

SOLVENCY AND FINANCIAL CONDITION REPORT

International General Insurance Company (Europe) Ltd

31 December 2024



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EXECUTIVE SUMMARY

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

This SFCR covers International General Insurance Company (Europe) Ltd ('IGIE' or 'the Company') for the year ended 31st December 2024.

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

Business and Performance

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

For the year ended 31 December 2024, IGIE reported a profit after tax of \$2.9 million, marking a significant improvement of \$1.7 million compared to the prior year. This positive result reflects the company's disciplined underwriting approach, prudent risk selection, and effective cost management strategies.

The year-on-year variance was primarily driven by a more favourable claims experience, leading to a reduction in incurred claims and other directly attributable expenses. This improvement was, however, partially offset by a 7% decline in insurance revenue, amounting to approximately \$2 million. The decrease in revenue reflects the ongoing impact of market conditions, including heightened competition and a more selective underwriting approach aimed at maintaining strong technical margins. IGIE, in alignment with IGI Group's long-term strategic direction, remains focused on sustainable profitability and value creation. While business growth remains an important objective, the company continues to prioritize underwriting discipline and operational efficiency. Looking ahead, IGIE will maintain its emphasis on writing high-quality business and optimizing its portfolio in order to enhance financial performance in a dynamic and evolving market environment.

During 2024, the Company's investment portfolio comprised of cash, term deposits, and short-term well rated fixed-income securities. This ensures a balance between high liquidity and return on investment which is in line with the guidelines set by the Board of Directors.

System of Governance

IGIE has implemented an effective system of corporate governance. As of 31st December 2024 the Board of IGIE was composed of one executive director, two non-executive directors and two independent non-executive directors with each Board member being assigned oversight roles to ensure that the key functions and critical business activities are carried out effectively and in a sound and prudent manner.

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

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

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

Risk Profile

The Company's risk profile comprises mainly underwriting, market, credit, liquidity, operational, strategic, Group contagion, Group rating downgrade risk, reputational, ESG and other risks (including emerging risks) that arise as a result of conducting insurance business.

Underwriting risk is a core risk for IGIE which may result from inadequate pricing and reserving assumptions due to internal or external factors including inadequate reinsurance protection, underwriting breaches or large natural or man-made catastrophe claims.

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

Credit risk is defined as the risk of failure of a counterparty to meet their financial obligation to the Company in a timely manner. IGIE is exposed to the risk of counterparty default in respect of premiums receivable, reinsurance recoverables and its investment holdings and cash balances.

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

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes and controls, people, systems, or from external events. These include legal and compliance risks, ICT and cybersecurity risk, human resources risk, outsourcing and third-party risk and process risk.

Strategic risk is the risk of impact on shareholder value, earnings, credit rating or capital arising from adverse business decisions, improper execution 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 to key stakeholders and, as a result, cannot take advantage of strategic opportunities.

Group Contagion risk is the risk that adverse events or circumstances affecting one or more business units or entities impair 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.

A Group credit rating downgrade could negatively impact the Company's business and strategic objectives and its ability to market its products, expand its insurance and reinsurance portfolio, and renew existing insurance and reinsurance policies and agreements. The Group currently holds a rating of "A" (Excellent) from A.M. Best Inc. ('A.M. Best') and "A-" (Strong) from S&P Global Ratings ('S&P').

Reputational risk is defined as the risk that adverse events or circumstances negatively affect the reputation of IGI Group or its operating entities (including IGIE) with its rating agencies, regulators, policyholders,

intermediaries and existing shareholders or prospective investors, which may cause an unexpected decline in IGI's share price, loss of profits and future business for the Company and a downgrade in IGIE's credit rating.

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 performance, or reputation of the entity.

Key emerging risks in 2024 included but not limited to geopolitical tensions, global political events *including the outcome of elections), inflation, artificial intelligence, cyber threats, and social engineering.

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

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

Valuation for Solvency Purposes

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

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

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

Capital Management

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

The SCR ratio of IGIE as at 31st December 2024 was 257% (2023: 258%), with Own Funds equal to \$25.2 million (2023: \$22.7 million) and a Solvency Capital Requirement of \$9.8 million (2023: \$8.8 million).

The MCR requirement over the period has remained stable and is calculated as being the absolute floor MCR of \$4.4 million.

During 2024, IGIE maintained a SCR ratio in excess of both the 100% SII regulatory requirement and the 150% MFSA ongoing authorisation condition and there is no reasonably foreseeable risk of non-compliance over its business planning time period given its relatively stable risk profile and extensive risk mitigation arrangements.

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

A. BUSINESS AND PERFORMANCE

A.1. Business

Name and legal form of the undertaking

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

Development House,
St. Anne Street,

Floriana FRN 9010,
Malta

Company Registration Number: C 106283

Directors

Andreas Loucaides (Non-Executive Director & Chairman)

Keith Mallia Milanés (Executive Director)

Clifford Murphy (Non-Executive Director)

Paul Martin (Independent Non-Executive Director)

Anna Marie Tabone (Independent Non-Executive Director)

Insurance Supervisor

Malta Financial Services Authority,
Triq I-Imdina, Zone 1
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External Auditor

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

Ownership and Shareholdings

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

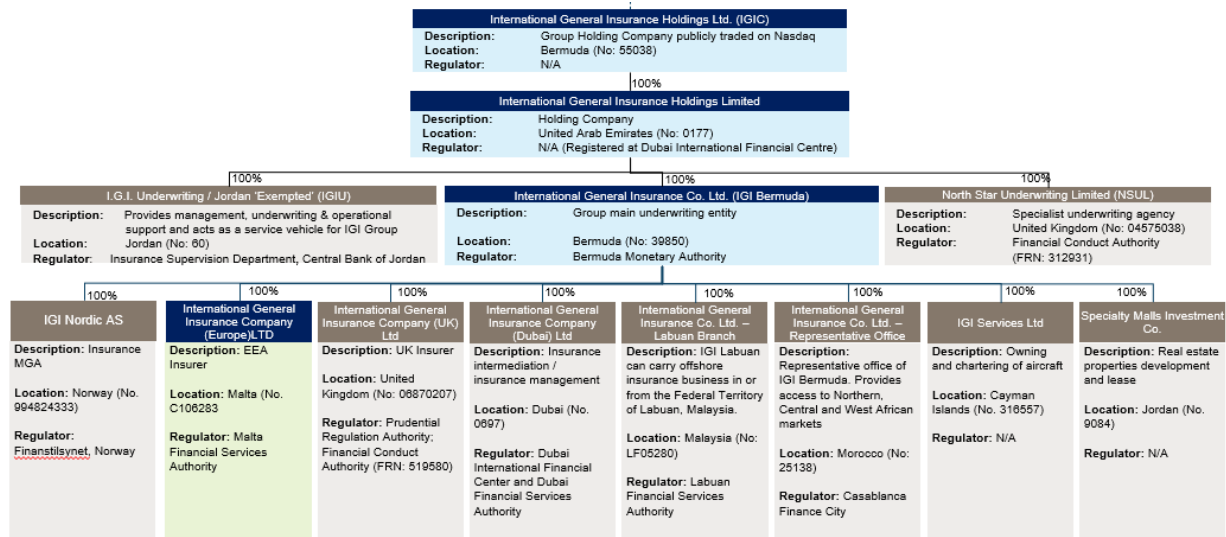
Shareholder	% Holding <small>(Note 1)</small>
Wasef Salim Jabsheh <small>(Note 2)</small>	32.1
Oman International Development and Investment Company SAOG (through its subsidiary Jabreen Capital)	21.2

Note 1 - The % Holding consists of common shares only.

Note 2 - As of December 31, 2024, Wasef Salim Jabsheh's beneficial ownership of 14,462,939 common shares included 226,060 restricted shares for which he has the right to vote, of which 122,971 vest on January 2, 2025, 73,179 vest on January 2, 2026 and 29,910 vest on January 2, 2027.

Corporate Structure

The full Group corporate structure* is detailed below:



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

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

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

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

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

IGI Labuan branch is registered as a foreign offshore company of IGI Bermuda in Labuan in accordance with section 121 of the Offshore Companies Act 1990. IGI Labuan is classified as a second-tier reinsurer and regulated by the Labuan Financial Services Authority and acts as an offshore capitalised branch of IGI Bermuda. It is supported by a marketing office in Kuala Lumpur.

International General Insurance Company (Dubai) Ltd ('IGI Dubai') is regulated by the DFSA as Insurance Intermediation and Insurance Management. IGI Dubai acts as an intermediary and agent of IGI Bermuda, underwriting a number of classes as an underwriting agent of IGI Bermuda.

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

IGI Nordic AS ('IGI Nordic') is a subsidiary of Bermuda-based International General Insurance Co. Ltd and a managing general agency duly incorporated under the laws of Norway. The acquisition of Norway-based managing general agency Energy Insurance Oslo AS, later renamed as IGI Nordic AS, was completed on 15th March 2023. IGI Nordic serves as a managing general agency currently writing a book of energy business for IGI Bermuda and professional lines and financial institutions business for IGIE. IGI Nordic will continue to expand its product offering in the future.

IGI Services Ltd was established in the Cayman Islands in October 2016 and is engaged in the business of owning and chartering of an aircraft. IGI Services Ltd 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. Its office is located in Jordan and the main business objectives of the company are developing and leasing of real estate properties. Specialty Malls Investments Co. 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 significant experience and expertise in underwriting energy, property, marine, construction and engineering, political violence, general aviation, ports and terminals, contingency, professional lines, financial institutions and treaty reinsurance business. During 2024, IGIE continued focusing and building strategic relationships for the same classes of business in Europe and will continue to do so in the future.

Classes of Insurance Business:

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

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

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

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

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

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

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

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

IGI Bermuda and IGIE are rated "A-" with a stable outlook by S&P and an "A" (Excellent) with a stable outlook rating from A.M. Best. Both ratings were reaffirmed during 2024.

IFRS 17

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

A.2. Underwriting Performance

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

The Company focuses on the profitability of the policies that it underwrites rather than on the volume of business, relying on a team of experienced underwriters with strong, long-standing relationships with brokers and reinsurers.

The underwriting performance of IGIE for the year ended 31st December 2024 and 2023 is provided below:

USD '000	2024	2023
Insurance revenue	27,634	29,701
Insurance service expenses	(19,107)	(26,040)
Net expense from reinsurance contracts held	(7,159)	(1,493)
Insurance service result	1,368	2,168
Finance income / (expenses) from insurance contracts issued	2,397	(1,865)
Finance income / (expenses) from reinsurance contracts held	194	735
Net insurance service result	3,959	1,039

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

The year-on-year favourable variance in net insurance service result was primarily driven by a more favourable claims experience, leading to a reduction in incurred claims and other directly attributable expenses. This improvement was, however, partially offset by a 7% decline in insurance revenue, amounting to approximately \$2 million. The decrease in revenue reflects the ongoing impact of market conditions, including heightened competition and a more selective underwriting approach aimed at maintaining strong technical margins.

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

Underwriting Result by material lines of business for 31st December 2024

USD '000	Energy	Property	Marine & Aviation	Professional Lines & Financial Institutions	Other	Total
Insurance revenue	4,031	4,477	8,230	10,896	-	27,634
Insurance service expenses	(5,394)	(3,030)	(4,832)	(5,851)	-	(19,107)
Net income / (expense) from reinsurance contracts held	(324)	(1,615)	(524)	(268)	(4,428)	(7,159)
Insurance service result	(1,687)	(168)	2,874	4,777	(4,428)	1,368
Finance income / (expenses) from insurance contracts issued	177	364	710	1,146	-	2,397
Finance income / expenses from reinsurance contracts held	(20)	(97)	2	1	308	194
Net insurance service result	(1,530)	99	3,586	5,924	(4,120)	3,959

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

Energy: Energy (Upstream, Downstream, Renewable)

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

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

Professional Lines & Financial Institutions: Financial Institutions, Professional Indemnity, Directors and Officers, Legal Expenses and other casualty lines of business

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

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

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

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

Underwriting Result by material geographical areas

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

A.3. Investment Performance

Investment Portfolio Composition

A summary of the Investment Portfolio by asset class as at 31st December 2024 is given below:

<i>USD '000</i>	Carrying Values	Composition %
Cash at Bank	8,422	25%
Term Deposits	186	1%
Fixed Income Securities	25,313	74%
Total	33,921	100%

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

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

The IGI Group uses a panel of high-quality third-party custodians/brokers who also act as investment advisors and assist in implementing the investment strategy. The IGI Group's Vice President-Investments is responsible for implementing the investment strategy and routinely monitors the portfolio to ensure that these parameters are being met and the portfolio is behaving appropriately with further independent oversight provided through the Risk function and associated Board reporting.

Investment Portfolio Performance

At 2024 year end the Company's investment portfolio was composed of debt cash, term deposits, and short-term well rated fixed-income securities which generated an investment return of \$1.33 million (2023: \$1.10 million).

Gains and losses recognised directly in equity

At 2024 year end, the Company recognised a fair value loss on its debt instruments through OCI of \$0.23 million (2023: a gain of \$0.33 million).

Information about any investments in securitisations

There were no investments in securitisations as at 31st December 2024.

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

2024 was particularly impacted by the war between Russia and Ukraine, the hostilities among Israel, Hamas, Hezbollah, and Iran, and the outcomes of global political events, such as the U.S. presidential election. The current U.S. administration could impact trade tariffs and climate policies, leading to inflation, slower economic growth, heightened geopolitical tensions, and increased climate litigation risks. These developments may have spillover effects on insurance claims and investments. These and other political developments across the globe are bringing about significant geopolitical shifts distressing international relations and trade policies.

While IGIE currently has no material direct business and investment exposures to the said conflicts and political events, the Company is mindful that it may be exposed to indirect impacts due to an increase in financial market volatility, prices, and other impacts. The Company continues to closely monitor, and respond to, the effects of these events alongside exposures it may potentially face in the future.

Other material information

There is no further information that requires disclosure.

B. SYSTEM OF GOVERNANCE

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

B.1. General Information on the System of Governance

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

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

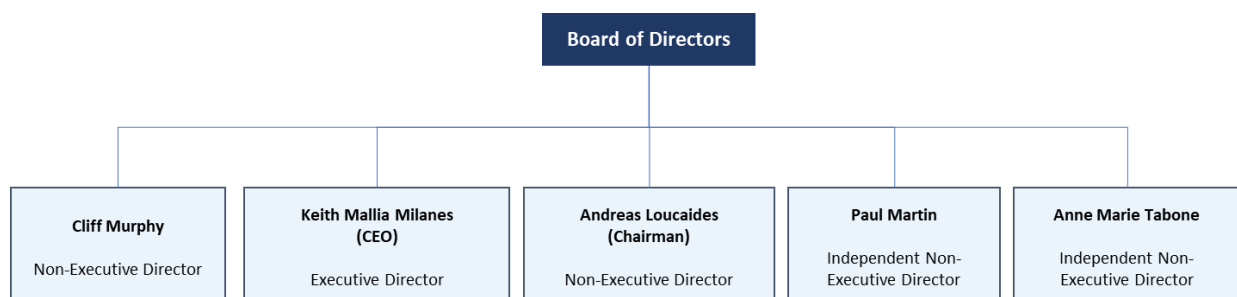
IGIE has adopted the IGI Group's 'Corporate Code of Business Conduct and Ethics' that applies to the Board of Directors, its committees, the senior management and the staff members of IGIE, all IGI Group operational entities and third-party service providers who provide significant services to IGI Group.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

IGIE has also adopted a 'Financial Code of Ethics' applicable to the Group Executive Chairman, Group President, Chief Executive Officer, Chief Financial Officer, Finance director and other relevant officers performing similar activities.

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 2024 the Board of IGIE is composed of one executive director, two non-executive directors and two independent non-executive directors. Each Board member has oversight roles assigned to them to ensure that the key functions and critical business activities are carried out effectively and in a sound and prudent manner.

The responsibilities of the Board are as follows:

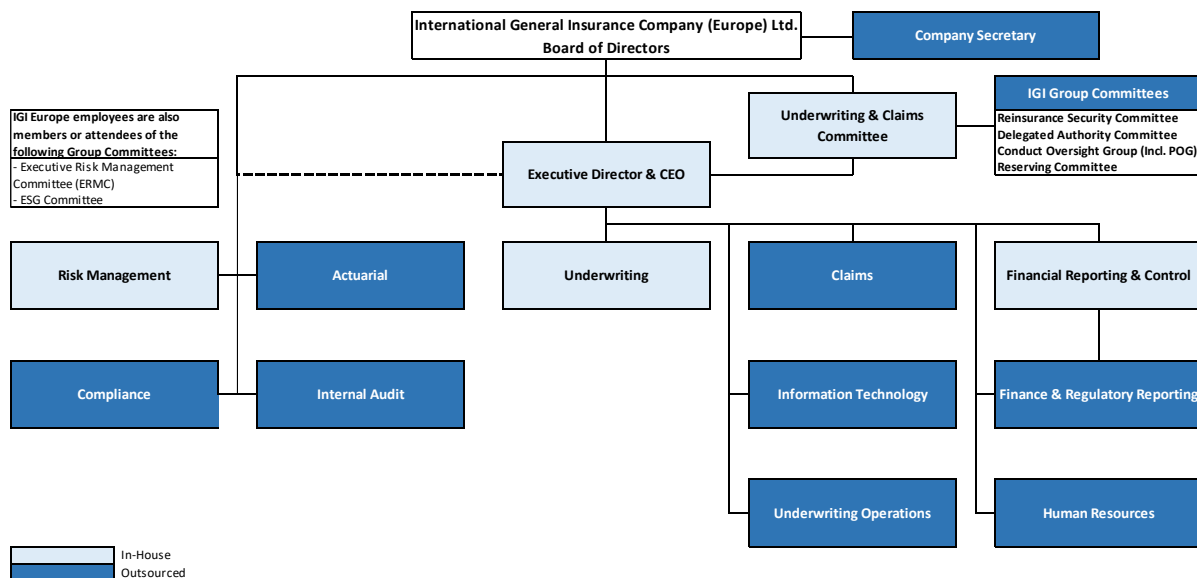
- Strategy
- Board Committee
- Delegation
- Finance
- Financial Statements
- Internal Control
- External Audit
- General responsibilities assigned to a Board of Directors
- Information and Communications Technology ('ICT')
- Risk Management
- Internal Audit
- Compliance
- Actuarial
- Performance Monitoring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

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

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

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

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



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

Underwriting and Claims Committee

IGIE's Board of Directors established an Underwriting and Claims Committee comprising 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:

- Set the underwriting parameters in line with the risk appetite strategy of the Company;
- Ensure that the Chief Underwriter/Head of Underwriting is operating in line with the underwriting parameters and reinsurance strategy of the Company and in line with the delegated authority granted to him by the Board;
- Review the retained risk, capital adequacy and solvency of the Company;
- Determine and review on an annual basis the reinsurance strategy of the Company;
- Review security ratings of reinsurers in line with the Board's minimum standards;
- Provision of advice to the Board;
- Review the underwriting results of each portfolio on a quarterly basis;
- Ratify the products approved by the Conduct Oversight Group Committee;
- Ratify the entry into new coverholder agreements approved by the Group Delegated Authority Committee;
- To ratify all reinsurance decisions made by the Group Reinsurance Committee;
- To ensure ongoing compliance with the Insurance Distribution Directive ('IDD') demands and needs requirements.
- Determine and annually review the claims reserving policy of the Company;
- Review any major claims incurred and the appropriateness of reserves held;
- Review of the actuarial report on reserves held;
- Approve any large claim that needs the Committee's authorisation depending on internal authority limits;
- To ratify all reserves decisions made by the Group Reserve Committee;
- To receive an update from the Delegated Authority Team regarding ongoing audit, pending actions, and other facility business and monitoring; and
- To receive an update on ESG and sustainability.

Key Functions

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

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

Risk Management Function

Is responsible for:

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

Further details are provided in section B.3.

Compliance Function

Is responsible for :

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

Further details are provided in section B.4.

Internal Audit Function

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

Further details are provided in section B.5.

Actuarial Function

The main responsibilities of the Actuarial Function are:

- 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;
- Assisting the evaluation, monitoring and reporting of the regulatory capital requirements of the Company using the Standard Formula;
- 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

In 2024, the appointment of Mr. Stav Tsielepis as the person responsible for IGIE's Actuarial Function received approval from the MFSA.

Additionally, Ms. Anais Mekki resigned from her role as the approved person for the Compliance Function, and subsequently Ms. Sara Sassone was approved by the MFSA as the person responsible to carry out IGIE's compliance function.

Remuneration Policy and Practices

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

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

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

In addition to fixed salary entitlement, IGI Group rewards employees with discretionary Short-Term Incentives ('STI') in the form of annual cash bonuses. The STI bonus awards are at the Company's discretion and do not constitute a contractual right. The STI bonus is based on the employee's individual performance and the profitability of the Group. The STI remuneration provides incentives for prudent risk taking in the short term, long term, and for sound risk management.

Discretionary Long-Term Incentives ('LTI') may also be awarded to Executive and Senior Management in the form of Restricted Share Units in IGI Holdings Ltd. in accordance with the IGI Holdings Ltd. 2020 Omnibus Incentive Plan.

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

In August 2024, IGI Group approved the Group's Global Employee Share Purchase Plans (collectively 'ESPP'). The ESPPs are non-qualified plans that provide eligible employees of the Company and its designated affiliates with an opportunity to purchase ordinary shares at a discount through payroll deductions. Under the terms of the plans, for every share purchased by eligible employees, the Company will award the

employee with a matching share (subject to vesting periods) on the date of purchase of the shares. This, in effect, allows eligible employees to purchase ordinary shares in the Company at a 50% discount.

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

Material Transactions during the reporting period

No other material transactions occurred during the reporting period.

B.2. Fit and Proper Requirements

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

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

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

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

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

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

Risk Management System

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

Risk management system oversight is the responsibility of the Board of Directors. The Company's Risk Management function holder has a direct reporting line to IGIE's Board of Directors.

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

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

The key objectives of the framework include:

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

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

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

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

Risk identification

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

Risk assessment

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

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

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

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

Risk and control monitoring

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

Monitoring of all key risks is carried out on at least a quarterly basis to ensure risks remain within the risk appetite and tolerance limits. This includes the monitoring of natural (e.g. Earthquake, Windstorm) and man-

made (e.g. Fire, Terror) risk exposures, quality of investments and their performance, security and credit ratings of counterparties, liquidity and mismatches between assets and liabilities, as well as operational risks, risk events and potential emerging risks.

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

Risk reporting

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

The Risk Appetite Dashboard highlighting any Amber and/or Red breaches is reported within the Risk and Capital review report. Any emerging risks and risk events identified during the period are also reported to the Board on a quarterly basis. IGI's Risk Management function monitors the risk appetite and tolerance limits on a quarterly basis and Red, Amber and Green ('RAG') ratings are reported to the Executive Risk Management Committee ('ERMC') and the respective entity Board. Furthermore, risk metrics that are close to or exceed the approved risk appetite and/or tolerance limits are escalated to the respective Board for consideration. Any breaches in risk tolerance limits are discussed by the ERMC and the Board and any agreed remediation actions continue to be monitored until the risk metric falls back within the risk appetite and tolerance limit.

The Risk Appetite Frameworks ('RAFs') are reviewed at least annually to ensure they remain consistent with IGI's business strategy and objectives, the economic environment, market conditions and regulatory expectations. Any risk appetite changes are subject to appropriate Board approval and are codified and reported fully in the quarterly Risk and Capital Reporting to Boards. Proposals to add / remove / amend tolerances may also be made at appropriate points in time through the quarterly cycle, rather than a fixed annual cycle and considered by the Boards at that time.

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.

The IGIE Exposure Management Summary also provides senior management and the IGIE Board with an overview of underwriting exposure accumulations across the multiple lines of business underwritten by the Company.

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.
- Control owners – 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 S&P and “A” (Excellent) rating from A.M. Best that support its ability to access attractive business in its core markets. Headroom over and above this level is held in order to maintain financial flexibility to allow for continued investment in business development.

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

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

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

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

B.4. Internal Control System

Description of the Internal Control Framework

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

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

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

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

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

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

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

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

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

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

Compliance Function

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

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

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

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

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

As regulations and standards evolve, the Compliance Function serves as a trusted advisor to the Board and senior management, providing insights into impending regulatory changes and their potential impact on the

company. This advisory role extends to assisting in the design and implementation of controls necessary to meet these evolving standards, ensuring the company remains compliant and adaptable in a dynamic regulatory environment.

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

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

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

B.5. Internal Audit Function

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

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

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

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

B.6. Actuarial Function

The Actuarial function is outsourced to IGIUK. It supports the IGI Group and all its subsidiaries across all areas where actuarial support is typically required. The Actuarial team is split between London, UK (currently 15 employees including the Group Chief Actuary), Amman, Jordan (currently 2 employees) and Bermuda (currently 1 employee).

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

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

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

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

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

Function members are required to consider appropriate actuarial standards including peer review requirements. All actuaries within the function are members of professional organisations and subject to professionalism requirements and regulated by their Self-Regulating Organisations ('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 (intragroup or outside IGI) to perform a process, a service or an activity on a recurring or ongoing basis which would otherwise be undertaken by the Company. The third party to whom the activity is outsourced is referred to as the 'service provider'.

IGIE seeks to outsource those activities where outsourcing provides access to either specialist expertise not available in-house or where outsourcing enables significant efficiency savings. IGIE will only consider outsourcing to those third parties and/or intragroup that can meet the Company's financial, operational, and regulatory standards.

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.

IGIE will follow outsourcing policy during the course of the outsourcing life cycle (from need initiation to contract establishment). Prior to outsourcing any critical function, the Company conducts a risk assessment and due diligence to assess any possible legal obligations to ensure sufficient/reasonable control over proposed outsourcing arrangements.

The Company also 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 company is currently in the process of enhancing its outsourcing policy. Suppliers will be categorised into tiers based on the criticality of their services to the company. Tier 1 suppliers will undergo enhanced monitoring, with key performance indicators ('KPIs') established at the outset and regularly tracked during the outsourcing lifecycle.

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

Critical or Important Function	Name of Provider	Jurisdiction
Internal Audit	IGIU	Amman, Jordan
Actuarial Function	IGIUK	London, UK
Compliance Function	Willis Towers Watson	Malta
Claims Management	IGIU ^{Note 1}	Amman, Jordan
	IGIUK ^{Note 2}	London, UK
Finance Function (IFRS17)	Willis Towers Watson	Malta
Information Technology	IGIU	Amman, Jordan

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

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

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

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

B.8. Any Other Information

Assessment of adequacy of the system of governance

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

Other material information

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

C. RISK PROFILE

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

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

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

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

C.1. Underwriting Risk

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

Risk Exposure

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

Catastrophe Risk

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

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

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

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

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

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

Cyber Underwriting Risk

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

IGIE chooses not to write cyber insurance on a stand-alone basis or by means of an add-on cover hence its affirmative exposures are limited. While the Company aims to exclude cyber exposure where possible, it may still be exposed to silent (non-affirmative) cyber underwriting risk exposure.

To ensure cyber coverage clarity and minimize silent cyber exposures underwriters make use of the cyber clauses released by UK insurance industry associations, namely the Lloyd's Market Association ('LMA') and the International Underwriting Association ('IUA'), to fully exclude or substantially limit potential coverage for cyber-related claims. Furthermore, where policies include an element of exclusion with writebacks or limited exclusions, these are covered by the outwards reinsurance programme.

Risk Concentration

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

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

The following table details the most material IGIE risk concentrations in respect of Underwriting risk as reported to the IGIE Board meeting for the Q4 2024 period. The U.S. \$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 2024.

Line of Business	Basis	Max Exposure	\$m	% of Own Funds ^{Note 1}
All Nat Cat Exposed Risks	All Natural Perils – AEP ^{Note 2} (1 in 100)	Ireland	0.1	0%
	All Natural Perils – OEP ^{Note 3} (1 in 250)	EEA	0.2	1%
	All Natural Perils – AEP (1 in 250)	EEA	0.2	1%
Political Violence	Terrorism – 250 Meter Bomb Blast	Aukra - Norway	2.9	12%
	SRCC ^{Note 4} - Largest City Exposures – (Internal PML based on AKE rating)	Greece - Alimos	0.9	4%
	War – Country Exposures – (Internal PML based on AKE rating)	Germany	1.0	4%
Casualty & Professional Lines	Deterministic (2 max lines)		4.8	19%
Financial Institutions	Deterministic (2 max lines)		3.8	15%
General Aviation ^{Note 5}	Deterministic (largest 2 combined Hull / Liability)		5.2	21%

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

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

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

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

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.

Based on the above, the Company's most significant modelled scenario of the All Natural Perils - AEP (1 in 250) accounted for 1% of Own Funds at 2024 year end. The Company's most significant exposure to a Realistic Disaster Scenario (Political Violence Terrorism - 250 Meter Bomb Blast) would amount to 12% of available Solvency II Own Funds and would fall within the headroom held.

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;
- Maintaining a prudent approach to claims reserving;
- 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 either to protect the Company's retention, or to reduce the maximum exposure to within the set underwriting limits; 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 working closely with the Actuarial function to parameterise loss distributions.

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

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

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

Stress testing and sensitivity analysis

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

C.2. Market Risk

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

Risk Exposure

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

- **Currency risk:** The risk of adverse variation in the value of net assets in foreign currencies as a result of currency rate movements;

IGIE is exposed to currency risk as a natural consequence of writing business and incurring liabilities in different currencies, other than the USD. While the Company intends to keep currency mismatches to a minimum, it strives to hold an adequate amount of non-USD assets to meet its future liabilities and policyholder obligations.

- **Interest rate risk:** The risk of variation in the market value of fixed-interest securities as a result of changes in prevailing interest rates;
- **Spread risk:** The risk of variation in the market value of fixed-income securities as a result of changes in the compensation required by the market for credit risk including the risk of default;
- **Re-investment risk:** The risk of reinvesting funds upon maturity at a lower rate of return as the original investment; and
- **Asset-liability management:** The risk of adverse movements in the relative value of assets and liabilities due to changes in general market factors, such as interest rates, inflation and currency exchange rates.

IGIE's Investment Portfolio as at 31st December 2024 was composed of cash and term deposits (25.4%) and well rated fixed income securities (74.6%).

Risk Concentration

The Company's investment portfolio at 31st December 2024 exposed IGIE to a concentration of cash held with an "A" rated bank. While this is not necessarily of concern, the Company regularly monitors economic conditions and the bank's financial condition and credit ratings to ensure it is aware of any material threats or any possible adverse events in a timely manner.

The Company has no other material risk concentrations.

Prudent Person Principle

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

The guidelines enable the Company to maintain a highly liquid investment portfolio while ensuring the security, quality, profitability and sustainability of the investment portfolio. During 2024, IGIE increased its investments in well-rated fixed-income securities across different sectors, while still maintaining an adequate proportion of cash. The Company's investment strategy also allows for selective investments in equities and alternative funds. While such investments may be considered in 2025, they will be limited due to their higher risk and volatility.

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

The guidelines outline the parameters and allocation limits of the Company's assets that are available for investment including risk tolerances for counterparty quality, concentration, and asset types. The allocation limits are set to ensure the risk is maintained within the risk tolerance levels and that the portfolio meets

appropriate regulatory requirements. These are updated at least annually and at other such times as required to adapt to the changing economic, business and investment market conditions.

Risk Mitigation

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

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

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

Stress testing and sensitivity analysis

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

C.3. Credit Risk

Credit risk is defined as the risk of failure of a counterparty to meet their financial obligation to the Company in a timely manner. IGIE is exposed to the risk of counterparty default in respect of premiums receivable, reinsurance recoverables, and its investment holdings and cash balances.

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;
- Intragroup reinsurance: The risk of loss arising from the Company's reliance on IGI Bermuda to fulfil its reinsurance obligations;
- Investment counterparty: The counterparty credit risk that demand / call / time deposits held with banks or fixed-income investments will not be received due to insolvency; and
- Intermediary counterparty: The risk of loss from the failure of an intermediary to make a payment to, or on behalf of, the Company.

At 2024 year end, the Company's largest exposure to Credit risk came from the reinsurer counterparty and bank deposits, which are both classified as Type 1 in the Standard Formula SCR. IGIE is exposed to reinsurer counterparty risk since it employs an outwards reinsurance programme in addition to the Intragroup Quota Share arrangement in place between the Company and IGI Bermuda. The Company is also exposed to Counterparty default risk as a result of the amount of cash held at banks.

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

Risk Concentration

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

During the reporting period, IGIE was also exposed to Credit risk concentration in respect of a significant amount of cash holdings with an "A" rated bank.

Risk Mitigation

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

The primary tools for managing Credit risk include:

- Minimum credit quality criteria in respect of outwards reinsurance counterparties, reinsurers to be either "A-" rated or better by A.M. Best or "BBB+" or better by S&P for short tail classes, or, "A" rated or better by A.M. 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.
- 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.
- Ensuring that all brokers and coverholders are subject to appropriate due diligence and terms of business agreements ('TOBAs').
- Monitoring the shared reinsurance programme on a quarterly basis through the Reinsurance Security Committee, assessing potential erosions or exhaustions, and implementing remediation plans as required.
- Regular monitoring of the banks' financial performance and credit ratings, including the credit ratings of the Company's investments other than cash. The Company developed an investment strategy and guidelines to ensure a better diversification of its investment portfolio.

Stress testing and sensitivity analysis

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

C.4. Liquidity Risk

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

Risk Exposure

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

Liquidity risk includes the following:

- Payment default risk: The risk that there is insufficient cash to make payments when due and that no additional cash can be made available by borrowing, the sale of assets or capital raising;

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

Risk Concentration

There were no material Liquidity risk concentrations as at 31st December 2024.

Risk Mitigation

Liquidity risk is mitigated through the 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 2024 year end, the Company's investment portfolio was composed of cash, term deposits, and short-term well rated fixed-income securities, all of which are considered highly liquid assets.

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

Expected Profit in Future Premium

The gross expected profit included in future premiums ('EPIFP') as at 31st December 2024 is \$2.5 million. The EPIFP represents the profits that is expected to materialise from existing (in-force) insurance and reinsurance contracts that are to be received in the future, but that have not yet been received. Any premiums already received by IGIE are not included in the EPIFP. Net of all reinsurance this amount is \$516k.

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). Operational risks include the following:

- Legal and compliance risk: The risk of legal or regulatory sanctions, material financial loss, or reputational damage due to non-compliance with applicable laws, regulations, general good provisions, and other relevant industry and professional standards. IGIE is committed to full compliance and has no appetite for any material regulatory and compliance breaches.
- ICT and Cyber Security Risk: The risk of inappropriate access to, or failure of, IT systems or capability to maintain operational resilience and functionality in the event of disruptions including cyber security events. The potential for cyber security events to disrupt IGI's operations or the integrity of its data remain a key risk to IGI which has been escalated as a result of technological advancements and geopolitical tensions.
- Human Resources Risk: The risk that the Company may be unable to meet its strategic and operating objectives due to inappropriate management and/or deployment of human resources. This risk is also associated with attracting and retaining talented and key employees, and succession planning.

- **Outsourcing and Third-Party Risk:** The risk of ineffective or inadequate performance of an outsourced or third-party service provider in carrying out a process, a service or an activity, whether directly or by sub-outsourcing via an external service provider or through an intragroup outsourcing arrangement. IGIE outsources a number of activities and key, critical or important functions both intragroup and to WTW. While outsourcing arrangements brings various potential benefits, including increased efficiencies, lower operating cost, use of technology and access to skills and expertise to IGIE, the use of service providers both intragroup and external expose IGIE to outsourcing and third-party risks.
- **Process Risk:** The risk of failures in key processes that may give rise to financial loss, reputational damage, or failure to appropriately deliver customer value or meet regulatory requirements. As an SEC Registrant, IGI Group is subject to compliance with the Sarbanes-Oxley Act of 2002. Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15 (f) and 15d-15(f) under the Exchange Act to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements. IGI's management assessed the effectiveness of internal controls over financial reporting as of 31st December 2024, based upon criteria set forth in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that the Company's internal control over financial reporting was effective as at 31st December 2024.

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

Operational risk is monitored via the Risk and Control Registers that articulates the material sources of potential risks and failures in the key controls in place to manage them.

Risk Concentration

The Company's most material Operational risk concentrations as at 31st December 2024, were in relation to the outsourcing arrangements in place with IGI Group and Willis Towers Watson.

Risk Mitigation

The control and risk mitigation approach includes:

- Established procedural controls including workflow management;
- Monitoring compliance with all applicable laws and regulations, established policies, procedures and processes;
- Business continuity (including Business Impact Assessments) and Disaster recovery plans;
- Maintaining a robust cybersecurity framework through network monitoring, threat detection, data encryption, access controls, and regular penetration testing to safeguard systems and sensitive information.
- Maintaining an appropriate Information and Communications Technology ('ICT') Risk Management Framework and IT Security framework to ensure that adequate controls are place to support business needs and regulatory expectations and manage ICT-related risks;
- Periodic reviews of third-party service providers; and
- Maintaining effective human resource management and development practices.

Furthermore, during 2024, the Company completed the implementation of the newly enacted Digital Operational Resilience Act ('DORA') which requires insurance undertakings to enhance its level of security of network and information systems, including that of its critical outsourcing partners providing ICT services,

to mitigate ICT and cyber risks and ensure that the Company can withstand, respond to and recover from all types of ICT-related disruptions and threats.

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

The risk and control assessment enables the Risk function and the Board to identify the top risks of the Company and understand which risks are being effectively mitigated and controlled and those which are less effective and to focus on and allocate resources to those areas of risk 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, Group rating downgrade 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, credit rating 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 to key stakeholders 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.

This is mitigated through detailed strategic and business plans which undergo stress and scenario testing and reverse stress testing annually. Risk assessments and stress and scenario testing, are also carried out prior to any key changes in the Company to ensure that the Company can remain within its risk appetite as a result of any strategic changes.

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.

Group Rating Downgrade Risk

IGIE's business and strategic objectives and financial performance will be negatively impacted as a result of a downgrade in the credit rating of IGI Group. The Group currently holds a rating of "A" (Excellent) from A.M. Best and "A-" (Strong) from S&P. A downgrade in these ratings could negatively impact IGI's ability to market its products, expand its insurance and reinsurance portfolio, and renew existing insurance and reinsurance policies and agreements. Additionally, a downgrade could trigger contractual provisions requiring IGI to establish trusts, post letters of credit, or return unexpired premiums, potentially leading to a material loss of business.

IGI Group provides A.M. Best and S&P with detailed balance sheet, risk profile, and business plan data at least annually, which is used in their rating assessments. The Group also engages in annual meetings with rating analysts to discuss financial performance, strategic initiatives, and risk management. IGI actively monitors its S&P capital position on a quarterly basis to ensure an adequate economic capital headroom. IGI's capital position and rating metrics are regularly reported to the Board to ensure full visibility and proactive management of the Group's financial strength.

Reputational risk

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

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

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

Environmental, Social and Governance ('ESG') risk

The Company defines ESG risk as the risk of environmental, social, or governance events, or conditions which, if they occur, could cause an actual or a potential material negative impact on the value of assets, liabilities, financial performance, 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 or from third parties who have suffered a loss and/or damage from climate event and seek to recover the losses from IGI's policyholders.

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

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

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

During 2024, IGI's ESG committee meetings continued to be held on a quarterly basis to support the Board in overseeing the Company's Corporate Social Responsibility ('CSR'), Diversity and Inclusion ('D&I'), employee wellbeing, human rights and fair labour practices, ethical business practices and integrity, ESG-related risks and other ESG matters.

To enhance our understanding of the key sustainability matters, during 2024 IGI conducted a group-wide double materiality assessment. The results of the materiality assessment will inform our ESG strategy and sustainability action plan by taking into consideration the high materiality impact, risks and opportunities ('IROs').

Risk mitigation

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

C.7. Other material information

Stress Testing and Sensitivity Analysis

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

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

- A Large Single Event, to test the Company's resilience to the largest accumulation of a single man-made catastrophic event occurring.
- A Large Single Event with Reinsurer Default, to test the Company's resilience to the largest accumulation of a single man-made catastrophic event combined with the default of its main reinsurer.
- High Growth, to test the Company's resilience if it experiences a 5% increase in premium volume and growth in its business, in excess of the increase already projected in the Company's 2025 – 2027 business plan (i.e. 2025 projected Earned Premium x 1.05 etc.).
- Premium Reduction, to test the Company's resilience if it experiences a 10% decrease in premium volume and growth in its 2025 – 2027 business plan (i.e. 2025 projected Earned Premium x 0.9 etc.).

- Exchange Rate Shock to test the Company's resilience of a weakening of the EUR currency against the U.S. Dollar, assuming a 25% shock.
- High Inflation, to test the Company's resilience to a worse than planned combined ratio, due to claims inflation being higher than expected.
- Climate Change Impact, to test the Company's resilience to incurring a series of natural catastrophe claims equivalent to a 1 in 500-year result (i.e. beyond our risk appetite of modelled losses), due to increased event frequencies in respect of windstorm, flood and wildfire perils caused by climate change.
- Reserve deterioration, to test the Company's resilience to a sudden deterioration of reserves for casualty lines of business, with no external reinsurance recoveries applicable.
- Key Counterparty Downgrade, to test the Company's resilience to a credit rating downgrade for the largest third-party counterparty with cash-holdings.
- Market Downturn, to test the Company's resilience to a poor economic environment of rising inflation and interest rates, exchange rate shock, combined with a man-made catastrophic event occurring at the same time.

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 A.M. 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, or rogue underwriter.

Emerging Risks

IGI defines Emerging Risks as new, developing or changing risks and which are subject to a high degree of uncertainty around their potential likelihood and impact.

An Emerging risk register is maintained by the Risk Management function. Additionally, emerging or crystallising risks are reported as a standing item in the quarterly Risk Management report to the Board and in the event of a new or developing Emerging Risk being considered as representing a material risk, the Risk Management team will escalate as appropriate in order that appropriate mitigation can be implemented.

The below provides a summary of the key emerging risks reported during 2024:

Geopolitical Tensions

Geopolitical risk continues to be a key area of uncertainty as a result of the recent regional conflicts, such as the prolonged Russia-Ukraine war and the conflict among Israel, Hamas, Hezbollah and Iran which has expanded to Houthis launching a number of attacks on marine vessels traversing the Red Sea and disrupting

shipping routes. The length, impact, and outcome of these ongoing military conflicts is highly unpredictable and could lead to further significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, trade disputes or trade barriers, changes in consumer or purchaser preferences, as well as an increase in insurance claims related to losses incurred in connection with any of the above disruptions.

Social inflation

Social Inflation is concerned with the rising costs of insurance claims. Those rising costs are being fuelled by trends in society like significantly increased jury awards against corporate policyholders.

Artificial Intelligence

The emerging trends and developments of Generative Artificial Intelligence ('AI'), including Open AI's Chat GPT has become a critical concern globally. While AI presents significant opportunities it also introduces new operational risks to the Company in relation to data privacy and security issues, incorrect or biased results, intellectual property issues and increased cyber-attacks.

Social Engineering

Social engineering attacks continue to increase alongside the increased use of generative AI, making it harder to detect whether a call or email is real or malicious. To mitigate this, IGI employees are subject to ongoing mandatory cyber security awareness training and simulated phishing attacks are issued to all employees. Furthermore, IGI enhanced a number of IT controls including encrypted backups, monthly restoration test and Windows Defender.

Social Media risk

Social media is a powerful tool and can be a good source of information, bringing many benefits but also potential financial market and insurance sector risks. Social media have democratized the flow of financial information but have also been used to spread false or inaccurate information. Information overload at speed and scale can lead to irrational investment decisions, losses on assets, financial market volatility and increased claims (e.g. D&O) which may have repercussions on insurers' profitability.

New U.S. administration

The new U.S. administration has proposed plans to implement or increase tariffs, particularly on products manufactured in China, Canada, Mexico, the UK and the European Union, that in the past have resulted in and may result in future retaliatory tariffs on U.S. goods and products, and as of April 2025 some additional tariffs have been imposed. Any escalation of trade tensions, additional tariffs, retaliatory measures by foreign governments or shifts in U.S. or international trade policies could adversely impact financial market conditions, the insurance and reinsurance industry and our business.

D. VALUATION FOR SOLVENCY PURPOSES

D.1. Assets

The following table summarises the assets held by the Company as at 31st December 2024 with analysis of the main differences between Solvency II and IFRS valuation rules:

Asset Class <i>USD '000</i>	Value as per IFRS Financial Statements	Reclassification / Adjustment for Solvency Purposes	Value as per Solvency II
Deferred tax asset	443	473	916
Right of use asset	343	(343)	-
Property, plant and equipment held for own use	40	(40)	-
Reinsurance recoverables	29,467	(1,104)	28,363
Insurance and Intermediaries Receivables	-	3,211	3,211
Reinsurance Receivables	-	-	-
Investments	25,499	386	25,885
Cash and Cash Equivalents	8,422	-	8,422
Other Assets	1,008	(653)	355
Total Assets	65,223	1,929	67,152

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

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

Property, plant & equipment held for own use

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

Right of use asset

Under IFRS the value of the lease is valued in accordance with IFRS 16. For Solvency II purposes these assets could not be exchanged between knowledgeable willing parties in an arm's length transaction, and they are valued at nil under Solvency II.

Cash and Cash 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 recognized as part of the debts owed to credit institutions in the liability section of the Solvency II balance sheet.

Investments

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

Reinsurance Recoverable

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

Insurance and Intermediaries / Reinsurance Receivables

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

Other Assets

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

Deferred Tax Asset

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

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

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

D.2. Technical Provisions

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

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

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

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

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

Material differences with IFRS 17

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

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

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

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

Best Estimate Technical Provisions

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

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

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

The Technical Provisions total of \$29.9 million (gross of reinsurance), \$28.4 million (ceded) and \$1.5 million (net of reinsurance) is subdivided by Line of Business in the following tables:

Technical Provisions Gross of Ceded Reinsurance

Line of Business USD '000	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	9,611	(723)	485	9,373
Fire and other damage to property insurance and proportional reinsurance	Fire	5,992	888	250	7,130
General liability insurance and proportional reinsurance	Liability	8,281	1,305	515	10,101
Miscellaneous financial loss insurance and proportional reinsurance	Financial	1,786	557	128	2,472
Legal Expenses	LE	235	379	41	655
Non-proportional property reinsurance	NP prop	78	(3)	21	97
Non-proportional casualty reinsurance	NP cas	63	0	4	67
Total		26,046	2,403	1,445	29,894

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

Technical Provisions Ceded Reinsurance

Line of Business USD '000	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	(7,110)	(1,165)	0	(8,275)
Fire and other damage to property insurance and proportional reinsurance	Fire	(4,689)	(2,187)	0	(6,876)
General liability insurance and proportional reinsurance	Liability	(6,509)	(3,156)	0	(9,665)
Miscellaneous financial loss insurance and proportional reinsurance	Financial	(1,382)	(671)	0	(2,052)
Legal Expenses	LE	(204)	(1,131)	0	(1,335)
Non-proportional property reinsurance	NP Prop	(60)	(50)	0	(111)
Non-proportional casualty reinsurance	NP Cas	(50)	0	0	(50)
Total		(20,004)	(8,360)	0	(28,363)

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

Technical Provisions Net of Ceded Reinsurance

Line of Business USD '000	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	2,501	(1,888)	485	1,098
Fire and other damage to property insurance and proportional reinsurance	Fire	1,303	(1,299)	250	253
General liability insurance and proportional reinsurance	Liability	1,772	(1,851)	515	436
Miscellaneous financial loss insurance and proportional reinsurance	Financial	405	(114)	128	420
Legal Expenses	LE	30	(752)	41	(680)
Non-proportional property reinsurance	NP Prop	18	(53)	21	(14)
Non-proportional casualty reinsurance	NP Cas	13	0	4	17
Total		6,042	(5,957)	1,445	1,531

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

Methods

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

Claims Provision

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

- Reserve estimates which are made up of:
 - Outstanding Claims Reserves ('O/S') (reserves held for claims that have already been reported and which will be paid and settled in the foreseeable future) as determined by the Claims team based on a legal view, loss adjuster reports etc.
 - Incurred But Not Reported ('IBNR') (reserves held for claims that have occurred but have not been reported as at the valuation date).
- An estimate of Unallocated Loss Adjustment Expenses ('ULAE') is also added to these reserves.
- An estimate of Additional Expenses is also added to these reserves.

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

Reserves are estimated on both a Gross and Net of reinsurance basis. The Actuarial function assess how the reinsurance programme should respond to known unreported claims, historical recovery rates from reinsurance contracts and considering current Gross/Net ratios for each line of business, accident year and reinsurance contract type. This is estimated without margins for prudence as required by the regulations.

Using the patterns of claims payments and risk-free interest rates published by EIOPA in accordance with the Solvency II Directive, cash-flows are estimated and discounted for the time value of money.

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

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

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

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

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

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

Premium Provision

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

The approach is to estimate likely future claims and remove future premium to be received. The future claims loss ratio will vary by line of business but are consistent with the loss ratios adopted in the claims provision calculations.

Future premiums are estimated according to the actual payment terms of the policies. Both components are calculated gross and net of reinsurance, with assumptions where appropriate that future reinsurance terms will be consistent with projections within the Company's business plan and future management actions. The future reinsurance recoveries, allowed for in the net loss ratios, take account of the type of reinsurance applicable and for non-proportional coverage, and are consistent with the recoveries modelled in the derivation of the Business Plan. Netting down is undertaken by line of business, accident year and reinsurance contract type.

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

A further allowance is calculated for additional expense reserves, being an estimate of future expenses that would be required to manage the claims without regard for future underwriting and which is calculated on a different basis from the allowance for claims management expenses. A single loading across Claims and Premium Provisions is calculated and included within the 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, Type 2 counterparty risk, and reinsurance counterparty risk.

Uncertainties

The key areas of uncertainty in the Technical Provisions are:

New Entity

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

Reserving: Undertaken at a IGI Group Level

Reserving is undertaken using IGI Group data. Across the IGI Group, business thought to exhibit reasonably similar characteristics is grouped into Reserving Classes. However, the need for homogeneity is balanced against the need to have a volume of data and historic experience that is sufficiently credible to enable the application of actuarial projection methods to be reliable. Having derived IBNR for the IGI Group, IBNR is allocated to every policy written by IGIE.

This approach introduces uncertainty:

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

Outstanding Case Reserves

As a specialty insurer IGIE is exposed to large individual claims which in both first party and especially in third party coverages can change over time as new information emerges and negotiations take place. This risk is managed through regular claims reviews, consistent reserving philosophy and the allowance in IBNR for expected future movements on case reserves.

IBNR Claims

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

Estimation of claims on future exposures

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

Catastrophe losses

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

Environmental, Social and Governance (ESG)

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

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

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

Geopolitical Risks

During 2024, geopolitical risk continues to be a key area of uncertainty. In 2022, Russian military forces launched a military action in Ukraine. The sustained **war** and **subsequent** disruption in the region have continued to date and could extend beyond Ukraine and Russia. In 2023/2024, a military conflict erupted among Israel, Hamas, Hezbollah, **and Iran** and the conflict expanded to Houthis launching a number of attacks on marine vessels traversing the Red Sea and disrupting shipping routes.

These conflicts have resulted in significant volatility in commodity prices and the supply of energy and other resources, supply chain interruptions, political and social instability, trade disputes or trade barriers, any of which could adversely affect the number and amount of insurance claims related to losses incurred in connection with any of the above disruptions.

Furthermore, the new U.S. administration has proposed plans to implement or increase tariffs on various countries and products. Any escalation of trade tensions, additional tariffs, retaliatory measures by foreign governments or shifts in U.S. or international trade policies could adversely impact financial market conditions, the insurance and reinsurance industry and our business.

The Company is closely monitoring geopolitical developments including changes in the tariff strategy by the U.S. administration, and the potential impact these may have on its investments and overall business.

Inflation

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

Whilst inflation appears to have eased recently, there remains continued uncertainty around future inflationary trends, particularly given the prospect of tariffs being applied by the U.S. and other countries at the time of writing.

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. We will continue to monitor inflation rates and remain alert to emerging trends.

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

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

Market environment

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

Description of Recoverable from Reinsurance Contracts

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

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

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

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

Technical Provisions Reconciliation with IFRS 17 by Line of Business

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

USD '000 (Note 1)	Total	MAT	Fire	Liability	Financial	LE	NP prop	NP Cas	NP MAT
LIABILITY FOR INCURRED CLAIMS (GROSS AMOUNT)	27,247								
ASSET FOR INCURRED CLAIMS (REINSURANCE AMOUNT)	(21,845)								
LESS ENID	(231)								
LESS Risk Adjustment	(297)								
PLUS Discount amount	(539)								
PLUS Profit share accruals	316								
RECLASS of Reinsurance Receivables balance	1,073								
NET IFRS 4 Reserves	5,723								
Gross IFRS 4 reserve Including ULAE	26,037	9,439	5,835	8,521	1,865	232	80	66	0
LESS Reinsurance amount	(20,314)	(7,086)	(4,634)	(6,807)	(1,467)	(205)	(62)	(52)	0
LESS Discount amount	(323)	(89)	(35)	(154)	(41)	(1)	(1)	(1)	0
PLUS ENID	232	94	48	71	16	1	1	1	0
PLUS RI Bad Debt	35	7	5	18	5	0	0	0	0
PLUS Expenses	375	136	84	123	27	3	1	1	0
CLAIMS PROVISION	6,042	2,501	1,303	1,772	405	30	18	13	0

USD '000 (Note 1)	Total	MAT	Fire	Liability	Financial	LE	NP prop	NP Cas	NP MAT
LIABILITY FOR REMAINING COVERAGE – PAA (GROSS AMOUNT)	4,523								
LIABILITY FOR REMAINING COVERAGE – GMM (GROSS AMOUNT)	1,019								
CONTRACTUAL SERVICE MARGIN	1,770								
PLUS Future Premium	12,043								
GMM valuation differences	125								
PLUS Commissions and other valuation differences	790								
Gross IFRS 4 UPR (Note 2)	20,271	2,602	5,678	8,465	1,236	2,092	193	4	0
PLUS UPR for Bound but not Incepted	11,143	2,502	2,878	3,831	426	1,420	86	(1)	0
Apply Expected Loss Ratio (for future claims)	13,791	1,795	3,633	5,412	1,053	1,691	195	10	0
Less Reinsurance amount	(10,973)	(1,372)	(2,899)	(4,327)	(818)	(1,398)	(152)	(8)	0
LESS Discount amount	(207)	(20)	(38)	(113)	(19)	(15)	(3)	0	0
LESS Future Premium (discounted)	(9,298)	(2,444)	(2,179)	(3,086)	(366)	(1,114)	(106)	(3)	0
PLUS ENID	119	18	31	46	10	12	2	0	0
PLUS RI Bad Debt	29	2	6	15	2	3	0	0	0
PLUS Expenses	582	132	145	202	24	69	10	1	0
PREMIUM PROVISION	(5,957)	(1,888)	(1,299)	(1,851)	(113)	(751)	(53)	0	0

USD '000 (Note 1)	MAT	Fire	Liability	Financial	LE	NP prop	NP Cas	NP MAT	Total
Best Estimate	613	3	(79)	291	(721)	(35)	13	0	85
Risk Margin	485	250	515	128	41	21	4	0	1,445
Total Technical Provisions	1,098	253	436	419	(680)	(14)	17	0	1,530

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

Note 2: The amount of \$20.3 million in the table above is net of deferred acquisition costs. The Gross UPR is \$27.2 million with acquisition costs of \$7.8 million. UPR includes Pipeline Premium.

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

Description USD '000	IFRS Technical Reserves	Adjustment for Solvency Purposes	Solvency II Technical Provision
Gross Claims Reserve	25,638	408	26,046
Gross Premium Reserve	7,313	(4,910)	2,403
Risk Adjustment / Margin	1,609	(164)	1,445
Total Gross Reserves	34,560	(4,666)	29,894
Reinsurance	(29,383)	1,020	(28,363)
Net Reserves	5,177	(3,646)	1,531

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

D.3. Other Liabilities

The following table provides a summary of insurance payables and liabilities other than Technical Provisions for the year ended 31st December 2024:

Description USD '000	Value as per IFRS Financial Statements	Reclassification / Adjustment for Solvency Purposes	Value as per Solvency II
Right of use Liability	408	(408)	-
Insurance & Intermediaries Payables	-	4,466	4,466
Reinsurance Payables	-	5,696	5,696
Payables (trade, not insurance)	4,600	(2,682)	1,918
Total Liabilities	5,008	7,072	12,080

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

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

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

D.4. Alternative methods for valuation

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

D.5. Other material information

There is no other material information that requires disclosure.

E. CAPITAL MANAGEMENT

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

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

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

E.1. Own Funds

The following table analyses the differences between the equity in the IFRS financial statements and the excess of the assets over liabilities as calculated for Solvency II purposes as at 31st December 2024:

Excess of assets over liabilities	USD '000 2024	USD '000 2023
Total Equity in the financial statements	25,571	22,854
Difference in the valuation of assets	2,014	8,747
Difference in the valuation of gross technical provisions	4,665	1,093
Difference in the valuation of other liabilities	(7,072)	(9,962)
Excess of assets over liabilities under Solvency II	25,178	22,731

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

The following table shows the analysis of Own Funds as at 31st December 2024 of \$25.2 million (2023: \$22.7 million):

Own Funds	USD '000 2024	USD '000 2023
Ordinary share capital	20,893	20,893
Reconciliation reserve	3,369	1,695
Tier 1 funds	24,262	22,588
Deferred tax asset	916	143
Tier 3 funds	916	143
Total Own Funds	25,178	22,731

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

Tier 1 Capital

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

Deferred tax assets

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

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

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

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

Other Matters

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

E.2. Solvency Capital Requirement and Minimum Capital Requirement

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

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

Specifically, the assessment confirms that the Standard Formula:

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

Amounts of SCR and MCR

	2024		2023	
	USD'000	Coverage %	USD '000	Coverage %
SCR	9,812	257%	8,820	258%
MCR	4,353	557%	4,420	511%

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 2024 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.

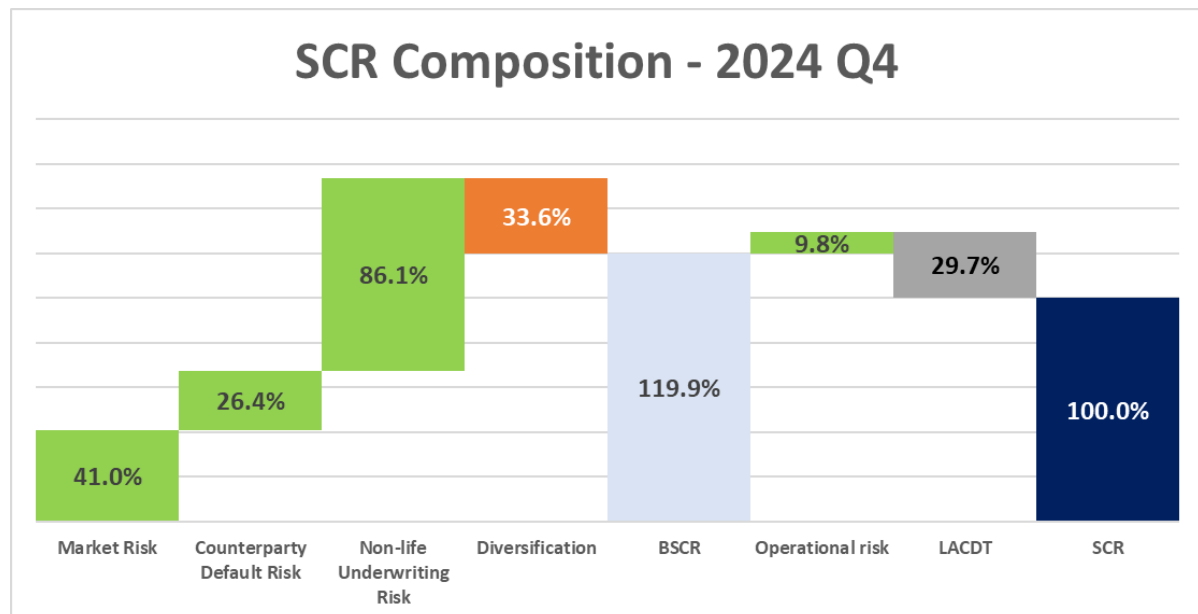
Solvency Position

The Solvency Capital Requirement of \$9.8 million (2023: \$8.8 million) is covered to 257% (2023: 258%) by Own Funds of \$25.2 million (2023: \$22.7 million) and to 247% (2023: 256%) by the Tier 1 Own Funds of \$24.2 million (2023: \$22.6 million)

The table below outlines the capital requirement per risk category:

SCR Component	USD '000	
	2024	2023
Market Risk	4,024	4,077
Counterparty Default Risk	2,590	2,717
Non-life Underwriting Risk	8,450	7,781
Diversification between Risk Categories	(3,300)	(3,301)
BSCR	11,765	11,274
Operational Risk	964	1,008
LACDT	(2,917)	(3,462)
Total SCR	9,812	8,820

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



With allocation of the diversification and LACDT benefit on a pro-rated basis, as shown in the table below, it is noted that the SCR is mainly driven by Non-Life Underwriting Risk contributing 52.7% (2023: 49.9%) of the

total SCR while Market Risk and Counterparty Default Risk constituted about 25.1% (2023: 26.2%) and 16.2% (2023: 17.4%) respectively.

SCR Component	2024		2023	
	USD '000	%	USD '000	%
Market Risk	2,464	25.1%	2,307	26.2%
Counterparty Default Risk	1,586	16.2%	1,538	17.4%
Non-life Underwriting Risk	5,173	52.7%	4,404	49.9%
Operational Risk	590	6.0%	571	6.5%
Total SCR	9,812	100.0%	8,820	100.0%

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

Standard Formula simplifications

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

Use of undertaking specific parameters

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

Capital add-ons

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

Information on inputs used in the calculation of the MCR

The inputs used in the calculation of the MCR are provided in template S.28.01.01 and the MCR at 31st December 2024 amounts to \$4.4 million (equivalent 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 2023 and 2024.

USD '000	2024	2023
Solvency Capital Requirement	9,812	8,820
SCR Movement vs Prior Year	+11%	+7%
Minimum Capital Requirement	4,353	4,420
MCR Movement vs Prior Year	-2%	+4%

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

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

The MCR remained at the level of the absolute MCR (AMCR) of \$4.4 million (equivalent to €4.0 million).

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

Loss Absorbing Capacity of Deferred Taxes

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

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

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

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

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

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

Whilst the Company uses stochastic capital modelling to support its decision making and pricing processes, it does not use a model in the sense of an 'Internal Model' for the purpose of calculating its regulatory capital requirements.

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

During 2024, IGIE maintained a SCR ratio in excess of both the 100% SII regulatory requirement and the 150% MFSA ongoing authorisation condition. Over its business planning time period there is no reasonably foreseeable risk of non-compliance, given the Company's relatively stable risk profile and extensive risk mitigation arrangements.

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

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

E.6. Other material information

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

APPENDIX 1: QUANTITATIVE REPORTING TEMPLATES

List of Reported Templates:

S.01.02.01 – Basic Information

SE.02.01.16 - Balance sheet

S.04.05.01 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

S.05.01.01 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

S.17.01.01 - Non-Life Technical Provisions

S.19.01.01 - Non-Life insurance claims

S.23.01.01 - Own Funds

S.25.01.01 - Solvency Capital Requirement - for undertakings on Standard Formula

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

International General

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in USD thousands)

General information

Undertaking name	International General Insurance Company (Europe) Ltd
Undertaking identification code	21380087SZ854SSNYJ36
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	MT
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- 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
		C0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	916
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)	25,885
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	25,699
R0140	<i>Government Bonds</i>	0
R0150	<i>Corporate Bonds</i>	25,699
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	186
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	28,363
R0280	<i>Non-life and health similar to non-life</i>	28,363
R0290	<i>Non-life excluding health</i>	28,363
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,211
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	8,422
R0420	Any other assets, not elsewhere shown	355
R0500	Total assets	67,152

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	29,894
R0520	<i>Technical provisions - non-life (excluding health)</i>	29,894
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	28,449
R0550	<i>Risk margin</i>	1,445
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	4,466
R0830	Reinsurance payables	5,696
R0840	Payables (trade, not insurance)	1,918
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	41,974
R1000	Excess of assets over liabilities	25,178

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	Technical provisions calculated as a whole						0	0	0		0		0		0	0	0	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
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
R0060	Gross						-723	888	1,305		379		557		0	0	-3	2,403
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						1,165	2,187	3,156		1,131		671		0	0	50	8,360
R0150	Net Best Estimate of Premium Provisions						-1,888	-1,299	-1,851		-751		-113		0	0	-53	-5,957
Claims provisions																		
R0160	Gross						9,611	5,992	8,281		235		1,786		63	0	78	26,046
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						7,110	4,689	6,509		204		1,382		50	0	60	20,004
R0250	Net Best Estimate of Claims Provisions						2,501	1,303	1,772		30		405		13	0	18	6,042
R0260	Total best estimate - gross						8,888	6,880	9,585		614		2,344		63	0	75	28,449
R0270	Total best estimate - net						613	3	-79		-721		291		13	0	-35	85
R0280	Risk margin						485	250	515		41		128		4	0	21	1,445
R0320	Technical provisions - total						9,373	7,129	10,101		655		2,472		67	0	97	29,894
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total						8,275	6,876	9,665		1,335		2,052		50	0	111	28,363
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						1,098	253	436		-680		420		17	0	-14	1,531

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year										C0170 In Current year	C0180 Sum of years (cumulative)	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100			C0110
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0	0		0	0
R0180	-7	0	0	0	0	0	0	0	0			0	0
R0190	-6	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0						0	0
R0210	-4	0	0	0	0							0	0
R0220	-3	0	44	59	0							0	103
R0230	-2	940	2,551	2,031								2,031	5,522
R0240	-1	926	3,555									3,555	4,481
R0250	0	682										682	682
R0260												Total 6,268	10,788

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year										C0360 Year end (discounted data)	
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290		C0300
	0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0
R0160	-9	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0	0		0
R0180	-7	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0						0
R0210	-4	17	0	1	0	0						0
R0220	-3	887	711	271	63							59
R0230	-2	7,559	9,432	8,546								8,271
R0240	-1	11,760	6,636									6,273
R0250	0	12,222										11,442
R0260												Total 26,046

S.23.01.01

Own Funds

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

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

Ancillary own funds

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

Available and eligible own funds

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

R0580 **SCR**

R0600 **MCR**

R0620 **Ratio of Eligible own funds to SCR**

R0640 **Ratio of Eligible own funds to MCR**

Reconciliation reserve

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

Expected profits

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

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
20,893	20,893		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
3,369	3,369			
0		0	0	0
916				916
0	0	0	0	0
0				
0				
25,178	24,262	0	0	916

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

25,178	24,262	0	0	916
24,262	24,262	0	0	
25,178	24,262	0	0	916
24,262	24,262	0	0	

9,812
4,353
256.59%
557.39%

C0060
25,178
0
0
21,809
0
3,369

0
2,494
2,494

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

R0010 MCR_{NL} Result

C0010

1,013

Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
--	---

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

C0020

C0030

C0020	C0030
0	0
0	0
0	0
0	0
0	0
613	2,324
3	2,294
0	2,342
0	0
0	538
0	0
291	430
0	0
13	-99
0	0
0	101

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance /SPV) total capital at risk
--	---

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

C0050

C0060

Overall MCR calculation

- R0300 Linear MCR
- R0310 SCR
- R0320 MCR cap
- R0330 MCR floor
- R0340 Combined MCR
- R0350 Absolute floor of the MCR
- R0400 Minimum Capital Requirement

C0070

1,013
9,812
4,416
2,453
2,453
4,353
4,353