

SOLVENCY AND FINANCIAL CONDITION REPORT

International General Insurance Company (Europe) Ltd

31 December 2023



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Summary

The EU-wide regulatory regime for insurance and reinsurance companies, known as Solvency II, came into force with effect from 1st January 2016, requiring new reporting and public disclosure of information, including the annual publication of the Solvency and Financial Condition Report ('SFCR').

This SFCR covers International General Insurance Company (Europe) Ltd ('IGIE' or 'the Company'), formerly named as International General Insurance Company (Europe) SE, for the year ended 31st December 2023.

The report is made up of 5 key sections that provide a comprehensive view of the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management. The SFCR has been reviewed and approved by the IGIE Board of Directors.

Business and Performance

IGIE is a non-life insurance company regulated by the Malta Financial Services Authority ('MFSA') to carry out re/insurance activities in 12 different classes of business and in any European Economic Area ('EEA') using EU passporting rights under the Freedom of Services regime.

During 2023, the Company's legal status was changed from Societas Europea ('SE') to a Limited Company ('Ltd') and consequently its reporting currency was converted from Euro to US Dollars.

The Company has adopted IFRS 17 for the first time. IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1st January 2023. As a result the Company has restated comparative information by applying the transitional provisions in Appendix C to IFRS 17 in its audited financial statements. Similarly, financial information presented in line with the accounting framework of the Company in the SFCR are presented under IFRS 17. The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

The increase in insurance revenue from \$19.6 million to \$29.7 million reflects the general organic growth in the business which is expected given that IGIE started writing business in July 2021. Insurance service expense has increased from 66% of insurance revenue to 88% from 2022 to 2023. This is consistent with the increase in loss ratios from 41% to 60% which is characterised by losses incurred on the energy, political violence and aviation portfolios of the Company during the year.

The movement in the net expense from reinsurance contracts held takes into consideration the global quota share cession to IGI Bermuda, which reduces the impact of the aforementioned losses.

During 2023, the Company's investment portfolio was composed of debt cash, term deposits, and short-term well rated fixed-income securities. This ensures a balance between high liquidity and return on investment which is satisfactory to the Board of Directors.

System of Governance

IGIE has implemented an effective system of corporate governance. As at 31st December 2023 the Board of IGIE was composed of one executive director, two non-executive directors and two independent non-executive directors with each Board member being assigned oversight roles to ensure that the key functions and critical business activities are carried out effectively and in a sound and prudent manner.

The primary responsibility of the Board of Directors is to provide effective governance over the Company's activities for the benefit of its shareholders and to balance the interests of its diverse stakeholders, including customers, employees, international suppliers and local communities.

The Company has implemented a comprehensive system of internal controls and risk management governance, to effectively monitor and manage risk exposures to reduce volatility and ensure adequate policyholder protection at all times.

The governance structure is based on well-defined lines of responsibility ('three lines of defence') for individuals within business functions, committees, Board, Risk Management, Actuarial, Compliance and Internal Audit. Ownership and clear lines of accountability are defined for all risk tasks and these are ultimately linked to individual objectives. Individuals within business functions are responsible for identifying and effectively managing and monitoring risks within their respective business function. The governance framework then enables the Risk Management function to have independent oversight and challenge to the first line through review and ongoing discussions to ensure that risks are being adequately monitored and kept within the boundaries defined by the Company.

Risk Profile

The Company's risk profile comprises of underwriting, market, credit, operational, strategic, group contagion, reputational, ESG and other risks that arise as a result of doing business.

Material changes in IGIE's risk profile over the reporting period include:

- Conversion of the Company's reporting currency from EUR to USD;
- Moving from IFRS 4 to IFRS 17 financial reporting standards; and
- Adding a proportion of corporate bonds within the Company's investment portfolio, in addition to cash at bank and term deposits.

Section C provides more information on the above material changes and outlines the Company's risk management approach and key exposures for each category of risk as required by Article 295 of the Commission Delegated Regulation 2015/35.

Valuation for Solvency Purposes

The assets and liabilities in the Solvency II balance sheet have been valued in compliance with the Solvency II Directive (2009/138/EC).

An analysis of the valuation of assets and liabilities and the main differences between Solvency II and International Financial Reporting Standards ('IFRS') valuation rules is provided in Section D of this report. Section D provides details of the recognition and valuation principles applied, including the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset/liability class.

Section D.2 also provides the value of technical provisions, including the amount of the best estimate and the risk margin. An analysis of the key areas of uncertainties associated with the value of technical provisions is also provided.

Capital Management

During the reporting period, IGIE used the Solvency II Standard Formula method to calculate its regulatory capital requirement.

The SCR ratio of IGIE as at 31st December 2023 was 258% (2022: 257%), with Own Funds equal to \$22.7 million (2022: \$21.1 million) and a Solvency Capital Requirement of \$8.8 million (2022: \$8.2 million).

The MCR requirement over the period has remained stable and is calculated as being the absolute floor MCR of €4.0 million (equivalent to \$4.4 million).

During 2023, IGIE maintained a SCR ratio in excess of both the 100% SII regulatory requirement and the 150% MFSA ongoing authorisation condition and there is no reasonably foreseeable risk of non-compliance over its business planning time period given its relatively stable risk profile and extensive risk mitigation arrangements.

The objective of IGIE's capital management strategy is to ensure that it maintains a sufficient amount of own funds to meet the Solvency Capital Requirement, with an appropriate margin, and that sufficient liquidity is available for the payment of claims in order that the Company is able to meet its legal obligations as they fall due. IGIE maintains the protection of a full Parental Guarantee providing additional policyholder protection beyond that provided by its own capital resources.

A. BUSINESS AND PERFORMANCE

A.1. Business

Name and legal form of the undertaking

IGIE is a company incorporated in Malta and authorised by the Malta Financial Services Authority ('MFSA') to carry on the business of insurance and reinsurance in terms of the Insurance Business Act (Cap 403 of the laws of Malta). IGIE's registered office is at:

Development House,
St. Anne Street,

Floriana FRN 9010,
Malta

Company Registration Number: C 106283 (previously SE 13)

Directors

Andreas Loucaides (Non-Executive Director & Chairman)

Keith Mallia Milanese (Executive Director)

Cliff Murphy (Non-Executive Director)

Paul Martin (Independent Non-Executive Director)

Anna Maria Tabone (Independent Non-Executive Director)

Insurance Supervisor

Malta Financial Services Authority,
Triq I-Imdina, Zone 1
Central Business District, Birkirkara,
CBD 1010, Malta
Tel: +356 2144 1155
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External Auditor

PKF Assurance (Malta) Limited
15, Level 3,
Mannarino Road,
Birkirkara BKR 9080,
Malta
Tel: +356 2148 4373
<https://pkfmalta.com/>

Ownership and Shareholdings

IGIE is 100% owned by International General Insurance Co. Ltd ('IGI Bermuda') which in turn is ultimately owned by International General Insurance Holdings Ltd ('IGI Group' or 'IGIC'), a Nasdaq-listed company incorporated in Bermuda in 2019. The following shareholdings of more than 10% in IGI Group are provided in the table below:

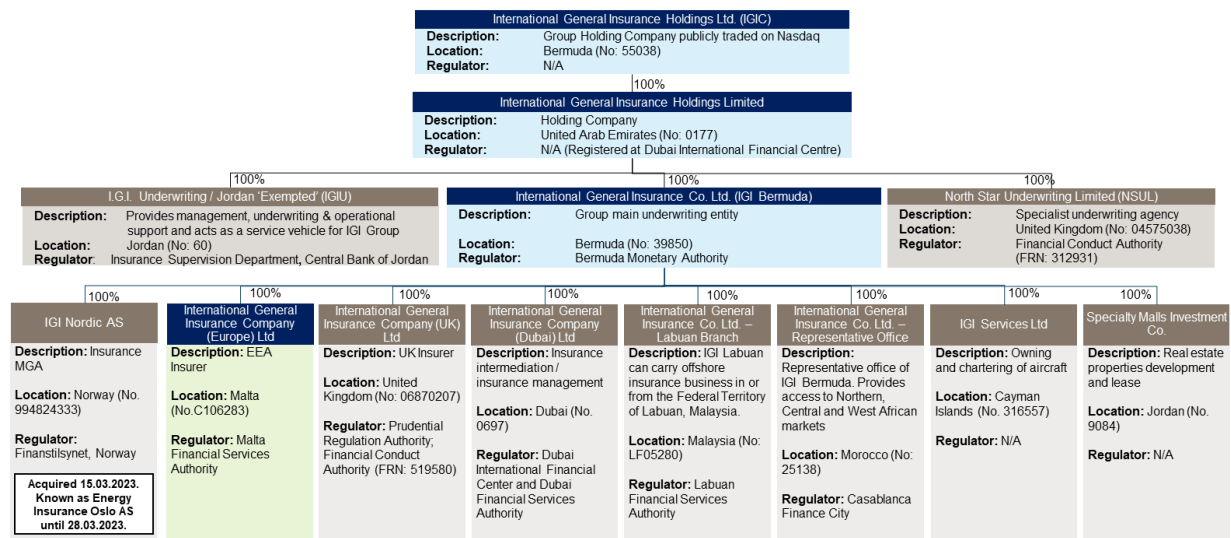
Shareholder	% Holding (Note 1)
W Jabsheh Investment Company Limited (Note 2)	31.2
Oman International Development and Investment Company SAOG (through its subsidiary Jabreen Capital)	20.8

Note 1 - The % Holding includes common shares only.

Note 2 - As from 17th March 2023, Wasef Salim Jabsheh has held his shares through W Jabsheh Investment Company Limited. W Jabsheh Investment Co Ltd ownership in IGI Group is equal to 30.9%. The 31.2% also includes Wasef Jabsheh's own shares (who fully owns W Jabsheh Investment Company Limited).

Corporate Structure

The full Group corporate structure* is detailed below:



International General Insurance Holdings Limited ('IGIH') is a non-regulated holding company registered and domiciled in the Dubai International Financial Centre ('DIFC') which has acted as a holding company of the Group and was founded in 2006.

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

IGI Underwriting Jordan 'Exempted' ('IGIU') provides management, underwriting and operational support for all the subsidiaries of the IGI Group. It is a wholly owned subsidiary of IGIH.

International General Insurance Co (UK) Ltd ('IGIUK') is a non-life insurance undertaking, based in London and regulated by the Prudential Regulation Authority and Financial Conduct Authority. It is a wholly owned subsidiary of IGI Bermuda.

North Star Underwriting Limited ('NSUL') operates as an underwriting agency for IGI Bermuda and IGIUK. It is a wholly owned subsidiary of IGIH.

IGI Labuan branch is registered as a foreign offshore company of IGI Bermuda in Labuan in accordance with section 121 of the Offshore Companies Act 1990. IGI Labuan is classified as a second-tier reinsurer and

regulated by the Labuan Financial Services Authority and acts as an offshore capitalised branch of IGI Bermuda. It is supported by a marketing office in Kuala Lumpur.

IGI Dubai is regulated by the DFSA as Insurance Intermediation and Insurance Management. IGI Dubai acts as an intermediary and agent of IGI Bermuda, underwriting a number of classes as an underwriting agent of IGI Bermuda.

IGI Casablanca acts as the representative office of IGI Bermuda for Northern, Central and West African markets and is regulated by Casablanca Finance City.

IGI Nordic AS is a subsidiary of Bermuda-based International General Insurance Co. Ltd and a managing general agency duly incorporated under the laws of Norway. The acquisition of Norway-based managing general agency Energy Insurance Oslo AS, later renamed as IGI Nordic AS (IGI Nordic), was completed on 15th March 2023.

IGI Services was established in the Cayman Islands in October 2016 and is engaged in the business of owning and chartering of aircraft. The Company is a wholly owned subsidiary of IGI Bermuda.

Specialty Malls Investments Co. is a limited liability company registered and incorporated in August 2004 under the Jordanian Companies Law No. (22) of 1997. The Company's office is located in Jordan and the main business objectives of the Company are developing and leasing of real estate properties. The Company is a wholly owned subsidiary of IGI Bermuda.

Business Information and other events

Consistent with the IGI Group's strategy as a diversified, specialty insurer, IGIE maintains the careful and structured approach to develop most of the business lines written by the Group within the EEA and it will do so prudently and with the appropriate underwriting teams with the necessary experience and skills in the sector.

The IGI Group has built high levels of experience and expertise in energy, property, marine, construction and engineering, financial institutions, political violence, general aviation, ports and terminals, casualty, legal expenses, contingency and treaty reinsurance business. During 2023, IGIE continued focusing and building strategic relationships for the same classes of business in Europe and will continue to do so in the future.

Classes of Insurance Business:

Class 1 - Accident (I/R)	Class 9 - Other damage to property (I/R)
Class 4 - Railway rolling stock (I/R)	Class 11 - Aircraft liability (I/R)
Class 5 - Aircraft (I/R)	Class 12 - Liability for ships (I/R)
Class 6 - Ships (I/R)	Class 13 - General liability (I/R)
Class 7 - Goods in transit (I/R)	Class 16 - Miscellaneous financial loss (I/R)
Class 8 - Fire and natural forces (I/R)	Class 17 - Legal Expenses (I/R)

The Company was granted passporting rights under Freedom of Services to write all the above classes of insurance business in the following countries:

Austria	Finland	Latvia	Romania
Belgium	France	Liechtenstein	Slovakia
Bulgaria	Germany	Lithuania	Slovenia
Croatia	Greece	Luxembourg	Spain
Cyprus	Hungary	Netherlands	Sweden
Czech Republic	Iceland	Norway	
Denmark	Ireland	Poland	
Estonia	Italy	Portugal	

The key features of IGIE's underwriting and management strategies remain:

- Capital preservation and steady growth;
- Focus on technical, profitable underwriting;
- Active management of the insurance cycle; and
- Focus on business efficiency and value-added service to customers.

With its focused strategy, the Company provides tailored insurance and reinsurance solutions via intermediaries to suit the particular needs of its clients, taking factors such as geographical location, risk accumulation, and cross class exposures into account.

This is backed by a deep and extensive knowledge across applicable classes of business and an extensive panel of high-quality reinsurance partners supporting IGI Group in offering meaningful capacity whilst containing downside risk.

IGI Bermuda provided the initial start-up capital of IGIE and continues to support the business including through the provision of a 75% intragroup quota share reinsurance and Parental Guarantee providing an additional layer of policyholder protection over and above that provided by IGIE's own capital resources.

IGI Bermuda and IGIE are rated A- with a stable outlook by Standard & Poor and an A (Excellent) with a stable outlook rating from AM Best. Both ratings were reaffirmed during 2023.

IFRS 17

The Company has adopted IFRS 17 for the first time. IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1st January 2023. As a result the Company has restated comparative information by applying the transitional provisions in Appendix C to IFRS 17 in its audited financial statements. Similarly, financial information presented in line with the accounting framework of the Company in the SFCR are presented under IFRS 17. The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

The Company has applied the Premium Allocation Approach ("PAA") for those insurance and reinsurance contracts with a coverage period of each contract in the group of one year or less or for those contracts whereby the recognition and measurement of insurance contracts under the PAA does not materially differ had those insurance contracts been recognized and measured under the general model. For those contracts which did not meet the PAA eligibility criteria, the Company measures those contracts under the General Measurement Model.

A.2. Underwriting Performance

The Company has adopted the IGI Group's careful and disciplined underwriting strategy since inception, which it continues to develop and enhance with continuous emphasis on specialty lines.

The Company 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 and reinsurers.

The underwriting performance of IGIE for the year ended 31st December 2023 and 2022 is provided below:

USD '000	2023	2022
Insurance revenue	29,701	19,636
Insurance service expenses	(26,040)	(12,994)
Net expense from reinsurance contracts held	(1,493)	(5,138)
Insurance service result	2,168	1,503
Finance income / (expenses) from insurance contracts issued	(1,865)	391
Finance income / (expenses) from reinsurance contracts held	735	(754)
Net insurance service result	1,039	1,139

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

The increase in insurance revenue from \$19.6 million to \$29.7million reflects the general organic growth in the business which is expected given that IGIE started writing business in July 2021. Insurance service expense has increased from 66% of insurance revenue to 88% from 2022 to 2023. This is consistent with the increase in loss ratios from 41% to 60% which is characterised by losses incurred on the energy, political violence and aviation portfolios of the Company during the year.

The movement in the net expense from reinsurance contracts held takes into consideration the global quota share cession to IGI Bermuda (Bermuda Risk Transfer or 'BRT'), which reduces the impact of the aforementioned losses.

Underwriting Result by material lines of business for 31st December 2023

USD '000	Energy	Property	Marine & Aviation	Professional & Financial Lines	Other	Total
Insurance revenue	3,510	4,571	9,175	12,445	-	29,701
Insurance service expenses	(7,951)	(5,262)	(6,818)	(6,008)	-	(26,040)
Net income / (expense) from reinsurance contracts held	903	(1,990)	(323)	(67)	(104)	(1,493)
Insurance service result	(3,539)	(2,592)	2,033	6,370	(104)	2,168
Finance income / (expenses) from insurance contracts issued	(124)	(334)	(387)	(1,019)	(1)	(1,865)
Finance income / expenses from reinsurance contracts held	6	122	6	3	598	735
Net insurance service result	(3,656)	(2,805)	1,652	5,354	493	1,039

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

Underwriting Result by material lines of business for 31st December 2022

<i>USD '000</i>	Energy	Property	Marine & Aviation	Professional & Financial Lines	Other	Total
Insurance revenue	1,673	3,265	5,925	8,773	-	19,636
Insurance service expenses	(707)	(1,559)	(4,728)	(6,000)	-	(12,994)
Net income / (expense) from reinsurance contracts held	(14)	(1,851)	(275)	(184)	(2,814)	(5,138)
Insurance service result	952	(146)	921	2,590	(2,814)	1,503
Finance income / (expenses) from insurance contracts issued	(15)	82	(84)	408	-	391
Finance income / expenses from reinsurance contracts held	-	(24)	(3)	(21)	(707)	(754)
Net insurance service result	936	(88)	835	2,976	(3,520)	1,139

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

Energy: Energy (Upstream, Downstream, Renewable)

Property: Property, Construction and Engineering, Political Violence, Contingency, Inherent Defects

Marine & Aviation: Ports and Terminals, Marine Liability, Marine Cargo, Marine Trades, General Aviation

Professional & Financial Lines: Financial Institutions, Professional Indemnity, Directors and Officers, Casualty, Legal Expenses

Other: Reinsurance ceded on legacy business and Bermuda Risk Transfer ("BRT") arrangement

Underwriting Result by material geographical areas

Information on the material geographical areas in which the Company carries out business is provided in the Appendices as part of S.04.05 template.

A.3. Investment Performance*Investment Portfolio Composition*

A summary of the Investment Portfolio by asset class as at 31st December 2023 is given below:

<i>USD '000</i>	Carrying Values	Composition %
Cash at Bank	9,039	27%
Term Deposits	6,900	21%
Fixed Income Securities	17,071	52%
Total	33,010	100%

The IGIE Board has adopted an Investment Policy and Guidelines similar to that of IGI Group with a focus on Cash, Short Term Deposits and Fixed-Income Securities, allowing for a small holding of listed equities in future years.

The investment strategy is comprised of high-level objectives and prescribed investment guidelines governing target asset allocation by class.

The IGI Group uses a panel of high-quality third-party custodians/brokers who also act as investment advisors and assist in implementing the investment strategy. The IGI Group's Vice President-Investments 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 with further independent oversight provided through the Risk function and associated Board reporting.

Investment Portfolio Performance

At 2023 year end the Company's investment portfolio was composed of debt cash, term deposits, and short-term well rated fixed-income securities which generated an investment return of \$1.10 million (2022: \$0.02 million).

Gains and losses recognised directly in equity

At 2023 year end, the Company recognised fair value movements on its debt instruments through OCI of \$0.33 million (2022: USD Nil)

Information about any investments in securitisations

There were no investments in securitisations as at 31st December 2023.

A.4. Performance of Other Activities

There have been no other significant activities undertaken by IGIE other than its insurance related activities. There are no other material matters to the business or performance of IGIE.

A.5. Any Other Information

On the 7th of October, Hamas launched a large-scale attack on Israel. The Israeli government declared a state of emergency and later announced that the country is at war. The conflict has led to a large number of civilians being killed, injured, and/or displaced in the crossfire.

Whilst the Company has minimal exposure to these conflicts, the Company is mindful that there may be subsequent issues including international sanctions, political instability, and disruption to supply chains which could have an impact on the Company in the future.

Other material information

There is no further information that requires disclosure.

B. SYSTEM OF GOVERNANCE

This section provides information regarding the system of governance, fit and proper requirements and assessment, remuneration policy and practices, risk management system, key functions and outsourcing policy.

B.1. General Information on the System of Governance

IGIE has implemented an effective system of corporate governance commensurate with the nature, scale and complexity of the Company's business activities. The Board of Directors is responsible for setting the business strategy of the Company, and this is aligned with that of the IGI Group and ensuring that it is in line with its regulatory obligations and risk appetite.

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.

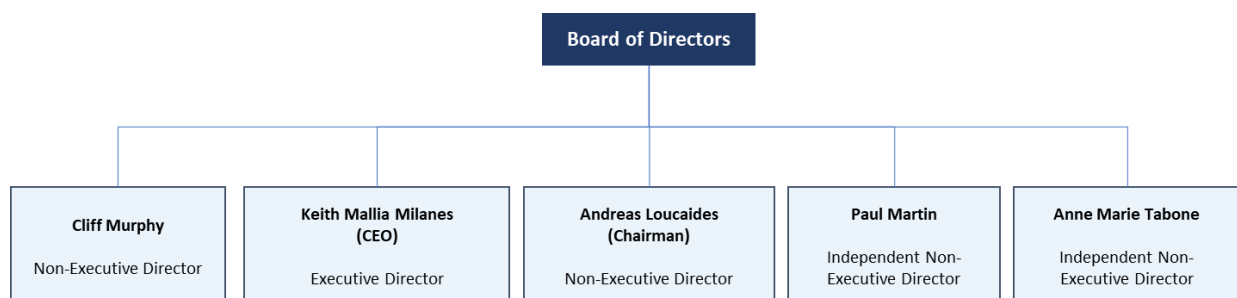
IGIE has adopted the IGI Group's 'Corporate Code of Business Conduct and Ethics' that applies to the Board of Directors, its committees, the senior management and the staff members of IGIE, all IGI Group operational entities and third-party service providers who provide significant services to IGI Group. The Code ensures that the Board of Directors, IGIE employees and other employees of IGI Group and third-party service providers act in the best interests of the Company while maintaining full compliance with the laws, rules and regulations of the jurisdictions in which it operates.

IGIE has also adopted a 'Financial Code of Ethics' applicable to the Chief Executive Officer and other relevant officers.

Taking into account the nature, scale and complexity of the risk profile and business activities of IGIE, the system of governance is considered to be appropriate for the Company.

Structure of Board and Committees

The below outlines the board structure of IGIE:



As depicted in the above chart, as at 31st December 2023 the Board of IGIE is composed of one executive director, two non-executive directors and two independent non-executive directors. Each Board member has oversight roles assigned to them to ensure that the key functions and critical business activities are carried out effectively and in a sound and prudent manner.

The responsibilities of the Board are as follows:

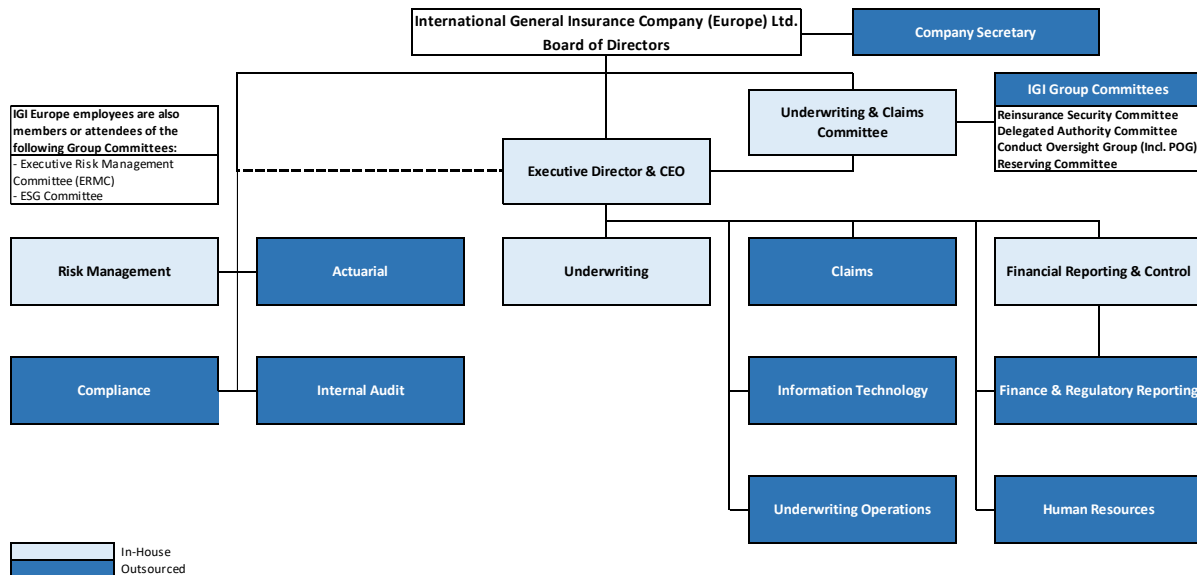
- Strategy
- Board Committee
- Delegation
- Finance
- Financial Statements
- Internal Control
- External Audit
- General responsibilities assigned to a Board of Directors
- Information and Communications Technology ('ICT')
- Risk Management
- Internal Audit
- Compliance
- Actuarial
- Performance Monitoring
- Whistleblowing
- Board Operations
- ESG

The primary responsibility of the Board of Directors is to provide effective governance over the Company's activities for the benefit of its Shareholders and to balance the interests of its diverse stakeholders, including customers, employees, international suppliers and local communities.

The Board is also responsible for directing the activities 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 Company's governance structure defines the key areas of authority and responsibility and establishes the appropriate lines of reporting. IGIE is structured so as to achieve its objectives and to enable effective risk management and to carry out its activities in a manner proportional to its size and complexity.

The chart below outlines the Company's Corporate Governance Structure.



As depicted in the above chart, IGIE has established an Underwriting and Claims Committee. The terms of reference are approved by the Board. The roles and responsibilities of the Underwriting and Claims Committee are outlined below.

Underwriting and Claims Committee

IGIE's Board of Directors established an Underwriting and Claims Committee comprised of the local Managing Director, the Head of Underwriting and a non-executive Director. The Committee is responsible for assisting the Board in discharging its responsibilities in respect of the following:

Underwriting

- Set the underwriting parameters in line with the risk appetite strategy of the Company;
- Ensure that the Chief Underwriter/Head of Underwriting is operating in line with the underwriting parameters and reinsurance strategy of the Company and in line with the delegated authority granted to him by the Board;
- Review the retained risk, capital adequacy and solvency of the Company;
- Determine and review on an annual basis the reinsurance strategy of the Company;
- Review security ratings of reinsurers in line with the Board's minimum standards;
- Provision of advice to the Board;
- Review the underwriting results of each portfolio on a quarterly basis;
- Ratify the products approved by the Conduct Oversight Group Committee;
- Ratify the entry into new coverholder agreements approved by the Group Delegated Authority Committee;
- To ratify all reinsurance decisions made by the Group Reinsurance Committee; and
- To ensure ongoing compliance with the Insurance Distribution Directive ('IDD') demands and needs requirements.

Claims

- Determine and annually review the claims reserving policy of the Company;
- Review any major claims incurred and the appropriateness of reserves held;
- Review of the actuarial report on reserves held;
- Approve any large claim that needs the Committee's authorisation depending on internal authority limits;
- To ratify all reserves decisions made by the Group Reserve Committee;
- Other relevant matters;
- To receive an update from the Delegated Authority Team regarding ongoing audit, pending actions, and other facility business and monitoring; and
- To receive an update on ESG and sustainability.

Key Functions

IGIE has in place four key functions, being the Risk Management, Compliance, Actuarial and Internal Audit functions, as required by the Solvency II Directive and Chapter 6 of the Insurance Rules issued by the MFSA.

The information below outlines the main roles and responsibilities of the four key functions:

Risk Management Function

Is responsible for:

- Maintaining and developing the Risk and Capital Management Framework in a way that remains appropriate to the size and complexity of IGIE whilst supporting the effective identification, monitoring, management and reporting of internal and external risks;
- Embedding an enterprise risk culture throughout the business;
- Maintaining the annual risk management plan and reporting on progress to the Board on a quarterly basis;
- Assisting in the identification of all material risks, including sustainability risks and emerging risks faced by the business, and managing the continuous monitoring and reporting of all risks in conjunction with 1st and 2nd line functions;
- Ensuring that the risk and control ownership is allocated to the most appropriate senior manager and facilitating regular risk and control reviews and reporting findings to the Board;
- Assisting the evaluation, monitoring and reporting of the regulatory capital requirements of the Company using the Standard Formula; and
- Maintaining and developing appropriate stress and scenario tests and reverse stress tests and reporting the results of such tests and any recommended remedial actions appropriately.

Further details are provided in section B.3.

Compliance Function

- Identifying and assessing compliance risks;
- Implementing an appropriate internal control framework;
- Advising the Board of Directors on compliance matters;
- Assessing the impact of any changes in legislation;
- Establishing a compliance plan; and
- Ensuring that the Company adheres to all applicable laws, rules and regulations.

Further details are provided in section B.4.

Internal Audit Function

The Internal Audit Function acts as the third line of defence. The function provides an independent and objective assurance to the Board on the effectiveness of the Company's risk management system, governance and internal controls. This is achieved through the preparation and implementation of an annual internal audit plan that utilises risk analysis and ensures that there are sufficient checks and balances throughout the Company and its outsourced third-party service providers which are critical to the Company's operations.

Further details are provided in section B.5.

Actuarial Function

- Coordination and validation of the calculation of technical provisions, while ensuring that the methodologies, models, assumptions and data used in the calculation are appropriate;
- Calculation of best estimates of premium provisions and claims provisions and for each Line of Business;
- Express an opinion on the overall underwriting policy and the adequacy of reinsurance arrangements; and
- Contribute to the effective implementation of the risk management system.

Further details are provided in section B.6.

Material Changes During the Period

During 2023, Mr. Chris Mauduit resigned from his position as the person responsible for Insurance Distribution, and Mr. Joseph Mallia has been appointed by the Board as Insurance Distribution Responsible and approved by the MFSA. Furthermore, Mr. Stav Tsielepis is being proposed as the person responsible for IGIE's Actuarial Function following the death of Mr. Stephen Rix. The appointment is subject to MFSA Approval.

Remuneration Policy and Practices

The remuneration policy and practices in respect of executives and employees are designed to compensate employees equitably based on their performance, consistent with the Company's business needs and financial strength and in a way that does not discriminate against anyone in accordance with the terms of the IGI Employee Diversity and Inclusion Policy.

The Company pays an employee a basic salary that is considered appropriate given the market rate for the role being performed. IGI Group's compensation philosophy is committed to attracting the required talent globally and conducts an analysis of country and local relevant benchmarking data to ensure the accuracy of both variable and fixed remuneration.

Executive directors are remunerated in accordance with their employment contracts issued and executed in their relevant entity country.

In addition to fixed salary entitlement, IGI Group rewards employees with discretionary Short-Term Incentives ('STI') in the form of annual cash bonuses. The STI bonus awards are at the Company's discretion and do not constitute a contractual right. The STI bonus is based on the employee's individual performance and the profitability of the Group. The STI remuneration provides incentives for prudent risk taking in the short term, long term, and for sound risk management. Discretionary Long-Term Incentives (LTI) may also be awarded to Executive and Senior Management in the form of Restricted Share Units in IGI Holdings Ltd. in accordance with the IGI Holdings Ltd. 2020 Omnibus Incentive Plan.

Executive Directors and all employees are also eligible for Company pension contributions that are set according to local market practice and at a level that assists the Company in attracting and retaining high quality individuals.

Independent Non-Executive Board members are compensated via the terms of their respective Service Agreements or Terms of Appointment Letters.

Material Transactions during the reporting period

On 2nd March 2023, Oman International Development and Investment Company SAOG ('Ominvest') filed a Schedule 13D with the Securities and Exchange Commission ('SEC') which indicated that the combined effect on their shareholding increased to 20.4%. This increase was executed through a combination of open market trading in early 2023, and then a one-off private transaction on 21st February 2023. As at 31st December 2023, this increased to 20.8%.

Furthermore, as from 17th March 2023, Wasef Salim Jabsheh transferred, assigned and delivered his beneficial ownership in IGIC to W. Jabsheh Investment Co. Ltd. Mr. Jabsheh is the sole director of W. Jabsheh Investment Co. Ltd. and owns 100% of the voting shares of W. Jabsheh Investment Co. Ltd. The purpose of the transaction was to reorganize the entities through which Mr. Jabsheh holds his beneficial ownership and did not result in any change in the amount of Mr. Jabsheh's beneficial ownership.

No other material transactions occurred during the reporting period.

B.2. Fit and Proper Requirements

The Company has a policy to ensure that persons appointed to carry out a senior management role or key function are 'fit and proper' to perform the role, in accordance with the applicable fitness and propriety regulatory requirements and guidance. This includes demonstrating prior to appointment and on an ongoing basis that the individual:

- possesses the level of competence, knowledge, experience, qualifications, and has undertaken the required training;
- acts with integrity, due skill, care, diligence, honesty, and has sound judgment to properly perform their duties;
- past conduct and performance reflects high standards;
- is not disqualified from acting in their position or performing their duties in terms of any legislation; and
- complies with Conduct Standards/Rules.

The assessment includes an extensive range of background checks which include but are not limited to:

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

The fitness and properness of the respective persons are reviewed on an annual basis as part of the fit and proper questionnaire.

B.3. Risk Management System Including the Own Risk and Solvency Assessment

Risk Management System

IGIE closely monitors and manages risk exposures and the aggregate risk profile through a dedicated Risk function operating processes aimed at containing volatility, ensuring adequate policyholder protection at all times, and optimising risk / return profiles through the use of effective capital allocation.

Risk management system oversight is the responsibility of the Board of Directors and the Group Head of Risk. The Company's Risk Manager has a direct reporting line to IGIE's Board of Directors and the Head of Risk.

The governance structure includes well-defined lines of accountability for individuals, committees and boards and is laid out in the IGI Group's Risk and Capital Management Framework. As with other business functions, the risk management function is subject to Internal Audit.

IGI Group has a comprehensive risk framework designed around a clear understanding of the sources and nature of risks faced by the business, consistent with best practices recognised globally and in line with regulatory expectations.

The key objectives of the framework include:

- delivering an acceptable balance of risk / return volatility;
- ensuring the ability of the business to withstand severe but plausible stresses;
- maintaining sufficient liquidity at all times to service policyholder obligations; and
- minimising exposure to non-core risks with no potential for value creation.

The risk function provides detailed Risk and Capital reporting to the Board at least quarterly encompassing the full scope of the risk universe and against the Board's defined Risk Appetites.

In the event of an actual, projected or proposed material change in the risk profile, the function performs an analysis to understand the potential implications from a risk and capital perspective ensuring that the results of the self-assessment form an integral part of the management and strategic decision-making process.

In addition to this ongoing monitoring and reporting, the function provides regulatory reporting on an annual/triennial basis including the ORSA, SFCR and Regular Supervisory Report ('RSR') which are also submitted to the MFSA.

Risk identification

On a quarterly basis, Risk Owners are required to formally reassess and reaffirm the full scope of risks and emerging risks, and associated core processes and controls, for which they are responsible through discussion with the Risk function. Any changes to existing items, including the addition of new risks etc. are considered during this discussion to ensure that all significant operational risks faced by the Company are well understood and monitored on a regular basis.

Risk assessment

IGI Group embedded a Group-wide Risk and Control Self-Assessment ('RCSA') framework whereby a qualitative assessment on all key risks and controls is carried out on a quarterly basis. The assessments of risks and controls are performed through discussions with Risk and Control Owners and challenged by the Risk Management function.

All key risks are assigned inherent and residual probability and severity ratings, taking into consideration the controls in place and their effectiveness. Controls are rated as Fully Effective, Partially Effective or Not in Effect/Not Effective, based on supporting narrative provided by Control Owners.

The assessment of controls ensures that the controls in place remain effective and the level of residual risk remains within the Company's risk appetite. The aim is to articulate risks and controls clearly and at a level that they can be monitored against and audited more effectively providing a comprehensive assessment of the controls environment in place.

A quantitative assessment of risks is also carried out using capital models and Standard Formula to quantify the risks to which the Company is exposed and the capital to hold to meet those risk exposures.

Risk and control monitoring

The monitoring of all identified risks and controls is an integral part of the Company's risk management process.

Monitoring of all key risks is carried out on at least a quarterly basis to ensure risks remain within the risk appetite and tolerance limits. This includes the monitoring of natural (e.g. Earthquake, Windstorm) and man-made (e.g. Fire, Terror) risk exposures, quality of investments and their performance, security and credit ratings of counterparties, liquidity and mismatches between assets and liabilities, as well as operational risks, risk events and potential emerging risks.

Furthermore, the Risk function monitors the appropriateness of the control environment and the resolution of any identified deficiencies therein in the form of actions recorded on the risk management tool. Actions may also manifest from other sources in relation to the Risk and Capital Management Framework, such as from risk events, emerging risks, internal audit and board and committee meetings.

Risk reporting

A Risk and Capital review report is circulated to the IGIE Board on a quarterly basis. The report provides information on any material changes during the quarter's risk assessment review such as changes in the inherent or residual risk ratings, material control changes over the quarter, and the quantitative risk assessment results based on the standard formula calculation.

The Risk Appetite Dashboard highlighting any Amber and/or Red breaches is reported within the Risk and Capital review report. Any emerging risks and risk events identified during the period are also reported to the Board on a quarterly basis.

Furthermore, all underlying detail of control assessments and actions, including the Risk function challenge, granular control assessments and justification of action statuses is fully visible to the Internal Audit function.

Implementation and integration of the Risk Management System in the organisational structure and decision-making process

The Board of Directors retain ultimate accountability for ensuring the adequacy of the Company's Risk and Capital Management Framework, approval of risk appetite and tolerance limits, promoting a positive risk culture and ensuring compliance.

The Boards and committees in turn are supported by the Risk, Actuarial, Compliance and Internal Audit functions consistent with the governance model operated across the IGI Group and its operating entities and recognised industry good practice.

The governance structure is based on well-defined lines of responsibility ('three lines of defence') for individuals within business functions, committees, Board, Risk Management, Actuarial, Compliance and Internal Audit. Ownership and clear lines of accountability are defined for all risk tasks and these are ultimately linked to individual objectives.

Individuals within business functions are responsible for identifying and effectively managing and monitoring risks within their respective business function. The governance framework then enables the Risk Management function to have independent oversight and challenge to the first line through review and

ongoing discussions to ensure that risks are being adequately monitored and kept within the boundaries defined by IGI Group and the Company.

The Compliance function is responsible for the identification and assessment of compliance risks, as well as identifying any emerging compliance risks, such as new laws and regulatory information which may have an impact on the Company. The third line of defence, the IA function, provides an objective and independent assurance on the effectiveness of the risk management and internal control system.

Furthermore, a good risk culture is a key element contributing to the effectiveness of the Risk and Capital Management Framework and the day-to-day risk management processes across all areas of the Company. The Board assume an important role in providing the 'tone from the top' to embed a positive risk culture within the Company, by promoting support and collaboration among employees for the benefit of stakeholders. IGI encourages the open reporting of risk events and near-misses and as a result is establishing a culture of continuous learning, improving processes and the control environment.

IGI's risk culture is also demonstrated through the following:

- Risk ownership – All risks are attributed an owner. This would be the most relevant person with responsibility to identify and manage and monitor risks to ensure that the risk exposure remains within risk appetite. On a regular basis, risk owners report to the Risk function on its management of current and forward-looking risk exposures.
- Core Process and Control owners – Core process owners and control owners are integrated into the Risk and Capital Management Framework, and regular meetings are held with the Risk function and control owners to ensure the effective management of risks.
- Policies and procedures – The IGI Group has policies and procedures to ensure that all risk and operational decisions are made in accordance with approved policies and procedures and are within the risk appetite of the IGI Group.
- Management information – The Risk function and senior management report and communicate risk-related information to all relevant Boards and management committees across the IGI Group and its entities to ensure that risk information is transparent across all areas of the IGI Group.

Own Risk and Solvency Assessment ('ORSA')

The Company's ORSA philosophy centres around embedding the core elements in our ongoing processes in a way that is proportionate and reflects the inter-relationship between IGIE, IGIUK and its parent IGI Bermuda.

It provides for quarterly monitoring via the Risk and Capital review report of the more dynamic elements of the risk and capital profile of the Company whilst providing the Board with full visibility of the multi-year capital and solvency profile and associated deterministic and stochastic scenarios.

The combination of these elements addresses the full scope of the requirements of the ORSA process and is considered both proportionate and appropriate to the risk profile of IGIE.

The results of the ORSA and SCR projections and stress and scenario test results are used in strategic decision making including management focus, monitoring and Board review, development or changes in the investment strategy and risk mitigation techniques. If either due to the business strategy, planned changes in business strategy or results of stress testing, the ORSA results anticipate possible non-compliance with capital requirements over the business planning period, the Board of Directors shall identify a timely and effective management action plan.

In line with Solvency II, on an annual basis the Company prepares an ORSA report documenting the ORSA process and its outcome, including the results of the assessment and the management actions taken as a result of the assessment.

Determination of Solvency Needs

At an aggregate level, the IGI Group targets its economic capital such that it remains sufficient to withstand a reasonably foreseeable shock or series of shocks whilst maintaining the A- rating from Standard & Poor and A rating from AM Best that support its ability to access attractive business in its core markets. Headroom over and above this level is held in order to maintain financial flexibility to allow for continued investment in business development.

The resultant level of capital held at IGI Bermuda is therefore significantly higher than the Bermuda Solvency Capital Requirement (considered broadly equivalent to the Solvency II SCR).

IGIE calculates its overall solvency needs using the Solvency II Standard Formula, which is used to quantify capital requirements of the Company's material risks and which for IGIE's risk profile is appropriate. The IGIE Board monitors SII Own Funds coverage against its target Solvency Ratio on a formal basis at least quarterly (including a full recalculation of the Standard Formula SCR) and at any other such times as appropriate in the event of a projected or actual material impairment in the level of Own Funds or a material change in the risk profile.

Additionally, for those risks which are not covered by the Standard Formula, the Company has in place a number of controls to mitigate such risks. As explained above, the Company monitors all risks on an ongoing basis in order to identify any changes which may possibly result in capital shortfalls and ensure adequate management of such risks as they develop/emerge.

Should the Company require additional capital due to unexpected changes in external or internal factors, IGIE has the ability to draw down a capital injection from the IGI Group, IGIE also enjoys the benefit of a Parental Guarantee which provides protection to the Company's policyholders beyond the level provided by the Company's own resources.

B.4. Internal Control System

Description of the Internal Control Framework

The Company has established an Internal Control Framework which is directly linked to risk management and compliance. The framework has been established to ensure that the Company has an effective internal control system in place and that the control activities are commensurate to the risks arising from the Company's activities and processes.

In addition, since IGI Group is listed on the Nasdaq Capital Markets, IGIC and its subsidiaries are subject to Section 404 of the Sarbanes-Oxley Act of 2002 ('SOX'). SOX is a law that seeks, among other things, to:

- Restore public trust in the public securities market;
- Improve corporate governance and promote ethical business practices;
- Enhance transparency of financial statements and disclosures;
- Ensure that company executives are aware of material information emanating from a well-controlled environment;
- Hold management accountable for material information that is filed with the SEC and released to investors; and
- Achieve new levels of corporate excellence and resilience.

Furthermore, SOX 404 requires management to accept responsibility for the effectiveness of the Company's internal control over financial reporting and evaluate effectiveness using suitable control criteria supported with sufficient evidence.

The system of internal control follows the Committee Of Sponsoring Organizations of the Treadway Commission ('COSO) framework and encompasses:

Control environment which sets the tone of the organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. The control environment includes delegated authorities, policies and procedures within IGIE and the outsourced functions.

Risk assessment to identify, analyse and manage the relevant risks to the achievement of the Company's objectives and risks of material misstatements and which may significantly impact the system of internal control and the Company's performance.

Control activities which reflect policies and procedures to help ensure that management directives are carried out and any necessary actions are taken to address risks to the achievement of the Company's objectives.

Information and Communication whereby internal and external information is produced and shared across the Company to facilitate the effective operation of the control activities. Effective communication enables all employees and outsourced functions to receive clear and consistent information to assist them in understanding their role within the internal control system.

Monitoring whereby internal controls are monitored on a regular basis to ensure that all controls are adequately designed, executed, effective and adaptive. Any failures, or observed weaknesses identified by employees and/or outsourced functions as part of its ongoing activity shall be reported to management and the Board as soon as is practicable.

Compliance Function

The Compliance function is an independent and outsourced function and reports to the Board of Directors on at least a quarterly basis. The Compliance function also reports on a regular basis to the independent non-executive director responsible for the oversight of compliance within the Company.

Compliance ensures that the business of the Company complies with all applicable regulatory requirements.

Among the responsibilities of the Compliance function is the crucial task of identifying and comprehensively understanding the legal, regulatory, and statutory requirements governing the company's operations. This includes staying abreast of any updates or changes in these regulations to ensure ongoing compliance.

Furthermore, the Compliance Function plays a pivotal role in establishing, implementing, and overseeing controls, policies, and procedures within the organization. These measures are designed to uphold regulatory standards and ensure that the company operates within the bounds of the law. Collaboration with various business units is essential in embedding these controls and policies throughout the organization, fostering a culture of compliance across all levels.

In addition to establishing controls, the Compliance Function is tasked with monitoring the firm's activities on a risk-based approach. This involves conducting regular assessments to identify potential compliance risks and taking appropriate action to mitigate them. Reporting these findings to the Board and senior management is essential for maintaining transparency and enabling informed decision-making regarding compliance matters.

As regulations and standards evolve, the Compliance Function serves as a trusted advisor to the Board and senior management, providing insights into impending regulatory changes and their potential impact on the company. This advisory role extends to assisting in the design and implementation of controls necessary to meet these evolving standards, ensuring the company remains compliant and adaptable in a dynamic regulatory environment.

Moreover, the Compliance Officer is responsible for developing and implementing the Compliance Policy and Plan, as well as the Compliance Monitoring Programme. These foundational documents serve as guiding frameworks for the company's compliance efforts and require annual approval from the Board to ensure alignment with strategic objectives and regulatory requirements.

The Compliance Function acts as a liaison with regulatory authorities, facilitating communication, reporting, and addressing any regulatory inquiries or inspections. Prompt notification of any breaches or non-compliance is imperative to maintain regulatory trust and integrity.

Lastly, the Compliance Function conducts regular reviews of products, procedures, and systems to assess their compliance effectiveness and identify areas for improvement. This ongoing evaluation is essential for ensuring continuous compliance and mitigating potential risks to the company's reputation and regulatory standing.

B.5. Internal Audit Function

IGIE has outsourced its Internal Audit function to IGIU under the terms of a Service Level Agreement ('SLA') between IGIU and IGIE. It carries out an independent review of the internal control and governance system reporting on the strengths and weaknesses of the system.

The objective of the function is to provide IGIE's Board and management with reasonable assurance with regards to effective corporate governance, business risk management and internal controls. This is achieved through providing objective, independent, professional and risk-based assurance and consultation services in line with the Company's values and the professional ethics and standards of the Internal Audit function.

To maintain its independence and objectivity, the Internal Audit function does not perform another key function and does not assume operational responsibility or authority over any of the activities audited. Consequently, the Internal Audit function does not implement controls, develop procedures, install systems, prepare records or engage in any other activity that may impair its judgement.

Internal Audit adopts a risk-based approach with higher risk areas being reviewed on at least an annual basis. The Head of Internal Audit reports to the Company's Board of Directors on a quarterly basis. The Internal Audit plan is agreed by the Board on an annual basis and all its findings and reports are submitted to the Board for review and feedback.

B.6. Actuarial Function

The Actuarial function is outsourced to IGIUK. It supports the IGI Group and all its subsidiaries across all areas where actuarial support is typically required. The Actuarial team is split between London, UK (currently 13 employees including the Group Chief Actuary), Amman, Jordan (currently 2 employees) and Bermuda (currently 1 employee).

The Actuarial function coordinates and oversees the calculation of Bermuda Monetary Authority ('BMA'), Solvency II and IFRS technical loss provisions for the Company and carries out quarterly reserving reviews. It works closely with the Underwriting, Claims, Finance and Risk Management teams to ensure a deep understanding of exposure and loss experience.

In addition to its core role in reserving, the Actuarial function assists in reinsurance purchase including program design and the development of technical pricing models and tools across all lines of business.

The IGI Group Chief Actuary reports to the IGI Group CEO and IGIUK CEO and is a member of or attends:

- Group Reserving Committee (Member)
- IGI Bermuda Audit, Risk and Compliance Committee (Attendee)
- IGIUK Audit, Risk and Compliance Committee (Attendee)
- IGIE Board (Attendee)
- IGI Group Audit Committee (Attendee)
- Group Executive Risk Management Committee (Member)
- Group ESG Committee (Member)
- IGI Bermuda Management Committee (Member)
- IGIUK Management Committee (Member)
- Reinsurance Security Committee (Member)
- Delegated Authority Committee (Member)

There is potential for conflict of interest to affect the Actuarial function and this is dealt with through appropriate protocols and procedures and reporting line.

Function members are required to consider appropriate actuarial standards including peer review requirements. All actuaries within the function are members of professional organisations and subject to professionalism requirements and regulated by their SROs.

To ensure that the Actuarial function has appropriate independence the Chief Actuary has a direct reporting line to IGIE Board, including Non-Executive Directors.

B.7. Outsourcing

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the Company. The third party to whom the activity is outsourced is referred to as the 'service provider'.

When outsourcing any critical/important or key functions, the Company remains responsible for discharging its obligations under the relevant regulatory requirements. Outsourcing of critical or important functions or activities is not undertaken in such a way that could lead to any of the following:

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

Prior to outsourcing any critical function, the Company conducts a risk assessment and due diligence to assess any possible legal obligations to ensure sufficient/reasonable control over proposed outsourcing arrangements.

Furthermore, the Company ensures that it establishes appropriate contingency arrangements to allow business continuity in the event of a significant loss of services from the service provider. Considerations include a significant loss of resources at the service provider, or financial failure of the service provider and unexpected termination of the arrangement.

The table below outlines the critical or important functions that the Company outsourced during the reporting period:

Critical or Important Function	Name of Provider	Jurisdiction
Internal Audit	IGIU	Amman, Jordan
Actuarial Function	IGIUK	London, UK
Compliance Function	Willis Towers Watson	Malta
Claims Management	IGIU ^{Note 1}	Amman, Jordan
	IGIUK ^{Note 2}	London, UK
Finance Function	Willis Towers Watson	Malta
Information Technology	IGIU	Amman, Jordan

Note 1 – All lines of business except Casualty and Ports & Terminals lines of business

Note 2 – Only for Casualty and Ports & Terminals lines of business

For each outsourced key function IGIE has designated Board members responsible for the oversight of these functions to provide appropriate challenge and oversight of the performance and results of the service providers and ensure that the functions are being carried out in an effective manner and in line with all Solvency II requirements.

The Company takes a risk-based approach to all of these activities with service providers subject to defined contracts, service level agreements and ongoing performance management.

B.8. Any Other Information

Assessment of adequacy of the system of governance

Through its ongoing assessment of the system of governance including the critical/important and key functions, the regular review of their outputs, and the annual Corporate Governance Assessment Review, the Board considers the appropriateness and adequacy of the system of governance in relation to the nature, scale and the complexity of the risks inherent in its business.

Other material information

There is no other material information regarding the system of governance that requires disclosure.

C. RISK PROFILE

Achieving the Company's Business Plan and strategic objectives is subject to the risk environment in which it operates.

The Company's risk profile comprises of underwriting, market, credit, operational, strategic, group contagion, reputational, ESG and other risks that arise as a result of doing business. There has been no material change in IGIE's risk profile over the reporting period.

The following sections outline the Company's risk management approach and key exposures for each category of risk as required by Article 295 of the Commission Delegated Regulation 2015/35.

The approach to quantifying risk in respect of its contribution to the Company's regulatory capital requirement is dealt with in Section E.2. 'Solvency Capital Requirement and Minimum Capital Requirement'.

C.1. Underwriting Risk

Underwriting risk is a core intrinsic risk which arises from the Company's general insurance activities. It is associated with the risk of financial losses or adverse changes in the value of insurance liabilities due to variations in underwriting results from plan.

Risk Exposure

The most material elements of underwriting risk may result from inadequate pricing and provisioning assumptions due to internal or external factors including inadequate reinsurance protection, underwriting breaches or large natural or man-made catastrophe claims.

Catastrophe Risk

The Company has a low appetite for loss of earnings arising from catastrophe losses or exposures and looks to mitigate downside losses to a reasonable level expressed as a percentage of capital for both a single occurrence and aggregate year basis through outwards reinsurance coverage. Furthermore, IGIE uses the services of IGI Group which has a dedicated catastrophe and exposure management team responsible for continually developing and enhancing the reporting, analysis and methodology underpinning the aggregation systems upon which it relies.

The team has extensive risk management, underwriting, actuarial and data management skills and experience and works closely with risk management, actuaries, proprietary modelling entities and other related entities as required.

To manage and monitor the natural (including climate-related risk) catastrophe exposures, the Company uses a range of approaches incorporating a combination of both stochastic probabilistic loss modelling and deterministic event sets to measure and quantify exposures.

For non-natural exposures where stochastic modelling capabilities are not available, and for natural perils / zones where models are either not available or not robust, the Company uses several alternative deterministic or Probable Maximum Loss ('PML') approaches to assess its exposure to individual loss scenarios.

In addition, the Company produces actual historical loss scenarios that have resulted in large industry wide insured losses along with cloned events to produce a deviation around these scenarios.

Furthermore as an additional critical part of the underwriting and portfolio management process of the Political Violence class of business, it is imperative that accurate up-to-date exposure data is available. The Company employs the Sequel Impact tool for aggregating terrorism exposures on the basis of individually geocoded risk exposures.

Cyber Underwriting Risk

Cyber underwriting risk is defined as the set of prudential risks emanating from underwriting insurance contracts that are exposed to cyber-related losses resulting from malicious acts (e.g. cyber-attack, infection of an IT system with malicious code) and non-malicious acts (e.g. loss of data, accidental acts or omissions) involving both tangible and intangible assets.

IGIE chooses not to write cyber insurance on a stand-alone basis or by means of an add-on cover hence its affirmative exposures are limited. Where policies include an element of exclusion with writebacks or limited exclusions, these are covered by the outwards reinsurance programme.

To further ensure cyber coverage clarity and reduce silent (non-affirmative) cyber exposures underwriters make use of the cyber clauses released by UK insurance Industry associations to fully exclude or substantially limit potential coverage for cyber-related claims.

Risk Concentration

IGIE writes a diversified book of business across the EEA and through different classes of business. IGIE seeks to manage its exposure to insurance and reinsurance losses through a number of loss limitation methods, including internal risk management procedures, writing business on an excess of loss ('XOL') basis, enforcement and oversight of our underwriting processes, outwards reinsurance protection, adhering to maximum limitations on policies whether written on a proportional, first loss or XOL basis, written in defined geographical zones, limiting programme size for each client, establishing per risk and per occurrence limitations for each event, employing coverage restrictions and following prudent underwriting guidelines for each programme written.

In relation to catastrophe risk, the Company monitors and controls the accumulation of risk for a number of realistic disaster scenario events. There are specific scenarios for natural, man-made and economic disasters, and for different business lines.

The following table details the most material IGIE risk concentrations in respect of Underwriting risk as reported to the IGIE Board meeting for the Q4 2023 period. The US \$m amounts are reported net of all reinsurance and allowing for reinstatement premiums where relevant. The % Solvency II Own Funds column demonstrates the impact of each scenario in terms of its potential to deplete available Solvency II Own Funds at Q4 2023.

Line of Business	Basis	Max Exposure	\$m	% of Own Funds ^{Note 1}
All Nat Cat Exposed Risks	All Natural Perils – AEP ^{Note 2} (1 in 100)	Ireland	0.1	0%
	All Natural Perils – OEP ^{Note 3} (1 in 250)	EEA	0.2	1%
	All Natural Perils – AEP (1 in 250)	EEA	0.2	1%
Political Violence	Terrorism – 250 Meter Bomb Blast	Gelsenkirchen – Germany	2.8	12%
	Terrorism – 350 Meter Bomb Blast (Stress Scenario) ^{Note 4}	Gelsenkirchen – Germany	2.8	12%
	SRCC ^{Note 5} - Largest City Exposures – (Internal PML based on AKE rating)	Spain – Los Madriles	0.9	4%
	War – Country Exposures – (Internal PML based on AKE rating)	Netherlands	1.0	4%
Casualty & Professional Lines	Deterministic (2 max lines)		4.0	18%
Financial Institutions	Deterministic (2 max lines)		3.8	17%
General Aviation ^{Note 6}	Deterministic (largest 2 combined Hull / Liability)		4.9	21%

Note 1: Single Occurrence Event Risk Appetite: **Green <15%**, **Amber 15% - 30%**, **Red >30%** (modelled loss as % of Own Funds).

Aggregate Occurrence Event Risk Appetite: **Green <20%**, **Amber 20% - 30%**, **Red >30%** (modelled loss as % of Own Funds).

Note 2: AEP (Aggregate Exceedance Probability) – the probability that the associated loss level will be exceeded by the aggregate losses in the given year.

Note 3: OEP (Occurrence Exceedance Probability (OEP) – the probability that the associated loss level will be exceeded by any event in the given year.

Note 4: Terrorism 350 bomb blast is only modelled for information and is not included within risk appetite considerations.

Note 5: SRCC refers to Strikes, Riots and Civil Commotion and is based on a deterministic scenario resulting in the loss amounting to 20% of the total insured value of all exposures in a given major city.

Note 6: This is a somewhat theoretical and extreme return period scenario as it requires the two largest combined Hull/Liability exposures in our worldwide portfolio colliding with each other resulting in a total loss.

Risk Mitigation

The primary tools for managing Underwriting risk include:

- Having a versatile and diversified book of business;
- Having effective underwriting guidelines and authority matrices in place and monitoring compliance against these;
- Underwriting within prudent aggregate loss and PML limits at individual and combined portfolio levels;
- Maintaining an effective exposure management system;
- Having a matching stratified reinsurance programme; and
- Maintaining effective and frequent monitoring and performance review practices.

In addition to the range of controls detailed above, the Company employs an extensive reinsurance programme designed to contain underwriting risk to acceptable levels.

The programme is designed and purchased at the level of IGI Bermuda in order to leverage the purchasing power of the IGI Group and affords protection to all IGI Group insurance risk taking entities and with full oversight from IGIE. It encompasses:

- Excess of Loss ('XOL') treaty arrangements to contain peak or catastrophe losses to an acceptable level;
- 'Proportional' treaty arrangements to share the risk of particular lines of business, particularly newer lines, with partner reinsurers;
- Facultative' reinsurances placed on a case-by-case basis to contain individual risk exposures and/or to protect the treaty reinsurance; and
- Intragroup 'Quota Share' treaty under which 75% of the retained risk net of the external arrangements is ceded to IGI Bermuda. The effectiveness of these arrangements is monitored on a current and retrospective basis through the reserving process whereby their impact on mitigating the gross risk and potential default risk is explicitly considered.

On a prospective basis, the effectiveness and risk / return profile of the arrangements is assessed in the business planning and reinsurance placement process using a combination of internal and external deterministic and stochastic analysis.

The impact of reinsurance recoveries and the potential for these to result in counterparty default risk is explicitly considered in the Company's SCR capital calculations using the Standard Formula.

The following specific risks relating to the programme are monitored on an ongoing basis to ensure that it continues to provide protection consistent with the risk appetite and the basis upon which capital requirements have been calculated:

- The potential for 'vertical exhaustion' (i.e. the potential for gross losses to exceed the amount of protection provided by the programme) is monitored through the modelling of catastrophe exposures – the gross and net of reinsurance potential losses from a series of deterministic and stochastic scenarios being reported in full to management and the IGIE Board on at least a quarterly basis.
- The potential for 'horizontal exhaustion' (i.e. the potential for a number of losses to exhaust the number of reinstatements available under one or more elements of the programme) is considered through a combination of monitoring utilisation to date and modelling the potential volume and quantum of losses that might be expected to attach to the programme in a given return period.

Stress testing and sensitivity analysis

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.2. Market Risk

Market risk is defined as the risk of variation in the market value of net assets as a result of changes in the market prices of securities or foreign currencies. Market risk considers the risk of the Company's economic position being negatively impacted due to market environment changes and the corresponding impacts on investment, credit, liquidity and other exposures.

Risk Exposure

IGIE's market risk is further split into the following sub-categories:

- Currency risk: The risk of adverse variation in the value of net assets in foreign currencies as a result of currency rate movements;
- Interest rate risk: The risk of variation in the market value of fixed-interest securities as a result of changes in prevailing interest rates;
- Spread risk: The risk of variation in the market value of fixed-income securities as a result of changes in the compensation required by the market for credit risk including the risk of default.
- Re-investment risk: The risk of reinvesting funds upon maturity at a lower rate of return as the original investment.
- Equity risk: The risk of adverse movements in the market price of investments (or their derivatives) other than fixed-income securities,

IGIE's Investment Portfolio as at 31st December 2023 was composed of cash (27%), term deposits (21%) and well rated fixed income securities (52%). The composition of the asset portfolio has changed over the reporting period since as at 31st December 2022 this was comprised of 100% of investable assets held in cash (20%) and fixed term deposits (80%). IGIE is exposed to interest rate risk, concentration risk, spread risk and currency risk as a natural consequence of its investments and writing business in different currencies.

During the reporting period, following the Company's change in legal status to Ltd on 6th December 2023, IGIE's functional and reporting currency was converted from Euro to US Dollars. While this has brought IGIE in line with the rest of the Group, since the majority of the Company's assets were held in the Euro currency, at 2023 year-end the Company was exposed to currency risk as a result of asset and liability mismatches in the Euro currency. During the projected period, IGIE intends to continue reducing the Net Asset Value of the non-reporting currencies particularly the Euro to reduce the currency risk and as a result the currency charge in the SCR.

Risk Concentration

The Company's investment portfolio at 31st December 2023 exposed IGIE to a concentration of cash and term deposits held with two "A" rated banks. While this is not necessarily of concern, the Company regularly monitors economic conditions and the banks' financial condition and their credit ratings to ensure it is aware of any material threats or any possible adverse events in a timely manner.

The Company has no other material risk concentrations.

Prudent Person Principle

The Company has established investment guidelines approved by the Board for the purpose of effectively managing and monitoring the Company's investments and to ensure that assets are invested in an adequate manner to cover the Minimum Capital Requirement and the Solvency Capital Requirement in accordance with the Prudent Person Principle, as laid down in Article 132 of the Solvency II Directive, taking into consideration the security, quality, liquidity and profitability of the investment portfolio.

Furthermore, the Company may only assume investment risks that it is able to identify, measure, respond to, monitor, control, and report on while taking into consideration the capital requirements and adequacy, liquidity requirements, the financial market environment, policyholder obligations and sustainability factors.

The guidelines outline the parameters and allocation limits of the Company's assets that are available for investment including risk tolerances for counterparty quality, concentration, and asset types. The allocation limits are set to ensure the risk is maintained within the risk tolerance levels and that the portfolio meets appropriate regulatory requirements. These are updated at least annually and at other such times as required to adapt to the changing economic, business and investment market conditions.

Risk Mitigation

The Company has a relatively low appetite for market risk and asset-liability mismatch and aims to hold investments in line with the internally and conservative investment guidelines, as its primary focus for value creation is underwriting rather than investment activity.

The primary tools for managing Market risk include, but are not limited to:

- Clear investment guidelines with limited exposure to non-traditional investment classes and requirements as to minimum investment counterparty quality or credit rating, minimum and/or maximum limits in the type of investment and maximum limits for geographical concentrations;
- Maintaining compliance with the Prudent Person Principle;
- Monitoring of the investment portfolio - investment holdings per class, cost and current market price;
- Monitoring of investments' credit rating; and
- Quarterly Asset Liability Management ('ALM') reports.

Stress testing and sensitivity analysis

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.3. Credit Risk

In addition to the Credit risk inherent in its investment portfolio, which is covered under the market risk section above, the Company is exposed to the risk of counterparty default in respect of premiums receivable, reinsurance recoverables and cash held with banks.

The potential impact of such counterparty default is explicitly captured in the Standard Formula SCR calculation.

Risk Exposure

Credit risk is split into the following sub-categories including:

- Reinsurer counterparty: The risk of loss from the failure of a reinsurer to make a payment due.
- Asset counterparty: The risk that cash held with banks that become insolvent will not be received.
- Intermediary counterparty: The risk of loss from the failure of an intermediary to make a payment to, or on behalf of, the Company.

At 2023 year end, the Company's largest exposure to Credit risk came from the reinsurer counterparty and asset counterparty, which are both classified as Type 1 in the Standard Formula SCR. IGIE is exposed to reinsurer counterparty risk since it employs an outwards reinsurance programme in addition to the Intragroup Quota Share arrangement in place between the Company and IGI Bermuda. The Company is also exposed to Counterparty default risk as a result of the amount of cash held at banks.

Counterparty default risk is considered 'non-core' in that it is not something we seek to create a return, rather it is a natural consequence of our decision to use reinsurance to mitigate underwriting risk and the inevitable consequence of investment holdings and doing business with intermediaries.

Risk Concentration

The Company is exposed to concentrations of Credit risk in respect of the intragroup reinsurance arrangement with its parent. In this respect, the Board closely monitors the financial and solvency position of IGI Bermuda on a quarterly basis.

During the reporting period, IGIE was also exposed to Credit risk concentration in respect of a significant amount of cash holdings and term deposits with two 'A' rated banks.

Risk Mitigation

The Company has a low appetite for Credit risk in including material levels of bad debt in respect of intermediaries, reinsurers and other third parties.

The primary tools for managing Credit risk include:

- Minimum credit quality criteria in respect of outwards reinsurance counterparties coupled with concentration limits to contain exposures:
 - Reinsurers to be either 'A-' rated or better by AM Best or 'BBB+' or better by S&P for short tail classes, or, 'A' rated or better by AM Best or 'A-' or better from S&P for long tail classes. Outwards reinsurance counterparties with a credit rating lower than that stated above shall only be accepted subject to Group Reinsurance Security Committee review and approval.
 - No individual reinsurer to accept more than 25% of any reinsurance programme at time of placement. The Group's Reinsurance Security Committee review and approval is required should this limit be exceeded.
- Applying effective credit control policies and procedures in respect of broker and reinsurer receivables, including producing and monitoring aged debt reports on a regular basis.
- Regular monitoring of the banks' financial performance and credit ratings, including the credit ratings of the Company's investments other than cash. The Company developed an investment strategy and guidelines to ensure a better diversification of its investment portfolio.

Stress testing and sensitivity analysis

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.4. Liquidity Risk

Liquidity risk is defined as the risk that the Company either does not have sufficient financial resources to enable it to meet its obligations when they become due or will be able to do so at increased costs.

Risk Exposure

The Company considers liquidity risk both in terms of the risk of having insufficient liquid financial resources to satisfy policyholder liabilities and maintaining financial flexibility in the event of a stress event.

Liquidity risk includes the following:

- Payment default risk: The risk that there is insufficient cash to make payments when due and that no additional cash can be made available by borrowing, the sale of assets or capital raising;
- Suboptimal asset realisation: The risk that securities or other assets are required to be sold at a suboptimal price to meet liquidity requirements; and
- Collateral risk: The risk that the Company is unable to provide collateral to a third party when contractually required to do so.

Risk Concentration

There were no material Liquidity risk concentrations as at 31st December 2023.

Risk Mitigation

Liquidity risk is mitigated through investment guidelines that require a highly liquid asset portfolio sufficient to cater for a combination of a significant payout of reserves plus gross underwriting stress loss.

As at 2023 year end, the Company's investment portfolio was composed of debt cash, term deposits, and short-term well rated fixed-income securities, all of which are considered highly liquid assets.

IGIE also maintains the protection of a full Parental Guarantee providing additional policyholder protection beyond that provided by its own capital resources.

Expected Profit in Future Premium

The gross expected profit included in future premiums ('EPIFP') as at 31st December 2023 is \$1,670k. The EPIFP represents the profits that is expected to materialise from existing (in-force) insurance and reinsurance contracts that are to be received in the future, but that have not yet been received. Any premiums already received by IGIE are not included in the EPIFP. Net of all reinsurance this amount is \$341k.

Stress testing and Sensitivity analysis

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.5. Operational Risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes and controls, people, systems, or from external events. Operational risk events may impact the Company in terms of financial loss, reputational damage, regulatory sanction, inefficiency or opportunity loss.

Risk Exposure

The Company is exposed to Operational risks which may crystallise either independently of, or be correlated to the Intrinsic Core (Underwriting risks and Investment risks) and Non-Core (Reserving risks, Currency risks, Liquidity risks and Counterparty Default risks). These include Legal and Compliance, IT (including cyber security), HR, Outsourcing and Process risks.

An allowance for the potential capital impact of Operational risks is made under the SII Standard Formula.

Operational risk is monitored via the Risks, Core Processes and Controls register that articulates the material sources of potential risks and failures in core processes and the key controls in place to manage them.

Risk Concentration

The Company's most material Operational risk concentrations as at 31st December 2023, were in relation to the outsourcing arrangements in place with IGI Group and Willis Towers Watson.

Risk Mitigation

The control and risk mitigation approach includes:

- Established procedural controls including workflow management;
- Monitoring compliance with all applicable laws and regulations, established policies, procedures and processes;
- Business continuity and Disaster recovery plans;
- Maintaining an appropriate Information and Communications Technology ('ICT') and IT Security framework to ensure that adequate hardware and software is in place to support business needs and market expectations and mitigate IT disruptions;
- Periodic reviews of third-party service providers; and
- Maintaining effective human resource management and development practices.

Furthermore, during 2023, the Company continued to prepare for the implementation of the newly enacted Digital Operational Resilience Act ('DORA') which requires insurance undertakings to enhance its level of security of network and information systems, including that of its critical outsourcing partners providing ICT services, to mitigate ICT and cyber risks and ensure that the Company can withstand, respond to and recover from all types of ICT-related disruptions and threats.

On a quarterly basis and/or following an operational loss event materialising, the Risk function meets Risk and Control Owners to formally discuss and reassess/reaffirm the risk ratings and control effectiveness ratings for which they are responsible. Control Owners are required to assess whether the controls in place are still operating as intended and whether they will continue to operate effectively in the future.

The risk and control assessment enables the Risk function and the Board to identify the top risks of the Company and understand which risks are being effectively mitigated and controlled and those which are less effective and to focus on and allocate resources to those areas of risk and core processes with higher residual risk exposures.

Stress testing and Sensitivity analysis

See section C.7 for information on stress testing and sensitivity analysis for all the risk categories.

C.6. Other Material Risks

In addition to the above risks that have the potential to result in capital depletion, the Company also considers Strategic risk, Group Contagion risk, Reputational risk and ESG risk to be relevant.

The risks are managed through the strategic and business planning / performance monitoring processes to ensure that changes in the economic and market environment are factored into the long-term and tactical plans for the Company.

Strategic risk

The Company defines strategic risk as the risk of impact on shareholder value, earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes, and the risk that the IGI Group and its entities fail to define, maintain or adequately communicate the strategy and, as a result, cannot take advantage of strategic opportunities. This may be caused by failure to:

- devise, implement, maintain and communicate an effective business strategy that is consistent with the risk and return objective and risk appetite; and
- effectively structure and manage the inter-relationships between IGI Group entities in such a way as to maximise the benefits of the structure whilst affording adequate protection to an individual entity.

Group Contagion risk

The Company defines Group Contagion risk as the risk that adverse events or circumstances affecting one or more business units or entities damage the solvency, liquidity, results or reputation of other entities or the overall IGI Group.

IGIE is exposed to IGI Group risks arising from the interconnected nature of the IGI Group and its entities, both from an operational and financial perspective. IGIE relies on the IGI Group for a number of functions, which may expose the Company to IGI Group risks arising from these internal outsourcing arrangements not being carried out in accordance with the service level agreements ('SLAs'), and all applicable legal and regulatory requirements.

Group Contagion risks may arise from decisions or actions taken by the IGI Group or its other entities which may compromise the IGI Group or respective entity's going-concern, strategy, regulatory standing or reputation which may have an adverse impact on IGIE. Therefore, IGIE may be negatively impacted by the failure of the IGI Group to effectively structure and manage the inter-relationships between IGI Group entities in such a way as to maximise the benefits of the structure whilst affording adequate protection to an individual entity.

Reputational risk

Reputational risk is defined as the risk that adverse events or circumstances negatively affect the reputation of IGI Group or its operating entities (including IGIE) with its rating agencies, regulators, policyholders, intermediaries and existing shareholders or prospective investors, which may cause an unexpected decline in IGI's share price value, loss of profits and future business for the Company and a downgrade in IGIE's credit rating. This may be caused due to failure to:

- give due regard to clients' interests or failure to treat clients fairly in accordance with regulatory requirements;
- meet all regulatory requirements including reporting and disclosure requirements;
- meet environmental, social and governance standards and be transparent in sustainability reporting; and
- poor/adverse PR coverage.

Reputational risk may also be caused by the crystallisation of other risks including legal risks, regulatory and compliance risks, strategic risks and information security risks (data breach).

Environmental, Social and Governance ('ESG') risk

The Company defines ESG risk as the risk of environmental, social, or governance events, or conditions which, if they occur, could cause an actual or a potential material negative impact on the value of assets; liabilities; financial results; or reputation of the entity.

ESG risks could arise internally within a particular department (including outsourced service providers) or externally, impacting the reputation and/or financial position of the Company. ESG risks that could negatively affect the Company might include the following:

Environmental: Climate related risks i.e. physical, transition and liability risks, which may refer to losses arising from weather-related events such as flooding and windstorms, or that may arise directly or indirectly due to the adjustment towards a less polluting and greener economy.

From a physical risk perspective, the annual nature of the majority of our insurance contracts means that the latest view on natural catastrophe risks can be factored into risk selection, pricing and exposure management. The Company applies a range of approaches to assess Catastrophe risk incorporating a combination of both stochastic probabilistic loss modelling and deterministic event sets to measure and quantify potential exposures. The modelling of catastrophe risk exposures (both pre-bind and quarterly roll-ups) in partnership with AIR Worldwide provides for a prudent view of natural catastrophe perils and helps anticipate the likelihood and severity of potential future catastrophes before they occur so that the Company can factor this into risk selection, pricing and accumulation management processes.

From a transition risk perspective, potential risks are mitigated through an increasingly diversified underwriting portfolio (in terms of geography, class of business and insured trade) and include offsetting the more carbon dominant energy portfolios through the expansion into renewable energy and green technologies. Asset transition risk for IGIE is currently not considered material since assets are mainly held in cash at bank, term deposits in credit institutions and corporate bonds, most of which are within non-CPRS sectors.

The Company also considers the potential for climate risk to exacerbate losses under the general liability classes (such as D&O, PI, errors & omissions and employer's liability insurance) as people or businesses seek to recover compensation for actual losses or loss of value arising from climate change related physical or transition risks.

Social: The risk of adverse financial or reputational impact on the Company and/or non-financial impact on stakeholders, such as employees, customers and suppliers, and shareholders which may arise due to any weaknesses or any unethical or wrongdoing by the company (including outsourced third-party service providers).

Governance: The risk of an adverse impact on the Company and/or stakeholders, which may arise due to weaknesses in ESG initiatives; legal and corporate governance; Risk and Capital Management Framework; business ethics; tax practices and Information security and data privacy.

IGIE includes the consideration of ESG risks alongside other risk factors in its strategic decision making, including but not limited to underwriting, investments, and operational practices.

Risk mitigation

To mitigate the above risks IGIE has implemented a number of controls, which are recorded in the risk register and are monitored and assessed on a quarterly basis.

C.7. Other material information

Stress Testing and Sensitivity Analysis

IGIE monitors and reports quarterly on a range of individual underwriting stress scenarios as defined within the Standard Formula SCR calculation and a full set of PMLs and RDSs are reported through the quarterly Risk and Capital Review Board reporting and accompanying Executive Exposure Summary.

IGIE conducts specific stress and scenario testing on a regular basis to assess the resilience of its business plan and to implement informed decision making. In the most recent round of stress testing and scenario analysis, the following scenario tests were considered:

- A Large Single Event, to test the Company's resilience to the largest accumulation of a single man-made catastrophic event occurring.
- A Large Single Event with Reinsurer Default, to test the Company's resilience to the largest accumulation of a single man-made catastrophic event combined with the default of its main reinsurer.
- High Growth, to test the Company's resilience if it experiences a 10% increase in premium volume and growth in its business, in excess of the increase already projected in the Company's 2024 – 2026 business plan (i.e. 2024 projected Earned Premium x 1.1 etc.).
- Exchange Rate Shock to test the Company's resilience of an appreciation of the EUR currency against the US Dollar, assuming a 25% shock.
- High Inflation, to test the Company's resilience to a worse than planned combined ratio, due to claims inflation being higher than expected.
- Climate Change Impact, to test the Company's resilience to incurring a series of natural catastrophe claims equivalent to a 1 in 500-year result (i.e. beyond our risk appetite of modelled losses), due to increased event frequencies in respect of windstorm, flood and wildfire perils caused by climate change.

In relation to operational risks, a qualitative approach to stress testing and scenario analysis is carried out, focusing on the events, the impact of which may be difficult to quantify but could still cause IGIE's business model to become unviable. IGIE has established the following situations, each of which individually may render the business model unviable or significantly impaired:

Scenario	Description
Liquidity Shortfall	IGIE is unable to make available sufficient resources to pay its financial obligations as they fall due.
Capital Shortfall	IGI Group is unable to maintain capital in excess of rating agency and / or regulatory requirements.
Loss of License to operate	Withdrawal of IGIE's regulatory authorisation or suspension from undertaking regulated activities.
Withdrawal of Reinsurer Support	Reinsurance partners limit / withdraw support or offer terms that are not commercially viable.
Loss of Rating / Downgrade	One or both of S&P and AM Best put the IGI Group, and consequently IGIE on negative outlook or downgrade current ratings.
Failure to Run Operations / Exposure to Group Systems	IGIE is unable to process business over a prolonged period due to governance failure, loss of people/teams, poor risk culture, rogue underwriter.

IFRS 17 – Insurance Contracts

Being registered in Malta, IGIE prepares its statutory financial statements in accordance with International Financial Reporting Standards (“IFRS”). As a result, the Company implemented the new accounting standard IFRS 17 – Insurance Contracts, replacing IFRS 4, which came into force on 1st January 2023. The application of IFRS 17 significantly impacted the measurement and presentation of insurance contracts in scope of the standard.

While IFRS 17 introduced substantial differences in approach for the accounting of insurance contracts, including the valuation of technical provisions and recognition of profits, as well as a significant change to the presentation and disclosures for all insurance contracts, it has not resulted in a material financial impact to IGIE and is not expected to have a material impact on the Company in future reporting periods.

Russia – Ukraine war

On 24th February 2022, the Russian Federation launched a full-scale military invasion into Ukraine which has led to significant economic and humanitarian consequences for both countries. The war continued throughout 2023 with the situation becoming more uncertain as to any resolution during 2024.

The war resulted in various sanctions against Russia by the United States, the United Kingdom and the European Union and other sanctions regimes. The Company continues to monitor sanctions being imposed and will adhere to them to the extent applicable to our business.

While IGIE has no material direct business and investment exposures to Ukraine and Russia, the Company is mindful that it may be exposed to indirect impacts due to an increase in financial market volatility and higher energy prices. The Company continues to closely monitor for, and respond to, the situation alongside significant exposures it may potentially face in the future.

Israel – Hamas conflict

On the 7th of October 2023, Hamas launched a large-scale attack on Israel. The Israeli government declared a state of emergency and later announced that the country is at war. The conflict has led to a large number of civilians being killed, injured, and/or displaced in the crossfire. The conflict continues in 2024, raising concerns that geopolitical tensions could escalate to nearby regions, increasing geopolitical, credit and operational risks for businesses operating in the region.

While this does not pose material direct exposure to IGIE, the Company is closely monitoring this evolving situation and regularly assessing its exposure on new developments, particularly relating to employee welfare and business continuity in the Amman office, insurance, investments, reserving, compliance and public/investor relations.

Inflation

The events of the past years impacted the macro-economic environment including inflation. Increases in inflation rates experienced since spring 2021 have been flagged as one of the major concerns for the insurance market.

The Company is mindful of the impact that the current volatile inflationary environment could have on the Company's risk profile particularly pricing and reserving.

Inflation if unexpected or not adequately priced may have a negative impact on profitability as a result of claims inflation through the increase in the cost to settle insurance claims in the future. While the volatile inflationary environment will increase uncertainty around future claim settlement costs, IGIE is taking claims inflation into consideration in its business planning, pricing and reserving. We will continue to monitor inflation rates and remain alert to emerging trends.

Interest Rate Increases

Interest rates also remain in focus, largely as a mechanism for central banks to control inflationary pressures. Similar to the monetary policy decisions taken in 2022, during 2023, the European Central Bank ('ECB') has raised the three key ECB interest rates by 50 basis points in February and 25 basis points in March, May, June, August and September. Accordingly at 2023 year-end the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility stood at 4.50%, 4.75% and 4.00% respectively.

Since IGIE's investment portfolio consists mainly of bank and term deposits, with a proportion in corporate bonds, this did not have a negative impact on the Company's investment portfolio. However we will continue to monitor developments in interest rate increases and will continue to take interest rate risk into consideration prior to any changes in the Company's investment portfolio.

D. VALUATION FOR SOLVENCY PURPOSES

D.1. Assets

The following table summarises the assets held by the Company as at 31st December 2023 with analysis of the main differences between Solvency II and IFRS valuation rules:

Asset Class <i>USD '000</i>	Value as per IFRS Financial Statements	Reclassification / Adjustment for Solvency Purposes	Value as per Solvency II
Deferred tax asset	265	(122)	143
Right of use asset	397	(397)	-
Property, plant and equipment held for own use	45	(45)	-
Reinsurance recoverables	20,283	3,938	24,221
Insurance and Intermediaries Receivables	-	5,079	5,079
Reinsurance Receivables	-	594	594
Investments	23,971	265	24,236
Cash and Cash Equivalent	9,039	-	9,039
Other Assets	750	(565)	185
Total Assets	54,750	8,747	63,497

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

The valuation principles applied to each material asset class are explained below. No changes were made during the reporting period to the bases and estimation approaches used to recognise and value assets except with respect to the valuation of reinsurance recoverable as per IFRS financial statements following the transition to IFRS 17.

Property, plant & equipment held for own use

Under IFRS these assets are held at cost less accumulated depreciation. For Solvency II purposes they can be valued at fair value less depreciation or impairment but have been given a nil valuation.

Right of use asset

Under IFRS the value of the lease is valued in accordance with IFRS 17. For Solvency II purposes these assets could not be exchanged between knowledgeable willing parties in an arm's length transaction and they are valued at nil under Solvency II.

Cash and Cash Equivalent

These financial assets are recognised at fair value as at the balance sheet date. The Solvency II valuation rules are consistent and in line with those applied in the IFRS financial statements, with the exception of an overdraft balance which is being recognized as part of the debts owed to credit institutions in the liability section of the Solvency II balance sheet.

Investments

All the investment securities, comprising of bonds, are quoted in active markets and are therefore valued at fair value as at the balance sheet date. For Solvency II valuation purposes, accrued interest due on the investments is transferred from Other Assets. Investments include fixed term deposits which have a maturity date exceeding 3 months but not more than 6 months and are recognised at fair value as at the balance sheet date. The Solvency II valuation rules are consistent and in line with those applied in the IFRS financial statements, however, under Solvency II, the accrued interest income on the term deposits is also included with the fair value, whereas under IFRS, the accrued interest is shown as part of the other assets.

Reinsurance Recoverable

The valuation rules applied in the reinsurance assets calculation are covered in the Best Estimate Technical Provision section.

Insurance and Intermediaries / Reinsurance Receivables

The Solvency II valuation is based on the best estimate of the recoverable value, discounted to present value where the expected recovery is greater than one year. In addition, the undue insurance receivables are reclassified and included as part of the Premium Provisions. Under IFRS, these amounts are reclassified as part of the re/insurance contracts assets/liabilities.

Other Assets

The valuation of these other assets, apart from prepayments, is the same under Solvency II and IFRS. The IFRS valuation includes an element of receivables included within the insurance and intermediaries receivable under Solvency II. Prepayments do not meet the Solvency II valuation criteria, as prepayments could not be exchanged between knowledgeable willing parties in an arm's length transaction and they are valued at nil under Solvency II.

Deferred Tax Asset

A deferred tax asset has been recognised under IFRS on the basis of temporary differences arising from unabsorbed tax losses and a provision for foreign exchange differences.

An adjustment to the deferred tax asset has been recognised under Solvency II and is valued on the basis of the difference between the values ascribed to assets and liabilities recognised and valued in accordance with Solvency II and the values under IFRS.

A deferred tax asset is only recognised on the basis that future taxable profit will be available against which the deferred tax asset can be utilised.

D.2. Technical Provisions

Technical Provisions reflect an amount of money as at the evaluation point (year-end) that would be needed to cover the future cost of claims and related expenses for all policies we have either written or committed to write, plus a Risk Margin. These are split into three component parts:

- Provision for future claim payments for events that have already taken place prior to the evaluation point – referred to here as the “Claims Provision”.
- Provision for future claims on exposures yet to take place at the evaluation point – referred to here as the “Premium Provision”.
- Risk Margin deemed to reflect a margin that would be necessary to affect a commercial portfolio transfer to another insurer.

The Company has applied appropriate methodologies and procedures to assess the sufficiency of the Technical Provisions and the calculation is consistent with the requirements set out in Articles 76-86 of the Solvency II Directives.

The Technical Provisions have been estimated at a homogeneous line of business level. The segmentation is based on obligations that have similar characteristics and are managed together by the business. The Company has no Life Technical Provisions, including Periodic Payment Orders.

Whilst some of the approaches and techniques applied under Solvency II are similar to those under IFRS 17 reporting, there are areas where there are major changes.

Material differences with IFRS 17

IGIE's financial statements are prepared in accordance with IFRS 17. The IFRS 17 contract assets and liabilities and the Solvency II Technical II Provisions are both calculated using US GAAP (IGI Group Accounting basis) reserves, comprising of claims reserves and unearned premium reserves, as a starting point. The most material element in Technical Provisions – IFRS 17 claims reserves (O/S + IBNR) – is common to both IFRS 17 and Technical Provisions. Certain adjustments carried out to revalue Technical Provisions are common across both IFRS 17 and Solvency II, such as ENIDs and discounting. However, the basis of calculation may differ.

The following table describes the commonality between adjusting from US GAAP reserves to both IFRS 17 and Solvency II.

Adjustment to US GAAP	To IFRS 17	To Solvency II
Removal of Unearned Premium Reserve ¹	Partly	Yes
Explicit consideration of contract boundaries, such as recognizing bound but not incepted business as a liability	Partly	Yes
Applying yield curves to future cashflows to allow for the time value for money	Yes – Risk free rate plus an illiquidity premium	Yes – Risk free rate only
Inclusion of additional expense reserves	Yes – an allocation of fixed and variable overheads	Yes – an amount reflecting the full cost of running off the claims and premium provisions
Risk Margin	Yes – using a VAR approach	Yes – using a cost of capital approach
Inclusion for ENIDs	Yes	Yes
Provision for RI default	No – not material	Yes

¹ This is a material component of reserves on a US GAAP balance sheet, but its removal is accompanied by the removal of premiums receivable as an offsetting asset. The effect, when taking the balance sheet in its entirety is therefore less material than when comparing only US GAAP reserves against Technical Provisions. This is the most important difference arising from the cashflow basis of Solvency II compared with the accrual's basis of US GAAP and is replaced by the inclusion of the Premium Provision. For IFRS 17, most IGIE contracts are valued using the Premium Allocation Approach, which results in a similar output compared to the US GAAP approach, however premium receivables are also accounted for as an offsetting asset. For those contracts valued under the General Model Approach, the methodology closely reflects that under Solvency II, however a Contractual Service Margin is also recognised, representing the unearned portion of profits in the contracts.

Best Estimate Technical Provisions

The Solvency II lines of business represent the minimum level of granularity at which to perform the calculation. The principle of substance over form should underlie any segmentation. IGIE estimates its technical provisions by homogeneous risk groups and allocates these estimates down to policy. IGIE is then able to aggregate results by Solvency II line of business.

The best estimate technical provisions are calculated gross, without deduction for reinsurance, and that reinsurance recoverable amounts are calculated separately, but on a basis consistent with the gross.

The following quoted figures and tables summarise the Gross, Ceded and Net positions, where Net has been derived as Gross less Ceded.

The Technical Provisions total of \$26.0 million (gross of reinsurance), \$24.2 million (ceded) and \$1.8 million (net of reinsurance) is subdivided by Line of Business in the following tables:

Technical Provisions Gross of Ceded Reinsurance

Line of Business USD '000	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	7,206	(429)	547	7,324
Fire and other damage to property insurance and proportional reinsurance	Fire	6,575	386	254	7,215
General liability insurance and proportional reinsurance	Liability	5,695	2,260	508	8,463
Miscellaneous financial loss insurance and proportional reinsurance	Financial	1,732	854	177	2,763
Legal Expenses	LE	5	57	2	64
Non-proportional property reinsurance	NP prop	50	1	8	59
Non-proportional casualty reinsurance	NP cas	74	14	8	96
Total		21,337	3,143	1,504	25,984

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

Technical Provisions Ceded Reinsurance

Line of Business USD '000	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	(5,330)	(1,487)	0	(6,817)
Fire and other damage to property insurance and proportional reinsurance	Fire	(5,348)	(2,081)	0	(7,430)
General liability insurance and proportional reinsurance	Liability	(4,466)	(3,119)	0	(7,586)
Miscellaneous financial loss insurance and proportional reinsurance	Financial	(1,310)	(917)	0	(2,226)
Legal Expenses	LE	(4)	(50)	0	(54)
Non-proportional property reinsurance	NP Prop	(37)	(1)	0	(38)
Non-proportional casualty reinsurance	NP Cas	(58)	(12)	0	(70)
Total		(16,553)	(7,667)	0	(24,221)

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

Technical Provisions Net of Ceded Reinsurance

Line of Business USD '000	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	1,876	(1,916)	547	507
Fire and other damage to property insurance and proportional reinsurance	Fire	1,227	(1,696)	254	(215)
General liability insurance and proportional reinsurance	Liability	1,229	(859)	508	878
Miscellaneous financial loss insurance and proportional reinsurance	Financial	423	(63)	177	537
Legal Expenses	LE	1	7	2	10
Non-proportional property reinsurance	NP Prop	13	0	8	20
Non-proportional casualty reinsurance	NP Cas	16	2	8	26
Total		4,785	(4,525)	1,504	1,763

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

Methods

The following sets out the methods used to calculate the individual components shown in the above table.

Claims Provision

Claims provision is the expected present value of the future cashflows arising from claim events occurring before or at the valuation date. The claims provision consists of:

- Reserve estimates which are made up of:
 - Outstanding Claims Reserves ('O/S') (reserves held for claims that have already been reported and which will be paid and settled in the foreseeable future) as determined by the Claims team based on a legal view, loss adjuster reports etc.
 - Incurred But Not Reported ('IBNR') (reserves held for claims that have occurred but have not been reported as at the valuation date).
- An estimate of Unallocated Loss Adjustment Expenses ('ULAE') is also added to these reserves.
- An estimate of Additional Expenses is also added to these 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 benchmarks), and evaluation of expected loss ratios (both internal and external benchmarks) having regard to the impact of the underwriting cycle. This analysis takes place separately for each material line of business.

Reserves are estimated on both a Gross and Net of reinsurance basis. The Actuarial function assess how the reinsurance programme should respond to known unreported 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 published by EIOPA in accordance with the Solvency II Directive, cash-flows are estimated and discounted for the time value of money.

The company does not use the matching adjustment, the volatility adjustment, the transitional risk-free interest rate-term structure or transitional deduction, as referred to in the Directive 2009/138/EC.

The cashflow projections consider administrative, overhead, investment management and claims management expenses which relate to the recognised insurance and re-insurance obligations.

Solvency II Technical Provisions are required to be a best estimate for all possible events. This will include events that may not have been experienced historically. Such events which are not presented in the observable historical data are referred to as Events Not in Data ('ENIDs').

The Gross Claims Provision is then: O/S **plus** IBNR **less** Discount Credit **plus** ENIDs **plus** Expenses.

The ceded Claims Provisions is analogous to the gross with an allowance (deduction) for Reinsurance Default ('RI Default'). RI Default takes account of the amount of total expected recoveries within the claims reserve banded by the credit ratings of the reinsurers and is a different basis from IFRS bad debt provisions.

The Claims Provision is then: O/S **plus** IBNR **less** Discount Credit **plus** ENIDs **plus** RI Default.

Premium Provision

Premium provision is calculated on both future exposures related to existing business and for business that is bound but not yet incepted ('BBNI'). BBNI policies are contracts that the Company is contractually committed to but which are not yet on-risk.

The approach is to estimate likely future claims and remove future premium to be received. The future claims loss ratio will vary by line of business but 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 and future management actions. The future reinsurance recoveries, allowed for in the net loss ratios, take account of the type of reinsurance applicable and for non-proportional coverage, and are consistent with the recoveries modelled in the derivation of the Business Plan. Netting down is undertaken by line of business, accident year and reinsurance contract type.

Where the allowance for future reinsurance anticipates recoveries on reinsurance contracts that are to be paid for after the valuation date, allowance is made for this cost. The largest element of this is likely to be the renewal of Treaties purchased on a Losses Occurring During basis.

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. A single loading across Claims and Premium Provisions is calculated and included within Premium Provisions.

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

The Gross Premium Provision is then: The Future claims **less** future premiums **less** Discount **plus** Future cost of Reinsurance, **plus** ENIDs, **plus** RI Default, **plus** total additional expense reserves.

The ceded Premium Provision is analogous to the gross with an allowance (deduction) for RI Default.

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 based on the estimated capital requirements to run off the insurance obligations and applying a cost of capital of 6% as specified by the Solvency II regulations. The capital required to run-off the portfolio is based on the future estimated SCRs, taking account of underwriting risk and reinsurance counterparty risk.

Uncertainties

The key areas of uncertainty in the Technical Provisions are:

New Entity

Whilst the profile of business written is almost identical to the one previously written by IGIUK, it is a subset of that business which may not exhibit the same characteristics. As IGIE grows these characteristics are likely to diverge. As a relatively new entity, IGIE has limited experience, reserving assumptions can be biased, and it could take several years for a credible experience to be established. In the absence of such experience reserving assumptions are based on those used for the IGI Group. This introduces an additional level of uncertainty into the results of the reserves projected.

Reserving: Undertaken at a IGI Group Level

Reserving is undertaken using IGI Group data. Across the IGI Group, business thought to exhibit reasonably similar characteristics is grouped into Reserving Classes. However, the need for homogeneity is balanced

against the need to have a volume of data and historic experience that is sufficiently credible to enable the application of actuarial projection methods to be reliable. Having derived IBNR for the IGI Group, IBNR is allocated to every policy written by IGIE.

This approach introduces uncertainty:

- Where the business grouped into a Reserving Class is heterogeneous and/or not representative of the sub-set of business for the Company.
- The process of allocating IBNR by policy is, by necessity, broad-brush.

Outstanding Case Reserves

As a specialty insurer IGIE is exposed to large individual claims which in both first party and especially in third party coverages 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 in the estimate of IBNR is usually greater than for outstanding case reserves because much of the IBNR is in respect of claims that have not yet been reported. Regular Reserve Review meetings are held with the Claims Department and Underwriters in which movements in the account are discussed and differences in the Actual-to-Expected critically examined to identify random timing or fluctuations as distinct from clear reserving signals. A formal Reserving Committee containing representatives of Underwriting, Claims, Finance, Management and Actuarial meet at least quarterly providing robust reserving governance.

Estimation of claims on future exposures

Estimates of future claims are generally more uncertain than reserves for claims that have already taken place. The Company has a formal Business Plan 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.

Environmental, Social and Governance (ESG)

If they occur, environmental, social or governance events / conditions could cause an actual or a potential material negative impact to the value of the Technical Provisions or to the entire balance sheet of IGIE.

IGIE is aware of the impact and potential risks of climate change. IGIE's current assessment is that in the short to medium term, it presents very limited uncertainty on the Technical Provisions other than the uncertainty inherent in the transaction of insurance and reinsurance obligations.

IGI continues to focus on ESG initiatives through its ESG Committee, and actively monitors upcoming regulatory and local requirements for each relevant jurisdiction.

Geopolitical Risks

Geopolitical risks continue to be a key area of uncertainty, particularly in respect of the Russia Ukraine war since February 2022 and the war between Israel and Hamas since October 2023. Whilst the Company has

minimal insurance exposures to these conflicts, there may be subsequent issues including international sanctions, political instability, and disruption to supply chains which could have an impact to IGI in the future.

The Company is also aware of the potential risks relating to civil unrest due to several elections taking place over 2024, including Bangladesh, India, USA, Indonesia, Pakistan, Russia, Mexico and the UK general election to occur before 28th January 2025. These geopolitical risks are monitored continuously in respect of exposures to the Political Violence class and the wider IGI business. At the time of writing, we consider there to be no material impact to include within the Technical Provisions and note that some of the previously mentioned elections have occurred with no notifications of loss to IGI through either the Political Violence class or the wider business.

Inflation

The economic impact of the COVID-19 pandemic, Brexit and the Russian invasion of Ukraine, particularly on western economies, is such that we should expect an increase in the loss frequency and/or severity on the Professional and Financial Lines at some time in the future.

A number of first order effects, such as; those resulting from stock market falls, the closure and the failure of businesses either have, or should have, already been seen. To date the impact observed to the Company's exposures is minimal. The second order effects are likely to take longer to work through the economy and may manifest themselves in different ways. Key signs of impending economic distress may include, but are not limited to:

- Governments cutting back and or ceasing to support businesses;
- Governments cutting back and or ceasing to support those unable to work;
- Companies rationalising their operations and/or cutting back on their labour force;
- Shortages of products, materials or labour that may arise when economies pick-up;
- Market sentiment pushing up the cost of borrowing; and
- Increases in inflation.

After decades of historically low levels, inflation picked up from around the second half of 2021. Initially this was considered to be temporary, and central banks were reluctant to raise interest rates to dampen excessive economic demand. However, inflation increased rapidly, and inflationary pressures were compounded by the Russian invasion of the Ukraine and the consequent price rises in food and energy.

Whilst inflation appears to have passed its peak, there remains continued uncertainty around future inflationary trends.

Inflationary pressures will ultimately result in claims inflation through the increase in the cost to settle insurance claims in the future. While this will increase uncertainty around future claim settlement costs, IGIE is taking claims inflation into consideration in its Premium Provisions, via Initial Loss Ratio Assumptions, and Claims Provisions, via a loading applied to IBNR and Outstanding Claims. We will continue to monitor inflation rates and remain alert to emerging trends.

Additionally, so-called 'Social inflation' has been observed in the US insurance market, particularly in the liability classes of business. Social inflation refers to the impact that societal factors (e.g., legal advertising, litigation funding, expanding class-action lawsuits, public distrust of corporate defendants, etc.) can have on insurance claims. Whilst this is not currently a concern for IGIE, there is also no evidence that social inflation has increased claims frequency and severity for the IGI Group as a whole. However, we continue to monitor any developments such as frequency trends of class actions, and any changes in the legal environment and Directives.

At the time of writing, IGIE has not observed any significant increased claims frequency arising from recessionary pressures on various European economies. However, we believe we have made robust assumptions to deal with the prevailing market conditions.

Market environment

IGIE operates through brokers and is subject to uncertainties including the 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.

Description of Recoverable from Reinsurance Contracts

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

Reserves for outward reinsurance recoveries on estimated IBNR claims are determined by the application of reinsurance recovery ratios to the estimated gross IBNRs. Specifically, IBNR by line of business and year is apportioned by policy and Facultative and Proportional Treaty (excluding the Bermuda Risk Transfer ('BRT'), a 75% proportional reinsurance facility that IGI Bermuda, the reinsurer, provides to IGIE) covers are applied.

The resulting IBNR is then subdivided between Pure IBNR and Incurred But Not Enough Reported ('IBNER'). Pure IBNR is netted down using the Initial Expected reinsurance recovery ratio, derived in the business planning exercise and IBNER netted down by applying a judgmentally selected net to gross ratio, based on the ratio of net to gross incurred claims for each line of business by year.

Having allocated gross and ceded (pre-BRT reinsurance) IBNR by policy, results for each risk-taking entity of IGI Group are readily derived. The BRT is then applied to the IGIE (pre-BRT) net position and the post BRT IGIE values derived.

Technical Provisions Reconciliation with IFRS 17 by Line of Business

The table below outlines the Technical Provisions Reconciliation with IFRS 17 by Line of Business. The segmentation under IFRS 17 does not follow the same segmentation as per Solvency II and therefore the reconciliation from IFRS 17 to the traditional IFRS 4 / US GAAP claims reserve has been carried out on a total basis only:

USD '000 (Note 1)	Total	MAT	Fire	Liability	Financial	LE	NP prop	NP Cas	NP MAT
LIABILITY FOR INCURRED CLAIMS (GROSS AMOUNT)	22,274								
ASSET FOR INCURRED CLAIMS (REINSURANCE AMOUNT)	(19,112)								
LESS ENID	(167)								
LESS Risk Adjustment	(264)								
PLUS Discount amount	(7)								
RECLASS of Reinsurance Receivables balance	1,830								
NET IFRS 4 Reserves	4,554								
Gross IFRS 4 reserve Including ULAE	21,535	7,121	6,527	5,932	1,823	5	52	76	0
LESS Reinsurance amount	(16,981)	(5,349)	(5,392)	(4,732)	(1,403)	(4)	(39)	(61)	0
LESS Discount amount	(263)	(67)	(49)	(105)	(40)	0	(1)	(1)	0
PLUS ENID	158	62	40	41	14	0	0	1	0
PLUS RI Bad Debt	31	6	7	13	5	0	0	0	0
PLUS Expenses	304	103	94	81	25	0	1	1	0
CLAIMS PROVISION	4,784	1,876	1,227	1,229	423	1	13	16	0

USD '000 (Note 1)	Total	MAT	Fire	Liability	Financial	LE	NP prop	NP Cas	NP MAT
LIABILITY FOR REMAINING COVERAGE – PAA (GROSS AMOUNT)	4,285								
LIABILITY FOR REMAINING COVERAGE – GMM (GROSS AMOUNT)	(75)								
CONTRACTUAL SERVICE MARGIN	594								
PLUS Future Premium	10,557								
GMM valuation differences	95								
PLUS Commissions and other valuation differences	896								
Gross IFRS 4 UPR (Note 2)	16,350	2,924	4,430	7,295	1,605	69	2	25	0
PLUS UPR for Bound but not Incepted	8,299	2,622	2,881	2,339	455	0	0	1	0
Apply Expected Loss Ratio (for future claims)	11,748	2,058	3,244	5,032	1,338	58	1	17	0
Less Reinsurance amount	(9,254)	(1,557)	(2,583)	(4,009)	(1,040)	(51)	(1)	(13)	0
LESS Discount amount	(175)	(21)	(35)	(95)	(23)	0	0	0	0
LESS Future Premium (discounted)	(7,360)	(2,539)	(2,489)	(1,959)	(372)	0	0	-1	0
PLUS ENID	87	18	24	35	10	0	0	0	0
PLUS RI Bad Debt	23	2	5	13	3	0	0	0	0
PLUS Expenses	406	123	139	123	21	0	0	0	0
PREMIUM PROVISION	(4,524)	(1,916)	(1,696)	(859)	(63)	7	0	2	0

USD '000 (Note 1)	MAT	Fire	Liability	Financial	LE	NP prop	NP Cas	NP MAT	Total
Best Estimate	(40)	(469)	370	360	8	13	18	0	260
Risk Margin	547	254	508	177	2	8	8	0	1,503
Total Technical Provisions	507	(215)	878	537	10	20	26	0	1,763

Note 1: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

Note 2: The amount of \$16.4m in the table above is net of deferred acquisition costs. The Gross UPR is \$20.6m with acquisition costs of \$4.3m. UPR includes Pipeline Premium.

The Valuation of Technical Provisions from IFRS to Solvency II is provided in the table below:

Description USD '000	IFRS Technical Reserves	Adjustment for Solvency Purposes	Solvency II Technical Provision
Gross Claims Reserve	20,721	617	21,338
Gross Premium Reserve	4,803	(1,660)	3,143
Risk Adjustment / Margin	1,553	(50)	1,503
Total Gross Reserves	27,077	(1,093)	25,984
Reinsurance	(20,283)	(3,938)	(24,221)
Net Reserves	6,794	(5,031)	1,763

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

D.3. Other Liabilities

The following table provides a summary of insurance payables and liabilities other than Technical Provisions for the year ended 31st December 2023:

Description USD '000	Value as per IFRS Financial Statements	Reclassification / Adjustment for Solvency Purposes	Value as per Solvency II
Right of use Liability	386	(386)	-
Insurance & Intermediaries Payables	-	4,995	4,995
Reinsurance Payables	-	7,601	7,601
Payables (trade, not insurance)	4,433	(2,248)	2,185
Total Liabilities	4,819	9,962	14,781

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

No changes were made during the reporting period to the bases and estimation approaches used for Solvency II to recognise and value liabilities.

Following the introduction of IFRS 17, insurance and reinsurance payables are reclassified and shown within the re/insurance contract assets/liabilities and this results in a variation in the valuation of payables with Solvency II.

D.4. Alternative methods for valuation

The Company does not use any other alternative methods for the valuation of its assets and liabilities.

D.5. Other material information

There is no other material information that requires disclosure.

E. CAPITAL MANAGEMENT

The objective in managing IGIE's Own Funds is to ensure that capital meets the Solvency Capital Requirement, with an appropriate margin, and that sufficient liquidity is available for the payment of claims in order that the Company is able to meet its legal obligations as they fall due. IGIE maintains the protection of a full Parental Guarantee providing additional policyholder protection beyond that provided by its own capital resources.

The Company developed Investment Guidelines which set out the principles and minimum standards for investment of financial assets as well as for asset liability management. The Guidelines also deal with liquidity risk, credit risk, market risk, the asset/liability management process and the process for appointing investment managers.

Cash at hand and projected cash flows are reviewed to ensure the most efficient use of funds and to ensure that sufficient cash is available for the payment of obligations as they fall due.

E.1. Own Funds

The following table analyses the differences between the equity in the IFRS financial statements and the excess of the assets over liabilities as calculated for Solvency II purposes as at 31st December:

Excess of assets over liabilities	USD '000 2023	USD '000 2022
Total Equity in the financial statements	22,854	21,274
Difference in the valuation of assets	8,747	11,793
Difference in the valuation of gross technical provisions	1,093	(2,352)
Difference in the valuation of other liabilities	(9,962)	(9,580)
Excess of assets over liabilities under Solvency II	22,731	21,135

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

The following table shows the analysis of Own Funds as at 31st December 2023 of \$22.7 million (2022: \$21.1 million):

Own Funds	USD '000 2023	USD '000 2022
Ordinary share capital	20,893	20,893
Reconciliation reserve	1,695	(762)
Tier 1 funds	22,588	20,131
Deferred tax asset	143	1,004
Tier 3 funds	143	1,004
Total Own Funds	22,731	21,135

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

Tier 1 Capital

Tier 1 Capital is made up of paid-in ordinary share capital and the reconciliation reserve. This is of the highest quality, unsubordinated and permanent. There are no planned redemptions, repayment or maturity dates linked to its share capital.

Deferred tax assets

Tier 3 capital is made up of the net deferred tax asset. Deferred tax asset has been recognised under IFRS on the basis of temporary differences arising on unabsorbed tax losses and provision for foreign exchange differences.

An additional deferred tax asset has been recognised under Solvency II and is valued on the basis of the difference between the values ascribed to assets and liabilities recognised and valued in accordance with Solvency II and the values under IFRS. Deferred tax assets comprise of a deferred tax asset on the reconciliation reserve.

A deferred tax asset is only recognised on the basis that future taxable profit will be available against which the deferred tax asset can be utilised. The Company has made this conclusion on the basis of the approved Business Plan which indicates that the Company shall be profitable over its planning period.

The Tier 3 Capital recognised is capped at 15% of the SCR in line with the requirements of the Regulations and cannot be utilised as eligible capital to cover its MCR.

Other Matters

None of the Company's Own Funds are subject to any transitional arrangement. No additional ratios to the ones calculated and disclosed in template S.23.01 are included in this document. None of the Company's Own Funds are transferable or fungible.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

IGIE has chosen the Solvency II Standard Formula method to calculate its regulatory capital requirement.

The Company has assessed the appropriateness of the Standard Formula on both a qualitative and quantitative basis and considers it to provide an adequate fit to the Company's business and risk profile and no material deviations were indicated. As part of the qualitative assessment IGIE took into consideration the assumptions, methodology and parameters of the Standard Formula.

Specifically, the assessment confirms that the Standard Formula:

- Captures the full scope of risks to which the Company is exposed and for which the holding of capital is an appropriate response;
- Is sufficiently sensitive to future changes in the risk profile on both the asset and liabilities side of the balance sheet including the influence of outwards reinsurance arrangements;
- Has been applied in full with no application of undertaking specific parameters or transitional measures; and
- Is applied with an adjustment for the loss absorbing capacity of deferred taxes ('LACDT').

Amounts of SCR and MCR

	2023		2022	
	USD '000	%	USD '000	%
SCR	8,820	258%	8,208	257%
MCR	4,420	511%	4,266	472%

As required by the Own Risk and Solvency Assessment process, the Standard Formula SCR is recalculated at least quarterly and at other times in response to an actual or projected material change in the risk profile and its results reported in full to the Board of IGIE. The adequacy of the Company's Own Funds to meet the SCR is monitored on an ongoing basis and particularly in the event of an anticipated or actual material impairment in the level of Own Funds.

In addition, the 2023 year end calculation of the Solvency Capital Requirement as included in this report has been subject to internal and external validation. The Solvency Capital Requirement is also subject to supervisory assessment.

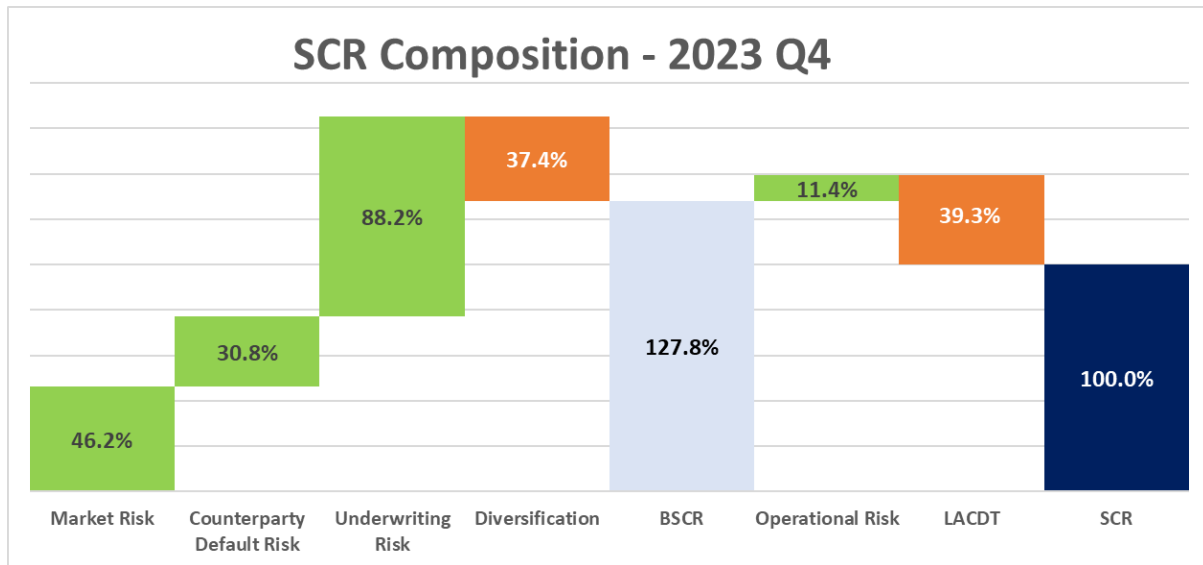
Solvency Position

The Solvency Capital Requirement of \$8.8 million (2022: \$8.2 million) is covered to 258% (2022: 257%) by Own Funds of \$22.7 million (2022: \$21.1 million) and to 256% (2022: 245%) by the Tier 1 Own Funds of \$22.6 million (2022: \$20.1 million)

The table below outlines the capital requirement per risk category:

SCR Component	USD '000	USD '000
	2023	2022
Market Risk	4,077	899
Counterparty Default Risk	2,717	3,065
Non-life Underwriting Risk	7,781	6,640
Diversification between Risk Categories	(3,301)	(1,716)
BSCR	11,274	8,888
Operational Risk	1,008	1,134
LACDT	(3,462)	(1,814)
Total SCR	8,820	8,208

Note: Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.



With allocation of the diversification and LACDT benefit on a pro-rated basis, as shown in the table below, it is noted that the SCR is mainly driven by Non-Life Underwriting Risk contributing 49.9% (2022: 56.6%) of the total SCR while Market Risk and Counterparty Default Risk constituted about 26.2% (2022: 7.7%) and 17.4% (2022: 26.1%) respectively.

SCR Component	2023		2022	
	USD '000	%	USD '000	%
Market Risk	2,307	26.2%	629	7.7%
Counterparty Default Risk	1,538	17.4%	2,143	26.1%
Non-life Underwriting Risk	4,404	49.9%	4,643	56.6%
Operational Risk	571	6.5%	793	9.7%
Total SCR	8,820	100.0%	8,208	100.0%

Note 1 - Values underlying the tables shown are held to the nearest USD1. When displayed and rounded to the nearest USD1,000 the row totals and column totals may differ from the sum of the rounded amounts.

Standard Formula simplifications

The Company does not make use of simplifications for any of the modules or sub-modules of the SCR.

Use of undertaking specific parameters

The Company does not make use of undertaking specific parameters, referred to in Article 104(7) of Directive 2009/138/EC.

Capital add-ons

The Company does not make use of any capital add-ons.

Information on inputs used in the calculation of the MCR

The inputs used in the calculation of the MCR are provided in template S.28.01.01 and the MCR at 31st December 2023 amounts to €4.0 million (equivalent to \$4.42 million) as set out in paragraph 5.6.4 of Chapter 5 of the MFSA Insurance Rules.

Material Changes to the SCR and MCR

The following table tracks the SCR showing percentage movement year on year for 2022 and 2023.

USD '000	2023	2022
Solvency Capital Requirement	8,820	8,208
SCR Movement vs Prior Year	+7%	
Minimum Capital Requirement	4,420	4,266
MCR Movement vs Prior Year	+4%	

The underlying movements in the SCR over the period reflect the general organic growth in the business which is expected given that IGIE started writing business in July 2021. The Company expects this to continue over the business planning time period given that the Company is projecting a modest expansion of its underwriting activity, in addition to some changes in its investment strategy.

The SCR continues to be projected and calculated on at least a quarterly basis as part of the Own Risk and Solvency Assessment process and any material changes either actual or anticipated will be considered in the context of the IGIE Board's risk and solvency appetite.

The MCR remained at the level of the absolute MCR (AMCR) of €4.0 million (equivalent to \$4.42 million).

The movement in MCR is solely due to changes in exchange rates between the calculation periods.

Loss Absorbing Capacity of Deferred Taxes

The loss absorbing capacity of deferred tax ("LACDT") is considered as a risk mitigating element in the calculation of the Solvency Capital Requirement ("SCR") for the Company. Solvency II allows for a reduction in the amount of the required capital through the adjustment for LACDT since a future loss in profits resulting from a 1-in-200 year event may also result in a reduction in associated tax liabilities, thus reducing the impact on the company's own funds and reducing capital requirements.

This adjustment has been calculated in accordance with Article 207 of the Regulation and is equal to the change in the value of deferred taxes that would result from an instantaneous loss of an amount that is equal to the Basic SCR plus operational risk. The valuation method is in line with the "Deferred Tax Asset" line in Section D and "Tier 3 Capital" in Section E.1.

The finance function is responsible for selecting and assessing the methods and assumptions used to demonstrate the amount and recoverability of the LACDT. On an annual basis, the actuarial function and the risk management function are jointly responsible to assess and validate the underlying assumptions used for the projections of the Company's future taxable profits for the purposes of Articles 15 and 207 of the Commission Delegated Regulation (EU) 2015/35, including an explanation of any concerns about those assumptions. The outcome of the assessment is then reported to the Board.

E.3. Use of the duration based equity risk sub module in the SCR Calculation

The duration-based equity risk sub-module does not apply to IGIE.

E.4. Difference between the Standard Formula and any Internal Model used

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.

E.5. Non-Compliance with the SCR and MCR

During 2023, IGIE maintained a SCR ratio in excess of both the 100% SII regulatory requirement and the 150% MFSA ongoing authorisation condition. Over its business planning time period there is no reasonably foreseeable risk of non-compliance, given the Company's relatively stable risk profile and extensive risk mitigation arrangements.

Were the Company to project a material lowering of its solvency ratio (either through a significant increase in the SCR or an adverse development in the level of Own Funds) the Board would determine the appropriate action to be taken. This might include risk mitigation, the injection of further capital from its parent (via an arrangement that is already explicitly in place) or through a hybrid of these two approaches.

It should be noted that IGIE maintains the protection of a full Parental Guarantee providing additional policyholder protection beyond that provided by its own capital resources.

E.6. Other material information

There is no other material information regarding capital management that requires disclosure.

APPENDIX 1: QUANTITATIVE REPORTING TEMPLATES

List of Reported Templates:

S.02.01.02 - Balance sheet

S.04.05.21 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

S.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

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

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

International General Insurance Company (Europe) Ltd

Solvency and Financial Condition Report

Disclosures

31 December

2023

(Monetary amounts in USD thousands)

General information

Undertaking name	International General Insurance Company (Europe) Ltd
Undertaking identification code	21380087SZ854SSNYJ36
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	MT
Language of reporting	en
Reporting reference date	31 December 2023
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.04.05.21 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
- S.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
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- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

Solvency II value	
C0010	
	143
	0
	24,235
	0
	0
	0
	17,332
	0
	17,332
	0
	0
	0
	6,902
	0
	0
	0
	24,221
	24,221
	24,221
	0
	0
	0
	5,080
	594
	0
	9,039
	185
	63,497

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

S.02.01.02

Balance sheet

Solvency II value		
C0010		
R0510	Technical provisions - non-life	25,984
R0520	<i>Technical provisions - non-life (excluding health)</i>	25,984
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	24,481
R0550	<i>Risk margin</i>	1,503
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	4,995
R0830	Reinsurance payables	7,600
R0840	Payables (trade, not insurance)	2,185
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	40,765
R1000	Excess of assets over liabilities	22,732

S.04.05.21

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

Home Country	Top 5 countries (by amount of gross premiums written): non-life					
	CY	IE	GE	IT	NL	
R0010						
Premiums written (gross)	C0010	C0020	C0021	C0022	C0023	C0024
R0020 Gross Written Premium (direct)	1,456	4,339	8,478	3,350	2,538	3,340
R0021 Gross Written Premium (proportional reinsurance)	114	1	0	0	0	5
R0022 Gross Written Premium (non-proportional reinsurance)	142	0	0	49	0	56
Premiums earned (gross)						
R0030 Gross Earned Premium (direct)	1,292	2,999	6,177	2,355	1,589	2,415
R0031 Gross Earned Premium (proportional reinsurance)	18	1	0	0	0	5
R0032 Gross Earned Premium (non-proportional reinsurance)	33	23	0	30	0	58
Claims incurred (gross)						
R0040 Claims incurred (direct)						
R0041 Claims incurred (proportional reinsurance)						
R0042 Claims incurred (non-proportional reinsurance)						
Expenses incurred (gross)						
R0050 Gross Expenses Incurred (direct)	361	926	1,461	527	366	484
R0051 Gross Expenses Incurred (proportional reinsurance)	4	0	0	0	0	8
R0052 Gross Expenses Incurred (non-proportional reinsurance)	4	2	0	6	0	11

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total				
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	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property		C0200			
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200				
Premiums written																				
R0110	Gross - Direct Business																		38,739	
R0120	Gross - Proportional reinsurance accepted																			49
R0130	Gross - Non-proportional reinsurance accepted														47	0	258		305	
R0140	Reinsurers' share														38	0	198		30,700	
R0200	Net														9	0	61		8,393	
Premiums earned																				
R0210	Gross - Direct Business																		28,332	
R0220	Gross - Proportional reinsurance accepted																		55	
R0230	Gross - Non-proportional reinsurance accepted														127	0	159		287	
R0240	Reinsurers' share														102	0	124		22,497	
R0300	Net														25	0	36		6,176	
Claims incurred																				
R0310	Gross - Direct Business																		17,124	
R0320	Gross - Proportional reinsurance accepted																		193	
R0330	Gross - Non-proportional reinsurance accepted														22	0	17		39	
R0340	Reinsurers' share														17	0	12		13,518	
R0400	Net														5	0	5		3,838	
R0550	Expenses incurred														4	0	-1		304	
R1210	Balance - other technical expenses/income																			
R1300	Total technical expenses																		304	

S.17.01.02
Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation		
		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	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	
R0010	Technical provisions calculated as a whole																		0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole						0	0	0		0		0		0	0	0	0	0
Technical provisions calculated as a sum of BE and RM																			
Best estimate																			
Premium provisions																			
R0060	Gross						-429	386	2,260		57		854		14	0	1		3,143
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						1,487	2,081	3,119		50		917		12	0	1		7,667
R0150	Net Best Estimate of Premium Provisions						-1,916	-1,696	-859		7		-63		2	0	0		-4,524
Claims provisions																			
R0160	Gross						7,206	6,575	5,695		5		1,732		74	0	50		21,338
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						5,330	5,348	4,466		4		1,310		58	0	37		16,554
R0250	Net Best Estimate of Claims Provisions						1,876	1,227	1,229		1		423		16	0	13		4,784
R0260	Total best estimate - gross						6,777	6,961	7,955		62		2,586		88	0	51		24,481
R0270	Total best estimate - net						-40	-469	370		8		360		18	0	13		260
R0280	Risk margin						547	254	508		2		177		8	0	8		1,503
R0320	Technical provisions - total						7,324	7,215	8,463		64		2,763		96	0	59		25,984
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total						6,817	7,430	7,586		54		2,226		70	0	38		24,221
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						507	-215	878		10		537		26	0	20		1,763

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

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

Year	Development year											C0170 In Current year	C0180 Sum of years (cumulative)
	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9	C0110 10 & +		
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0	0	0	0	0
R0180	-7	0	0	0	0	0	0	0	0	0	0	0	0
R0190	-6	0	0	0	0	0	0	0	0	0	0	0	0
R0200	-5	0	0	0	0	0	0	0	0	0	0	0	0
R0210	-4	0	0	0	0	0	0	0	0	0	0	0	0
R0220	-3	0	0	0	0	0	0	0	0	0	0	0	0
R0230	-2	0	47	63	0	0	0	0	0	0	0	63	109
R0240	-1	997	2,607	0	0	0	0	0	0	0	0	2,607	3,604
R0250	0	984	0	0	0	0	0	0	0	0	0	984	984
R0260												Total 3,653	Total 4,697

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year											C0360 Year end (discounted data)
	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9	C0300 10 & +	
R0100	Prior											0
R0160	-9	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0	0	0	0
R0180	-7	0	0	0	0	0	0	0	0	0	0	0
R0190	-6	0	0	0	0	0	0	0	0	0	0	0
R0200	-5	0	0	0	0	0	0	0	0	0	0	0
R0210	-4	0	0	0	0	0	0	0	0	0	0	0
R0220	-3	18	0	1	0	0	0	0	0	0	0	0
R0230	-2	925	731	284	0	0	0	0	0	0	0	265
R0240	-1	7,929	10,007	0	0	0	0	0	0	0	0	9,539
R0250	0	12,359	0	0	0	0	0	0	0	0	0	11,534
R0260												Total 21,338

**S.23.01.01
Own Funds**

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	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
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
20,893	20,893		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
1,695	1,695			
0		0	0	0
143				143
0	0	0	0	0
0				
0				
22,732	22,589	0	0	143

0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0

22,732	22,589	0	0	143
22,589	22,589	0	0	
22,732	22,589	0	0	143
22,589	22,589	0	0	

8,820
4,420
257.74%
511.05%

C0060
22,732
0
21,036
0
1,695

0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	4,077		
R0020 Counterparty default risk	2,717		
R0030 Life underwriting risk	0		
R0040 Health underwriting risk	0		
R0050 Non-life underwriting risk	7,781		
R0060 Diversification	-3,301		
R0070 Intangible asset risk	0		
R0100 Basic Solvency Capital Requirement	11,273		
Calculation of Solvency Capital Requirement			
R0130 Operational risk	1,008		
R0140 Loss-absorbing capacity of technical provisions	0		
R0150 Loss-absorbing capacity of deferred taxes	-3,462		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
R0200 Solvency Capital Requirement excluding capital add-on	8,820		
R0210 Capital add-ons already set	0		
R0211 of which, capital add-ons already set - Article 37 (1) Type a	0		
R0212 of which, capital add-ons already set - Article 37 (1) Type b	0		
R0213 of which, capital add-ons already set - Article 37 (1) Type c	0		
R0214 of which, capital add-ons already set - Article 37 (1) Type d	0		
R0220 Solvency capital requirement	8,820		
Other information on SCR			
R0400 Capital requirement for duration-based equity risk sub-module	0		
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0		
Approach to tax rate			
R0590 Approach based on average tax rate		Yes	
Calculation of loss absorbing capacity of deferred taxes			
R0640 LAC DT	-3,462		
R0650 LAC DT justified by reversion of deferred tax liabilities	0		
R0660 LAC DT justified by reference to probable future taxable economic profit	-3,462		
R0670 LAC DT justified by carry back, current year	0		
R0680 LAC DT justified by carry back, future years	0		
R0690 Maximum LAC DT	-4,299		

USP Key

For life underwriting risk:
 1 - Increase in the amount of annuity benefits
 9 - None

For health underwriting risk:
 1 - Increase in the amount of annuity benefits
 2 - Standard deviation for NSLT health premium risk
 3 - Standard deviation for NSLT health gross premium risk
 4 - Adjustment factor for non-proportional reinsurance
 5 - Standard deviation for NSLT health reserve risk
 9 - None

For non-life underwriting risk:
 4 - Adjustment factor for non-proportional reinsurance
 6 - Standard deviation for non-life premium risk
 7 - Standard deviation for non-life gross premium risk
 8 - Standard deviation for non-life reserve risk
 9 - None

Yes/No

C0109

Yes

LAC DT

C0130

-3,462

0

-3,462

0

0

-4,299

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

C0010

R0010	MCR _{NL} Result	1,115
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Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
0	
0	
0	
0	2,833
0	2,081
370	2,848
0	
8	13
0	
360	584
0	
18	9
0	
13	26

R0020	Medical expense insurance and proportional reinsurance
R0030	Income protection insurance and proportional reinsurance
R0040	Workers' compensation insurance and proportional reinsurance
R0050	Motor vehicle liability insurance and proportional reinsurance
R0060	Other motor insurance and proportional reinsurance
R0070	Marine, aviation and transport insurance and proportional reinsurance
R0080	Fire and other damage to property insurance and proportional reinsurance
R0090	General liability insurance and proportional reinsurance
R0100	Credit and suretyship insurance and proportional reinsurance
R0110	Legal expenses insurance and proportional reinsurance
R0120	Assistance and proportional reinsurance
R0130	Miscellaneous financial loss insurance and proportional reinsurance
R0140	Non-proportional health reinsurance
R0150	Non-proportional casualty reinsurance
R0160	Non-proportional marine, aviation and transport reinsurance
R0170	Non-proportional property reinsurance

Linear formula component for life insurance and reinsurance obligations

C0040

R0200	MCR _L Result	0
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Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance /SPV) total capital at risk
C0050	C0060

R0210	Obligations with profit participation - guaranteed benefits
R0220	Obligations with profit participation - future discretionary benefits
R0230	Index-linked and unit-linked insurance obligations
R0240	Other life (re)insurance and health (re)insurance obligations
R0250	Total capital at risk for all life (re)insurance obligations

Overall MCR calculation

C0070

R0300	Linear MCR	1,115
R0310	SCR	8,820
R0320	MCR cap	3,969
R0330	MCR floor	2,205
R0340	Combined MCR	2,205
R0350	Absolute floor of the MCR	4,420
R0400	Minimum Capital Requirement	4,420