Financial Condition Report

2021 Year End

International General Insurance Co. Ltd.

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Summary

The purpose of the Financial Conditions Report ('FCR') is to provide stakeholders with information to enable an informed assessment on how International General Insurance Holdings Ltd ('IGI Group') and the Bermuda Monetary Authority ('BMA') Licensed business is run in a prudent manner. This FCR is prepared in accordance with the requirements of the BMA Insurance (Public Disclosure) Rules 2015.

This report relates to International General Insurance Co. Ltd ('the Company' or 'IGI Bermuda') for the year ended 31st December 2021.

The FCR contains qualitative and quantitative information in relation to the business and performance of the Company, its governance structure, risk profile, solvency valuation and capital management, and subsequent event post year ended 31st December 2021.

<u>Business and Performance</u>

The Company delivered strong premium growth in 2021, with Gross Written Premium ('GWP') rising 16.8% to US$545.6m (2020: US$467.3m). Net incurred claims for 2021 were 16.2% higher at US$176.1m and net underwriting profit of US$77.2m was 43.1% higher than 2020.

The Company saw higher volumes of premium driven by new business generated across virtually all lines, as well as improved renewal pricing supported by positive market conditions and the Company's concerted efforts to refine the existing portfolio in both the speciality long-tail and the speciality short-tail segments. The Company broadened its footprint during the year by underwriting a contingency line of business, which produced US$3.5m of premiums in 2021, and through the acquisition of our Malta subsidiary providing the Company with the capability to continue to underwrite business throughout the European Economic Area ("EEA").

The return on investment for 2021 was 1.3% versus 1.6% for 2020. The return on term deposits has decreased in 2021 primarily due to a reduced availability of higher yield on term deposits caused by the negative economic impacts of COVID-19 pandemic. The drop-in interest rates continued throughout 2021, albeit the interest rate environment started to improve globally from the fourth quarter of 2021. Returns on fixed income securities showed a 0.3% increase from 2020. The average dividend yield on the equity portfolio was 1.7% for 2021 against 1.6% for 2020. The overall return on equity portfolio has increased from 6.4% in 2020 to 11.5% in 2021, primarily due to a positive unrealised fair value movement recorded in 2021 compared to negative unrealised fair value movement in 2020.

<u>Governance Structure</u>

The Company maintains an efficient and sound organisational structure commensurate with its operational requirement and with a view to governing and managing its business efficiently and effectively. All major changes in the organisation's structure are approved by the IGI Group Board. The governance structure is based on well-defined lines of responsibility ('three lines of defence') spanning front line functions, Risk, Compliance and Internal Audit functions which are governed by the Board in order to provide independent oversight and challenge.

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

Risk Profile

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

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

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

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

Solvency Valuation

Section D provides details of the valuation bases, assumptions and methods to derive the value of each asset class. The section also provides a reconciliation of amounts reported in total assets and liabilities under the Statutory Financial Statements against the IFRS financial statements.

Section D.2 also provides the valuation bases, assumptions and methods to derive the value of Technical Provisions. 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.

Capital Management

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

At the end 2021, the capitalisation of the Group is in excess of the level that would equate to an A/A- rating under both the AM Best and S&P models and consequently provides significant headroom over the levels required to satisfy its regulatory requirements.

The Company uses the standard Bermuda Solvency Capital Requirement ("BSCR") model to assess the Enhanced Capital Requirement ("ECR"). IGI Bermuda (Consolidated) Statutory Economic Capital and Surplus of US$377.5m provided US$144.1m of headroom over its Bermuda Solvency Capital Requirement ('BSCR') (a Solvency II equivalent measure) resulting in a 162% solvency ratio at 2021 year end.

Subsequent event – Invasion of Ukraine

On 24th February 2022 the Russian Federation launched a full-scale military invasion into Ukraine. This has already led to significant economic and humanitarian consequences for both countries, and the long-term wider impact continues to be unknown as the situation develops. Areas of uncertainty include the impact on global energy prices, financial markets as well as the possible further escalation of the conflict.

Although our initial view is that the direct exposures are not material to the Group, management consider it is too early to be able to reliably estimate such impact as well as secondary effects. Management continues to monitor the fast developing situation closely and will take all appropriate steps to manage the effect this has on the Group.

A. Business and Performance

A.1. The Insurer

This report relates to International General Insurance Co. Ltd ('the Company' or 'IGI Bermuda').

The Company is a limited liability company registered and incorporated in Bermuda under the Companies Act of 1981 and licensed as a Class 3B insurer by the BMA to write a range of specialty classes of general insurance and reinsurance business.

A.2. Supervisor

The Company is supervised by the BMA as detailed below. Subsidiaries of the Company are subject to local supervision in their respective jurisdictions as detailed in Section A.5 below.

BMA

BMA House
43 Victoria Street
Hamilton
Bermuda

A.3. Auditors

BMA Supervisory Reporting

Ernst & Young Ltd
3 Bermudian Road
Hamilton, Bermuda

IFRS Accounts

Ernst & Young LLP
London, United Kingdom

A.4. Ownership Structure

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

The Company acts as the principal underwriting entity for the IGI Group.

Tiberius Acquisition Corporation ('Tiberius') is a company incorporated in Delaware in the United States, which became a wholly owned subsidiary of IGI Group as a result of a business combination transaction in 2020.

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

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

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

International General Insurance Company (UK) Ltd. ('IGIUK') is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It is a wholly owned capitalised subsidiary of IGI Bermuda.

International General Insurance Company (Europe) SE ('IGIE') is a company incorporated in Malta and authorised by the Malta Financial Services Authority to carry on the business of insurance and reinsurance in terms of the Insurance Business Act (Cap 403 of the laws of Malta). It is a wholly owned subsidiary of IGI Bermuda.

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.

International General Insurance Company Ltd. - Labuan Branch ('IGI Labuan') 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 regulated by the Labuan Financial Services Authority and acts as an offshore capitalised branch of IGI Bermuda. It is supported by a marketing office in Kuala Lumpur.

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

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

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

Ownership and Shareholdings

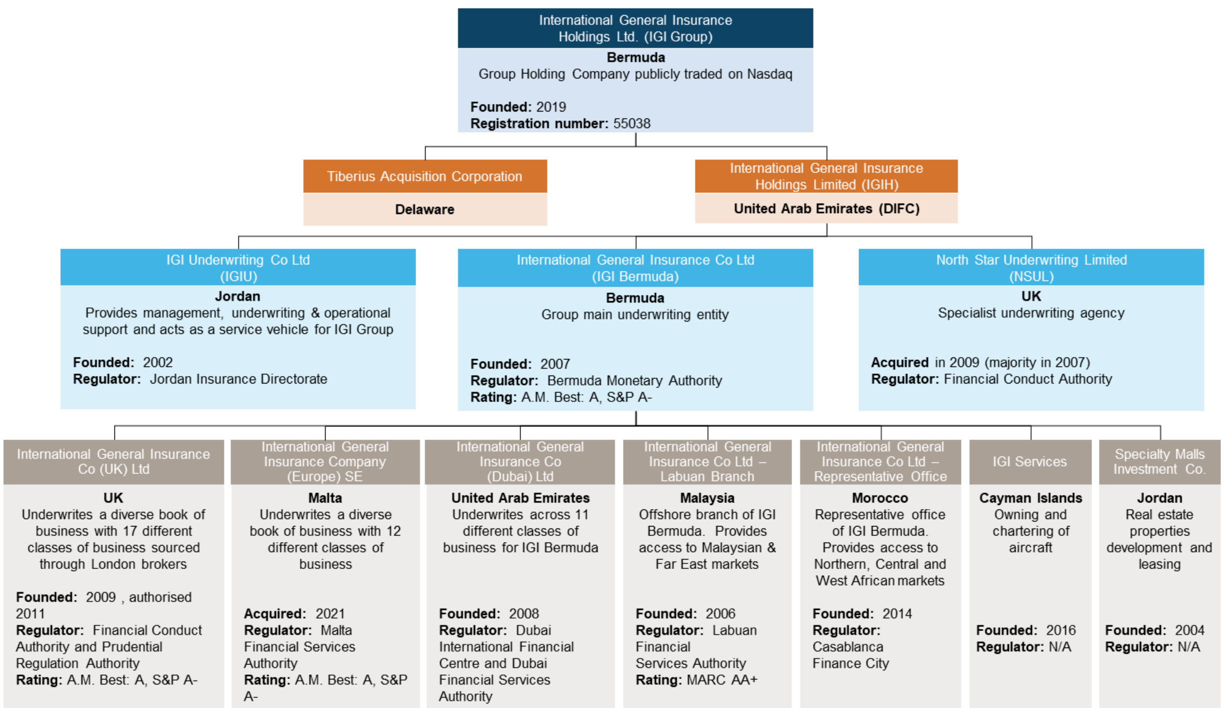
IGI Bermuda is ultimately owned by International General Insurance Holdings Ltd ('IGI Group'), a Nasdaq-listed company incorporated in Bermuda in 2019. The following shareholdings of more than 10% in IGI Group are provided in the table below:

Shareholder	% Holding (Note 1)
Wasef Jabsheh	29.09
Oman International Development and Investment Company SAOG (through its subsidiary Jabreen Capital)	14.20

Note 1 - The % Holding includes common shares only and excludes warrants.

A.5. Group Structure

The following 2021 year end chart shows the Group Structure including the fully owned subsidiaries of the Company and their respective local regulators:



A.6. Underwriting Performance

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

IGI Group conducts its worldwide operations through three reportable segments:

- **Speciality Short-tail** comprising Energy (Upstream, Downstream, Renewable), Property, Construction and Engineering, Political Violence, General Aviation, Marine Cargo, Marine Trades, Contingency and Ports & Terminals;
- **Specialty Long-tail** comprising Professional Indemnity, Directors and Officers, Legal Expenses, Intellectual Property, other Casualty lines, Financial Institutions, Inherent Defects Insurance and Marine Liability; and
- **Reinsurance** comprising Proportional and Non-proportional Reinsurance Treaty business.

In total, IGI Group has exposures in over 200 countries and territories.

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

The underwriting performance by business segments and geographical region for the years ended on 31st December 2021 and 2020 is provided below:

Underwriting Performance by Business Segment *(Note 1)*

US$'000	Gross written premiums 2021	Concentration Percentage %	Gross written premiums 2020	Concentration Percentage %
Specialty Short tail:	***282,037***	***52***	***237,478***	***51***
Energy	104,015	19	91,742	19
Property	79,085	14	69,912	15
Ports & Terminals	29,600	5	25,875	6
Construction & Engineering	31,137	6	17,924	4
Aviation	20,348	4	23,002	5
Political Violence	9,263	2	8,271	2
Marine Cargo	5,091	1	752	-
Contingency	3,498	1	-	-
Specialty Long tail:	***239,531***	***44***	***210,477***	***45***
Casualty	190,038	35	157,487	34
Financial Institutions	36,176	6	39,442	8
Marine Liability	3,339	1	4,613	1
Inherent Defects Insurance	9,978	2	8,935	2
Reinsurance	***24,014***	***4***	***19,318***	***4***
Total	**545,582**	**100**	**467,273**	**100**

Note 1 - For the year ended December 31st, 2021, the 'inherent defects insurance' and 'marine trades' lines of business have been presented under the Long-tail and Short-tail segments, respectively, for the purpose of segment reporting. Accordingly, the comparative data for the year ended December 31st, 2020 have been reclassed to conform to the current presentation.

Underwriting Performance by Geographical Region

US$'000	Gross written premiums 2021	Concentration Percentage %	Gross written premiums 2020	Concentration Percentage %
Africa	27,749	5	20,956	5
Asia	55,816	10	37,398	8
Australasia	23,454	4	19,104	4
Central America	28,166	5	37,442	8
Europe	48,780	9	59,972	13
United Kingdom	197,090	36	158,381	34
Middle East	53,564	10	48,401	10
North America	32,773	6	22,553	5
Caribbean Islands	30,244	6	15,964	3
South America	20,718	4	20,548	4
Worldwide	27,228	5	26,554	6
Total	**545,582**	**100**	**467,273**	**100**

- The GWP increased from US$467.3m in 2020 to US$545.6m in 2021, registering a growth of 16.8% from previous year. The retained premiums for 2021 of US$382.6m were 13.1% higher than 2020 whilst net earned premiums has risen by 21.8%. Net acquisition costs as a proportion of net earned premium were 26.6% compared to 27.5% for 2020. Net incurred claims for 2021 were 16.2% higher at US$176.1m and net underwriting profit of US$77.2m was 43.1% higher than 2020.

Underwriting Results

US$'000	2021 Year End	2020 Year End	Variance
Gross Written Premiums	545,582	467,273	16.8%
Retained Premiums	382,609	338,410	13.1%
Net Earned Premiums	345,198	283,516	21.8%
Net Acquisition Cost	91,777	77,875	17.9%
Net Incurred Claims	176,192	151,672	16.2%
Net Underwriting Profit	77,229	53,969	43.1%
Net Acquisition Cost to Net Earned Premiums	26.6%	27.5%	
Net Incurred Claims to Net Earned Premiums	51.0%	53.5%	

- The Company posted an overall increase of 16.8% in its GWP compared to last year. The increase was primarily due to a 13.8% growth in the specialty long tail segment and an increase of 18.8% in the specialty short tail segment. The Reinsurance segment also recorded an increase of 24.3% from last year. The increase in GWP was the result of new business generated across virtually all lines, as well as improved renewal pricing supported by positive market conditions and the Company's concerted efforts to refine the existing portfolio in both the speciality long-tail and the speciality short-tail segments. The Company broadened its footprint during the year by underwriting a contingency line of business, which produced US$3.5m of premiums in 2021, and through the acquisition of our Malta subsidiary providing the Company with the capability to continue to underwrite business throughout the European Economic Area ("EEA").

- The Net Earned Premiums increased by 21.8% from US$283.5m in 2020 to US$345.2m in 2021 primarily due to an increase in retained premiums.
- Net Acquisition Costs as a proportion of Net Earned Premiums were 26.6% for 2021 year end versus 27.5% in 2020.
- On a Year on Year ('YoY') basis, the ratio of 'Net Incurred Claims' to 'Net Earned Premiums' was 51.0% vis-à-vis 53.5% of previous year. This was primarily driven by the increase in favourable development on net loss reserves from prior accident years, primarily in the Long-tail Segment and to a lesser extent in the Short-tail and Reinsurance segments.
- The Company posted a net underwriting profit of US$77.2m against US$53.9m in 2020. An increase of 43.1% in net underwriting profit is a result of a 21.8% positive variance in Net Earned Premiums

A.7. Investment Performance

Investment Portfolio Composition

The Company maintains a highly liquid portfolio comprised primarily of cash and fixed income securities, which represented close to 89.9% of invested assets as at 31st December 2021.

A summary of the investment portfolio by asset class as at 31st December 2021 is given below:

Investment Portfolio by Asset Class

US$'000	IGI Bermuda Consolidated Carrying Values	Composition %	IGI Group Carrying Values	Composition %
Term Deposits	179,966	26.7	179,966	26.8
Fixed Income Securities	420,916	62.6	420,916	62.6
Equity Securities	48,874	7.3	49,306	7.3
Real Estate	22,796	3.4	22,001	3.3
Total	**672,552**	**100**	**672,189**	**100**

The investment strategy of IGI Group is comprised of high-level objectives and guidelines, which govern assets allocation amongst other things. In support of these guidelines, the investment strategy prescribes investment allocation targets by asset class.

The actual asset allocation mix has broadly adhered to these targets throughout the year in 2021. The Company does not however actively change its investments mix in response to short-term factors such as increased volatility or changes in market sentiment. During the year 2021, the Company maintained a sizeable portfolio of high quality and diversified fixed income securities, term deposits and to a lesser extent a modest allocation to equities, alternative funds and real estate holdings.

The Company uses a panel of high-quality third-party investment advisors to implement the investment strategy. The Company's Investment Function 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

The following table shows the Return on Investment ('ROI') by asset class achieved by for Company 2021 year end against 2020 year end:

Investment by Asset Class	31 December 2021			31 December 2020		
	Asset Allocation%	Return %	Return	Asset Allocation%	Return %	Return
Term Deposits	26.7	1.9	3,875	26.8	2.5	4,408
Fixed Income Securities	62.6	2.4	9,562	61.3	2.1	6,092
Equity Securities	7.3	11.5	4,269	4.9	6.4	2,048
Real Estate	3.4	(29.6)	(8,838)	7.0	(12.4)	(4,035)
Total Investment Return	100	1.3	8,868	100	1.6	8,513
Total Investment Assets per IFRS B/S US$'000			**672,552**			**641,894**

The return on investments above represents the investment income recorded in the Profit & Loss account for the year.

The return on investment for 2021 was 1.3% versus 1.6% for 2020. The return on term deposits has decreased in 2021 primarily due to a reduced availability of higher yields on term deposits caused by the negative economic impacts of the COVID-19 pandemic. The drop in interest rates continued throughout 2021, albeit the interest rate environment started to improve globally from the fourth quarter of 2021. Returns on the fixed income securities has showed a 0.3% increase from 2020. The average dividend yield on the equity portfolio was 1.7% for 2021 against 1.6% for 2020. The overall return on equity portfolio has increased from 6.4% in 2020 to 11.5% in 2021, primarily due to a positive unrealised fair value movement recorded in 2021 compared to negative unrealised fair value movement in 2020.

Other material Income & Expenses

The main income and expenses outside of underwriting results are management and other expenses, impairment loss on insurance receivables, investment income and foreign exchange gain and losses as summarised below:

US$'000	2021	2020
Management Expenses	(31,570)	(25,303)
Other Expenses	(849)	(1,520)
Impairment Loss on Insurance Receivables	(5,181)	(2,861)
Total Investment Income	8,868	8,513
Forex (Loss) Gain	(4,902)	2,586
Profit before tax	**43,595**	**35,384**

- An increase in management expenses from last year was primarily due to increased salaries cost from new hires, investments in the Company's technology infrastructure in order to support the Company's growth, as well as some non-recurring legal and professional fees.
- Other expenses decreased by US$0.7m mainly due to increased revenues earned through IGI services in 2021 compared to 2020.
- The impairment loss on insurance receivables increased by US$2.3m, which is mainly due to an increase in gross insurance receivables by US$56.5m.
- The loss on foreign exchange for 2021 was US$4.9m compared to a gain of US$2.5m in 2020. This was primarily driven by the currency revaluation losses recorded in non-U.S. Dollar monetary assets due to the weakening of the Company's major transactional currencies between 31st December 2020 and 31st December 2021. The gain on foreign exchange recorded for the 2020 reflected the strengthening of these underlying currencies against the US Dollar.

Any Other Material Information

COVID-19

As at the 2021 year end, the COVID-19 pandemic remains an ongoing situation. During 2021, the Company's operations continued to be stable with no notable disruptions encountered impacting either business continuity or operational resilience. The Company did not experience any significant impact from COVID-19 particularly in respect of its underwriting portfolio which is not materially exposed to the classes of business which are largely impacted by COVID-19.

During 2021, management continued to monitor the impact that the COVID-19 pandemic has on the Company, the insurance industry and the economies in which the Company operates, and will continue to closely monitor the situation during 2022.

Events after the reporting period – Invasion of Ukraine

On 24th February 2022 the Russian Federation launched a full-scale military invasion into Ukraine. This has already led to significant economic and humanitarian consequences for both countries, and the long-term wider impact continues to be unknown as the situation develops. Areas of uncertainty include the impact on global energy prices, financial markets as well as the possible further escalation of the conflict.

Although our initial view is that the direct exposures are not material to the Group, management consider it is too early to be able to reliably estimate such impact as well as secondary effects. Management continues to monitor the fast developing situation closely and will take all appropriate steps to manage the effect this has on the Group.

B. Governance Structure

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

System of Governance

The IGI Group Board of Directors is supported by its Audit Committee, Nominating/Governance and Compensation Committees. All these committees also provide support to other entities/subsidiaries of the Group.

The following Management Committees support both the Group and the management in its day to day functioning:

- Enterprise Risk Management Committee
- Underwriting Governance Committee
- Delegated Authority Committee (including Product Oversight Group)
- Reinsurance Security Committee
- Reserving Committee
- Disclosure Committee

IGI has adopted a 'Corporate Code of Business Conduct and Ethics policy' which applies to Board of Directors, the officers and other employees of all IGI Group entities and contractors who provide significant services to IGI. The Code ensures that directors, officers and other employees of IGI Group and contractors acts in the best interest of the Company while maintaining full compliance with the laws, rules and regulations of the jurisdictions in which it operates. In addition, IGI has in place a Group Corporate Governance Manual which outlines Board responsibilities and duties.

The Financial Code of Ethics was adopted in 2020 which applies to IGI Group's Chairman, CEO, President, CFO (or other principal financial officer), Chief Accounting Officer and Controller (or persons performing similar functions) and all other financial professionals with financial reporting responsibilities.

In line with the listing of the IGI Group holding company, International General Insurance Holdings Ltd at Nasdaq Capital Market, IGI Insider Trading Policy, IGI Social Media Policy and IGI Public Disclosure Policy have become applicable to the IGI Group where applicable.

Structure

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

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

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

B.1. Board and Senior Executives

The following table shows the Board and Senior Executives of 'the Company' and 'IGI Group' as at 2021 year end:

Board Members:

Name	Board Position (IGI Bermuda)	Board Position (IGI Group)
Wasef Jabsheh	Chairman and CEO	CEO and Chairman
Walid Jabsheh	President and Executive Director	President and Executive Director
Pervez Rizvi	CFO and Executive Director	-
Andreas Loucaides	Non-executive Director	-
Michael T. Gray	-	Non-executive Director
David King	-	Non-executive Director
David Ezekiel	Non-executive Director	-
Andrew J Poole	-	Non-executive Director
Wanda Mwaura	-	Non-executive Director
David D. Anthony	Non-executive Director	Non-executive Director
Paul Gatutha	Non-executive Director	-

Officers:

Name	Board Position (IGI Bermuda)	Officers Position (IGI Group)
Wasef Jabsheh	Executive Director	Chief Executive Officer
Walid Jabsheh	Executive Director	President
Pervez Rizvi	Executive Director	Chief Financial Officer
Hatem Jabsheh	-	Chief Operating Officer
Tim Deardon	-	Senior Vice President, Group Head of Claims
Stav Tsielepis [Note 1]	-	Chief Risk Officer
Stephen Rix	-	Chief Actuary
Rawan Alsulaiman	-	Chief Legal and Compliance Officer
Simon Levy	-	Senior Vice President - Reinsurance
Sufian Al Salman	-	Chief Human Resources Officer

Note 1 - Simon Spurr resigned from the Chief Risk Officer role effective 21.03.2022 with Stav Tsielepis succeeding him on 31.01.2022.

Board and its Committees Role, Responsibilities

The Board of Directors is 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 Board fulfils its duties and obligations through its following Committees:

Audit Committee ('AC')

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

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

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

Compensation Committee

IGI Group's Board of Directors formed a Compensation Committee initially consisting of Walid Jabsheh, David Anthony and Andrew Poole. David Anthony, an Independent Non-executive Director is the Chair of the Committee.

The Group has adopted a Compensation Committee Charter which sets forth the requirements for Committee members and the responsibilities of the Committee.

The purpose of the Compensation Committee is to review, evaluate and approve compensation paid to IGI's officers and directors and to administer IGI's incentive compensation plans, including authority to make and modify awards under such plans. Each year, the Compensation Committee will review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans. The Compensation Committee will make recommendation to the Group Board with respect to the compensation of the Group's Chief Executive Officer and, in consultation with the Chief Executive Officer, other executive officers, as well as directors. The Committee meets at least twice per year and as frequently as circumstances dictate. The Committee reviews the Compensation Committee Charter at least annually.

Nominating/Governance Committee

IGI Group's Board of Directors has a Nominating/Governance Committee with a majority of independent directors. The members of the Nominating/Governance Committee are Walid Jabsheh, Michael Gray and David King. David King (who was also the Chairman of IGIUK Board of Directors until 17th March 2022) is the Chair of the Nominating/Governance Committee. The Nominating/Governance Committee is responsible for overseeing the selection of persons to be nominated to serve on IGI's Board of Directors. It also advises the Board and makes recommendations regarding appropriate corporate governance practices and assists the Board in implementing those practices.

The Group has adopted a Nominating/Governance Committee Charter which sets forth the requirements for the Committee members and the responsibilities of the Committee.

The Committee will meet at the call of its Chair, two or more members of the Committee or the Chair of the Board. The Committee will meet as frequently as circumstances dictate.

Changes During the Period

On 31st January 2022, Stav Tsielepis commenced his role as IGI Group Chief Risk Officer, succeeding Simon Spurr.

Remuneration Policy

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

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

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

- Basic salary plus defined allowances and benefits as per the terms of employment.
- Annual increases based on a specific matrix which takes into consideration markets' inflation, markets' moves, company, and individual performance.
- Discretionary cash bonuses based on specific guidelines (rewarded annually based on a combination of individual and Company performance).
- Contribution to Social security as per local labour laws of land where IGI Offices are domiciled.
- Coverage under Medical and Life insurance as per Group Medical and Life Insurance Scheme.

The senior management team (including senior underwriters) are also granted 'Restricted shares awards' in accordance with IGI Group's share-based employee compensation plan, the 2020 Omnibus Incentive Plan.

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

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

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

None.

B.2. Fitness and Proprietary Requirements

Fit and Proper Process in assessing the Board and Senior Executive

The Company has a policy to ensure that persons appointed to carry out a senior management role or key function are 'fit and proper' to perform the role. This includes demonstrating prior to appointment and on an ongoing basis that the individual:

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

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

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

Board and Senior Executives Professional Qualifications, Skills and Expertise

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

The Nominating/Governance and Compensation Committee reviews the qualifications of potential Director candidates and makes recommendations to the Board.

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

Biographies of IGI Group Board of Directors are set out below as at 2021 year end:

Wasef S. Jabsheh
Chief Executive Officer and Chairman
Wasef Jabsheh serves as Chairman of the Board of Directors and Chief Executive Officer, positions he has held since the consummation of the Business Combination on 17th March 2020. Wasef founded IGI in 2001 and served as the Chief Executive Officer and Vice Chairman of IGI Dubai from 2011 until the Closing. Wasef has specialized in marine and energy insurance for more than 51 years in various prominent roles with the Kuwait Insurance Co and with ADNIC (the Abu Dhabi National Insurance Company) from the mid-1970s to the late 1980s. In 1989, Mr. Jabsheh established Middle East Insurance Brokers and two years later founded International Marine and General Insurance Co. He also served as a member of the Board of Directors of HCC Insurance Holdings Inc. from 1994 until 1997.
Walid Jabsheh
President and Director
Walid Jabsheh serves as President and Executive Director, positions he has held since the consummation of the Business Combination on 17th March 2020. Walid joined IGI in 2002 and, prior to his current role at the Company, served as the President of IGI Dubai where he played a pivotal role in the growth and development of IGI Dubai. Walid Jabsheh began his career at Manulife Reinsurance in Toronto, Canada and later joined

LDG Reinsurance Corporation, a subsidiary of Houston Casualty Co, in 1998 where he served as Senior Underwriter managing a US$30m book of treaty and facultative business.

David King

Non-executive Director

David has served as a Director since March 17, 2020 in connection with the consummation of the business combination with Tiberius Acquisition Corporation. Mr. King served as a Non-executive Director on the board of our wholly-owned subsidiary, International General Insurance Holdings Limited, a company organised under the laws of the Dubai International Financial Center ("IGI Dubai") from November 2012 through 2020. He also serves as Non-executive Chairman of International General Insurance Company (UK) Ltd., our wholly-owned subsidiary, where he is also a member of the Audit Committee. He also serves as Non-executive Chairman of Forex Capital Markets Limited, where he has been a Non-executive Director since August 2014 and is a member of its Audit Committee and Chairman of the Nominating/Governance committee. From 2010 to 2012, Mr. King was executive Director of Middle East business development at China Construction Bank International. Prior to that, he was the Director of finance and administration of the London Metal Exchange between 1987 and 1989, Chief Executive officer of The London Metal Exchange from 1989 to 2001, Managing Director and acting Chief Executive of the Dubai Financial Services Authority from 2003 to 2005 and Managing Director of global banking in the MENA division of HSBC Bank Middle East Limited from 2005 to 2008. Mr. King is a Fellow in the Association of Chartered Certified Accountants and holds a Master of Business Administration from Cranfield University.

David D. Anthony

Non-executive Director

David has served as a Director since March 17, 2020 in connection with the consummation of the business combination with Tiberius Acquisition Corporation. Mr. Anthony served as a Non-executive Director on the board of IGI Dubai from July 2018 through March 2020. Since June 2018, Mr. Anthony has been an independent insurance consultant working through his company, DA Research and Analysis (DARAA) Ltd. From March 1994 to June 2018, Mr. Anthony was a Director and Senior Analyst with S&P Global Ratings (formerly Standard & Poor's), where he was an active lead rating analyst and a Chair of its Insurance Rating Committee. Before joining S&P Global Ratings, Mr. Anthony was Senior Relationship Manager and Vice President, European Insurance Banking Group, at Citi Bank N.A. London from June 1987 to April 1992, and Senior Analyst at Moody's Investors Service, New York from April 1992 to March 1994. Mr. Anthony has more than 30 years of experience in the insurance and reinsurance industry, which has included senior, insurance-related positions at ratings agencies and with international banks. Throughout his career he has worked extensively in Europe, the Middle East, North Africa and the United States and holds a Master of Science degree in Economic History from the University of London.

Michael T. Gray

Non-executive Director

Michael has served as a Director since the consummation of the Business Combination on 17th March 2020. Mr. Gray serves on the Board of Delwinds Insurance Acquisition Corp., a newly formed Company formed for the purpose of effecting a business combination. Mr. Gray has over 30 years of leadership experience in the insurance industry. He served as the Executive Chairman and Chief Executive Officer of Tiberius from its inception until the closing of the Business Combination. He is the principal executive and President of The Gray Insurance Company, a middle-market property and casualty insurance Company with an A.M. Best credit rating of 'A-'. Mr. Gray became President of The Gray Insurance Company in 1996. In addition to his role at The Gray Insurance Company, Mr. Gray has served as Chairman of the Board of The Gray Casualty and Surety Company since 2006, Chairman of the Board of the Louisiana Insurance Guaranty Association since 2008 (Director since 1995), Director of the American Insurance Association since 2011, Director of the Property Casualty Insurers Association of America since 2010, Director of the Tulane University Family Business Center Advisory Council since 2008, Chairman of the Board of The Gray Surplus Lines Insurance Company since 2020 and, from 1999 to 2003, served on the Board of Directors of Argo Group International Holdings (NASDAQ: AGII), a global property and casualty, specialty insurance, and reinsurance products provider. Mr. Gray was the Chairman of the Board of Family Security, a personal lines/homeowners insurance company, in which The Gray Insurance Company held an ownership interest from 2013 to 2015. This culminated in the sale of the company, which Mr. Gray led, to United Insurance Holding Corporation (NASDAQ: UIHC). The parent of The Gray Insurance Company, Gray and Company, has acquired or developed several businesses under Mr. Gray's guidance, including title insurance, oil production and exploration facilities, technology development and real estate. Mr. Gray holds a B.A. from Southern Methodist University and an MBA from Tulane University. Mr. Gray graduated from the Harvard Business School "Presidents Program in Leadership" in 2020.

Wanda Mwaura

Non-executive Director

Wanda has served as a Director since March 17, 2020 in connection with the consummation of the business combination with Tiberius Acquisition Corporation. Ms. Mwaura has more than 25 years of financial services, with extensive (re)insurance, accounting and advisory experience. She began her career in the insurance industry at Ernst & Young Ltd ('EY') in 1996, specializing in financial services and reinsurance. Ms. Mwaura was at EY from 1996 through 2013, including serving as a Partner from 2005 to 2013. She later served as the Head of External Reporting and Accounting Policy at PartnerRe, a leading global reinsurer, from October 2013 to February 2017, and as External Reporting Director and Chief Accounting Officer at PartnerRe from February 2017 to July 2019 and, since August 2019, has been the sole proprietor of Consult.bm, a Director and consulting services provider to various entities in Bermuda. Ms. Mwaura holds a BComm (CO-OP) degree from Dalhousie University and is a Chartered Professional Accountant (CPA) and a member of CPA Bermuda.

Andrew J. Poole

Non-executive Director

Andrew has served as a Director since March 17, 2020 in connection with the consummation of the business combination with Tiberius Acquisition Corporation. Mr. Poole serves as Chairman of the Board of Directors and Chief Executive Officer of Delwinds Insurance Acquisition Corp., a blank check company which went public in December 2020 with $201.250 million held in trust. Mr. Poole has over 17 years of diversified investment experience. Mr. Poole was the Chief Investment Officer of Tiberius, a blank check company which went public in March 2018 and which consummated its initial business combination with IGI. Concurrently, since 2015, Mr. Poole has been and remains an investment consultant at The Gray Insurance Company. Mr. Poole's most recent role prior to joining Tiberius and The Gray Insurance Company was as Partner and Portfolio Manager at Scoria Capital Partners, LP, a long/short equity hedge fund, where he managed a portion of the firm's capital including insurance sector investments from 2013 to 2015. Prior to Scoria, Mr. Poole held various positions at Diamondback Capital Management from 2005 to 2012 (including Portfolio Manager from 2011 onwards) and SAC Capital from 2004 to 2005, both of which are multi-strategy multi-manager cross capital structure long/short hedge funds. Earlier, Mr. Poole started his career at Swiss Re (SIX: SREN) working in facultative property placements in 2003 and was on the Board of Family Security, a personal lines insurance company, from 2013 to 2015 prior to the sale of the company to United Insurance Holdings Corporation (Nasdaq: UIHC). Mr. Poole is a graduate of The George Washington University.

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

Wasef S. Jabsheh
Chairman and CEO
Biography as above
Walid Jabsheh
President and Executive Director
Biography as above
Pervez Rizvi
Chief Financial Officer and Executive Director
Pervez has served as the Group Chief Financial Officer since the consummation of the business combination on 17th March 2020. Pervez has been IGI's Group Financial Officer since 2015. He has over 35 years of experience out of which 32 years are in the insurance and banking sectors. He obtained a Bachelor of Commerce in Accounts and Management followed by a CA (India) and a CPA (USA). Pervez is a member of the Institute of Chartered Accountants of India. Pervez began his insurance career with the Life Insurance Corporation of India in 1989 and later joined Oman National Insurance Company in Oman. He worked with HSBC Bank in the UAE and Malaysia and Zurich Financial Services at DIFC, Dubai in several senior management roles. His last assignment prior to joining IGI was with an insurance company in Abu Dhabi as Chief Financial Officer.
Andreas Loucaides
Non-executive Director
Andreas has served as the Chief Executive Officer of IGIUK since 2015. He began his career in the insurance industry in 1971, joining syndicate 702 at Lloyd's which was sold to Markel in 2000. He later founded a start-up insurance Company, PRI Group Plc (an FSA licensed A- rated AIM listed Company with a market cap of £120m) in 2002 as Chief Executive Officer. Following the profitable sale of PRI Group plc to Brit Holdings, Mr. Loucaides joined Catlin UK in 2004 as the Chief Executive Officer. In 2008, he joined Jubilee Group at Lloyd's as the CEO, overseeing the sale to Ryan Specialty Group in 2011. In 2012, Mr. Loucaides joined Lloyd's Syndicate 2526, assisting with its sale to AmTrust and supporting AmTrust in its purchase of Sagicor at Lloyd's.
Paul Gatutha
Non-executive Director
Paul, Non-Executive Director. Paul is a Senior Vice President of Marsh based in Bermuda and is responsible for providing management services to Insurance Company clients. Paul obtained a Bachelor of Commerce degree from the University of Nairobi in 1993 and qualified as a Chartered Accountant with EY (London) in 1998. In 2004, he qualified as a Chartered Financial Analyst and is also a Chartered Property and Casualty Underwriter.
David Ezekiel
Non-executive Director
David was educated at Sherwood College, Nainital, India and undertook his articles of clerkship in London. He was admitted as a Member of the Institute of Chartered Accountants in England and Wales in 1971 and was admitted to Fellowship in 1978. In 1972/73 he attended the Graduate Business Centre of the City University, London and received his Master of Science degree in Business Administration majoring in Investment Analysis. Before establishing International Advisory Services Ltd ('IAS') in April 1981, David was a Partner with one of the leading accounting practices in Bermuda - Moore, Stephens and Butterfield (the Bermuda arm of KPMG

Pear Marwick). While at KPMG he was responsible, along with one other Partner, for the firm's rapidly expanding insurance auditing department and was responsible for much of the staff training in this area.

IAS grew to be the largest independent Management Company in the Bermuda insurance sector and in September of 2009 IAS was acquired by Marsh McLennan at which time IAS has some 160 clients and 95 staff. David assumed the position of Chairman and Managing Director of the combined entity, Marsh IAS until his retirement from Marsh at the end of 2015.

David has also served as Chairman of ABIC (Association of Bermuda International Companies) for a period of 13 years and has played a key role in the International Business sector in Bermuda over that period. In 2005 David was named as 'Insurance Person of the Year' by the Bermuda Insurance Institute (BII) and 5 years later was presented with the BII's 'Lifetime Achievement Award'.

David D. Anthony

Non-executive Director

Biography as above

Hatem Jabsheh

Chief Operating Officer

Hatem has served as our Chief Operating Officer since the consummation of the Business Combination on 17th March 2020. Hatem has been IGI's Group Chief Operating Officer since 2017, and IGI's Chief Investment Officer since 2010. Hatem began his career in 2001 with Spear, Leads, and Kellogg, a subsidiary of Goldman Sachs. He worked in several pits at the CBOE (Chicago Board Options Exchange) and CME (Chicago Mercantile Exchange) as a primary market maker. He then moved to Amman, Jordan in 2004 to set up Indemaj Financial, an asset management and brokerage Company, which he successfully sold in 2009. In 2006, Hatem set up Indemaj Technology, an open-source web development Company, which was also later sold in 2012. His 18-year professional career spans executive roles in the asset management sector and reinsurance, all underscored by an aim to promote innovation and transformation. He is actively involved in the Tech community, promoting disruption within the reinsurance industry. Hatem currently serves on the Boards of the Swiss Jordanian Business Club and the United Cable Industries Company. Hatem is a graduate of Marquette University with a dual major in International Business and Finance and a minor in History.

Tim Deardon

Senior Vice President, Group Head of Claims

Tim has over 37 years of experience in international insurance markets and claims management. He previously served as head international claims consultant for the energy business of Marsh Ltd and was also the international Head of Claims for its political risk business. Prior to that, Tim worked as a marine and energy claims manager at a major Lloyd's syndicate.

He has first-hand knowledge of the requirements of IGI's customers and business partners and has built up a network of professional service providers that understand the high servicing standards required by IGI's claims team and who support the strategy of IGI's pro-active and transparent approach to claims management.

Stav Tsielepis

Chief Risk Officer

Stav has 18 years' industry experience and joined IGI on 31st January 2022 from Arch Capital Group's London-based subsidiary Arch Insurance International, where he was Chief Risk Officer with responsibility for key projects such as implementing Brexit plans and working closely with regulators, including the Central Bank of Ireland. During his tenure, he was a Board member of Arch Underwriting at Lloyd's Australia. Prior to his time at Arch, Mr. Tsielepis was an Actuarial Consultant for Towers Watson Ltd.

Stephen Rix

Chief Actuary

A commercial, technical, and experienced Actuary, Stephen has held a broad range of executive roles including Chief Actuary (22 years), Underwriter (Structured Finite Insurance and Reinsurance) and Head of Analytics at a variety of Lloyd's and London Market Insurers.

Stephen has an extensive, hands-on experience of a wide range of commercial insurance and reinsurance lines of business and utilises IT and state of the art data management to develop pricing, reporting, analytical and business planning solutions.

Stephen qualitied as a Fellow of the Institute and Faculty of Actuaries in 1989 and is also a Fellow of the Society of Actuaries in Ireland. Stephen obtained a Bachelor of Science in Mathematics at the University of Manchester.

Rawan Alsulaiman

Chief Legal and Compliance Officer

Rawan has over 17 years of experience in the insurance industry, she joined IGI in December 2007 as head of its Legal Department and was promoted in 2014 to Chief Legal Officer, and in 2018 to Chief Legal and Compliance Officer. She also holds the position of Company Secretary of the Board of Directors.

Rawan started her career in 2005 with Abu Ghazaleh Intellectual Property (AGIP) where she established the Special Customers Department to handle key customers and oversaw their intellectual property rights, anti-counterfeiting, infringement and IP enforcement actions across the MENA region.

Rawan obtained her Master's degree in International and Comparative Public Law from the University of Exeter.

Simon Levy

Senior Vice President – Reinsurance

Simon has over 35 years of experience in the (re) insurance industry, he worked within the reinsurance industry since 1985 with DG Durham and subsequently for EW Payne (London). In 1996, Simon left the UK and worked for Alliance Re (latterly Flagstone Re) as an Underwriter concentrating on a WWX USA/Canada Proportional and Non-Proportional inwards treaty portfolio.

Simon joined IGI in 2010 and is responsible for underwriting and managing the inwards treaty reinsurance portfolio of IGI, whilst also being a main member of the management team responsible for all group outwards purchases.

Sufian Al Salman

Chief Human Resources Officer

Sufian has more than 28 years of solid HR experience in Multinational Corporations, managing both single and portfolios of countries with diverse cultures and business. Recently, he was as the CHRO for American Food and worked as CHRO for Royal Jordanian. Prior to that Sufian had spent over 16 years in PepsiCo in different HR leadership roles across Asia, Middle East and Africa regions.

Sufian holds M. SC. Degree in Political Science from the University of Jordan and B. SC. Degree in Political Science and Economics from University of Jordan. He also completed advanced HR Executives Education Programs from Michigan Business School and Henley Business School/ University of Reading.

B.3. Risk Management and Solvency Self-Assessment

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

IGI Group 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 oversight is the responsibility of the relevant Board of Directors with delegation of risk-related decisions as appropriate to the IGI Group Audit Committee.

The Chief Risk Officer reports directly to the committee. The governance structure includes well-defined lines of accountability for individuals, committees and boards and is laid out in the IGI Group's Risk 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 the good practice espoused by its regulators.

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
- 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 Commercial Insurer's Solvency Self-Assessment ('CISSA'), IGIE and IGIUK Own Risk and Solvency Assessments ('ORSA'), the Financial Condition Report ('FCR'), the Solvency and Financial Condition Report ('SFCR') and Regular Supervisory Report ('RSR'), to the respective regulatory authority.

Risk Identification

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

Risk Assessment

A qualitative assessment for all the operational risks (failure of people, processes, systems etc.) not explicitly covered by the regulatory capital requirements is carried out as part of the assessment of controls in place to ensure that they remain effective and the level of risk remains within the appetite of IGI Group. 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 control's environment in place.

The assessments of controls are performed through discussions with Control Owners and challenged by the Risk Management Function. Controls are rated as Fully Effective, Partially Effective or Not in Effect, based on supporting narrative provided by Control Owners and recorded.

In respect of prioritising operational risks, Risk Management aims to understand where control environment deficiencies lie within each Risk and Core Process and works with the respective owners to rectify these by recommending and monitoring courses of action for relevant departments.

Controls, and therefore control assessments, are grouped by their relevant 'Department' in order to mirror and compare with Internal Audit assessments which are also recorded.

Each department's relevant risks, core processes and controls are scheduled to be reviewed by Control Owners in detail on at least an annual basis. The Risk Function challenges the Control Owners' assessments with the benefit of full access to findings from prior Audits, Actions and Risk Events.

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

Risk and Control Monitoring

The monitoring of risks is an integral part of the Company's risk management process. Monitoring of all risks across the IGI Group is done on a regular basis. 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 an Audit Committee or ERMC meeting.

Risk Reporting

A summary of newly identified risks (including emerging risks) and the reviews and assessments performed in the period is reported to the quarterly Board meetings. A more detailed, quarterly Operational Risk Management Report is produced to report on the progress and results of individual control assessments and changes from the previous period. The progress of other relevant actions is also reported in the quarterly risk report.

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

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

Risk Management and Solvency Self-Assessment Systems Implementation

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

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

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

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

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

At an aggregate level, the IGI Group targets its economic capital such that it maintains an A- rating from Standard & Poor and A rating from AM Best that support its ability to access attractive business in its core markets. Headroom over and above this level is held in order to maintain financial flexibility to allow for continued investment in business development.

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

Solvency Self-Assessment Approval Process

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

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

The results of the CISSA and BSCR projections and stress test results are used for decision making including risk mitigation. In the event that due to the baseline solvency position, planned changes in business strategy or results of stress testing, the CISSA results anticipate possible non-compliance with capital requirements over the business planning period, an appropriate management action plan shall be presented to Boards of the respective entities for approval including details of proposed near term or potential medium / longer term future management actions.

In respect of the CISSA, whilst the report will be based on the assessment as described above, the report will be updated for full year end numbers and submitted in time with the standard BMA timetable as part of the BSCR.

B.4. Internal Controls

Internal Control System

The system of internal control encompasses:

Control environment which sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. The control environment includes delegated authorities, policies and procedures and the outsourced functions. The Company's 'Code of Business Conduct and Ethics policy' and 'Anti-Bribery and Corruption policy' demonstrates the Company's commitment to integrity and ethical values.

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

Control activities which reflect policies and procedures to help ensure that management directives are conducted, and necessary actions are taken to address risks to achievement of the entity's objectives. The risk register records the ownership of controls. The Risk Management and Internal Audit Functions assess the effectiveness of controls on a regular basis and control effectiveness ratings are assigned and recorded in the risk register. Results of assessments performed within the reporting period are reported to the IGI Group Audit Committee. The IGI Group Audit Committee reviews the adequacy of all Internal Control functions at least annually.

Information and Communication whereby internal and external information is produced and shared across the Company to facilitate the effective operation of the control activities. Effective communication enables all employees and outsourced functions to receive clear and consistent information to assist them in understanding their role within the internal control system. The Company has developed adequate processes to obtain appropriate information and provide management with the necessary reports on the control activities and Company's performance relative to established objectives. Furthermore, an IGI Group 'Employee Concerns and Complaints Procedures for Accounting, Accounting Controls and Auditing Matters' is in place to allow employees to communicate or report any suspected improprieties and/or concerns in relation to fraud, deficiencies in or noncompliance with the Company's internal accounting controls or auditing matters.

Monitoring whereby the internal control system and control effectiveness is monitored on a regular basis. Any failure, or observed weakness identified by employees and/or outsourced functions as part of its ongoing activity shall be reported to the Board as soon as is practicable.

The Compliance Function

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

The Function ensures that the business of the Company complies with regulatory compliance requirements with a key role in the management of risks relating to financial crime (including Money Laundering, Sanctions and Anti Bribery and Corruption). The responsibility for the identification, assessment and measurement of regulatory risks rests with Compliance. Compliance is involved in identifying and assessing regulatory risks in day-to-day business activities both directly and through providing assistance, support, and challenge to line management.

B.5. Internal Audit

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

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

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

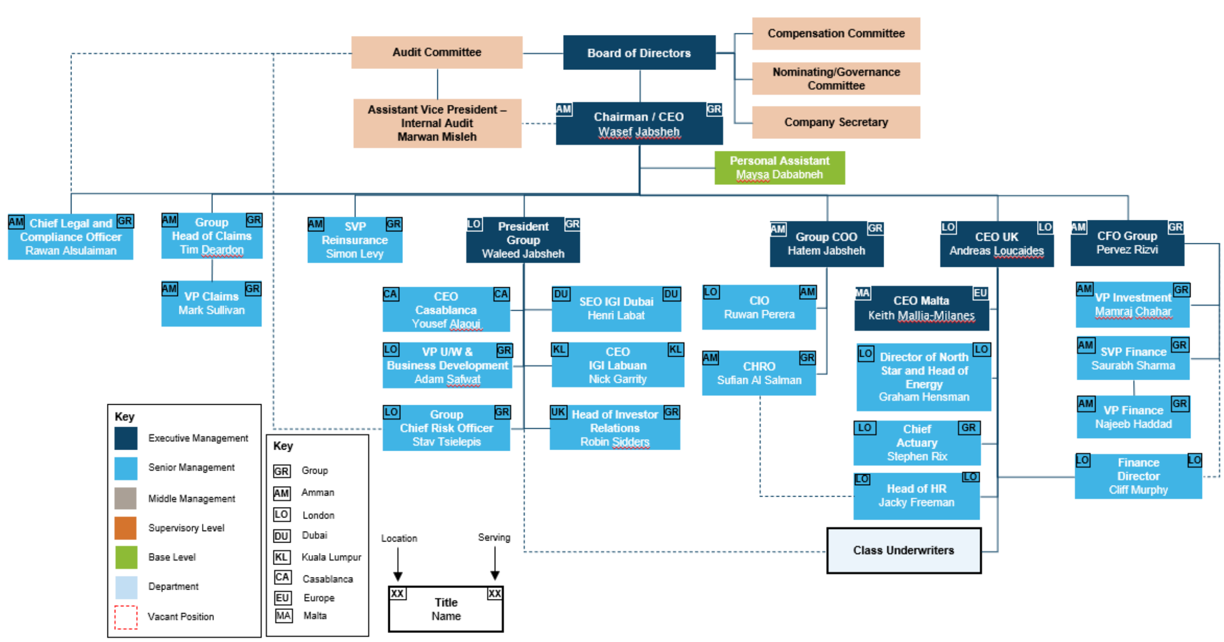
B.6. Actuarial Function

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

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

B.7. Organization Structure

The following diagram outlines the IGI reporting structure by function:



On 31st January 2022, Stav Tsielepis commenced his role as IGI Group Chief Risk Officer, succeeding Simon Spurr.

B.8. Outsourcing

Outsourcing Policy and Key Functions that have been outsourced

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

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

- Marsh Management Services (Bermuda) Ltd. acts as an Insurance Manager for the Company for the purposes of the Insurance Act, 1978 and the amendments and regulations made thereunder
- Etiqa Offshore Insurance Ltd acts as a resident principal agent of the Company in Labuan
- Moorepay and Marsh IAS for payroll management in respect of UK and Bermuda respectively
- IMPENDULO for insurance premium tax computation and submission of returns in respective jurisdictions
- TDM for UK and Dubai based IT hardware, software support and back up
- AIR Worldwide for Catastrophe Modelling
- Willis Towers Watson acts as a resident service provider for IGIE

In November 2020, IGI partnered with Alchemy Technology Services which specialise in insurance software development and system integrations. Aligned with this partnership, a Senior Director of Alchemy was performing the role of Chief Technology / Information Officer, reporting into IGI's Group Chief Operating Officer who retained overall responsibility for the function, until he was employed by the Group in this position effective 1st January 2022.

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

Material Intra-Group Outsourcing

The Company operates a hub approach to service provision with a number of functions and services outsourced to IGI Underwriting Co. Ltd (Jordan) administrative functions such as underwriting administration, claims administration, servicing insurance and reinsurance contracts, Internal Audit Function and procedures, IT services, Compliance, Risk, Actuarial, Investment Management, Company Secretarial, Exposure Management, Legal and some low level Finance Administration function under the terms of a signed Service Level Agreement.

B.9. Other Material Information

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

C. Risk Profile

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

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

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

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

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

C.1. Material Risks the Insurer is exposed to in the Period

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

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

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

Material investment risk exposures are to counterparty default in respect of term deposits and interest rate volatility / counterparty risk in respect of fixed income securities and are monitored through regular investment portfolio reporting including quarterly review by the Investment and Risk Committees. The Company has relatively modest exposures to Equities (5%) and Real Estate Investments (2%) across a diverse portfolio and de-minimis exposure to alternative assets (<1%).

C.2. Risk Mitigation in the Organization

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

Underwriting Risk

The primary tools for managing Underwriting risk include:

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

In addition, 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 afford protection to all IGI Group insurance risk taking entities. It encompasses:

- 'Excess of Loss' treaty arrangements to contain peak or catastrophe losses to an acceptable level
- 'Quota Share' or '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 protect the treaty reinsurance

The effectiveness of these arrangements is monitored on a current and retrospective basis through the reserving process whereby their impact on mitigating the gross risk and potential default risk is explicitly considered.

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

The 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 Group Audit Committee 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.

Liquidity Risk

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

Market

The Company has a relatively low appetite for Market risk as demonstrated in the table above – as its primary focus for value creation is underwriting rather than investment activity.

The primary tools for managing Market risk include:

- Maintaining compliance with the Prudent Person Principle;
- Clear investment guidelines with limited exposure to non-traditional investment classes and requirements as to minimum investment counterparty quality;
- 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.

Credit Risk

The primary tools for managing Credit risk include:

- Minimum credit quality criteria in respect of outwards reinsurance counterparties coupled with concentration limits to contain exposures:
    - Reinsurers to be either 'A-' rated or better by AM Best or 'BBB+' or better by S&P for short tail classes, or, 'A' rated or better by AM Best or 'A-' or better from S&P for long tail classes. Outwards reinsurance counterparties with a credit rating lower than that stated above shall only be accepted subject to Reinsurance Security Committee review and subsequent Group CEO approval.
    - No individual reinsurer to accept more than 25% of any reinsurance programme at time of placement. Reinsurance Security Committee review and subsequent Group CEO approval is required should this limit be exceeded.
- Applying effective credit control procedures in respect of broker and reinsurer receivables, including producing and monitoring aged debt reports on a regular basis.

Operational Risk

- Established procedural controls including workflow management;
- Monitoring compliance with all applicable laws and regulations, established policies, procedures and processes;
- Business continuity and Disaster recovery plans;
- Maintaining an appropriate Information and Communications Technology (ICT) and IT Security framework to ensure that adequate hardware and software is in place to support business needs and market expectations and mitigate IT disruptions;

- Periodic reviews of third-party service providers; and
- Maintaining effective human resource management and development practices.

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

C.3. Material Risk Concentrations

On the assets side, the Group has a number of exposures in excess of US$ 10m to investment counter-parties, mainly comprises current account / term deposits with individual banks. A full schedule of exposures is reported quarterly in the Company's returns to the BMA.

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

As an enhancement to the monitoring of the Underwriting portfolio, IGI monitors Aggregate Exceedance Probability (‘AEP’) All Natural Perils (‘ANP’) metrics by country at 1 in 100 year return period (the most material exposure being Mexico at US$33.5m which represents 8% of Shareholder Equity) and at a 1 in 250 year return period for worldwide regions. This allows IGI to also account for the frequency of losses as this is considered to be a key driver of risk, particularly given the frequency of losses experienced during 2017.

In addition, IGI monitors the Worldwide ANP 1 in 250 year return period OEP metric, being the single occurrence target IGI aims to cover by the XOL Reinsurance Treaty programme.

C.4. Investment in Assets in Accordance With the Prudent Person Principles

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

In addition to adhering to a prudent series of investment portfolio limits designed to contain risk through a combination of diversification and quality of assets, the Company ensures that adequate liquidity is maintained at all times sufficient to cover projected pay-outs of existing reserves plus potential stress losses - cash and (quoted and highly liquid) fixed income securities comprising >95% of invested assets at 31st December 2021.

C.5. Stress Testing and Sensitivity Analysis to Assess Material Risks

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

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

In the Company's 2021 year end return to the BMA, the BMA defined “Worst Case Annual Aggregate Loss Scenario” represented an aggregate potential loss of US$97.9m (26% of Statutory Economic Capital and Surplus of US$377.5m) and remains comfortably within the level of headroom held over the Company's regulatory capital requirements.

The “Worst Case Annual Aggregate Loss Scenario” is comprised as the total of the “Combined Financial Market Stress Scenario” and the “Worst Case Annual Aggregate Catastrophe Loss Scenario” defined by the BMA guidance.

The “Combined Financial Market Stress Scenario” is in itself a combination of following 4 individual stresses – the total impact being calculated on the basis that it assumes independence between the events i.e. diversified on a square root of the sum of squares approach as prescribed in the BMA guidance.

The impact of this combined scenario is US$34.1m

- 40% peak to trough decline in equities consistent with the Black Monday event of 1987. The stress is considered to occur and be realised instantaneously i.e. allows no credit for markets’ tendency to revert towards the mean over time
- An equivalent stress loss applied to the alternative investments and real estate portfolios
- A significant widening of credit spreads impacting the bond portfolio being parameterised by the BMA to a level that is representative of a 1/100 return period shock
- An upward movement in the U.S yield curve on the value of the assets and liabilities

The “Worst Case Annual Aggregate Catastrophe Loss Scenario” assumes the simultaneous occurrence of the 3 most significant events from the BMA defined event catalogue which in respect of this return Hurricane Martin, UAE Earthquake 1 and Japanese Earthquake totalling US$63.8m.

D. Solvency Valuation

D.1. Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

Under the Economic Balance Sheet ('EBS') framework, the consolidated Statutory Financial Statements ('SFS') form the starting point for the preparation of the EBS.

Below is a reconciliation of amounts reported in total assets and liabilities under the Statutory Financial Statements against the IFRS financial statements:

Adjustments / Reclassifications *US$'000*	**Assets**	**Liabilities**	**Net Assets**
IFRS Financial Statements	**1,505,597**	**1,097,501**	**408,096**
Adjustments:			
Prepaid Expenses	(1,837)	-	(1,837)
Intangible Assets	(4,321)	-	(4,321)
Reclassifications:			
Reinsurance Assets & Deferred Excess of Loss Cost	(263,611)	(263,611)	-
Unearned Commissions	(13,726)	(13,726)	-
Off balance sheet items - Contingent liabilities other than insurance related own contracts	-	352	(352)
SFS	**1,222,102**	**820,516**	**401,586**

The table below shows the amounts of total assets and liabilities reported under the Economic Balance Sheet against the Statutory Financial Statements:

Adjustments / Reclassifications *US$'000*	**Assets**	**Liabilities**	**Net Assets**
SFS	1,222,102	820,516	401,586
Adjustments:			
EBS – Net General Business Technical Provisions	-	482,417	(482,417)
Risk Margin	-	35,772	(35,772)
SFS – Net General Business Technical Provisions		(641,014)	641,014
Not Due Insurance Payables	-	(42,203)	42,203
Unquoted Investments	(15)	-	(15)
Deferred Acquisition Cost "DAC"	(69,656)	-	(69,656)
Not Due Insurance Receivables	(118,535)	-	(118,535)
Property, premises & equipment	(945)	-	(945)
EBS	**1,032,951**	**655,488**	**377,463**

The valuation principles applied to each material asset class under the EBS framework are explained below:

Cash and Cash Equivalents

Recorded at fair value based on the balances confirmed by the relevant banks and financial institution at the end of the year. Furthermore, the Non-USD cash balances are translated into equivalent US$ using the year end exchange rate available from Bloomberg terminal.

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

Quoted Investments

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

Unquoted Investments

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

Investment in Affiliates

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

Investment in Property and Real Estate Occupied by the Company

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

Deferred Acquisition Cost

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

Deferred Tax Assets

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

Accounts and Premium Receivable

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

Property, Plant and Equipment

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

Other Assets

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

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

D.2. Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

Claims Provision

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

- Reserve estimates for the IFRS accounts based on GAAP reporting 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 Expense ('ULAE') 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 Valuation principles outlined by BMA's 'Guidance Note for Statutory Reporting Regime.'

EBS 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.

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.

Premium Provision

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

The approach is to estimate likely future claims and remove future premium to be received.

Likely future claims are estimated according to IFRS Unearned Premium Reserves multiplied by appropriate loss ratios which vary by line of business and are consistent with the loss ratios adopted in the Claims Provision calculations. Future premiums are estimated according to the actual payment terms of the policies. Both components are calculated gross and net of reinsurance, with assumptions where appropriate that future reinsurance terms will be consistent with projections within the Company's business plan and future management actions. The future reinsurance recoveries, allowed for in the net loss ratios, take account of the type of reinsurance applicable and for non-proportional coverage, 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 ('LoD') basis.

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

As with the Claims Provision calculation above, allowance is made for discounting, ENIDs, and RI Default. The calculation methods are the same but the results are different to allow for different claim 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*** 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.

As at 31st December 2021 the total EBS Technical Provisions including the above mentioned risk margin amounted to US$518,188k which is comprised of:

US$'000	
Best Estimate Loss and Loss Expense Provision	**398,992**
Best Estimate Premium Provision	83,424
Risk Margin	35,772
Total	**518,188**

Uncertainties

The key areas of uncertainty in the Technical Provisions are:

Outstanding Case Reserves

As a specialty insurer IGI is exposed to large individual claims which 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

Estimation 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.

COVID-19

Potentially COVID-19 may impact reserves in a number of ways:

Change in rate of reporting and settlement. The rates of claims reporting and settlement are a key assumption underlying the standard actuarial methodologies used in reserving, if the pandemic were to affect the claims process then this would need to be factored into the assumptions underlying the projections.

Whilst the Company is aware of some delays in claims adjusters being able to access a small number of sites in the early months of the pandemic, the insurance world appears to have adapted quickly and work arounds established. The service from the Company's in-house claims team continued seamlessly as a large number of employees worked from home.

We are aware of increasing delays in court proceedings, but as most claims are settled without recourse to the courts we do not expect this effect to be material.

Claims arising from the pandemic. The Company has no direct exposure to the lines of business most affected, such as Life, Contingency or SME Property.

The number of circumstances notified each month is now very small. Whilst we will continue to monitor the nature of these, at present we do not anticipate the need to make any specific provision over and above that implicit in our standard reserving approach.

Uncertainty. Whilst we believe the Company has little exposure to pandemic related claims the scale and protracted nature of the crisis, the exceptional actions by governments to support their respective workers and industries and the legal challenges to the interpretation of coverage provided mean that there may be more uncertainty related to some of its earned and unearned exposure, especially in terms of inflation and other secondary impacts of the various global lockdowns.

Future Experience. The economic impact of the pandemic, particularly on western economies, is such that we should expect an increase in the loss frequency and/or severity on the Professional and Financial Lines at some time in the future.

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

- Governments cutting back and or cease supporting businesses
- Governments cutting back and or cease supporting those unable to work
- Companies rationalising their operations and/or cutting back on their labour force.
- Shortages of product, materials or labour arise when economies pick-up after lockdown
- Market sentiment pushing up the cost of borrowing
- Increases in inflation

At 2021 year end we started to see an increase in inflation but it is not yet evident that the other factors are giving rise to a general rise in the frequency or severity of claims. Allowance for an increased level of inflation has been factored into projected loss ratios on certain longer tailed lines of business.

Russian Invasion of Ukraine

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

The Company does not provide war coverage and has relatively little exposure in the Ukraine. At the time of writing we are not aware of any events that have resulted in loss to coverage provided.

Market environment

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

D.3. Description of Recoverables from Reinsurance Contracts

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

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 Reinsurance Treaty (‘BRT’), a 65% proportional reinsurance facility that IGI Bermuda, the reinsurer, provides to IGIUK) 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 judgementally selected net to gross ratio, based on the ratio of net to gross incurred claims for each line of business, year.

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

Material Differences With IFRS

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

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

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

- Inclusion of provision for ENID
- Different basis for provision for RI Default

D.4. Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

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

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

D.5. Any Other Material Information

There is no other information that requires disclosure.

E. Capital Management

E.1. Eligible capital

Capital Management Policy and Process for Capital Needs

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

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

At 2021 year end, the capitalisation of the Group is in excess of level that would equate to an A/A- rating under both the S&P and AM Best models and consequently provides significant headroom over the levels required by to satisfy its regulatory requirements.

Eligible Capital Categorised by Tiers in Accordance with the Eligible Capital Rules

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

Tier *US$'000*	
Tier 1	371,544
Tier 2	5,919
Tier 3	-
Total	**377,463**

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

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

A summary of the eligible capital categories is shown below:

Tier 1 basic capital

Type **US$'000**	
a. Fully paid common shares	120
b. Fully paid contributed surplus	144,690
c. Statutory economic surplus	232,653
d. Excess encumbered assets transferred to Tier 2	(5,919)
Total Tier 1 basic capital	**371,544**

Tier 2 basic capital

Type *US$'000*	
a. Excess encumbered assets transferred from Tier 1	5,919

Total Eligible Capital

Measure *US$'000*	
Available Statutory Economic Capital & Surplus (a)	377,463
Enhanced Capital Requirement (b) (ECR)	233,380
Minimum Margin of Solvency (MSM)	58,345

As at the reporting date, Company reflects a healthy Transition BSCR/ECR ratio' (a/b) of 162%. Furthermore, the Company enjoys a high buffer in available economic capital over the MSM.

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

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

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

Confirmation of Eligible Capital That is Subject to Transitional Arrangements

None.

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

None.

Identification of Ancillary Capital Instruments Approved by the Authority

None.

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

Total equity as per the IFRS financial statements was US$408,096k as at 31st December 2021.

The economic available statutory capital and surplus calculated under the EBS framework was US$377,463k.

The difference of US$30,633k between the net assets of the Company in the financial statements and the economic balance sheet is due to adjustments made through the valuation process of the assets and liabilities undertaken in accordance with the EBS framework requirements.

The following table analyses the differences between the equity in the IFRS financial statements and the economic available statutory capital and surplus as at 31st December 2021:

Description *US$'000*	
Total Shareholder Equity in IFRS financial statement	408,096
Difference in the valuation of assets as per IFRS financial statements and EBS framework	(195,311)
Difference in the valuation of technical provisions	122,826
Difference in the valuation of other liabilities	41,852
Economic statutory capital as per EBS framework	377,463

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

E.2. Regulatory Capital Requirements

ECR and MSM Requirements at the End of the Reporting Period

Identification of Any Non-Compliance with the MSM and the ECR

There have been no instances of non-compliance of ECR and MSM capital requirement. The Company holds significant headroom over its regulatory capital requirements.

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

None.

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

Not applicable.

E.3. Approved Internal Capital Model

Whilst the Company uses stochastic capital modelling to support its decision making and pricing processes, it uses the BSCR Model for the purpose of calculating its regulatory capital requirements.

F. Declaration

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

Signatory:

Print Name: Wasef Jabsheh

Role: Chief Executive Officer and Executive Director

Date: April 27th, 2022

Signatory:

Print Name: Stav Tsielepis

Role: Chief Risk Officer

Date: April 27th, 2022