SOLVENCY AND FINANCIAL CONDITION REPORT

International General Insurance Company (Europe) SE

31 December 2022

TABLE OF CONTENTS

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) SE (‘IGIE’ or ‘the Company’) formerly known as R&Q Epsilon Insurance Company SE (‘R&Q Epsilon’) for the year ended 31st December 2022.

The report covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management and has been approved by the IGIE Board of Directors.

<u>Business and Performance</u>

R&Q Epsilon’s principal activity was the run-off of its direct insurance risks in the Dutch Aviation Pool (“DAP”). On 25th June 2021, R&Q Epsilon was purchased by International General Insurance Co. Ltd (‘IGI Bermuda’), renamed to International General Insurance Company (Europe) SE and on 13th July 2021 was granted a license and authorisation from 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.

Gross Written Premiums for IGIE amounted to €22.0 million (2021: €8.3 million), of which €17.5 million (2021: €6.6 million) was ceded to reinsurers. The Reinsurers’ Share of Gross Earned Premium including the impact of the intragroup cession to IGI Bermuda stood at 80% (2021: 84%) of Gross Earned Premium.

The ratio of Net Acquisition Cost to Net Earned Premium was 3.23% (2021: 4.78%) whereas the ratio of Net Claims to Net Earned Premium was equal to 44% (2021: 54%).

During 2022, the Company maintained a highly liquid investment portfolio comprised primarily of cash and bank deposits and fixed term deposits whose maturity do not exceed 6 months which represented 100% of liquid funds held by the Company as at 31st December 2022.

<u>System of Governance</u>

IGIE has implemented an effective system of corporate governance. As at 31st December 2022 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

IGIE's Risk Universe encompasses those intrinsic risks that are fundamental to the Company, operational risks (that may crystallise either independently of, or be correlated with the intrinsic 'Core' and 'Non-Core' risks) and those more subjective yet nevertheless important sources of risk such as Strategic, Group, Reputational, Environmental, Social and Governance ('ESG') and Emerging risks.

Intrinsic risk includes those 'core' risks that the Company actively pursues in order to optimise risk adjusted return including Underwriting and Investment risks, and 'non-core' risks that are a necessary consequence of our business but have little or no potential to generate a reward, such as Currency risk, Reserving risk, Liquidity risk and Credit risk.

Operational risk differs from the core and non-core categories in that its subject matter is not limited to the intrinsic riskiness and 'random' uncertainty surrounding our core business, but rather the specific risk of losses arising from inadequate or failed internal processes, personnel, systems or external events. Because of this, its impact can crystallise both as a specific loss event in its own right or through exacerbating the level of risk crystallising primarily through one of the other risk categories.

Strategic, Group, Reputational, ESG and Emerging risks may not have the potential to impact on current period volatility and / or loss of capital that drive the focus of our quantitative modelling but are nonetheless important in terms of our ability to generate and sustain shareholder value and therefore are considered through the Enterprise Risk Management ('ERM') framework and Own Risk and Solvency Assessment ('ORSA') process. Therefore, the Company's risk management approach focuses on understanding and assessing these risks, enabling an evaluation of possible impacts that in turn guides formulating preparedness and response plans.

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 2022 was 257% (2021: 290%), with Own Funds equal to €19.8 million (2021: €12.2 million) and a Solvency Capital Requirement of €7.7 million (2021: €4.2 million).

The MCR requirement over the period has remained stable and is calculated as being the absolute floor MCR of €4.0 million (2021: €3.7 million).

During 2022, IGIE maintained a SCR ratio in excess of 100%. However, following a reduction in the solvency ratio to 126.3% at Q3 2022, two capital injections of €2.5m and €5.0m were made in December 2022 by the Company's immediate parent company, IGI Bermuda. Following the injections, the Company has no foreseeable risk of non-compliance 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: SE13

Directors

Andreas Loucaides (Non-Executive Chairman/Director)
Keith Mallia Milanes (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 l-Imdina, Zone 1
Central Business District, Birkirkara,
CBD 1010, Malta
Tel: +356 2144 1155
www.mfsa.com.mt

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

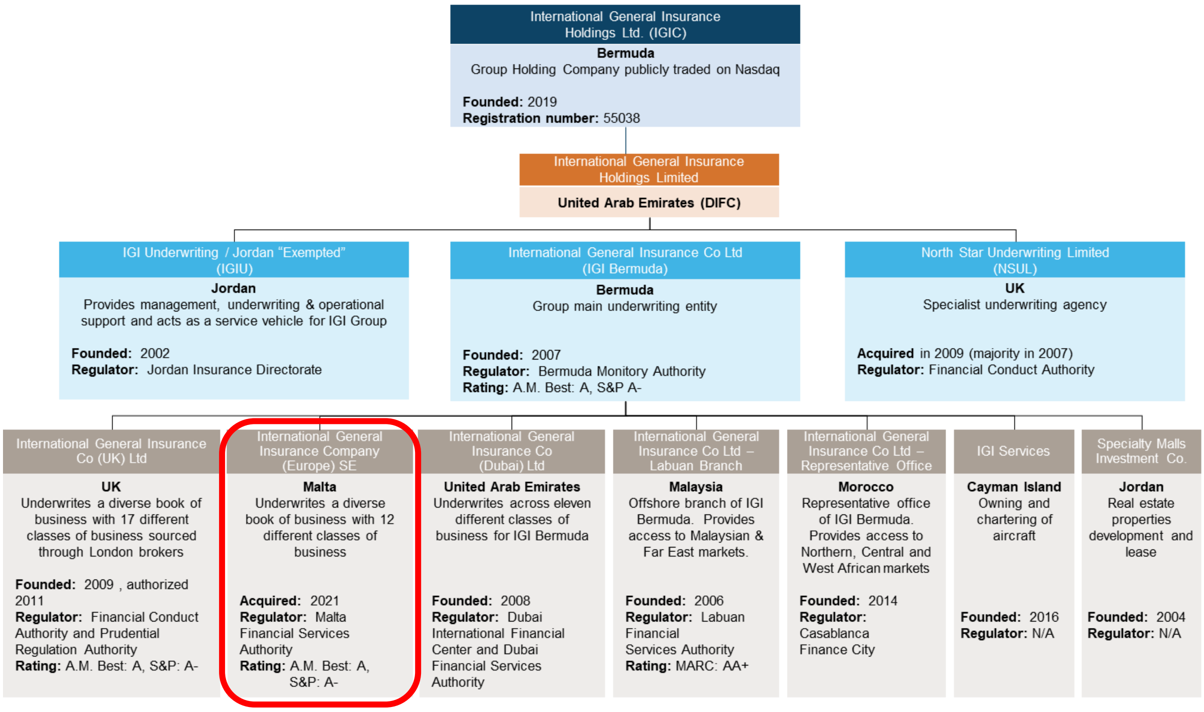
IGIE is 100% owned by International General Insurance Co. Ltd ('IGI Bermuda') which in turn is ultimately owned by International General Insurance Holdings Ltd ('IGI Group'), a Nasdaq-listed company incorporated in Bermuda in 2019. The following shareholdings of more than 10% in IGI Group are provided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

Shareholder	% Holding (Note 1)
Wasef Jabsheh	29.10
Oman International Development and Investment Company SAOG (through its subsidiary Jabreen Capital) (Note 2)	14.2

Note 1 - The % Holding includes common shares only and excludes warrants.
Note 2 - In March 2023 this increased to 20.4%.

Corporate Structure

The full Group corporate structure* is detailed below:



* Excludes the acquisition and incorporation of Energy Insurance Oslo AS (EIO) within the IGI Group in 2023, and Tiberius Acquisition Corporation ('Tiberius') which was dissolved on 4th January 2023.

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 an approved Lloyd's coverholder. 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 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 2022, 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 4 - Railway rolling stock (I/R)
Class 5 - Aircraft (I/R)
Class 6 - Ships (I/R)
Class 7 - Goods in transit (I/R)
Class 8 - Fire and natural forces (I/R)
Class 9 - Other damage to property (I/R)
Class 11 - Aircraft liability (I/R)
Class 12 - Liability for ships (I/R)
Class 13 - General liability (I/R)
Class 16 - Miscellaneous financial loss (I/R)
Class 17 - Legal Expenses (I/R)

The Company was granted passporting rights under Freedom of Services to write various 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 IGI Group 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 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 2022.

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 2022 and 2021 is provided below:

EUR '000	**IGIE 2022**	**IGIE 2021**
Gross Written Premium ('GWP')	21,970	8,336
Gross Earned Premium ('GEP')	18,782	1,770
Reinsurers Share of GEP	15,066	1,483
Net Earned Premium ('NEP')	3,716	287
Net Acquisition Cost	120	14
Net Claims	1,619	155
FX loss	298	20
Allocated Investment Return	7	0
Underwriting Result	1,686	98
Net Loss Ratio	44%	54%
Combined Ratio	47%	59%

Gross Written Premiums for IGIE amounted to €22.0 million (2021: €8.3 million), of which €17.5 million (2021: €6.6 million) was ceded to reinsurers. The Reinsurers' Share of Gross Earned Premium including the impact of the intragroup cession to IGI Bermuda stood at 80% (2021: 84%) of Gross Earned Premium.

The ratio of Net Acquisition Cost to Net Earned Premium of IGIE was 3% (2021: 5%) whereas the ratio of Net Claims to Net Earned Premium was equal to 44% (2021: 54%).

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

EUR '000	**Energy**	**Property**	**Marine & Aviation**	**Professional & Financial Lines**	**Other**	**Total**
Gross Written Premiums	2,281	3,768	5,535	10,386	-	**21,970**
Net Earned Premiums	286	396	1,275	1,759	-	**3,716**
Net Acquisition Cost	20	19	101	(20)	-	**120**
Investment Return	-	1	2	4	-	**7**
Net Claims Incurred	63	97	706	753	-	**1,619**
FX loss	26	26	26	220	-	**298**
Underwriting Result	177	255	444	810	-	**1,686**

Underwriting Result by material lines of business for 31st December 2021

EUR '000	**Energy**	**Property**	**Marine & Aviation**	**Professional & Financial Lines**	**Other**	**Total**
Gross Written Premiums	671	1,379	1,636	4,650	-	**8,336**
Net Earned Premiums	7	34	45	251	(50)	**287**
Net Acquisition Cost	5	9	3	(3)	-	**14**
Investment Return	-	-	-	-	-	**-**
Net Claims Incurred	4	12	8	147	(16)	**155**
FX loss	-	10	2	8	-	**20**
Underwriting Result	(2)	3	32	99	(34)	**98**

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*

Underwriting Result by material geographical areas for 31st December 2022

The following table outlines the results of the home country and the top 5 geographical areas:

EUR '000	**Home Country (Malta)**	**Ireland**	**Netherlands**	**Germany**	**Lithuania**	**Italy**	**Total**
Gross Written Premiums	1,357	3,534	2,240	2,120	1,605	1,345	**12,201**
Net Earned Premiums	239	553	294	224	370	377	**2,057**
Net Acquisition Cost	23	12	(1)	(39)	56	8	**59**
Net Claims Incurred	207	231	92	88	136	84	**837**
Underwriting Result	9	310	203	175	178	285	**1,160**

Underwriting Result by material geographical areas for 31st December 2021

The following table outlines the results of the home country and the top 5 geographical areas:

EUR '000	Home Country (Malta)	Ireland	Netherlands	Germany	Spain	Sweden	Total
Gross Written Premiums	720	2,113	823	619	803	480	**5,559**
Net Earned Premiums	45	65	28	22	34	24	**217**
Net Acquisition Cost	4	5	2	1	(1)	2	**13**
Net Claims Incurred	23	43	15	12	9	6	**108**
Underwriting Result	18	17	11	9	26	16	**96**

A.3. Investment Performance

Investment Portfolio Composition

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 with a small holding of listed equities.

At 2022 year end, all investments were held in cash at bank and fixed term deposits which generated a total investment income of €14.3k.

The investment strategy is comprised of high-level objectives and prescribed investment guidelines governing target asset allocation by class and is expected to be fully implemented during 2023.

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

As at 31st December 2022, all funds were held in cash at bank and fixed term deposits with maturity of not more than 6 months. For the year ended 31st December 2022, the term deposits generated a total investment income of €14.3k.

Gains and losses recognised directly in equity

There were no investments in equities as at 31st December 2022.

Information about any investments in securitisations

There were no investments in securitisation as at 31st December 2022.

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 24th February 2022, the Russian Federation launched a full-scale military invasion into Ukraine. This resulted in sanctions being levelled against the Russian Federation by the United States, the United Kingdom, the European Union and other sanctions regimes. The Company continues to monitor sanctions which have been imposed and will adhere to them to the extent applicable to our business.

Following an initial risk assessment, carried out by the Company, it was concluded that IGIE has no material direct business and investment exposures to Ukraine and Russia. The Company is conscious 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 the situation alongside significant exposures it may potentially face in the future.

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.

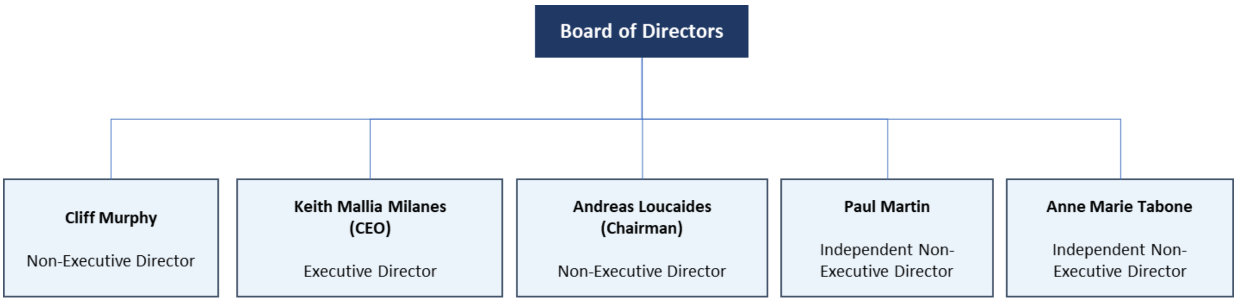
IGIE has adopted the IGI Group's 'Corporate Code of Business Conduct and Ethics' that applies to the Board of Directors, its committees, the senior management and the staff members of IGIE, all IGI Group operational entities and third-party service providers who provide significant services to IGI Group. 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. In addition, IGI Group has in place a Group 'Corporate Governance Manual' which outlines the Board responsibilities and duties.

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 2022 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:

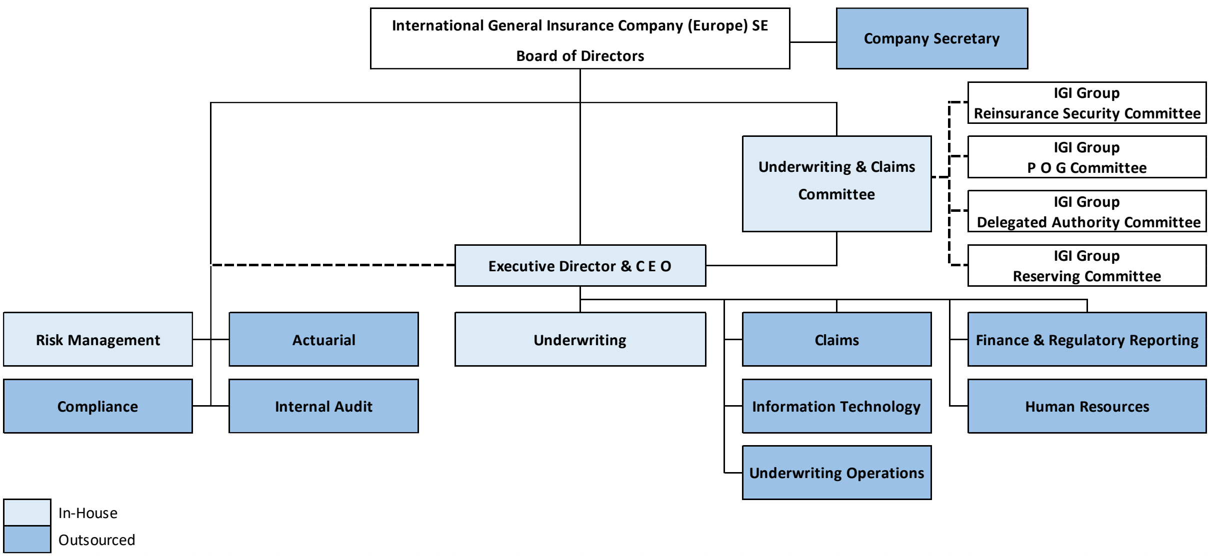
- Strategy
- Board Committees
- Delegation
- Finance
- Financial Statements
- Internal Control
- External Audit
- General responsibilities assigned to a Board of Directors
- Information and Communications Technology ('ICT')
- Risk Management
- Internal Audit
- Compliance
- Actuarial
- Performance Monitoring
- 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 formed 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 them 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 Group Product Oversight and Governance ('POG') Committee;
- Ratify the entry into new coverholder agreements approved by the Group Delegated Authority Committee; and
- To ratify all reinsurance decisions made by the Group Reinsurance Committee.

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; and
- To ratify all reserves decisions made by the Group Reserving Committee.

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.

<u>Compliance Function</u>

- 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.

<u>Internal Audit Function</u>

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.

<u>Actuarial Function</u>

- 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 2022, Mr. Paul Martin, the independent non-executive director, stepped down as a member of the Underwriting and Claims committee and was replaced by IGIE's Head of Underwriting. There have been no other material changes in IGIE's System of Governance during the reporting period.

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, including contributions to the risk management objectives of the IGI Group and IGIE, consistent with the Company's business needs and financial strength and in a way that does not discriminate against anyone based on race, religion, colour, marital status, gender, age or disability.

In addition to fixed salary entitlement, all employees are eligible for discretionary cash bonuses paid through salary based on the performance of both the Company and the individual over a calendar year.

Executive Directors and all other employees are 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.

The remuneration structure for IGIE's Non-executive Directors consists of an annual retainer fee.

Material Transactions during the reporting period

IGIE is 100% owned by its parent company IGI Bermuda.

There have been no material transactions during 2022 with shareholders, with persons who exercise a significant influence on the undertaking, or with members of the administrative, management or supervisory body other than the issuing of €7.5m of shares to the parent company and the intragroup quota share reinsurance arrangements with IGI Bermuda.

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 line with the Company's Fit and Proper Policy. 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 checking 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 Chief Risk Officer ('CRO'). The Company's Risk Manager has a direct reporting line to IGIE's Board of Directors and the CRO.

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 an annual 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 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 at least an annual 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, 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 risks is an integral part of the Company's risk management process. Monitoring of all key risks is done 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 summary of newly identified risks (including emerging risks) and the reviews and assessments performed in the period is reported at the quarterly Board meetings. A more detailed, quarterly Operational Risk Management Report is produced to report on the progress and results of individual Risk and Control assessments and changes from the previous period. The progress of other relevant actions is also reported in the quarterly risk report.

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.

Any risk events identified during the period are reported to the Board on a quarterly basis. This will include any identified control gaps and management actions to be implemented.

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, 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, benefitting from the 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 system of internal control 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. IGIE has also adopted the IGI Group's 'Code of Business Conduct and Ethics' policy and 'Anti-Bribery and Corruption' policy, to demonstrate that the Company's commitment to integrity and ethical values is consistent with the IGI Group. Additionally, the Managers who are responsible for the finance function of IGIE have in place accounting policies and procedures and manuals to ensure proper implementation of standards and unified financial and accounting practices throughout the Company as well as with external business entities and achieve its financial reporting objectives.

Risk assessment to identify, analyse and manage the relevant risks to the achievement of the Company's objectives and risks which may significantly impact the system of internal control. IGIE has adopted the IGI Group's Risk and Capital Management Framework and Operational risk management processes, which includes the framework to identify and manage risks arising from external and internal sources. All sub-risks, core processes and controls are assigned an owner and these are recorded in the risk register. On at least an annual basis, sub-risk and control owners are required to formally reassess and reaffirm the full scope of risks, sub-risks, core processes and controls for which they are responsible through discussion with the Risk function. Controls are rated as Fully Effective, Partially Effective or Not in Effect, based on supporting narrative provided by Control Owners.

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. The Risk Management and Internal Audit functions assess the effectiveness of controls on a regular basis and control effectiveness ratings (including assigned control owner) are recorded in the risk register. Results of assessments performed within the reporting period are reported to the Board of IGIE within the Operational Risk and Controls Review section of the quarterly Risk Report.

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. The Company has developed adequate processes to obtain appropriate information and provide management with the necessary reports on the control activities and Company's performance relative to established objectives. Information systems and procedures are also in place to enable IGIE to provide the relevant, timely and adequate financial information and reporting. IGIE also has access to the Sharepoint Intranet system where both financial and non-financial information and communication can be shared across all entities. Furthermore, an IGI Group 'Employee Concerns and Complaints Procedures for Accounting, Accounting Controls and Auditing Matters' is in place to allow employees to communicate or report any suspected improprieties and/or concerns in relation to fraud, deficiencies in or noncompliance with the Company's internal accounting controls or auditing matters.

Monitoring whereby the internal control system and control effectiveness are monitored on a regular basis. Any failure, or observed weakness identified by employees and/or outsourced functions as part of its ongoing activity shall be reported to 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. The responsibility for the identification and assessment of regulatory risks rests with Compliance. Compliance is involved in identifying and assessing regulatory risks in day-to-day business activities both directly and through providing assistance, support, and challenge to line management. The Compliance function is also responsible for ensuring that an appropriate compliance and internal control is implemented within the Company.

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 8 employees including the Group Chief Actuary) and Amman, Jordan (currently 2 employees).

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 is a member of or attends:

- IGIE Board (Attendee)
- Group Executive Risk Management Committee (Member)
- Group Reserving Committee (Member)
- IGI Bermuda Board (Attendee)
- Group Audit Committee (Attendee)

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 assesses 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
Actuarial Function	IGIUK	London / Amman
Compliance Function	Willis Towers Watson	Malta
Claims Management	IGIU Note 1 IGIUK Note 2	Amman London
Finance Function	Willis Towers Watson	Malta
Information Technology	IGIU	Amman

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.

IGIE's Risk Universe encompasses those intrinsic risks that are fundamental to the Company, operational risks (that may crystallise either independently of, or correlated with the intrinsic 'Core' and 'Non-Core' risks) and those more subjective yet nevertheless important sources of risk such as Strategic, Group, Reputational, ESG and Emerging risks.

Intrinsic risk includes those 'core' risks that the Company actively pursues in order to optimise risk adjusted return including underwriting and investment risks, and 'non-core' risks that are a necessary consequence of our business but have little or no potential to generate a reward, such as Exchange Rate risk, Reserving risk, Liquidity risk and Credit risk.

Operational risk differs from the core and non-core categories in that its subject matter is not limited to the intrinsic riskiness and 'random' uncertainty surrounding our core business, but rather the specific risk of losses arising from inadequate or failed internal processes, personnel, systems or external events. Because of this, its impact can crystallise both as a specific loss event in its own right (e.g. the imposition of a fine) or through exacerbating the level of risk crystallising primarily through one of the other risk categories.

Strategic, Group, Reputational, ESG and Emerging risks may not have the potential to impact on current period volatility and / or loss of capital that drive the focus of our quantitative modelling but are nonetheless important in terms of our ability to generate and sustain shareholder value and therefore are considered through the ERM framework and ORSA process. Therefore, the Company's risk management approach focuses on understanding and assessing these risks, enabling an evaluation of possible impacts that in turn guides formulating preparedness and response plans.

As IGIE was authorised to write (re)insurance business during the second half of 2021, the Board acknowledges that there exists some degree of uncertainty and volatility in the Company's risk profile, such as risks associated with the volume and mix of business underwritten, potential volatility in claims experience, and changes in the market risk profile due to changes in the investment strategy. Following the recent capital injection of €7.5m, the Board is also confident that the Company is adequately capitalised to cover the risks associated with the current and planned business activities while acknowledging the related uncertainties. Furthermore, since IGIE is an integral part of the IGI Group, should the Company's SCR fall below its risk appetite, the Group will provide further capital injections.

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 refers to the risk of variation of accident year underwriting results from plan for reasons other than operational or insurance counterparty risk.

Risk Exposure

The most material element of underwriting risk relates to the potential for outsized losses arising from natural or man-made catastrophe events, including in respect of the Political Violence and Contingency classes of business.

Catastrophe Risk

The Company has a low appetite for Catastrophe risk in high-risk areas and takes a conservative approach to natural and man-made catastrophe risks. 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 works closely with risk management, actuaries, proprietary modelling entities and other related entities as required.

Natural Catastrophe Risk

The Company uses a range of approaches to manage Natural Catastrophe risk incorporating a combination of both stochastic probabilistic loss modelling and deterministic event sets to measure and quantify exposures.

For territories for which there are either no loss models available or for which the Company does not consider loss models sufficiently 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.

Political Violence

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 stand-alone Cyber insurance and 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 the two main 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 a number of our inwards reinsurance contracts 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 2022 period. The €'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 2022.

Line of Business	Basis	Max Exposure	€'m	%OF
All Nat Cat Exposed Risks	All Natural Perils - AEP [Note 1] (1 in 100)	Poland	0.0	0%
	All Natural Perils - OEP [Note 2] (1 in 250)	Worldwide	0.1	1%
	All Natural Perils - AEP (1 in 250)	Worldwide	0.1	1%
Political Violence	Terrorism - 250 Meter Bomb Blast	Rotterdam - Netherlands	1.7	8%
	Terrorism - 350 Meter Bomb Blast (Stress Scenario) [Note 3]	Rotterdam - Netherlands	1.7	8%
	SRCC [Note 4]- Largest City Exposures - (Internal PML based on AKE rating)	Spain - Madrid	1.1	5%
	War - Country Exposures - (Internal PML based on AKE rating)	Italy	1.0	5%
Casualty & Professional Lines	Deterministic (2 max lines)		4.9	25%
Financial Institutions	Deterministic (2 max lines)		3.6	18%
General Aviation [Note 5]	Deterministic (largest 2 combined Hull / Liability)		3.1	16%

Note 1 AEP (Aggregate Exceedance Probability) – the probability that the associated loss level will be exceeded by the aggregate losses in the given year.

Note 2 OEP (Occurrence Exceedance Probability (OEP) – the probability that the associated loss level will be exceeded by any event in the given year.

Note 3 Terrorism 350 bomb blast is only modelled for information and is not included within risk appetite considerations.

Note 4 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 5 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 changes and the corresponding impacts on investment, credit, liquidity and other exposures.

Risk Exposure

Market risk is further split into sub-categories including:

- 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;
- Equity risk: The risk of adverse movements in the market price of investments (or their derivatives) other than fixed-income securities; and
- 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.

IGIE's Investment Portfolio as at 31st December 2022 was comprised of 100% of investable assets held in cash and fixed term deposits with "A" rated banks; therefore the Company currently has a low exposure to interest rate risk and zero exposure to equity and spread risk. On the other hand, IGIE is exposed to currency risk as a natural consequence of writing business in different currencies, other than the Euro.

Risk Concentration

The Company's investment portfolio at 31st December 2022 exposes IGIE to a concentration of cash and term deposits held with three different "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 becomes aware of any material threats or any possible adverse events in a timely manner.

The Company has no other material risk concentrations.

IGIE maintains a conservative approach to Market risk and maintains a highly liquid investment portfolio, while also ensuring the security and quality of investments and adequate profitability in accordance with the Prudent Person Principle. In this respect, as the Company grows and develops a better understanding of its business including movements in technical provisions as well as the nature and duration of its liabilities, IGIE will consider investing its assets in low risk and well rated investments to maintain the security and quality of investments, a proportion of which will be high-quality fixed-income securities and a smaller proportion in equities, in addition to cash and term deposits, in line with the prudent investment strategy across the IGI Group.

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 capital adequacy, the financial market environment, and policyholder obligations.

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 as demonstrated in its 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 2022 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.

Furthermore, the Company's risk appetite limits reinsurer concentration such that no individual counterparty (excluding IGI Group) can represent >25% of the overall exposure.

During the reporting period, IGIE was also exposed to Credit risk concentration in respect of its cash holdings.

Risk Mitigation

The Company has a low appetite for Credit risk in respect of receivables however accepts a degree of risk as an unavoidable consequence of its underwriting and reinsurance activity.

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. 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 is unable to make payments or provide collateral when required.

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:

- Collateral risk: The risk that the Company is unable to provide collateral to a third party when contractually required to do so;
- 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; and
- Suboptimal asset realisation: The risk that securities or other assets are required to be sold at a suboptimal price to meet liquidity requirements.

Risk Concentration

There were no material Liquidity risk concentrations as at 31st December 2022.

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 2022 year end, cash and deposits represented 100% of the overall investment portfolio, which is considered highly liquid.

Expected Profit in Future Premium

The expected profit included in future premiums ('EPIFP') as at 31st December 2022 is €206k. 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.

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, HR and Process risks. Operational risks also include those more subjective, yet nevertheless important sources of risk such as Strategic, Group and Emerging 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

There were no material Operational risk concentrations as at 31st December 2022.

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.

On an annual 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 or prospective investors, which may cause an unexpected drop 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 MFSA and EIOPA regulatory requirements including reporting and disclosure requirements; 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 and earnings situation; 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 rollups) 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 considered immaterial since assets are held in cash at bank. As the balance sheet expands and the Company starts diversifying its investments into fixed-interest securities and a lower proportion in equities, the impact of transition risk on the asset side will be reassessed.

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 impact on the Company and/or non-financial impact on stakeholders, such as employees, customers and suppliers, which may arise due to any weaknesses or any unethical or wrong doing 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.

Furthermore, in 2022 an ESG Committee was established at Group level, with the purpose of continuing development of IGI Group's ESG strategy alongside the executive team and Board of Directors.

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 at least an annual 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 plan, in excess of the increase already projected in the Company's 2023 – 2025 business plan (i.e. 2023 projected Earned Premium x 1.1 etc.).
- Exchange Rate Shock. Against the backdrop of the EUR weakening against the US Dollar during 2022, this scenario tests the Company's resilience of a worsening of this position, assuming a 25% shock.
- High Inflation, to test the Company's resilience to a worser 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.

During 2022, IGIE also performed five stress and scenario tests to assess the impact any changes in the investment portfolio will have on the Solvency Capital Requirement and SCR ratio of IGIE. The following are the five scenarios which were considered:

- Investment allocation of 85% Cash and 15% Bonds, all BBB rated with duration <5 years.
- Investment allocation of 85% Cash and 15% Bonds with mixed ratings (BBB or better) with duration <5 years.
- Investment allocation of 85% Cash and 85% Bonds, all BBB rated with duration <5 years.
- Investment allocation of 65% Cash, 15% Bonds, all BBB rated with duration <5 years, and 20% Equity.
- Investment allocation of 40% Cash, 50% Bonds, all BBB rated with duration <5 years, and 10% Equity.

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

Russian Invasion of Ukraine

On 24th February 2022, the Russian Federation launched a full-scale military invasion into Ukraine. This resulted in sanctions being levelled against the Russian Federation by the United States, the United Kingdom and the European Union and other sanctions regimes. The Company continues to monitor sanctions which have been imposed and will adhere to them to the extent applicable to our business.

Following an initial risk assessment, carried out by the Company, it was concluded that IGIE has no material direct business and investment exposures to Ukraine and Russia. The Company is conscious 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 the situation alongside significant exposures it may potentially face in the future.

Our initial risk assessment highlighted the following key areas:

Risk Category Impacted	Risk	Potential Impact / Risks to the Company
Insurance Risk	Increase in Oil Prices	Potential direct impact for some classes particularly Upstream Energy.
	Claims Inflation	In addition to changes in oil prices, issues may arise relating to supply chain disruption, which could result in increased claims inflation for various classes.
Strategic Risk	ESG Issues	The focus on Environmental issues will continue, although may lead to an increase in tolerance for providing insurance to areas to assist with any short-term energy provision gaps whilst there is a transition to more carbon neutral energy production.
Market Risk	Market Volatility	Anticipated short term volatility both in respect of asset prices and exchange rates, which to some extent will be managed through existing asset liability matching arrangements.
Credit Risk	Downgrades	No downgrades or defaults anticipated in the market and will continue to monitor the situation.
Operational Risk	Operational Resilience	Although there has been no uptick in respect of cyber-attacks on the IGI Group, we continue to monitor this situation closely through the IT team. Given IGI's experiences with coping effectively with COVID-19, the Company expects to be relatively resilient to these issues.

Inflation

Over the last year, the subject of inflation has become a key focus with high levels persisting globally during 2022. The Euro area annual inflation rate, measured by the HICP, was 9.2% in December 2022 and is expected to stay above the ECB's 2% target through 2024.

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 business planning 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. By early December 2022, the US Federal Reserve and Bank of England both raised interest rates to ~4% and 3% per annum, respectively, to combat souring inflation which has been exacerbated by the war in

Ukraine. Similarly, during 2022, the European Central Bank ('ECB') has increased its three key interest rates in July 2022 for the first time in 11 years and then raised them again in September, October & December 2022, to fight off the surge in inflation. The ECB expects to raise interest rates further, to ensure timely return of inflation to its 2% medium-term inflation target and bring inflation back to the 2% target by the end of 2024.

Since IGIE's investment portfolio is entirely held in bank and term deposits, this will not have a negative impact on the Company's investment portfolio. However we will continue to monitor developments in interest rate increases and will 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 2022 with analysis of the main differences between Solvency II and IFRS valuation rules:

Asset Class *EUR '000*	**Value as per IFRS Financial Statements**	**Reclassification / Adjustment for Solvency Purposes**	**Value as per Solvency II**
Deferred Acquisition Costs	2,464	(2,464)	-
Deferred tax asset	696	245	941
Property, plant and equipment held for own use	17	(17)	-
Reinsurance Recoverable	13,776	(4,218)	9,558
Insurance and Intermediaries Receivables	8,096	(2,974)	5,122
Reinsurance Receivables	-	234	234
Deposits other than cash equivalents	20,986	12	20,998
Cash and Cash Equivalents	5,370	-	5,370
Other Assets	68	(68)	-
Total Assets	**51,473**	**(9,250)**	**42,223**

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.

Deferred Acquisition Cost:

There is no concept of Deferred Acquisition Cost ('DAC') in Solvency II. The DAC is implicitly included in the premium provisions valuation and therefore not included as an asset.

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.

Cash and Cash Equivalents

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.

Deposits other than Cash Equivalents

These financial assets, which consist of the fixed term deposits which have a maturity date exceeding 3 months but not more than 6 months 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. The impact of the valuation rules is to reduce the valuation of the reinsurance recoverables by €4.2 million from €13.8 million under IFRS to €9.6 million under Solvency II.

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.

Other Assets

The valuation of these other assets is the same under Solvency II and IFRS, the only exceptions being prepayments which 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.

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 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.

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 effect 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 reporting, there are areas where there are major changes. The main differences are:

- Movement to a cashflow basis for valuation of both gross business and outwards reinsurance.
- Removal of any implicit or explicit margins within the technical provisions to give a “true best estimate” for solvency purposes, defined as the mean of the full range of all possible future outcomes. IGI Held reserve contains no margins on an IFRS basis.
- Introduction of the valuation of very low probability extreme events including latent claims, referred to as “Events not in Data” (“ENIDs”).
- Introduction of all expenses which relate to recognised insurance and reinsurance obligations such as administrative expenses and investment management expenses.
- Removal of the requirements to hold an unearned premium reserve and to allow for other non-monetary items. These as essentially known as the “Premium Provision”, valued on a best estimate basis. This also includes a requirement to take account of all future premium cash inflows.
- Movement to recognising contracts on a “legal obligation basis”. This will mean the inclusion of business currently not valued as part of the technical provisions – for example 1st January renewals entered into prior to 31st December valuation. This item is called Bound But Not Incepted (“BBNI”).
- The basis for recognising existing contracts also impacts reinsurance contracts and their expected cashflows.
- Introduction of discounting, leading to increased volatility in reserves.
- Introduction of the principle of a market consistent basis and calculation of a Risk Margin.
- Valuation of liabilities segmented by, at least, Solvency II lines of business.

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 €11.2m (gross of reinsurance), €9.6m (ceded) and €1.6m (net of reinsurance) is subdivided by Line of Business in the following tables:

Technical Provisions Gross of Ceded Reinsurance

Line of Business EUR '000 (Note 1)	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	2,138	(66)	517	2,589
Fire and other damage to property insurance and proportional reinsurance	Fire	814	592	100	1,506
General liability insurance and proportional reinsurance	Liability	3,128	1,295	468	4,891
Miscellaneous financial loss insurance and proportional reinsurance	Financial	1,046	743	238	2,027
Non-proportional property reinsurance	NP prop	32	15	12	58
Non-proportional casualty reinsurance	NP cas	48	41	21	110
Total		**7,206**	**2,619**	**1,356**	**11,181**

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

Technical Provisions Ceded Reinsurance

Line of Business EUR '000 (Note 1)	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	(1,592)	(787)	0	(2,379)
Fire and other damage to property insurance and proportional reinsurance	Fire	(702)	(762)	0	(1,464)
General liability insurance and proportional reinsurance	Liability	(2,480)	(1,598)	0	(4,078)
Miscellaneous financial loss insurance and proportional reinsurance	Financial	(784)	(745)	0	(1,529)
Non-proportional property reinsurance	NP Prop	(25)	(11)	0	(36)
Non-proportional casualty reinsurance	NP Cas	(38)	(33)	0	(71)
Total		**(5,622)**	**(3,936)**	**0**	**(9,558)**

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

Technical Provisions Net of Ceded Reinsurance

Line of Business EUR '000 (Note 1)	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	546	(853)	517	209
Fire and other damage to property insurance and proportional reinsurance	Fire	111	(170)	100	42
General liability insurance and proportional reinsurance	Liability	648	(303)	468	813
Miscellaneous financial loss insurance and proportional reinsurance	Financial	262	(2)	238	498
Non-proportional property reinsurance	NP Prop	7	3	12	22
Non-proportional casualty reinsurance	NP Cas	10	8	21	39
Total		**1,584**	**(1,318)**	**1,356**	**1,623**

Note 1 - Values underlying the tables shown are held to the nearest €1. When displayed and rounded to the nearest €1,000 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 for the IFRS accounts 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 in the Directive 2009/138/EC.

The cashflow projections take into account 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.

Likely future claims are estimated according to IFRS Unearned Premium Reserves multiplied by appropriate loss ratios which vary by line of business and are consistent with the loss ratios adopted in the Claims Provision calculations. Future premiums are estimated according to the actual payment terms of the policies. Both components are calculated gross and net of reinsurance, with assumptions where appropriate that future reinsurance terms will be consistent with projections within the Company's business plan 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 in IFRS reserves. 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 new entity, IGIE has no previous experience, reserving assumptions can be biased, and it could take a number of 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.

In 2022, IGI established an ESG Committee which began to address sustainability risks, regulatory updates and IGI's ESG priorities and initiatives. During 2022, IGI has also developed an internal ESG strategy, which was approved by the IGI Group and Subsidiary Boards. Furthermore, in April 2022, the IGIE Board also approved the Climate Risk Management Framework which sets out how we identify, measure, monitor, manage and report climate related risks.

Russian Invasion of Ukraine

Russia began an invasion of Ukraine on 24th February 2022, in a major escalation of the Russo-Ukrainian war that began in 2014. Significantly, the conflict has threatened the energy supply from Russia to Europe, causing European countries to diversify their source of energy import. This has led to rising oil and gas costs meaning that inflationary pressure and the cost of living is increasing on top of the impact of the recent Global Pandemic.

The Company does not provide war coverage and has relatively little exposure in the Ukraine across the whole Group (previously written premium of less than $1m). At the time of writing we are not aware of any events that have resulted in loss to coverage provided.

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

Throughout 2022 the subject of inflation became a key focus with high levels persisting globally during 2022. We continue to note an upward trend in inflation. In the 12 months to December 2022, the Euro area and EU annual inflation as measured by the HICP was 9.2% and 10.4% respectively, up from 5.0% and 5.3% at December 2021[1]. Although forecasts vary considerably, inflation is expected to stay above the ECB's target of 2% per annum through 2024.

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, IGE has not observed an increase in claims frequency arising from recessionary pressures on the European and Maltese 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

[1]https://ec.europa.eu/eurostat/documents/2995521/15725179/2-18012023-AP-EN.pdf/e301db8f-984c-27e2-1245-199a89f37bca

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.

Material Differences With IFRS

IGIE's financial statements are prepared in accordance with IFRS. The most material element in Technical Provisions – IFRS claims reserves (O/S + IBNR) – is common to both IFRS and Technical Provisions.

The following describes the linkage between IFRS reserves and Technical Provisions as quantified in the table:

- Removal of Unearned Premium Reserve: This is a material component of reserves on an IFRS balance sheet, but its removal is accompanied by the removal of premiums receivable as an offsetting asset. The effect when taking the balance sheet as a whole is therefore less material than when comparing only IFRS reserves against Technical Provisions. This is the most important difference arising from the cashflow basis of Solvency II compared with the accruals basis of IFRS, and is replaced by the inclusion of the Premium Provision;
- Explicit consideration of contract boundaries, such as recognising 'bound but not incepted' business as a liability;
- Applying yield curves to future cashflows to allow for the time value of money;
- Inclusion of additional expense reserves to provide an amount reflecting the full cost of running off the Claims and Premium Provisions;
- Inclusion of Risk Margin;
- Inclusion of provision for ENIDs;
- Inclusion of Additional Expenses under Solvency II; and
- Different basis for provision for RI Default.

Technical Provisions Reconciliation with IFRS by Line of Business

The table below outlines the Technical Provisions Reconciliation with IFRS by Line of Business:

EUR '000 (Note 1)	MAT	Fire	Liability	Financial	LE	NP prop	NP Cas	NP MAT	Total
CLAIMS PROVISION	546	111	648	262	0	7	10	0	**1,584**
Breakdown:									
Gross IFRS reserve Including ULAE	2,133	814	3,338	1,126	0	32	51	0	**7,495**
LESS Reinsurance amount	(1,612)	(712)	(2,691)	(859)	0	(26)	(41)	0	**(5,942)**
LESS Discount amount	(24)	(6)	(71)	(31)	0	0	(1)	0	**(133)**
PLUS ENID	18	4	21	9	0	0	0	0	**52**
PLUS RI Bad Debt	2	1	8	3	0	0	0	0	**14**
PLUS Expenses	29	11	43	14	0	0	1	0	**99**
PREMIUM PROVISION	(853)	(170)	(303)	(2)	0	3	8	0	**(1,318)**
Breakdown:									
Gross IFRS UPR (Note 2)	1,745	1,564	3,800	1,276	0	27	70	0	**8,480**
PLUS UPR for Bound but not Incepted	1,269	550	1,088	276	0	1	1	0	**3,185**
Apply Expected Loss Ratio (for future claims)	1,367	1,188	2,607	1,150	0	16	44	0	**6,373**
Less Reinsurance amount	(1,052)	(983)	(2,069)	(866)	0	(13)	(35)	0	**(5,018)**
LESS Discount amount	(15)	(13)	(61)	(28)	0	0	(1)	0	**(118)**
LESS Future Premium (discounted)	(1,280)	(417)	(895)	(297)	0	0	(1)	0	**(2,890)**
PLUS ENID	11	7	18	9	0	0	0	0	**46**
PLUS RI Bad Debt	2	2	7	3	0	0	0	0	**13**
PLUS Expenses	115	46	90	27	0	0	0	0	**277**
Best Estimate	(307)	(59)	345	260	0	10	18	0	**267**
Risk Margin	517	100	468	238	0	12	21	0	**1,356**
Total Technical Provisions	**209**	**42**	**813**	**498**	**0**	**22**	**39**	**0**	**1,623**

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

Note 2 – The amount of €8.5m in the table above is net of deferred acquisition costs.

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

Description EUR '000	IFRS Technical Reserves	Adjustment for Solvency Purposes	Solvency II Technical Provision
Gross Claims Reserve	7,512	(306)	7,206
Gross Premium Reserve	10,121	(7,502)	2,619
Risk Margin	-	1,356	1,356
Total Gross Reserves	**17,633**	**(6,452)**	**11,181**
Reinsurance	(13,776)	4,218	(9,558)
Net Reserves	**3,857**	**(2,234)**	**1,623**

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 2022:

Description EUR '000	Value as per IFRS Financial Statements	Reclassification / Adjustment for Solvency Purposes	Value as per Solvency II
Other Technical Provisions	2,422	(2,422)	-
Debts owed to credit institutions	1	-	1
Insurance & Intermediaries Payables	1,396	-	1,396
Reinsurance Payables	8,220	-	8,220
Payables (trade, not insurance)	1,611	-	1,611
Total Liabilities	**13,650**	**(2,422)**	**11,228**

No changes were made during the reporting period to the bases and estimation approaches used to recognise and value liabilities except in respect of Subordinated Liabilities as detailed below.

Similar to Deferred Acquisition Costs in Assets, there is no concept of Unearned Commissions, included in Other Technical Provisions in the table above, under Solvency II. Unearned Commissions are included in the Premium Provisions valuation and therefore not included as a liability.

With respect to the Debts owed to credit institutions, this is an overdraft balance, which under IFRS is in the financial statements and is recognised as part of the cash and cash equivalents, which, however, has been reclassified under Solvency II.

The amounts held under IFRS measurement principles in respect of the other liabilities are deemed to be approximations of fair value and therefore valued in accordance with the Solvency II valuation rules with no further adjustment required.

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	EUR '000 2022	EUR '000 2021
Total Equity in the financial statements	20,190	12,539
Difference in the valuation of assets	(9,250)	(6,928)
Difference in the valuation of gross technical provisions	6,452	5,046
Difference in the valuation of other liabilities	2,422	1,510
Excess of assets over liabilities under Solvency II	**19,814**	**12,167**

The following table shows the analysis of Tier 1 and Tier 2 Own Funds as at 31st December 2022 of €19.8 million (2021: €12.2 million):

Own Funds	EUR '000 2022	EUR '000 2021
Ordinary share capital	18,605	11,105
Reconciliation reserve	268	455
Tier 1 funds	**18,873**	**11,560**
Deferred tax asset	941	607
Tier 3 funds	**941**	**607**
Total Own Funds	**19,814**	**12,167**

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; and
- Has been applied in full with no application of undertaking specific parameters or transitional measures; and

Amounts of SCR and MCR

	2022		2021	
	EUR '000	%	EUR '000	%
SCR	7,696	257%	4,192	290%
MCR	4,000	472%	3,700	312%

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.

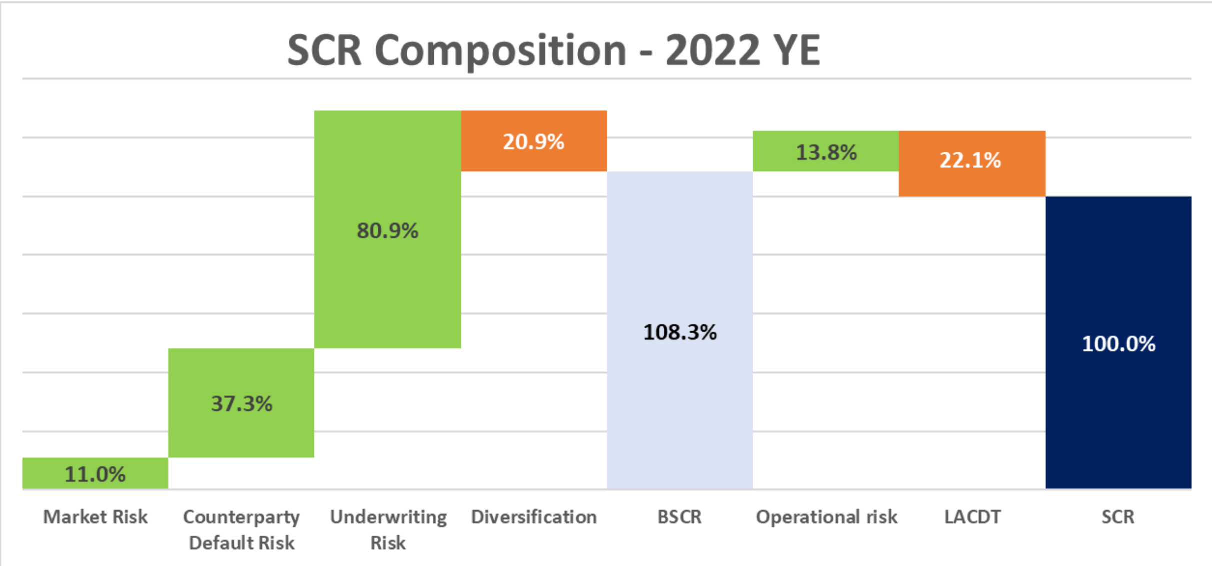
In addition, the 2022 year end calculation of the Solvency Capital Requirement as included in this report has been subject to internal and external validation. The Solvency Capital Requirement is also subject to supervisory assessment.

Solvency Position

The Solvency Capital Requirement of €7.7m (2021: €4.2m) is covered to 257% (2021: 290%) by Own Funds of €19.8m (2021: €12.2m) and to 245% (2021: 276%) by the Tier 1 Own Funds of €18.9m (2021: €11.6m)

The table below outlines the capital requirement per risk category:

SCR Component	EUR '000 2022	EUR '000 2021
Market Risk	843	2,328
Counterparty Default Risk	2,873	1,605
Non-life Underwriting Risk	6,225	4,298
Diversification between Risk Categories	(1,609)	(1,888)
BSCR	**8,333**	**6,344**
Operational Risk	1,063	106
LACDT	(1,701)	(2,257)
Total SCR	**7,696**	**4,192**



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 56.5% (2021: 51.6%) of the total SCR while Market Risk and Counterparty Default Risk constituted about 7.7% (2021: 27.9%) and 26.1% (2021: 19.2%) respectively.

SCR Component	2022		2021	
	EUR '000	%	EUR '000	%
Market Risk	590	7.7%	1,171	27.9%
Counterparty Default Risk	2,009	26.1%	807	19.2%
Non-life Underwriting Risk	4,353	56.6%	2,161	51.6%
Operational Risk	743	9.7%	53	1.3%
Total SCR	**7,696**	**100.0%**	**4,192**	**100.0%**

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 2022 amounts to €4 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 2021 and 2022.

EUR '000	2022	2021
Solvency Capital Requirement	7,696	4,192
SCR Movement vs Prior Year	+84%	
Minimum Capital Requirement	4,000	3,700
MCR Movement vs Prior Year	+8%	

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.

In line with an amendment in paragraph 5.6.4 of Chapter 5 of the MFSA Insurance Rules applicable as from 19 October 2022, the absolute floor for the calculation of the MCR increased from €3.7 million to €4 million.

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 in 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

The Company has maintained a Solvency Capital Ratio in excess of 100% during 2022. However, following a reduction in the solvency ratio to 126.3% at Q3 2022, two capital injections of €2.5m and €5.0m were made in December 2022 by the Company's immediate parent company, IGI Bermuda. Following the injections, the Company has no foreseeable risk of non-compliance given its 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

International General Insurance Company (Europe) SE

Solvency and Financial Condition Report

Disclosures

31 December

2022

(Monetary amounts in EUR thousands)

General information

Undertaking name	International General Insurance Company (Europe) SE
Undertaking identification code	21380087SZ854SSNYJ36
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	MT
Language of reporting	en
Reporting reference date	31 December 2022
Currency used for reporting	EUR
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.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	941
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	20,998
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	20,998
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	9,558
R0280	*Non-life and health similar to non-life*	9,558
R0290	*Non-life excluding health*	9,558
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	5,122
R0370	Reinsurance receivables	234
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	0
R0410	Cash and cash equivalents	5,370
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	42,223

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	11,181
R0520	*Technical provisions - non-life (excluding health)*	11,181
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	9,825
R0550	*Risk margin*	1,356
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	0
R0790	Derivatives	
R0800	Debts owed to credit institutions	1
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	1,396
R0830	Reinsurance payables	8,220
R0840	Payables (trade, not insurance)	1,611
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	22,408
R1000	**Excess of assets over liabilities**	19,814

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		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	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business						6,044	4,705	8,316	0	0		2,121					21,185
R0120	Gross - Proportional reinsurance accepted						252	116	4	0	0		85					456
R0130	Gross - Non-proportional reinsurance accepted														196	0	133	329
R0140	Reinsurers' share						4,831	4,016	6,719	0	0		1,690		160	0	106	17,522
R0200	Net						1,465	804	1,600	0	0		516		37	0	26	4,448
	Premiums earned																	
R0210	Gross - Direct Business						5,915	3,576	6,594	0	0		2,095					18,179
R0220	Gross - Proportional reinsurance accepted						187	95	26	0	0		68					375
R0230	Gross - Non-proportional reinsurance accepted														124	0	104	229
R0240	Reinsurers' share						4,687	3,119	5,415	0	0		1,658		102	0	85	15,066
R0300	Net						1,414	551	1,204	0	0		505		22	0	20	3,716
	Claims incurred																	
R0310	Gross - Direct Business						3,004	760	2,796	0	0		917					7,477
R0320	Gross - Proportional reinsurance accepted						35	15	7	0	0		29					86
R0330	Gross - Non-proportional reinsurance accepted														49	0	32	82
R0340	Reinsurers' share						2,257	683	2,274	0	0		747		40	0	26	6,026
R0400	Net						783	92	529	0	0		199		10	0	7	1,619
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net						0	0	0	0	0		0		0	0	0	0
R0550	**Expenses incurred**						122	-20	-8	0	0		20		4	0	1	120
R1200	**Other expenses**																	
R1300	**Total expenses**																	120

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			IE	DE	NL	LT	IT	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	1,350	3,533	2,119	2,189	1,605	1,338	12,134
R0120	Gross - Proportional reinsurance accepted	7	0	0	33	0	7	46
R0130	Gross - Non-proportional reinsurance accepted	0	1	1	19	0	0	21
R0140	Reinsurers' share	1,081	2,862	1,900	1,755	1,230	1,068	9,896
R0200	Net	277	672	220	485	374	277	2,305
	Premiums earned							
R0210	Gross - Direct Business	1,187	2,964	2,049	1,424	1,585	1,158	10,368
R0220	Gross - Proportional reinsurance accepted	4	0	0	17	0	6	27
R0230	Gross - Non-proportional reinsurance accepted	0	1	25	15	0	0	41
R0240	Reinsurers' share	952	2,412	1,851	1,162	1,215	787	8,379
R0300	Net	239	553	224	294	370	377	2,057
	Claims incurred							
R0310	Gross - Direct Business	890	1,198	739	433	558	376	4,193
R0320	Gross - Proportional reinsurance accepted	1	0	0	5	0	1	7
R0330	Gross - Non-proportional reinsurance accepted	0	1	11	4	0	0	15
R0340	Reinsurers' share	684	967	663	349	422	293	3,379
R0400	Net	207	231	88	92	136	84	837
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	23	12	-39	-1	56	8	59
R1200	**Other expenses**							
R1300	**Total expenses**							59

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	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	Total Non-Life obligation
		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						-66	592	1,295	0	0		743		41	0	15	2,619
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						787	762	1,598	0	0		745		33	0	11	3,936
R0150	**Net Best Estimate of Premium Provisions**						-853	-170	-303	0	0		-2		8	0	3	-1,318
	Claims provisions																	
R0160	Gross						2,138	814	3,128	0	0		1,046		48	0	32	7,206
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						1,592	702	2,480	0	0		784		38	0	25	5,622
R0250	**Net Best Estimate of Claims Provisions**						546	111	648	0	0		262		10	0	7	1,584
R0260	**Total best estimate - gross**						2,072	1,405	4,423	0	0		1,789		89	0	46	9,825
R0270	**Total best estimate - net**						-307	-59	345	0	0		260		18	0	10	267
R0280	**Risk margin**						517	100	468	0	0		238		21	0	12	1,356
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole						0	0	0	0	0		0		0	0	0	0
R0300	Best estimate						0	0	0	0	0		0		0	0	0	0
R0310	Risk margin						0	0	0	0	0		0		0	0	0	0
R0320	**Technical provisions - total**						2,589	1,506	4,891	0	0		2,027		110	0	58	11,181
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						2,379	1,464	4,078	0	0		1,529		71	0	36	9,558
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						209	42	813	0	0		498		39	0	22	1,623

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2013	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2014	0	0	0	0	0	0	0	0	0			0	0
R0180	2015	0	0	0	0	0	0	0	0				0	0
R0190	2016	0	0	0	0	0	0	0					0	0
R0200	2017	0	0	0	0	0	0						0	0
R0210	2018	0	0	0	0	0							0	0
R0220	2019	0	0	0	0								0	0
R0230	2020	0	0	0									0	0
R0240	2021	0	43										43	43
R0250	2022	920											920	920
R0260												**Total**	963	963

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2013	0	0	0	0	0	0	0	0	0	0		0
R0170	2014	0	0	0	0	0	0	0	0	0			0
R0180	2015	0	0	0	0	0	0	0	0				0
R0190	2016	0	0	0	0	0	0	0					0
R0200	2017	0	0	0	0	0	0						0
R0210	2018	0	0	0	0	0							0
R0220	2019	0	0	0	0								0
R0230	2020	16	0	1									1
R0240	2021	839	668										612
R0250	2022	7,210											6,594
R0260												**Total**	7,206

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	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	18,605	18,605		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	269	269			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	941				941
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	19,814	18,874	0	0	941
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	19,814	18,874	0	0	941
R0510	Total available own funds to meet the MCR	18,874	18,874	0	0	
R0540	Total eligible own funds to meet the SCR	19,814	18,874	0	0	941
R0550	Total eligible own funds to meet the MCR	18,874	18,874	0	0	
R0580	**SCR**	7,696				
R0600	**MCR**	4,000				
R0620	**Ratio of Eligible own funds to SCR**	257.47%				
R0640	**Ratio of Eligible own funds to MCR**	471.84%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	19,814				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	19,546				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	269				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	207				
R0790	**Total Expected profits included in future premiums (EPIFP)**	207				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	843		
R0020	Counterparty default risk	2,873		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	6,225		
R0060	Diversification	-1,609		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	8,333		

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	1,063
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-1,701
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**	7,696
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	7,696
	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	C0109
R0590	Approach based on average tax rate	Yes

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	-1,701
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	-1,701
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-3,289

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	637

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	**Net (of reinsurance) written premiums in the last 12 months**
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	1,465
R0080	Fire and other damage to property insurance and proportional reinsurance	0	804
R0090	General liability insurance and proportional reinsurance	345	1,600
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	260	516
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	18	37
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	10	26

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

		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	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		0

	Overall MCR calculation	C0070
R0300	Linear MCR	637
R0310	SCR	7,696
R0320	MCR cap	3,463
R0330	MCR floor	1,924
R0340	Combined MCR	1,924
R0350	Absolute floor of the MCR	4,000
R0400	**Minimum Capital Requirement**	4,000