty Insurance Holdings, Inc. Wasef was involved in non-insurance related businesses from 1997 to 2001. Wasef founded IGI in 2001. From 2001 to 2005, Wasef served as the Company's Chairman and Chief Executive Officer. After the Company's capital increase in 2005, in compliance with international corporate governance standards, he became Vice Chairman and Chief Executive Officer. Wasef also serves as a board member of Saudi United Cooperative Insurance Co. Wasef holds a B.A. degree in Economics and Business Administration from the American University of Cairo.
Walid Jabsheh ***President and Executive Director***
Walid Jabsheh began his career at Manulife Reinsurance in Toronto, Canada and later joined LDG Reinsurance Corporation, a subsidiary of Houston Casualty Co., in 1998 where he served as Senior Underwriter managing a USD 30 million book of treaty and facultative business. Waleed joined International General Insurance Co. Ltd. at the time of its foundation in 2002. As President of the company, he has played a pivotal role in the growth and development of IGI now writing approximately USD 250 million in Gross Written Premium worldwide across 11 classes of business within a network of 5 offices.

Pervez Rizvi

Chief Financial Officer and Executive Director

Pervez has over 30 years of experience in Insurance and Banking. He obtained Bachelor of Commerce in Accounts and Management followed by CA (India) and CPA (USA). Pervez is a fellow member of Institute of Chartered Accountants of India. Pervez began his Insurance career with Life Insurance Corporation of India in 1989 and later joined Oman National Insurance Company in Oman. He worked with HSBC Bank in UAE and Malaysia and Zurich Financial Services in DIFC in the senior management role. His last assignment was with an Islamic Insurance Company in Abu Dhabi, UAE as CFO.

Andreas Loucaides

Non-Executive Director

Andreas began his career in the insurance industry in 1971, joining Syndicate 702 at Lloyd's which was sold to Markel in 2000. He later founded a start-up insurance company, PRI Group Plc (an FSA licensed A- rated AIM listed with a cap of £120m) in 2002 as Chief Executive Officer. Following the profitable sale to Brit Holdings, Andreas joined Catlin UK in 2004 as the Chief Executive Officer. In 2008, he joined Jubilee Group at Lloyd’s as the CEO overseeing the sale to Ryan Specialty Group in 2011. In 2012, Andreas joined Lloyd’s Syndicate 2526 assisting the sale to AmTrust and supporting AmTrust in the purchase of Sagicor at Lloyd’s.

Paul Gatutha

Non-Executive Resident Director

Paul joined the company in 1999 as a Finance Manager responsible for the day-to-day operations of a number of captives. He was promoted to Senior Vice President in 2010. Prior to joining the company, Paul worked at Ernst & Young in London for four years where he was involved in a variety of audits in the financial services division.

Paul received a Bachelor of Commerce degree from the University of Nairobi in 1993. Paul was admitted as a member to the Institute of Chartered Accountants in England and Wales in 1998. He qualified as a Chartered Financial Analyst in 2004.

Hatem Jabsheh

Chief Operating Officer & Chief Investment Officer

Hatem has over 16 years of experience in the financial sector and previously worked for Spear, Leeds & Kellogg, a subsidiary of Goldman Sachs, as a primary market maker at the Chicago Board Options Exchange and Chicago Mercantile Exchange. Hatem established Indemaj Brokerage, an asset management and brokerage company in Amman, Jordan, which he sold in 2009. He joined the Company in 2009. Hatem holds a B.A. degree in International Business & Finance from Marquette University in the United States.

Tim Deardon

Group Head of Claims

Tim has 33 years of experience in international insurance markets and claims management. He previously served as head international claims consultant for the energy business of Marsh Ltd and was also the international head of claims for its political risk business. Prior to that, Tim worked as a marine and energy claims manager at a major Lloyd’s syndicate.

Simon Spurr

Group Head of Risk & Capital

Simon joined IGI in August 2016 bringing over 6 years of risk and capital management experience and 18 years of broader experience across underwriting, pricing & portfolio

	management and change management. He is a Chartered Insurer with a BA (Hons) degree in Banking, Insurance and Finance. Before joining IGI, Simon spent 13 years as a self-employed consultant with his recent engagements including supporting the launch of Fidelis Insurance and implementing risk and capital frameworks in Liberty Mutual, Randall & Quilter (Lloyds), Lancashire Insurance and Aspen. Through his role in the internal capital model approval process in three companies, Simon brings extensive experience around model validation, documentation and governance best practice.
	Mark West ***Group Chief Actuary***
	Mark is an experienced actuary with over 10 years of experience in the reinsurance/specialty industry across reserving, pricing, capital, risk and catastrophe modelling areas. He started his career at Bacon and Woodrow with roles at Liberty Syndicates, Navigators and MS Amlin and has extensive class experience across P&C, Marine, Energy and Aviation. Mark brings a mix of technical skill with business and regulatory understanding to support the business in both underwriting and operational spheres. Mark received his PhD from Downing College Cambridge in Organic Chemistry.
	Michael Farah ***Vice President – Internal Audit***
	Michael has over 12 years extensive experience of providing internal audit and audit services to clients in Jordan and the Middle East. He has a Bachelors Degree in Accounting and is a US Certified Public Accountant. Michael joined IGI in 2011 after having worked with PricewaterhouseCoopers and Ernst & Young, gaining a solid foundation in accounting and auditing particularly in the insurance industry.
	Ashraf Asad ***Vice President – Information Technology***
	With over 20 years of experience in the IT and communications sector, Ashraf brings a wealth of knowledge both as a technical expert and as a successful projects leader and IT operations manager. Ashraf served in different industries including tourism (Dakkak Tours), insurance (ARIG) and cargo (CTI Group Inc) where he worked for local and international companies in Jordan and was in charge of major IT projects in the Middle East, Europe and the Far East.
	Rawan Alsulaiman ***Group Legal Officer***
	Rawan joined IGI in December 2007 as head of its Legal Department and was promoted in 2014 to Chief Legal Officer. She also holds the position of Board Secretary. Rawan started her career in 2005 with Abu Ghazaleh Intellectual Property (AGIP) where she established the Special Clients Department to handle key clients and oversaw their intellectual property rights, anti-counterfeiting, infringement and IP enforcement actions across the MENA region. Rawan obtained her Master's degree in International & Comparative Public Law from the University of Exeter.
	Adam Safwat ***Vice President – Underwriting & Business Development***

Adam has over 20 years of experience in the reinsurance industry. He began his career as an accounts clerk for C.E. Heath before moving to QBE in London where he specialized as a Treaty Reinsurance Underwriter for 13 years. Adam managed an international book of business with his expertise concentrated in Japan, Asia Pacific and the MENA region. Throughout his career, he has also been heavily involved with in-house modelling development as well as the implementation of best practice procedures. Adam joined IGI in June 2011.
Reem Naouri ***Senior Compliance Officer***
Reem has over 5 years of experience in the insurance industry spanning compliance and risk management roles having previously worked in MetLife and Al-Nisr Al-Arabi Insurance in the region. She holds a BSc in Economics from Brigham University and a Minor in Business Management from the Marriot School of Business together with certifications in Risk Management, Risk Assessment and Anti-Money Laundering.

E. Risk Management and Solvency Self-Assessment

i. Risk Management Process & Procedures to Identify, Measure, Manage and Report on Risk Exposures

IGI's Risk Management approach starts from a clear articulation of the universe of risks to which the Company is exposed against which we establish a series of Board approved appetites / tolerances. The risk tolerances are calibrated to provide scope for the profitable pursuit of core risks (insurance underwriting and investment) whilst protecting against risks of significant capital erosion and ensuring adequate liquidity and financial flexibility is maintained at all times. Risk appetites are cascaded down to the first line risk taking functions through the use of detailed underwriting, reinsurance purchasing and investment authorities.

First line functions operate virtually continuous exposure monitoring of core risk exposures with the second line Risk Function collating, validating and challenging risk exposure metrics on at least a quarterly basis and providing detailed narrative reporting to Boards including detailed Key Risk Indicator 'KRI' reports against each element of the risk appetite.

In addition to the use of internal systems (including Sequel Impact) to identify and aggregate underwriting risk exposures, the company employs the services of AON to model elementary catastrophe exposures using RMS RiskLink - the results of which are aggregated by IGI using stochastic modelling tools and reported in detail to Boards quarterly. These modelled exposures, combined with the use of deterministic 'realistic disaster' style scenarios provide a comprehensive picture of the primary risks to which the Company is exposed.

In addition to the monitoring and modelling of these 'financial' or 'intrinsic' risks, the Company monitors and manages 'operational risk' (being the potential impacts arising from a failure of people, processes or systems) through the use of a risk register and risk / control owner evaluations.

ii. Risk Management and Solvency Self-Assessment Systems Implementation

The Company's risk and capital appetite forms a key input in to both the business and strategic planning processes, the consideration of alternative strategies being informed by their risk / return profile within the bounds of the aggregate levels of risk the Company is willing to accept and its capacity from the perspective of capital sufficiency in light of the requirement to satisfy the requirements of its prudential regulators and the more stringent requirements to maintain its AM Best and S&P ratings.

To date, the collation and reporting of the aggregate narrative reporting has been driven by regulatory filing timescales however the underlying elements are considered at appropriate points in the business lifecycle - the regulatory returns effectively being 'after the event' whereas the underlying process of monitoring and projecting the risk / capital profile is considered on a rolling quarterly basis and at other points as required in response to a projected or actual significant change in the risk / capital profile.

iii. Relationship between Solvency Self-Assessment, Solvency Needs & Capital, and Risk Management

The three dimensions of risk / capital / solvency being inter-related and as such considered alongside each other. As an example, the quarterly report of the Risk Function to the Board - the "Risk & Capital Review" considers regulatory capital, rating agency capital, intrinsic / financial risk exposures, operational and emerging / strategic risk.

This approach is reflected in the composition and work plan of the Risk Function itself.

iv. Solvency Self-Assessment Approval Process

On at least a quarterly basis, the Risk Function provides its "Risk & Capital Review" encompassing the full range of risk and capital metrics to management and to the Risk Audit & Compliance Committee of the Board. This approach operates at both the level of the consolidated Group and in parallel at the IGIU UK entity.

In addition to review and challenge of this quarterly aggregate report, the Committees provide specific challenge and sign-off of deterministic capital model assessments (the BMA BSCR and PRA Standard Formula SCR) supported by appropriate expert and external review / audit.

F. Internal Controls

The system of internal control encompasses:

Control environment which sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

Risk assessment to identify and analyses relevant risks to the achievement of objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory and operating conditions will continue to change, mechanisms are needed to identify and deal with the special risks associated with change. Risks are assigned to Risk and Control owners and this is recorded in the consolidated Group Risk Register that reflects entity specific issues.

Control activities which reflect policies and procedures to help ensure that management directives are carried out and necessary actions are taken to address risks to achievement of the entity’s objectives. The Risk Register records the ownership of controls. The Risk Management team assesses the effectiveness of controls on a regular basis and provides feedback to the Audit, Risk and Compliance Committee of the Board.

Information and Communication whereby the results of the Control Activities are communicated across the Company.

Monitoring whereby internal control effectiveness is monitored on a regular basis, making use of exception reporting and variance analysis as part of its management information.

The Compliance Function is independent and reports to the Audit, Risk and Compliance Committee of the Board.

The Function ensures that the business of the Company complies with regulatory compliance requirements with a key role in the management of risks relating to financial crime (including Money Laundering, Sanctions and Anti Bribery & Corruption).

G. Internal Audit

The Internal Audit function is responsible for auditing the group's processes and has an approved internal audit policy and charter outlining their responsibilities and reporting lines.

To achieve the degree of independence necessary to carry out its responsibilities effectively, the team has direct and unrestricted access to senior management and the Board achieved through a dual-reporting relationship. The internal audit department is free from interference in determining the scope of internal auditing, performing work, and communicating results and discloses any interference to the board together with its implications.

Internal Audit is objective in performing audits and does not subordinate judgment on audit matters to that of others. Individual objectivity is achieved through performing audits in such a manner that no significant quality compromises are made, and must have an impartial, unbiased attitude and avoid conflicts of interest and impairment of independence.

H. Actuarial Function

The Actuarial Function operates across pricing and reserving. Reserving analyses are carried out quarterly, providing a range of best estimate results be each line of business and accident year. Results are presented to and discussed by the Reserving Committee for the purpose of IFRS reserves and forming the basis for regulatory provisions.

By maintaining a set of internally agreed and governed un-margined actuarial best estimate ultimate claims provisions we are able to ensure consistency between reserving, pricing, planning, performance management, and capital model calibration.

I. Outsourcing

i. Outsourcing Policy and Key Functions that have been outsourced

The Company does not outsource any key or material functions, relying instead on its significant resources employed in both its Jordan hub and London offices.

A degree of service provision in respect of non-core functions is provided by the following:

- IAS Marsh acts as a resident principal agent of the company for the purpose of Insurance Act, 1978 and the amendments & regulations made there under.
- Etiqa Offshore Insurance Ltd acts as a resident principal agent of the company in Labuan
- Moorepay and IAS Marsh for payroll management in respect of UK and Bermuda respectively.
- IMPENDULO for insurance premium tax computation and submission of returns in respective jurisdictions.
- TDM for UK based IT hardware support and back up.

The Company takes a risk based approach to all of these activities with robust contracts and service level agreements in place with all parties subject to regular review and audit consistent with the Company's Outsourcing Policy.

ii. Material Intra-Group Outsourcing

The Company operates a hub approach to service provision with a number of functions and services outsourced to IGI Underwriting Co. Ltd (Jordan) administrative functions such as underwriting administration, claims administration, servicing insurance and reinsurance contracts, internal audit function and procedures, IT services, compliance, actuarial, investment management, company secretarial, exposure management, legal and some low level finance administration function under the terms of a signed Service Level Agreement.

J. Other Material Information

None applicable.

3. RISK PROFILE

A. Material Risks the Insurer is exposed to in the Period

The Company's primary risk exposures are to the core risks of Underwriting and Investments and this is reflected in the frequency and scope of the risk monitoring and reporting to Boards.

Material underwriting risk exposures are to Catastrophes (Natural and Man Made) which are monitored through a combination of third party models (Sequel Impact and RMS RiskLink) and, where appropriate models do not exist, through a range of deterministic scenarios.

These are reported in detail in the "Catastrophe Risk Return" schedule and associated "IGI Catastrophe Management And RDS Scenarios" of the Company's filings to the BMA. The Company's exposures in this regard have remained relatively stable over the period and we note that in comparison to peers, IGI's catastrophe risk exposures remain prudent reflecting its well diversified portfolio, immaterial exposures to peak zone atmospheric perils and prudent line sizes / reinsurances.

Material investment risk exposures are to counterparty default in respect of term deposits and interest rate volatility / counterparty risk in respect of fixed income securities and are monitored through regular investment portfolio reporting including quarterly review by the Investment and Risk Committees. The Company has relatively modest exposures to Equities (8%) and Property (11%) across a diverse portfolio and de-minimis exposure to alternative assets (<1%).

B. Risk Mitigation in the Organization

The Company mitigates risk through the use of extensive controls and prudent risk limits and tolerances, cascading these down to the front line operations combined with '3 lines of defence' monitoring supported by the Risk Function and the Internal Audit Function.

Underwriting Risk

- Underwriting criteria and maximum line sizes for each business line with compliance monitored by Group Underwriting Management and breaches reported to Board.
- Prudent risk aggregation limits applied at individual and combined portfolio levels with metrics reported to management at least quarterly, reported in aggregate to the Risk Audit & Compliance Committee and significant movements analysed.

Liquidity Risk

- Maintenance of a highly liquid asset portfolio sufficient to cater for a combination of a significant pay out of reserves plus gross underwriting stress loss.

Market & Credit Risk

- Clear investment guidelines with limited exposure to non-traditional investment classes and requirements as to minimum investment counterparty quality monitored by the Investment Function and reported to both the Investment Committee and, in aggregate, to the Risk Audit & Compliance Committee.
- Minimum credit quality criteria in respect of outwards reinsurance counterparties coupled with concentration limits to contain exposures in extremis - any breaches being reported to the Risk Audit & Compliance Committee.

Operational Risk

- A series of 'zero tolerance' appetite statements for controllable risks and a risk management process focusing on the adequacy of the control environment.

C. Material Risk Concentrations

On the assets side, the Group has 6 exposures excess of $10m to investment counterparties of which one comprises an equity holding in Saudi United Insurance, KSA of $18, and the remainder comprise current account / term deposits to individual banks - the most material being $37.1m to Jordan Kuwait bank comprising $19.3m in term deposits and the remainder in current operating accounts. A full schedule of exposures is reported annually in the Company's returns to the BMA.

On the liabilities side, risk concentrations exist through the Company's underwriting exposures where man made or natural catastrophe events have the potential to impact across multiple contracts of insurance / reinsurance. In common with its peers, the Company considers catastrophe losses in terms of the potential for loss at a 1/250 return period for earthquake losses, a 1/100 return period for atmospheric perils and a range of deterministic scenarios in respect of man made events.

On this basis, at end 2017 the most significant elemental catastrophe exposure is to Caribbean Windstorm with the resultant modelled net loss of $18m. The most significant deterministic loss scenarios relate the potential for a complete loss of an offshore oil platform or an Egypt Quake – both scenarios presenting the potential for net losses of $12m. This modest level of exposure to individual catastrophes ($18m representing just 6% of 2016 Year End IFRS capital) reflects the Company's prudent risk appetite in respect of events that have the potential to result in material capital depletion.

D. Investment in Assets in Accordance With the Prudent Person Principles

The Company is required to invest the assets used to cover its policyholder obligations and capital requirement in accordance with the ‘prudent person principle’. The prudent person principle defines that the decision to invest assets must be in a manner that is generally accepted as being sound for the average person.

In addition to adhering to a prudent series of investment portfolio limits designed to contain risk through a combination of diversification and quality of assets, the Company ensures that adequate liquidity is maintained at all times sufficient to cover projected payouts of existing reserves plus potential stress losses - cash and (highly liquid) fixed income securities comprising >80% of invested assets at 31 December 2017.

E. Stress Testing and Sensitivity Analysis to Assess Material Risks

The primary stress testing performed by the Company is in respect of underwriting risk which, given the overall risk profile of the Company, provides the greatest potential to generate losses that could materially impact its capital and solvency profile.

In addition to the stochastic modelling of elemental catastrophes and the deterministic modelling of Realistic Disaster Scenarios ('RDS') the Company considers the potential for these to aggregate in a given year and potentially be exacerbated by correlated reinsurer defaults. In addition to considering underwriting risk scenarios, the Company considers the potential for these to coincide with losses on the asset side of the balance sheet arising from significant economic shocks.

In the Company's 2017 year end return the BMA, the following combined extreme stress scenario represented an aggregate potential loss of $70m (approximately 22% of IFRS capital) and hence comfortably within the level of headroom held over the Company's regulatory capital requirements.

- 40% peak to trough decline in equities, alternative investments and real estate assets consistent with the Black Monday event of 1987 considered to occur instantaneously and be realised with no credit for markets tendency to revert towards the mean over time.
- A significant widening of credit spreads impacting the bond portfolio being parameterised by the BMA to a level that is representative of a 1/100 return period shock.

- The combination of an extreme period loss arising from the three most significant events from the BMA defined event catalogue (Egypt Earthquake, Peru Earthquake and Aviation Collision [Combined Hull & Liabilities Loss]).

4. SOLVENCY VALUATION

A. Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

The valuation principles applied to each material asset class are explained below:

Cash and Cash Equivalents

Recorded at fair value based on the balances confirmed by the relevant banks and financial institution at the end of the year. Furthermore, the Non USD cash balances are translated in to equivalent USD using the year end exchange rate available from Reuter's terminal.

There are no material estimations or judgments made due to the nature of these assets.

Quoted Investments

Recorded at fair value reflecting market prices traded on securities exchange at the reporting date.

Unquoted Investments

Recorded at fair value using other techniques for which all inputs that have a significant effect on the recorded market value are observable either directly or indirectly. These techniques are consistent with the EBS framework fair valuation hierarchy principles.

Investment in Affiliates

Recorded in accordance with the equity method as prescribed in International Accounting Standards. Economic balance sheet valuation principles are applied to the investment in affiliates where appropriate before deriving the investment values.

Investment in Property & Real Estate Occupied by the Company

Recorded at fair value based on recent external valuation report performed by an accredited professional third party valuer at the reporting date.

Deferred Acquisition Cost

There is no concept of deferred acquisition cost ('DAC') under the EBS framework. The DAC is implicitly included in the premium provisions valuation and not reflected as an asset.

Deferred Tax Assets

Recognition of deferred tax assets is subject to a degree of estimation and judgment. The Company makes use of all available evidence when determining the future taxable profits. There is no difference between the recognized deferred tax asset in the IFRS financial statements and the deferred tax asset recognized in the economic balance sheet.

Accounts and Premium Receivable

Valued based on the best estimate of the recoverable value, discounted to present value where the expected recovery is greater than one year in accordance with the EBS framework. The outstanding premiums that relate to future collection dates are included in the EBS best estimate premium provision calculation.

Property, Plant and Equipment.

Recorded at fair value using relevant observable market inputs according to the EBS valuation hierarchy.

Other Assets

Recorded at the carrying value stated in the IFRS financial statement which deemed to approximate the fair value due to the short term nature of these assets. The only exceptions are prepayments and deferred expenses which do not meet the EBS valuation criteria with the caveat that prepayments could not be exchanged between knowledgeable willing parties in an arm's length transaction.

There are no material estimations or judgments made due to the nature of these assets.

B. Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

Claims Provision

The Company evaluates both outstanding ('O/S') individual claim case reserves and Incurred But Not Reported ('IBNR') bulk claims estimates. IBNR includes an allowance for the likely run-off of case reserves.

The IBNR reserve is estimated according to a range of widely-used actuarial methods including evaluation of run-off patterns of paid and incurred claims (both internal and external), and evaluation of expected loss ratios (again both internal and external) having regard to the impact of the underwriting cycle. This analysis takes place separately for each material line of business.

The total starting point for Claims Provision is then O/S+IBNR. This is estimated both gross and net of reinsurance, having regard to how the reinsurance program should respond on known claims, historical recovery rates from reinsurance contracts and considering current gross:net ratios for each line of business, accident year and reinsurance contract type. This is estimated without margins for prudence as required by the regulations.

Using the patterns of claims payments and risk-free interest rates a discount factor is applied to allow for the likely income on invested claims reserves. Provision is made for Events Not In Data ('ENID') by making an allowance for possible adverse outcomes that may not yet have occurred during the Company's trading history.

There is a further loading for Reinsurance Default ('RI Default') which is calculated on a different basis from IFRS bad debt provisions: this takes account of the amount of total expected recoveries within the claims reserve banded by the credit ratings of the reinsurers.

The Claims Provision is then: O/S+IBNR less Discount plus ENID plus RI Default.

Premium Provision

This component takes account of future payments for claims yet to occur on policies that have already been underwritten, including 'bound but not yet incepted' policies which the Company is contractually committed to but which are not yet on-risk.

The basic calculation here is to estimate likely future claims and remove future premium to be received. Likely future claims are estimated according to IFRS Unearned Premium Reserves multiplied by appropriate loss ratios which vary by line of business and are consistent with the loss ratios adopted in the Claims Provision calculations.

Future premiums are estimated according to the actual payment terms of the policies. Both components are calculated gross and net of reinsurance, with assumptions where appropriate that future reinsurance terms will be consistent with projections within the Company's business plan. The future reinsurance recoveries allowed for in the net loss ratios take account of historical recovery rates from reinsurance contracts and consider current gross to net ratios for each line of business, accident year and reinsurance contract type

The starting point for Premium Provision is then: future claims less future premiums.

A further allowance is calculated for additional expense reserves, being an estimate of future expenses that would be required to manage the claims without regard for future underwriting and which is calculated on a different basis from the allowance for claims management expenses in IFRS reserves. A single loading across Claims and Premium Provisions is calculated and split between Premium and Claims Provisions.

As with the Claims Provision calculation above, allowance is made for discounting, ENID, and RI Default. The calculation methods are the same but the results are different to allow for different claim payment timings and different exposure to reinsurers. The Premium Provision is then:

Future claims less future premiums less Discount plus ENID plus RI Default plus total additional expense reserves.

Risk Margin

The risk margin has been considered to ensure that the value of the Technical Provisions is equivalent to the amount that would be expected to have to be paid to a third party insurance company in order to take over and meet the insurance obligations.

The risk margin has been calculated applying the cost of capital of 6% which reflects the cost of holding an Enhanced Capital Requirement (ECR) level of capital in respect of insurance risk, credit risk, and operational risk. Accordingly, the risk margin is estimated to be $16.820m as at year end 2017.

As at 31 December, 2017 the total EBS Technical Provisions including above mentioned risk margin amounted to $245,812 which is comprised of:

In USD 000’	$
Best Estimate Loss and Loss Expense Provision	209,866
Best Estimate Premium Provision	19,126
Risk Margin	16,820
Total	245,812

Uncertainties

The key areas of uncertainty in the Technical Provisions are:

Outstanding Case Reserves: As a specialty insurer IGI is exposed to large individual claims which can change over time as new information emerges and negotiations take place. This risk is managed through regular claims reviews, consistent reserving philosophy and the allowance in IBNR for expected future movements on case reserves.

IBNR Claims: Uncertainty is usually greater than for O/S claims because these claims have not yet been reported. Regular reserve review meetings are held including actual-to-expected analysis and claims are critically examined to identify random timing or fluctuations as distinct from clear reserving signals. A formal Reserving Committee which meets at least quarterly provides robust reserving governance.

Estimation of claims on future exposures: Estimations of future claims are generally more uncertain than reserves for claims that have already taken place. The Company has a formal process to derive expected loss ratios for future exposures which considers attritional, large and catastrophe claims separately and takes account of historical and expected future movements in premium rates. These loss ratios, which are consistent with the IBNR reserving analysis, inform the Company’s annual corporate plan and are used for future claims estimates in the Premium Provision.

Catastrophe losses: The Claims Provision incorporates known natural catastrophe events, whereas the future claims part of the Premium Provision is exposed to potential future catastrophes. The Company models its catastrophe exposure and incorporates the findings into its reinsurance purchases, risk capital and expected future loss ratios.

Market environment: IGI operates through brokers and is subject to uncertainties including rating environment, customer retention and broking trends such as creation of automatic-acceptance facilities. Each line of business is affected differently. The Company responds to these uncertainties by regular monitoring of these trends and incorporating up to date insight in its forward-looking business plan and projections.

While there remains uncertainty in the other components of the Technical Provisions (ENID, ULAE, discount factors, RI Default and Risk Margin) it is of lower materiality than the claim reserves. We estimate net Technical Provisions variability (standard deviation) to be approximately 5% of the total Provisions.

C. Description of Recoverable from Reinsurance Contracts

Reinsurance recoveries are provided on the basis of paid and incurred for each Line of Business ('LOB')/Accident Year by type (Facultative, external Quota Share and Excess of Loss Treaty) as factual inputs to the IBNR assessment process.

The starting point to allow for IBNR recoveries is to consider the same ultimate: incurred ratio for each LOB/accident year as for gross. Manual adjustments which give more weight to an expected a-priori recovery rate – either simple expected recovery rate, or a blend via the Bornhutter-Ferguson method – is then applied in exceptional cases where the ultimate to incurred ratio method provides for material over- or under-recovery compared with expectations.

By allocating both gross and net (of external reinsurance) IBNR to each risk-taking balance sheet in the IGI group, we are then able to allow directly for the impact of the internal reinsurance known as the Bermuda Risk Transfer between IGI UK and IGI Bermuda.

D. Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

There are no material differences in the EBS valuation of the liabilities other than Technical Provisions except for the reinstatement premium payables, excess of loss minimum and deposit premium payable and the undue insurance premium payables which form part of the EBS best estimate Technical Provision calculation.

The amounts held under IFRS measurement principles are deemed to be approximations the fair value. Moreover, and based on the management experience, the final settled amount of these liabilities do not typically deviate materially from the original valuation.

E. Any Other Material Information

None applicable.

5. CAPITAL MANAGEMENT

A. Eligible capital

i. Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes During the Reporting Period

The primary driver of the capital required at the level of the Group is the level of capitalisation required to maintain its A- ratings provided by both AM Best and S&P - this being significantly higher than that required to satisfy the minimum requirements of prudential regulation that might typically be considered as providing a BBB level of protection.

The Company at least on an annual basis (and at other times in response to a significant planned or actual change in the risk / capital profile) assesses the capital required under the S&P, AM Best, BMA BSCR and UK Standard Formula SCR deterministic models based upon its opening balance sheet and projected business plan.

At end 2017, the capitalisation of the Group is significantly in excess of level that would equate to an A-rating under both the S&P and AM Best models and consequently provides significant headroom over the levels required by to satisfy its regulatory requirements.

ii. Eligible Capital Categorised by Tiers in Accordance With the Eligible Capital Rules

The total Eligible Capital is shown below by Tiers and detailed further in the following section.

Tier **In USD 000'**	$
Tier 1	267,710
Tier 2	3,092
Tier 3	-
Total	270,802

iii. Eligible Capital Categorised by Tiers in Accordance to the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act

The Company has two components of eligible capital, all of which are Tier 1 and 2 basic capital.

A summary of the eligible capital categories is shown below:

Tier 1 basic capital

Type **In USD 000'**	**$**
a. Fully paid common shares	120
b. Fully paid contributed surplus	144,689
c. Statutory economic surplus	125,993
d. Excess encumbered assets transferred to Tier 2	(3,092)
Total Tier 1 basic capital	267,710

Tier 2 basic capital

Type In USD 000’	$
a. Excess encumbered assets transferred from Tier 1	3,092

Total Eligible Capital

Measure In USD 000’	$
Available Statutory Economic Capital & Surplus (a)	270,802
Enhanced Capital Requirement (b) (ECR)	107,716
Minimum Margin of Solvency (c) (MSM)	26,929

As at the reporting date, Company reflects a healthy ‘BSCR/ECR ratio’ (a/b) of 251% and also enjoys close to 10 times buffer in available economic capital over MSM.

The BMA requires every Class 3B insurer to maintain available statutory capital and surplus of an amount that is equal to or exceeds the value of its minimum margin of solvency and enhanced capital requirement respectively by following certain criteria and thresholds as described in the eligible capital rules.

As illustrated above , the Company’s Tier 1 capital comprises 99% of the available eligible capital against a regulatory minimum requirement of 80% and 60% for the MSM and ECR respectively , hence Tier 1 capital by itself covers the Enhanced Capital Requirement (‘ECR’) and the Minimum Margin of Solvency.

Accordingly, the Company is in compliance with BMA eligible capital rules and requirements.

iv. Confirmation of Eligible Capital That is Subject to Transitional Arrangements

None applicable.

v. Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

None applicable.

vi. Identification of Ancillary Capital Instruments Approved by the Authority

None applicable.

vii. **Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus**

Total equity as per the IFRS financial statements was $316,060k as at 31 December 2017.

The economic available statutory capital and surplus calculated under the EBS framework was $ 270,802k.

The difference of $45,258k between the net assets of the Company in the financial statements and the economic balance sheet is due to adjustments made through the valuation process of the assets and liabilities undertaken in accordance with the EBS framework requirements.

The following table analysis the differences between the equity in the IFRS financial statements and the economic available statutory capital and surplus as at 31 December 2017:

Description **In USD 000'**	**$**
Total Shareholder Equity in IFRS financial statements	316,060
Difference in the valuation of assets as per IFRS financial statements and EBS framework	(140,580)
Difference in the valuation of technical provisions	72,963
Difference in the valuation of other liabilities	22,359
Economic statutory capital as per EBS framework	270,802

There are no differences between ordinary share capital and contributed surplus in the financial statements and the amount reported in the economic balance sheet.

B. Regulatory Capital Requirements

i. **ECR and MSM Requirements at the End of the Reporting Period**

ii. **Identification of Any Non-Compliance with the MSM and the ECR**

There have been no instances of non-compliance as a result of the Company holding significant headroom over its regulatory capital requirements.

iii. **A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness**

None applicable.

iv. **Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance**

None applicable.

C. Approved Internal Capital Model

Whilst the Company uses stochastic capital modelling to support its decision making and pricing processes, it does not use a model in the sense of an 'Internal Model' for the purpose of calculating its regulatory capital requirements. Hence the remaining questions under this section of the report can be considered as not applicable.

6. Declaration

We declare that to the best of our knowledge and belief, the information in this Financial Condition Report fairly represents the financial condition of the Company in all material respects.

Signatory:

Print Name: Wasef Jabsheh

Role: Chief Executive Officer & Executive Director

Date: April 26, 2018

Signatory:

Print Name: Simon Spurr

Role: Group Head of Risk Management

Date: April 26, 2018