Solvency and Financial Condition Report - 2021 Year End

International General Insurance Company (UK) Limited

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Summary

The purpose of the Solvency and Financial Conditions Report ('SFCR') is to provide stakeholders with additional information over and above that contained in the annual financial statements. This SFCR is prepared in accordance with the requirements of the Prudential Regulation Authority ('PRA') Rulebook and in accordance with the Solvency II Directive, which has been adopted in the UK as retained EU law following UK's departure from the EU.

This report relates to International General Insurance Company (UK) Limited ('IGIUK' or 'the Company') for the year ended 31st December 2021.

The SFCR contains qualitative and quantitative information in relation to the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management and has been approved by the IGIUK Board of Directors.

<u>Business and Performance</u>

IGIUK posted an increase in Gross Written Premiums of 11% compared to 2020 whilst Group premiums increased on a comparative basis by 17%. The Group saw higher volumes of premium across all lines of business but particularly in Professional and Financial Liability, and Property, which now includes Contingency, driven by an improving market. IGIUK also saw increases in Professional and Financial Liability and Property, including Contingency, offset by reductions in Energy and Marine and Aviation premiums.

The Reinsurers' Share of Gross Earned Premium increased significantly from 61% in 2020 to 75% in 2021 following the increase in the intragroup cession to IGI Bermuda from 50% to 65% from 1st January 2021.

The increase in the intragroup cession also resulted in the ratio of Net Acquisition Cost to Net Earned Premium for IGIUK reducing from 16% in 2020 to 8% in 2021 on a comparative basis and the ratio of Net Claims to Net Earned Premium reducing from 61% in 2020 to 55% in 2021.

IGIUK maintained a highly liquid asset portfolio comprised primarily of cash and fixed income securities, which represented just over 96% of invested assets at 31st December 2021.

As at 2021 year end, the COVID-19 pandemic remains an ongoing situation. During 2021, the IGI Group's operations continued to be stable with no notable disruptions encountered impacting either business continuity or operational resilience. IGIUK 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.

<u>System of Governance</u>

The Company maintains an efficient and sound organisational structure commensurate with its operational requirements and with a view to governing and managing its business efficiently and effectively. 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.

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

The IGIUK Board of Directors is supported by its Audit, Risk and Compliance Committee ('ARCC').

During 2021, Mr. Charles Manchester, who was an Independent Non-Executive Director, resigned from the Board and the ARCC, effective 8th March 2021. Mr. Pervez Rizvi, who was a Non-Executive Director, also resigned from the Board, effective 8th March 2021.

Risk Profile

IGIUK'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 Own Risk and Solvency Assessment ('ORSA') process. Therefore, the Company's risk management approach focuses on understanding and assessing these risks, enabling an evaluation of possible impacts that in turn guides formulating preparedness and response plans.

Valuation for Solvency Purposes

Section D provides details of the recognition and valuation principles applied, including the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset/liability class as required under the Valuation Part of the PRA Rulebook for Solvency II firms. The section also provides an analysis of how the valuation of assets and liabilities under PRA rules differ from those applied under the International Financial Reporting Standards ('IFRS') valuation rules.

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

Capital Management

The policyholder obligations of IGIUK are fully guaranteed by International General Insurance Co. Ltd. ('IGI Bermuda').

From a regulatory capital perspective, IGI Bermuda (Consolidated) Statutory Economic Capital of US$ 377.6m at 2021 YE provided US$ 143.6m (US$ 160m at 2020 YE) of headroom over the Bermuda Solvency Capital Requirement (a Solvency II equivalent measure) of US$ 234m resulting in a 161% solvency ratio (180% at 2020 YE).

At 2021 year end, IGIUK Own Funds of US$135,234k (2020:US$124,636k) provided a Solvency Capital Requirement ('SCR') ratio of 157% (2020: 151%) of the SCR which amounted to US$86,086k (2020: US$82,384k).

For the 2021 year end, the Company has adjusted the SCR to take into account the Loss Absorbing Capacity of Deferred Taxes ('LACDT') at US$2,008k. The Company did not take benefit from the adjustment of LACDT in 2020.

During 2021, the Company maintained a SCR ratio in excess of 100% and the 130% risk appetite limit as set by the Board. Furthermore, the Company has no foreseeable risk of non-compliance given its relatively stable risk profile and extensive risk mitigation arrangements.

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 resulted in sanctions being levelled against the Russian Federation by the United States, the United Kingdom, the European Union and other sanctions regimes. The Company continues to monitor sanctions which have been imposed and will adhere to them to the extent applicable to our business.

Following an initial risk assessment, the Company is confident that it will not have a direct material impact on IGIUK. At the same time, at the time of writing, it is too early to determine what the impact would be from any indirect exposures. As a result, the Company will continue to closely monitor the situation alongside significant exposures it may potentially face in the future.

A. Business and Performance

A.1. Business

Name and legal form of the undertaking

IGIUK is a non-life insurance company incorporated in the United Kingdom, authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and Financial Conduct Authority. The address of the registered office of IGIUK is:

Forum House
15–18 Lime Street
London
EC3M 7AN

Details of Supervisory Authorities

Prudential Supervisor:

Prudential Regulation Authority
Bank of England
20 Moorgate
London
EC2R 6DA

Conduct Supervisor:

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

External Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Ownership and Shareholdings

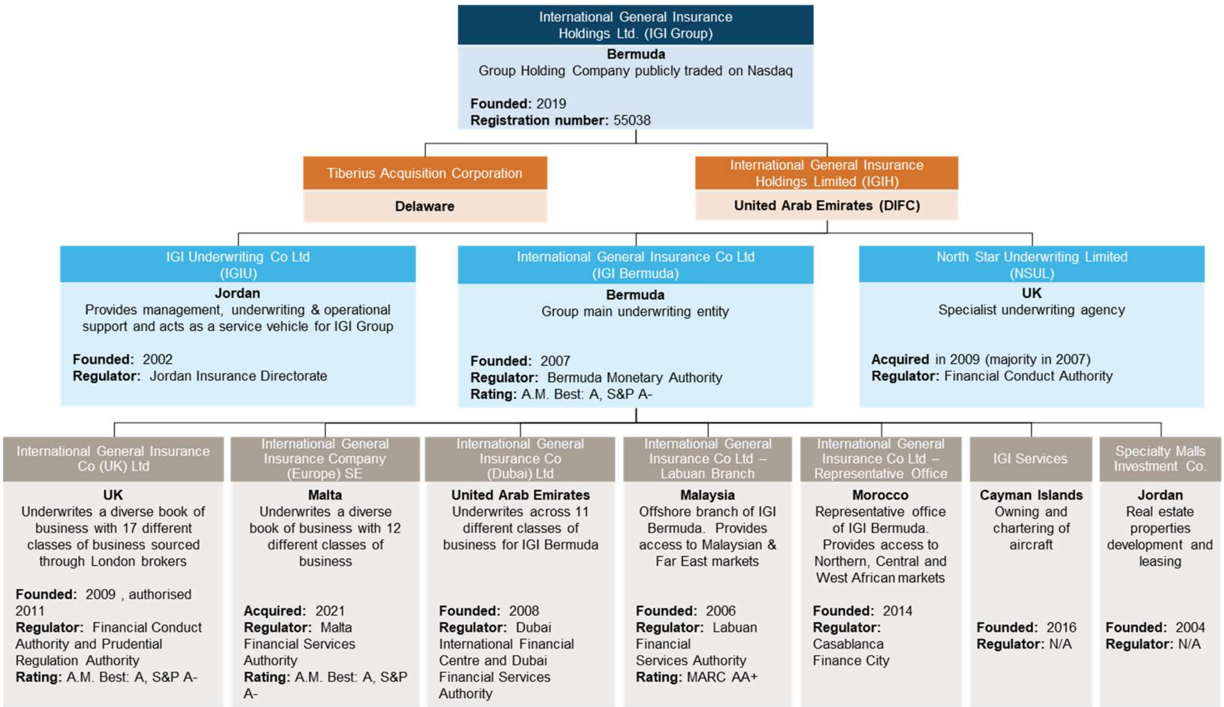
As at YE 2021 IGIUK is 100% owned by International General Insurance Co. Ltd ('IGI Bermuda') which in turn is ultimately owned by International General Insurance Holdings Ltd ('IGI Group'), a Nasdaq-listed company incorporated in Bermuda in 2019. The following shareholdings of more than 10% in IGI Group are provided in the table below:

Shareholder	% Holding (Note 1)
Wasef Jabsheh	29.09
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.

Corporate Structure

The full Group corporate structure as at 2021 year end is detailed below:



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

IGI Underwriting 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 coverholder. It is a wholly owned subsidiary of IGIH.

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

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

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

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

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

Business Information and other events

The Group underwrites a world-wide portfolio of Energy (Upstream, Downstream, Renewable), Property, Contingency, Marine (Liability, Cargo, Trades) Construction and Engineering, Financial Institutions, Political Violence, General Aviation, Ports and Terminals, Casualty, Professional Indemnity (‘PI’), Directors and Officers (‘D&O’), Legal Expenses, Intellectual Property, Forestry and Proportional and Non-proportional Reinsurance Treaty business through its operating platforms including IGIUK. In total, the Group has exposures in over 200 countries and territories.

IGIUK was incorporated in April 2009, became authorised in March 2011 and began writing business on 1st July 2011. It is authorised by the Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the Prudential Regulation Authority. IGIUK is a 100% subsidiary of IGI Bermuda.

IGI Bermuda provided the initial start-up capital of IGIUK and continues to support the business including through the provision of a 65% (increased from 50% from 1st January 2021 onwards) intragroup quota share reinsurance and Parental Guarantee providing an additional layer of policyholder protection over and above that provided by IGIUK’s own capital resources.

IGI Bermuda and IGIUK are rated A- with a stable outlook by Standard & Poor’s which was reaffirmed on 17th June 2021. On 5th November 2021, AM Best reaffirmed IGI Group’s financial strength rating at A (Excellent) with a stable outlook.

The policyholder obligations of IGIUK are fully guaranteed by IGI Bermuda. From a regulatory capital perspective, IGI Bermuda (Consolidated) Statutory Capital of US$ 377.6m provided US$ 143.6m of headroom over its Bermuda Solvency Capital Requirement (a Solvency II equivalent measure) resulting in a 161% solvency ratio at 2021 yYear eEnd.

At 2021 year end, IGIUK Own Funds of US$135,234k provided a solvency ratio of 157.1% of the SCR which amounted to US$86,086k.

A.2. Underwriting Performance

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

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

The underwriting performance of IGIUK vis-a-vis IGI Group for the years ended 31st December 2021 and 2020 is provided below:

US$'000	IGI UK 2021	IGI UK 2020	IGI Group 2021	IGI Group 2020
Gross Written Premium ('GWP')	282,979	254,876	545,582	467,273
Gross Earned Premium ('GEP')	263,468	217,631	494,124	396,219
Reinsurers Share of GEP	197,449	132,334	148,926	112,703
Net Earned Premium ('NEP')	66,019	85,297	345,198	283,516
Net Acquisition Cost	5,567	13,698	63,166	54,490
Net Claims	36,508	51,848	176,192	151,672
Underwriting Result	23,944	19,751	105,840	77,354
Net Loss Ratio	55%	61%	51%	54%
Combined Ratio	90%	88%	86%	89%

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

US$'000	Energy	Marine and Aviation	Professional & Financial Liability	Property & Contingency	Reinsurance	Total
Gross Written Premiums	14,092	36,008	194,260	37,484	1,135	282,979
Net Earned Premiums	2,889	9,339	48,668	4,801	322	66,019
Net Acquisition Cost	(38)	(1,259)	(3,220)	(1,047)	(3)	(5,567)
Net Claims Incurred	(343)	(5,246)	(24,014)	(6,687)	(218)	(36,508)
Underwriting Result	2,508	2,834	21,434	(2,933)	101	**23,944**

IGIUK - Underwriting Result by material lines of business for 31st December 2020

US$'000	Energy	Marine and Aviation	Professional & Financial Liability	Property & Contengency	Reinsurance	Total
Gross Written Premiums	14,895	37,068	178,038	24,137	738	**254,876**
Net Earned Premiums	4,894	12,969	60,806	6,246	382	**85,297**
Net Acquisition Cost	(1,355)	(2,669)	(7,927)	(1,712)	(35)	**(13,698)**
Net Claims Incurred	(1,133)	(9,954)	(38,681)	(2,026)	(54)	**(51,848)**
Underwriting Result	2,406	346	14,198	2,508	293	**19,751**

Energy: *Energy (Upstream, Downstream, Renewable)*

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

Professional and Financial Liability: *Financial Institutions, Professional Indemnity, Directors and Officers, Casualty, Legal Expenses, Intellectual Property*

Property: *Property, Forestry, Construction and Engineering, Political Violence, Contingency*

Reinsurance: *Treaty Reinsurance*

IGIH - Underwriting Result by material line of business for 31st December 2021

US$'000	Energy	Marine and Aviation	Professional & Financial Liability	Property & Contingency	Reinsurance	Total
Gross Written Premiums	104,015	58,377	226,215	132,961	24,014	**545,582**
Net Earned Premiums	51,861	41,577	161,368	66,715	23,677	**345,198**
Net Acquisition Cost	(8,807)	(9,515)	(28,387)	(12,554)	(3,903)	**(63,166)**
Net Claims Incurred	(16,696)	(17,927)	(77,294)	(46,878)	(17,397)	**(176,192)**
Underwriting Result	26,358	14,135	55,687	7,283	2,377	**105,840**

IGIH - Underwriting Result by material line of business for 31st December 2020

US$'000	Energy	Marine and Aviation	Professional &and Financial Liability	Property & Contingency	Reinsurance	Total
Gross Written Premiums	91,741	54,242	196,929	105,043	19,318	**467,273**
Net Earned Premiums	44,153	35,085	135,598	49,788	18,892	**283,516**
Net Acquisition Cost	(8,086)	(7,716)	(25,672)	(9,921)	(3,095)	**(54,490)**
Net Claims Incurred	(11,332)	(23,366)	(86,278)	(24,414)	(6,282)	**(151,672)**
Underwriting Result	24,735	4,003	23,648	15,453	9,515	**77,354**

Gross Written Premiums for standalone IGIUK posted an increase of 11% compared to 2020 whilst IGI Group premiums increased on a comparative basis by 17%. The Group saw higher volumes of premium across all lines of business but particularly in Professional and Financial Liability and Property, which now includes Contingency, driven by an improving market. IGIUK also saw increases in Professional and Financial Liability and Property, including Contingency, offset by reductions in Energy, Marine and Aviation premiums.

The Reinsurers' Share of Gross Earned Premium increased significantly from 61% in 2020 to 75% in 2021 following the increase in the intragroup cession to IGI Bermuda from 50% to 65% from 1st January 2021.

The increase in the intragroup cession also resulted in the ratio of Net Acquisition Cost to Net Earned Premium for IGIUK reducing from 16% in 2020 to 8% in 2021 on a comparative basis and the ratio of Net Claims to Net Earned Premium reducing from 61% in 2020 to 55% in 2021.

A.3. Investment Performance

Investment Portfolio Composition

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

US$'000	IGI UK Carrying Values	IGI UK Composition %	IGI Group Carrying Values	IGI Group Composition %
Term Deposits	33,933	16.5%	179,966	26.8%
Fixed Income Securities	164,203	79.7%	420,916	62.6%
Equity Shares	7,767	3.8%	34,929	5.2%
Investment Properties	-	-	16,308	2.4%
Investment in Associates	-	-	5,693	0.9%
Quoted Funds	-	-	14,377	2.1%
Total	**205,903**	**100.0%**	**672,189**	**100.0%**

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

At 2021 year end, IGIUK did not hold any investments outside these highly liquid asset classes compared to the IGI Group's holding of approximately 5.4% across a portfolio including Properties, Investments in Associates and an allocation to Quoted Funds.

In addition to the US$205.9m of Investments shown above, the Company held US$31.9m in interest bearing deposits that from a risk perspective can be considered as similar to Term Deposits. As these deposits incorporate a call facility however, for the purposes of internal investment reporting they are considered as Cash / Cash Equivalents.

The investment strategy is comprised of high-level objectives and prescribed investment guidelines governing target asset allocation by class. The actual asset allocation mix has adhered to these targets with only minor variations driven by broader changes to the macro-economic environment. The Company does not however actively change its investments in response to short-term factors such as increased volatility or changes in market sentiment.

The IGI Group uses a panel of high-quality third-party investment advisors to implement its investment strategy. The IGI Group's Chief Investment Officer is responsible for implementing the investment strategy and routinely monitors the portfolio to ensure that these parameters are being met and the portfolio is behaving appropriately with further independent oversight provided through the Risk Function and associated Board reporting.

Investment Portfolio Performance

The IGI Group maintains a highly liquid portfolio comprised primarily of cash and fixed income securities, which represented just over 89% of invested assets at 31st December 2021.

The following table shows the Return on Investment ('ROI') achieved by IGIUK against that of the overall IGI Group for the financial years 2020 and 2021 by Asset Class:

Return on Investment by Asset Class	IGI UK 2021	IGI UK 2020	IGI Group 2021	IGI Group 2020
Term Deposits	0.6%	0.9%	1.9%	2.5%
Fixed Income Securities	2.1%	1.4%	2.4%	2.1%
Equity Shares	11.2%	(4.5%)	11.2%	11.6%
Real Estate	-	-	(30.3%)	(12.8%)
Total Investment Return	1.9%	1.0%	1.3%	2.0%
Income Statement US$'000	**5,072**	**2,336**	**8,786**	**8,488**

IGIUK returns on Term Deposits reduced compared to 2020 reflecting the very low rate available on GBP and the negative rate on certain currencies including Euros.

Returns on Fixed Income Securities in the IGIUK Investment Return increased on a year-on-year basis though, including the unrealised losses on bonds still held and recognised directly in equity, the overall return reduced from 3.7% to 0.4%.

Gains and losses recognised directly in equity

In addition to the Investment Return included in the IGIUK Investment Return as above, an unrealised loss of US$3,036k (2020: Unrealised profit of US$2,634k) was recognised directly in equity as Other Comprehensive Income during the period.

Information about any investments in securitisations

There were no investments in securitisation as at 31st December 2021.

A.4. Performance of Other Activities

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

A.5. Any Other Information

COVID-19

As at 2021 year end, the COVID-19 pandemic remains an ongoing situation. During 2021, the IGI Group'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 resulted in sanctions being levelled against the Russian Federation by the United States, the United Kingdom, the European Union and other sanctions regimes. The Company continues to monitor sanctions which have been imposed and will adhere to them to the extent applicable to our business.

Following an initial risk assessment, carried out by the Company, it was concluded that IGIUK has no material direct business and investment exposures to Ukraine and Russia. The Company is conscious that in the future, it may be exposed to indirect impacts due to an increase in financial market volatility and higher energy prices. The Company continues to closely monitor the situation alongside significant exposures it may potentially face in the future.

Other material information

There is no further information that requires disclosure.

B. System of Governance

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

B.1. General Information on The System of Governance

This section provides detail of the Company's governance structure along with roles and responsibilities of the Board of Directors, Board committees and key functions.

Governance Structure

The IGIUK Board of Directors is supported by its Audit, Risk and Compliance Committee ('ARCC').

Audit, Nominating/Governance and Compensation Committees operate at the level of the IGI Group Board and provide necessary support to IGIUK, with the IGIUK Board maintaining full and independent autonomy within the overall bounds provided for by the IGI Group.

The following IGI Group Executive Management Committees support both the IGIUK and Group Boards and management:

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

In addition, IGIUK operates its own Management Committee comprised of senior management across the Underwriting, Finance, Risk, Compliance, Audit, HR and Actuarial functions.

IGIUK has adopted the IGI Group 'Corporate Code of Business Conduct and Ethics policy' that applies to the Board of Directors, its committees, the senior management and the staff members of IGIUK, all IGI Group operational entities and contractors who provide significant services to the IGI Group. The Code ensures that the Board of Directors, all employees of IGI Group and contractors act in the best interests of the Company while maintaining full compliance with the laws, rules and regulations of the jurisdictions in which it operates. In addition, the IGI Group has in place a 'Corporate Governance Manual' which outlines the Board responsibilities and duties.

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

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.

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. The following outlines the governance structure of IGIUK including the membership of the Board and its Audit, Risk and Compliance Committee ('ARCC') at the 2021 year end:

Individual	Executive/Non-exec	Board	Audit, Risk and Compliance Committee
David King Note 1	Independent Non-exec	Chair	Yes
Christopher Clark	Independent Non-exec	Yes	Yes
Walid Jabsheh	Executive	Yes	
Wasef Jabsheh	Non-exec	Yes	
Andreas Loucaides	Executive	Yes	
Paul Martin Note 2	Independent Non-exec	Yes	Chair
Cliff Murphy	Executive	Yes	

Note 1 – David King will resign from IGIUK Board and the ARCC effective 17.03.2022. An INED is being sought to join the Board.
Note 2 – Subject to regulatory approval, Paul Martin has been proposed as Board Chair effective 17.03.2022. The date of appointment would be 17.03.2022 or the date at which regulatory approval is obtained - whichever is the latter.

During 2021, Mr. Charles Manchester, who was an Independent Non-Executive Director, resigned from the Board and the ARCC, effective 8th March 2021. Mr. Pervez Rizvi, who was a Non-Executive Director, also resigned from the Board, effective 8th March 2021.

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

The Board of Directors is responsible for providing leadership, integrity and judgement in directing the activities of the Company and for setting the goals and strategies necessary to operate and to 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, Risk and Compliance Committee ('ARCC')

The Committee's terms of reference are largely based on the terms of reference recommended by the UK's Financial Reporting Council. The Committee meets at least quarterly and at such other times as deemed necessary by the Board. The Committee is comprised solely of Independent Non-executive Directors ('INED') and is chaired by an INED who is a Fellow of the Institute of Actuaries with significant experience of risk, finance and actuarial management, with the other two members bringing extensive experience in the areas of Underwriting and Financial management, one of whom is a qualified accountant. It is attended by members of the UK executive team and draws upon executives from the Group to provide 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 (Group Committee)

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

The IGI Group has adopted a Compensation Committee Charter which sets forth the requirements for Compensation Committee members and the responsibilities of the Compensation 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 Group'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 recommendations to the IGI Group Board with respect to the compensation of the IGI Group's Chief Executive Officer and, in consultation with the Chief Executive Officer, other executive officers, as well as directors. Senior IGIUK employee basic pay and bonuses are also shared with the IGIUK Chairman and Chair of the ARCC for information and feedback. The Compensation 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 (Group 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 IGI Group's Nominating/Governance Committee. The Nominating/Governance Committee is responsible for overseeing the selection of persons to be nominated to serve on IGI Group's Board of Directors. It also advises the IGI Group's Board and makes recommendations regarding appropriate corporate governance practices and assists the Board in implementing those practices. Any recommendations pertaining to the IGIUK system of governance are brought forward to the Company and are discussed and approved by the IGIUK Board.

The IGI 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 meets regularly, in line with the meetings of the IGI Group Board or as frequently as circumstances dictate.

Main roles and responsibilities of key functions

IGIUK has in place four key control functions, being the Risk Management, Compliance, Actuarial and Internal Audit Functions, as required by the Solvency II Directive.

Risk Management Function

- Maintenance and ongoing development of the Risk, Capital and Solvency Management Framework across the IGI Group, whilst supporting the effective identification, monitoring, management and reporting of internal and external risks;
- Embedding an enterprise risk culture throughout the IGI Group;
- Maintaining the annual risk management plan and reporting progress to Boards on a quarterly basis;
- Assisting in the identification of all material risks, including emerging risks faced by the business and managing the continuous monitoring and reporting of risk in conjunction with 1st and 2nd line functions;

- Ensuring that the risk and control ownerships are allocated to the most appropriate senior manager and facilitating regular risk and control reviews and reporting findings to the Board;
- Assisting the evaluation, monitoring and reporting of the regulatory capital requirements of the Company using the Standard Formula; and
- Maintaining and developing appropriate stress and scenario tests and reverse stress tests and reporting the results of such tests and any recommended remedial actions appropriately.

Further details are provided in section B.3.

Compliance function

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

Further details are provided in section B.4.

Internal Audit function

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

Further details are provided in section B. 5.

Actuarial function

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

Further details are provided in section B.6.

Material Changes During the Period

During 2021 Mr. Charles Manchester resigned from his roles on the Board of IGIUK and the ARCC and Mr. Pervez Rizvi (IGI Group CFO) stepped down from his role as non-executive director on the Board of IGIUK.

On 14th April 2021, Nicholas Langdon was appointed as Compliance Officer (SMF 16) to strengthen IGIUK’s Compliance Function, ensuring ongoing compliance with all applicable rules, laws and regulations.

On 31st January 2022, Stav Tsielepis commenced his role as IGI Group Chief Risk Officer, succeeding Simon Spurr. At the time of writing his SMF4, approval is still pending with the PRA and FCA.

Remuneration Policy and Practices

As detailed above, the Compensation Committee of the IGI Group makes recommendations to the Group Board with respect to the compensation of the IGI Group Chief Executive Officer and, in consultation with the Chief Executive Officer, other IGI Group executive officers (including IGIUK CEO) and directors.

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

The remuneration policy and practices in respect of executives and employees are designed to compensate employees equitably based on their performance, including contributions to the risk management objectives of the Group and IGIUK, consistent with the Company's business needs and financial strength and in a way that does not discriminate against anyone based on race, religion, colour, marital status, gender, age or disability.

In addition to fixed salary entitlement, all employees are eligible for discretionary cash bonuses paid through salary based on the performance of both the Company and the individual over a calendar year. The senior management team (including senior underwriters) also participate in the Group discretionary 2020 Omnibus Equity Incentive Plan under which restricted shares are awarded subject to a staggered three-year vesting period.

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

Material Transactions during the reporting period

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

There have been no material transactions during 2021 with shareholders, with persons who exercise a significant influence on the undertaking, or with members of the Board other than the continuation of the intragroup quota share reinsurance arrangements with the following exception:

Mr. Charles Manchester, a Non-executive Director of the Company (until 8th March 2021), is the Chief Executive Officer of Manchester Underwriting Management Limited (MUML), a managing general agency which trades with the Company on a commercial arm's length basis.

B.2. Fit and Proper Requirements

The Company has a policy to ensure that persons appointed to carry out a senior management role or key function are 'fit and proper' to perform the role. 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

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

Risk Management System

IGI Group and IGIUK closely monitor and manage 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 and the IGIUK ARCC.

The Chief Risk Officer reports directly to the two committees. 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'), Own Risk and Solvency Assessment ('ORSA'), Solvency and Financial Condition Report ('SFCR') and Regular Supervisory Report ('RSR') for the Bermuda BMA and UK PRA authorities respectively.

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 Standard Formula 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 controls 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 and Standard Formula to quantify the risks to which the Company is exposed and the capital to hold to meet those risk exposures.

Risk and control monitoring

The monitoring of risks is an integral part of the Company’s risk management process. Monitoring of all 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 ARCC 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.

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

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

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

The governance structure is based on well-defined lines of responsibility ('three lines of defence' or '3LoD') for individuals within business functions, committees, Boards, Risk Management, Compliance and Internal Audit function. Ownership and clear lines of accountability are defined for all risk tasks and these are ultimately linked to individual objectives.

Individuals within business functions are responsible for identifying and effectively managing and monitoring risks within their respective business function. The governance framework then enables the Risk Management function to have independent oversight and challenge to the first line through review and ongoing discussions to ensure that risks are being adequately monitored and kept within the boundaries defined by IGI Group and the Company.

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

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

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

- Risk ownership – All risks are attributed to an owner. This would be the most relevant person with responsibility to identify and manage and monitor risks to ensure that the risk exposure remains within risk appetite. On a regular basis, Risk Owners report to the Risk Function on its management of current and forward-looking risk exposures.
- Core Process and Control Owners – Core Process Owners and Control Owners are integrated into the risk management framework, and regular meetings are held with the Risk Function and Risk Owners to ensure the effective management of risks.
- Policies and procedures – The IGI Group has policies and procedures to ensure that all risk and operational decisions are made in accordance with approved policies and procedures and are within the risk appetite of the IGI Group.

- Management information – The Risk Function and senior management report and communicate risk-related information to all relevant Boards and management committees across the IGI Group and its entities to ensure that risk information is transparent across all areas of the IGI Group.

Own Risk and Solvency Assessment ('ORSA')

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

It provides for quarterly monitoring via the Risk and Capital review report of the more dynamic elements of the risk and capital profile of IGIUK whilst providing the ARCC with full visibility of the multi-year capital and solvency profile and associated stress testing applied at the level of the IGI Group.

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

The results of the ORSA and SCR projections and stress test results are used for decision making including the addition or improvement of risk mitigations and controls. That is, if either due to the business strategy, planned changes in business strategy or results of stress testing, the ORSA results anticipate possible non-compliance with capital requirements over the business planning period, the Board of Directors shall identify a timely and effective management action plan.

In line with Solvency II, the ORSA supervisory report for the Company with results of the own risk and solvency assessment shall be submitted to the regulator within 2 weeks of Board approval.

Determination of Solvency Needs

At an aggregate level, the IGI Group targets its economic capital such that it holds sufficient to withstand a reasonably foreseeable shock or series of shocks whilst maintaining 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 IGI Bermuda is therefore significantly higher than the Bermuda Solvency Capital Requirement (considered broadly equivalent to the Solvency II SCR).

At the level of IGIUK, the Board monitors SII Own Funds coverage against its target Solvency Ratio on a formal basis at least quarterly (including a full recalculation of the Standard Formula SCR) and at any other such times as appropriate in the event of a projected or actual material impairment in the level of Own Funds or risk profile change.

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

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

B.4. Internal Control System

Description of the Internal Control Framework

The system of internal control encompasses:

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

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 carried out and any necessary actions are taken to address risks to achievement of the Company'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 ARCC of the Board. The ARCC 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 are monitored on a regular basis. Any failure, or observed weakness identified by employees and/or outsourced functions as part of its ongoing activity shall be reported to the Board as soon as is practicable.

Compliance Function

The Compliance Function is independent and reports to the ARCC and the Board.

Compliance 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 and assessment of regulatory risks rests with Compliance. Compliance is involved in identifying and assessing regulatory risks in day-to-day business activities both directly and through providing assistance, support, and challenge to line management.

B.5. Internal Audit Function

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

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

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

Internal Audit adopts a risk-based approach with higher risk areas being reviewed on at least an annual basis. The Head of Group Internal Audit reports to the ARCC and the IGIUK Board. The Internal Audit plan is agreed by the Board on an annual basis and all its findings and reports are submitted to the ARCC and the Board (as required) for review and feedback.

B.6. Actuarial Function

IGIU under the terms of an SLA provides Actuarial Function support to IGI Group. The Function supports the Group and all its subsidiaries across all areas where actuarial support is typically required. The Actuarial team is split between London, UK (currently 7 employees including the Group Chief Actuary) and Amman, Jordan (currently 2 employees).

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

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

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

- Group Reserving Committee (Attendee)
- IGI Bermuda Board (Attendee)
- UK Audit, Risk and Compliance Committee (Attendee)
- Audit Committee (Attendee)
- Group Enterprise Risk Management Committee (Member)
- IGIE Board (Attendee)

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

Actuarial team members are required to consider appropriate actuarial standards including peer review requirements. All actuaries within the function are members of professional organisations and subject to professionalism requirements and regulated by their Self-Regulating Organisations (‘SROs’).

To ensure that the Actuarial Function maintains an appropriate level of independence the Chief Actuary has a direct line to IGIUK Board, Non-Executive Directors and the ARCC.

B.7. Outsourcing

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

Many commercial benefits have been ascribed to outsourcing, the most common amongst these being:

- Reducing the Company’s costs;
- Greater focus on core business by outsourcing non-core functions; and
- Access to world-class skills and resources.

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

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

IGIUK will follow an outsourcing checklist during the course of the outsourcing life cycle (from need initiation to contract establishment). Furthermore, prior to outsourcing any critical function, the Company carries out a risk assessment and due diligence process and assess any possible legal obligations to ensure sufficient/reasonable control over proposed outsourcing arrangements.

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

The table below outlines the critical or important functions that are being either fully outsourced or partly outsourced:

Critical or Important Function	Name of Provider	Jurisdiction
Internal Audit	IGIU	Amman
Actuarial Function	IGIU	London / Amman
Risk Management Function	IGIU	London
Compliance Function	IGIU	London / Amman
Underwriting Administration	IGIU	Amman
Claims Management	IGIU	London / Amman

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

B.8. Any Other Information

Assessment of adequacy of the system of governance

Through its ongoing assessment of the system of governance including the operation of the critical/important and key functions, regular reviews and annual Board Effectiveness Review, the Board considers appropriateness and adequacy of the system of governance in relation to the nature, scale and the complexity of the risks inherent in its business.

Other material information

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

C. Risk Profile

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

IGIUK'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 ORSA process. Therefore, the Company's risk management approach focuses on understanding and assessing these risks, enabling an evaluation of possible impacts that in turn guides formulating preparedness and response plans.

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

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

C.1. Underwriting Risk

Underwriting risk is a core intrinsic risk which arises from the Company's general insurance activities. It refers to the risk of variation of accident year underwriting result from plan for reasons other than operational or insurance counterparty risk.

Risk Exposure

Underwriting risk is further split into sub-categories including:

- Natural catastrophe accumulation risk: The risk that losses from natural catastrophes exceed the Company's business plan.
- Large non-natural catastrophe claims: The risk that losses from a single man-made event or group of related events exceed the Company's business plan.
- Attritional risk: The risk that the total of all losses other than Natural Catastrophe Accumulations and Large Claims exceed the Company's business plan.
- Reinsurance mitigation risk: The risk that the reinsurance programme does not perform as expected in reducing gross losses.

The most material element of underwriting risk relates to the potential for outsized losses arising from natural or man-made catastrophe events, including political violence.

The Company has a low appetite for Catastrophe risk in high-risk areas and takes a conservative approach to natural and man-made catastrophe risks. IGI Group has a dedicated catastrophe and exposure management team responsible for continually developing and enhancing the reporting, analysis and methodology underpinning the aggregation systems upon which it relies.

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

Natural Catastrophe Risk

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

For territories for which there are either no loss models available or for which the Company does not consider loss models sufficiently robust, the Company uses several alternative deterministic or probable maximum loss (‘PML’) approaches to assess its exposure to individual loss scenarios.

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

Political Violence

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

Risk Concentration

The following table details the most material IGIUK risk concentrations in respect of Underwriting risk as reported to the IGIUK ARCC meeting for the Q4 2021 period. The US$m amounts are reported net of all reinsurance and allowing for reinstatement premiums where relevant. The figures exclude any inwards treaty business. If included however, this would have a minimal impact as only circa 2% of business is written by IGIUK. The % Solvency II Own Funds column demonstrates the impact of each scenario in terms of its potential to deplete available Solvency II Own Funds at Q4 2021.

Line of Business	Basis	Maximum Exposure	US$m	% SII Own Funds
All Nat Cat Exposed Risks	All Natural Perils - AEP Note 1 (1 in 100)	Mexico	7.5	6%
	All Natural Perils - OEP Note 2 (1 in 250)	Worldwide	5.9	4%
	All Natural Perils - AEP (1 in 250)	Worldwide	11.3	8%
Non-Marine	Deterministic Scenario	Pakistan Quake-Kashmir	3.1	2%
Political Violence	Terrorism - 250 Meter Bomb Blast	London - United Kingdom	10.2	8%
	Terrorism - 350 Meter Bomb Blast (Stress Scenario)	London - United Kingdom	19.4	14%
	SRCC Note 3 - Largest City Exposures - (Internal PML based on AKE rating)	Bu Craa - Western Sahara	2.8	2%
	War - Country Exposures - (Internal PML based on AKE rating)	Israel	2.4	2%
Casualty and Professional Lines	Deterministic (2 max lines)		4.8	4%
Financial Institutions	Deterministic (2 max lines)		3.5	3%
General Aviation Note 4	Deterministic (largest 2 combined Hull / Liability)		2.5	2%

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

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

Note 3 SRCC refers to Strikes, Riots and Civil Commotion and is based on a deterministic scenario resulting in the loss amounting to 20% of the total insured value of all exposures in a given major city.

Note 4 This is a somewhat theoretical and extreme return period scenario as it requires the two largest combined Hull/Liability exposures in our worldwide portfolio colliding with each other resulting in a total loss.

IGI Group and IGIUK monitors Aggregate Exceedance Probability (‘AEP’) All Natural Perils (‘ANP’) metrics by country showing the aggregate level of catastrophe risk at a 1 in 100 year return period (the most material being Mexico as shown above) and at a 1 in 250 year return period for worldwide regions. During 2019, IGI Group and IGIUK moved towards considering its modelled catastrophe exposures on an AEP basis, replacing the Occurrence Exceedance (‘OEP’) metric which took no account of frequency of losses. Given the frequency of losses experienced from the events of 2017 including the series of wind events ‘HIRMA’ and two Mexican earthquakes, the IGI Group and IGIUK Board felt that using the AEP metric is more appropriate since it provides for a better recognition of the impact of frequency, seen in natural catastrophes not least through climate change impacts..

In addition, IGI Group 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.

Based on the above, the Company’s most significant modelled scenario of the All Natural Perils - AEP (1 in 250) Worldwide accounted for 8% of Own Funds at 2021 year end. The Company’s most significant exposure to a Realistic Disaster Scenario would amount to 17% of available Solvency II Own Funds and would fall within the headroom held.

Risk Mitigation

The primary tools for managing Underwriting risk include:

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

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

The programme is designed and purchased at the level of IGI Bermuda in order to leverage the purchasing power of the IGI Group and afford protection to all IGI Group insurance risk taking entities and with full oversight from IGIUK. 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
- 'Bermuda Risk Transfer' ('BRT') proportional treaty arrangement under which 65% of the retained risk net of the remaining reinsurances is ceded to IGI Bermuda in return for a ceding commission designed to compensate IGIUK for the expenses incurred in sourcing and processing the inwards business

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

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

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

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

- The potential for 'vertical exhaustion' (i.e. the potential for gross losses to exceed the amount of protection provided by the programme) is monitored through the modelling of catastrophe exposures

– the gross and net of reinsurance potential losses from a series of deterministic and stochastic scenarios being reported in full to management and the IGIUK Board on at least a quarterly basis.

- The potential for 'horizontal exhaustion' (i.e. the potential for a number of losses to exhaust the number of reinstatements available under one or more elements of the programme) is considered through a combination of monitoring utilisation to date and modelling the potential volume and quantum of losses that might be expected to attach to the programme in a given return period.

Stress testing and sensitivity analysis

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

C.2. Market Risk

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

Risk Exposure

Market risk is further split into sub-categories including:

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

The following table provides a summary of the market and credit risk profile of the IGIUK investment portfolio as reported to the IGIUK Board at the Board meeting for the Q4 2021 period.

Measure	Description	Target	Actual
Equities Proportion	% total assets held in equities	<=15%	2.9%
Fixed Income Proportion	% total assets held in fixed income securities	<=90%	60.7%
Fixed Income Counterparty	% fixed income assets at S&P BBB or better	>=90%	99.8%
Alternative Funds Proportion	% total assets held in alternative funds	<=5%	0.0%
Real Estate Proportion	% total assets held in real estate	<=5%	0.0%
Call / Term Deposit Quality (Note 1)	% with minimum rating of Moody's A1 or S&P A-2	>=75%	99.5%

Note 1 - The Term / Call Deposits figure includes all funds held in Coutts as it is part of the S&P A- rated ring-fenced parent, National Westminster Bank Plc.

Risk Concentration

As at 31st December 2021, the Company held 61% of its cash and investments in fixed income securities which are well diversified in terms of counterparty, geographical location and currency. Another 13% of cash and investments are held in term deposits, 48% of which are held in US$. The Company has no other material risk concentrations.

Prudent Person Principle

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

Furthermore, IGI Group and the Company may only assume investment risks that they are able to identify, measure, respond to, monitor, control, and report while taking into consideration the capital requirements and adequacy, financial market environment, and policyholder obligations.

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

The Company invests the majority of its portfolio in well-rated fixed income securities, across different geographical locations. The Company also ensures sufficient liquidity in its investment portfolio to cater for both day-to-day projected requirements and the potential for an accelerated pay out of claims reserves or an outsized underwriting loss.

The average duration of the bond portfolio of IGIUK is 4.34 years (4.70 years for IGI Group) and, along with the cash and cash equivalents held, is designed to approximate the nature and duration of insurance liabilities.

Generally, the Company keeps around 35% of its investments in cash and cash equivalents which are more than sufficient to adhere to liquidity requirements of the operation.

Risk Mitigation

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.

Stress testing and sensitivity analysis

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

C.3. Credit Risk

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

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

Risk Exposure

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

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

During the reporting period, the Company's largest exposure to credit risk came from the reinsurer counterparty and asset counterparty, which are both classified as Type 1 in the Standard Formula SCR.

The Company is exposed to reinsurer counterparty risk since it employs a relatively extensive outwards reinsurance programme in addition to the intra-group BRT reinsurance arrangement in place between the Company and IGI Bermuda.

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

Risk Concentration

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

Furthermore, the Company's risk appetite requires reinsurance programmes diversified such that no individual counterparty (excluding IGI Group) can represent >25% of the overall amount.

Risk Mitigation

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

The primary tools for managing Credit risk include:

- Minimum credit quality criteria in respect of outwards reinsurance counterparties coupled with concentration limits to contain exposures:
    - Reinsurers to be either 'A-' rated or better by AM Best or 'BBB+' or better by S&P for short tail classes, or, 'A' rated or better by AM Best or 'A-' or better from S&P for long tail classes. Outwards reinsurance counterparties with a credit rating lower than that stated above shall only be accepted subject to 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.

Stress testing and sensitivity analysis

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

C.4. Liquidity Risk

Liquidity risk is defined as the risk that the Company is unable to make payments or provide collateral when required.

Risk Exposure

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

Liquidity risk includes the following:

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

Risk Concentration

There were no material Liquidity risk concentrations as at 31st December 2021.

Risk Mitigation

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

Cash and short-term deposits represented 36% of the overall IGIUK portfolio at 2021 year end and can be considered liquid (IGIUK's term deposits can easily be withdrawn without any significant restrictions or penalties).

The remainder of the portfolio is invested in Fixed Income Securities and a small holding of equities that are quoted and listed in established actively traded markets and easily liquidated albeit with the potential to realise unrealised losses. In addition, were the Company to require additional liquidity over and above that provided by its own portfolio (or as a short-term measure to avoid the realisation of unrealised investment losses) it could draw upon intra-group support through the transfer of assets to IGI Bermuda in return for cash.

Expected Profit in Future Premium

The expected profit included in future premiums ('EPIFP') as at 31st December 2021 is US$7,487k (2020: US$7,436k). The EPIFP represents the profits that is expected to materialise from existing (in-force) insurance and reinsurance contracts that are to be received in the future, but that have not yet been received. Any premiums already received by IGIUK are not included in the EPIFP.

Stress testing and Sensitivity analysis

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

C.5. Operational Risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes and controls, people, systems and from external events.

Operational risk events may impact the Company in terms of financial loss, reputational damage, regulatory sanction, inefficiency or opportunity loss.

Risk Exposure

The Company's list of Operational risks includes risks which may crystallise either independently of, or be correlated to the intrinsic Core (Underwriting risks and Investment risks) and Non-Core (Reserving risks, Currency risks, Liquidity risks and Counterparty Default risks). These include Legal and Compliance, IT, HR and Process risks. Operational risks also include those more subjective, yet nevertheless important sources of risk such as Strategic, Group and Emerging risks.

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

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

Risk Concentration

There were no material Operational risk concentrations as at 31st December 2021.

Risk Mitigation

The control and risk mitigation approach includes:

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

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

This control assessment enables the Risk Function and Boards to understand which risks are being effectively mitigated and controlled and those which are less effective and to focus and allocate resources on those areas of risk and core processes with higher residual risk exposures.

Stress testing and Sensitivity analysis

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

C.6. Other Material Risks

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

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

Strategic risk

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

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

Group Contagion risk

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

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

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

Reputational risk

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

- give due regard to clients' interests or failure to treat clients fairly in accordance with regulatory requirements;
- meet regulatory requirements including reporting and disclosure requirements; and

- poor/adverse PR coverage.

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

Risk mitigation

To mitigate the above risks IGI Group and its entities have implemented a number of controls, which are recorded in the IGI Group's risk register and are monitored and assessed on at least an annual basis.

C.7. Other material information

Stress Testing and Sensitivity Analysis

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

With the exception of these standalone scenarios, to date IGIUK has not conducted specific stress and scenario testing considering the potential for a series of individual stresses (either within or across multiple risk categories) to accumulate at the level of the IGIUK standalone entity. Rather, focused stress and scenario testing at the level of IGI Bermuda (consolidated) has been performed as required by the BMA Commercial Insurance Solvency Assessment ('CISSA') and associated BSCR annual returns.

This approach is considered appropriate recognising the interconnectedness of IGIUK and its parent – both in terms of IGIUK's significant contribution to the aggregate risk profile and the benefit afforded through parental support. This support includes the ability to draw down a capital / liquidity injection with the ultimate backstop of a full Parental Guarantee providing protection to IGIUK policyholders beyond the level provided by IGIUK's own resources.

The Group continues to hold a significantly greater level of capital than that required to meet its regulatory capital requirements to protect its current 'A-' financial strength rating from S&P and 'A' financial strength rating from AM Best that help it secure and retain profitable business.

In the 2020 year end CISSA and associated BSCR, the following aggregate scenario is calculated at US$132.2m and is comprised of the total of the "Combined Financial Market Stress Scenario" and the "Worst Case Annual Aggregate Catastrophe Loss Scenario" defined by BMA guidance.

This extreme return period combined stress scenario encompassing the full scope of assets and liabilities would erode the headroom over the regulatory solvency requirements of IGI Bermuda. However, assuming the events do not occur concurrently and instantaneously, in reality contingencies would already have been implemented by the IGI Group.

The "Combined Financial Market Stress Scenario" (R5) is in itself a combination of following 4 individual stresses – with an allowance for diversification as prescribed by the BMA. The impact of this combined scenario is US$67m:

- 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
- An upward movement in the U.S. yield curve on the value of assets and liabilities
- A significant widening of credit spreads impacting the bond portfolio being parameterised by the BMA to a level that is representative of a 1/100 return period shock

The "Worst Case Annual Aggregate Catastrophe Loss Scenario" assumes the simultaneous occurrence of the three most significant events to IGI Group from the BMA defined event catalogue which in respect of the 2020YE return were an Oman Cyclone (Mekunu), a Kuwait Earthquake and an Indian Wind 04 Western event totalling US$65.2m.

IGI Group applies reverse stress testing on a periodic basis in support of its planning and as an integral part of the ORSA/CISSA process including reporting the conclusions to Boards and regulators.

The creation of reverse stress tests at a level that are sufficient to exhaust regulatory capital at IGI Bermuda may result in somewhat implausible scenarios at significantly extreme return periods however reverse stress testing can add greater value through considering those elements that are not readily quantifiable in capital terms including where they refer more to loss of opportunity rather than pure balance sheet impact. In addition, were such scenarios to manifest, IGIUK would utilise the Parental Guarantee

IGIUK has established the following situations, each of which individually may render the business model unviable or significantly impaired:

Scenario	Description
Liquidity shortfall	IGIUK is unable to make available sufficient resources to pay its financial obligations as they fall due
Capital shortfall	IGI Group is unable to maintain capital in excess of rating agency and / or regulatory requirements
Loss of license to operate	Withdrawal of IGIUK's regulatory authorisation or suspension from undertaking regulated activities
Withdrawal of reinsurer support	Reinsurance partners limit / withdraw support or offer terms that are not commercially viable
Loss of rating / downgrade	One or both of S&P or AM Best put IGI Group on negative outlook / downgrade
Failure to run operations / exposure to IGI Group systems	IGIUK is unable to process business over a prolonged period due to governance failure, loss of people/teams, rogue underwriter

Climate Change

During 2021 a Climate Risk Management Framework document was approved to formalise the Group's approach to the identification, management and reporting of Climate related risks.

The Framework builds upon the PRA expectations initially set out in SS3/19 "Enhancing banks' and insurers' approaches to managing the financial risks from climate change" and subsequent "Dear CEO" letter issued in July 2020 in which the PRA set out their expectation that firms would embed their approaches to managing climate-related financial risks, including governance and disclosure requirements, by the end of 2021.

An Environmental, Social and Governance (ESG) Committee was established in 2022 with the purpose of continuing development of IGI Group's ESG strategy alongside the executive team and Board of Directors.

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

From a transition risk perspective, potential risks are balanced through writing an increasingly diversified underwriting portfolio (in terms of geography, class of business and insured trade) and include offsetting the more carbon dominant Energy portfolio through the expansion into renewable technologies.

On the asset side, the Company retains very limited exposure to equities and continues to focus on high quality Bonds and Term Deposits where the impact of transition risks and changing investor sentiments is less marked.

Finally, the Company considers the potential for climate risk to exacerbate losses under liability classes such as Directors and Officers and Professional Indemnity coverages as people or businesses seek to recover compensation for actual losses or loss of value arising from climate change related physical or transition risks.

COVID-19

During 2021, IGI Group's operations continued to be stable with no notable disruptions encountered impacting either business continuity or operational resilience. Depending on the COVID-19 number of cases in the UK and Government restrictions and advice, employees at all levels and in all functions were able to work remotely wherever practicable, and to limit the need for gatherings of employees so far as possible. The Company's IT facilities have ensured that all of the Company's operations have been maintained allowing the Company to function as normal. These flexible operational changes continue to be available whilst the situation continues to evolve.

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.

The UK Board has been kept fully appraised of COVID-19 developments throughout from both a financial and operational standpoint and frequent dialogue has been maintained to ensure oversight of the Company's approach.

The Company is well positioned to experience a manageable 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.

Litigation

The IGI Group was engaged in an arbitration proceeding as at 31st December 2020 with certain reinsurers represented by an underwriting agent with respect to certain matters related to the IGI Group's outward reinsurance programme for the years 2012 to 2017.

Before the start of the final hearing in April 2021, the matters under arbitration were resolved (and the arbitration discontinued) between the IGI Group and reinsurers. The outward reinsurance policies remained in full force and effect. The resolution had no material impact on IGIUK's and the IGI Group's business, results of operations or financial condition.

Russian 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 and financial markets as well as the possible further escalation of the conflict. The Company continues to closely monitor the situation alongside potential exposures and the imposition of sanctions.

Our initial risk assessment has highlighted the following key areas:

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

D. Valuation for Solvency Purposes

D.1. Assets

The following table summarises the assets held by the Company as at 31st December 2021 with analysis of the main differences between Solvency II and IFRS valuation rules:

Asset Class *US$'000*	**Value as per UK IFRS Financial Statements**	**Reclassification / Adjustment for Solvency Purposes**	**Value as per Solvency II**
Deferred Acquisition Costs	52,019	(52,019)	-
Property, plant and equipment held for own use	372	(372)	-
Investments	205,903	1,214	207,117
Reinsurance Recoverable	394,937	(67,054)	327,883
Insurance and Intermediaries Receivables	66,381	(44,003)	22,378
Reinsurance Receivables	-	7,334	7,334
Receivables (Trade)	344	-	344
Cash and Cash Equivalents	64,586	-	64,586
Deferred Tax	-	1,023	1,023
Other Assets	4,728	(1,674)	3,054
Total Assets	**789,270**	**(155,551)**	**633,719**

The valuation principles applied to each material asset class are explained below. No changes were made during the reporting period to the bases and estimation approaches used to recognise and value assets.

Deferred Acquisition Cost:

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

Fixed Assets for Own Use

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

Investment

All the investment securities, both bonds and equities, are quoted in active markets and are therefore valued at fair value as at the balance sheet date. For Solvency II valuation purposes, accrued interest due on the investments is transferred from Other Assets. All term deposits are recognised at fair value as at the balance sheet date which is consistent with the Solvency II valuation rules for these assets.

Cash and Cash Equivalents

These financial assets are recognised at fair value as at the balance sheet date. The Solvency II valuation rules are consistent and in line with those applied in the IFRS financial statements.

Reinsurance Recoverable

The valuation rules applied in the reinsurance assets calculation are covered in the Best Estimate Technical Provision section. The impact of the valuation rules is to reduce the valuation of the reinsurance recoverables by US$67,054k from US$394,937k under IFRS to US$327,883k under Solvency II.

Insurance and Intermediaries / Reinsurance Receivables

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

Deferred Tax Asset

The reduction of US$5.7m in shareholder's funds from US$106.6m under IFRS to US$100.9m under SII (before the calculation of deferred tax), US$5.4m of which is temporary, has given rise to a deferred tax asset of US$1,023k calculated at the current corporation tax rate of 19%.

Other Assets / Receivables (Trade)

The valuation of these other assets is the same under Solvency II and IFRS, the only exceptions being accrued interest due on investments being transferred to Investments and prepayments which do not meet the Solvency II valuation criteria – as prepayments could not be exchanged between knowledgeable willing parties in an arm's length transaction they are valued at nil.

D.2. Technical Provisions

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

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

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

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

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

- Movement to a cashflow basis for valuation of both gross business and outwards reinsurance.

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

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

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

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

The Technical Provisions total of US$444.4m (gross of reinsurance), US$327.9m (reinsurance) and US$116.5m (net of reinsurance) is subdivided by Line of Business in the following tables:

Technical Provisions Gross of Ceded Reinsurance

Line of Business US$'000 (Note 1)	Abbrev	Claims Provision	Premium Provision	Risk Margin	Net Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	20,591	(609)	356	20,338
Fire and other damage to property insurance and proportional reinsurance	Fire	57,541	2,678	909	61,128
General liability insurance and proportional reinsurance	Liability	222,993	52,682	10,383	286,059
Miscellaneous financial loss insurance and proportional reinsurance	Financial	27,347	18,362	2,002	47,710
Legal Expenses	LE	14,812	4,406	386	19,605
Non-proportional property reinsurance	NP Prop	7,064	(696)	141	6,510
Non-proportional casualty reinsurance	NP Cas	1572	101	82	1,755
Non-proportional marine, aviation and transport reinsurance	NP MAT	1481	(206)	34	1,309
Total		**353,402**	**76,718**	**14,293**	**444,414**

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

Technical Provisions Ceded reinsurance

Line of Business US$'000 (Note 1)	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	(14,220)	(3,760)	0	(17,980)
Fire and other damage to property insurance and proportional reinsurance	Fire	(45,196)	(4,433)	0	(49,629)
General liability insurance and proportional reinsurance	Liability	(164,453)	(37,435)	0	(201,888)
Miscellaneous financial loss insurance and proportional reinsurance	Financial	(19,343)	(14,270)	0	(33,613)
Legal Expenses	LE	(11,311)	(4,057)	0	(15,368)
Non-proportional property reinsurance	NP Prop	(5,117)	(1,769)	0	(6,887)
Non-proportional casualty reinsurance	NP Cas	(1,170)	(314)	0	(1,483)
Non-proportional marine, aviation and transport reinsurance	NP MAT	(966)	(68)	0	(1,034)
Total		**(261,777)**	**(66,106)**	**0**	**(327,883)**

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

Technical Provisions Net of Ceded Reinsurance

Line of Business US$'000 (Note 1)	Abbrev	Claims Provision	Premium Provision	Risk Margin	Technical Provisions
Marine, aviation and transport insurance and proportional reinsurance	MAT	6,371	(4,369)	356	2,358
Fire and other damage to property insurance and proportional reinsurance	Fire	12,345	(1,755)	909	11,499
General liability insurance and proportional reinsurance	Liability	58,540	15,248	10,383	84,171
Miscellaneous financial loss insurance and proportional reinsurance	Financial	8,004	4,091	2,002	14,097
Legal Expenses	LE	3,501	349	386	4,237
Non-proportional property reinsurance	NP Prop	1,947	(2,465)	141	(377)
Non-proportional casualty reinsurance	NP Cas	403	(213)	82	271
Non-proportional marine, aviation and transport reinsurance	NP MAT	515	(274)	34	275
Total		**91,626**	**10,612**	**14,293**	**116,531**

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

Methods

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

Claims Provision

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

- Reserve estimates for the IFRS accounts 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 part of the PRA Rulebook for Solvency II firms, cash-flows are estimated and discounted for the time value of money.

The company does not use the matching adjustment, the volatility adjustment, the transitional risk-free interest rate-term structure or the transitional deduction, as referred in the Directive 2009/138/EC and retained as UK law post – Brexit.

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

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

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.

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

Uncertainties

The key areas of uncertainty in the Technical Provisions are:

Outstanding Case Reserves

As a specialty insurer IGIUK 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

Estimations 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. IGIUK has no direct exposure to the lines of business most affected, such as Life, Contingency or SME Property.

By 2021 year end the Company has received around 122 notifications, almost all being related to Broker PI. All but three of these are written on an each and every claim, excess layer basis and the advices considered precautionary. The Actuarial reserving review at the end of the fourth quarter 2021 in conjunction with the dedicated COVID-19 claims sub-group considered each notification individually concluding that in respect of the PI claims the expectation was that either the underlying policies would pay (supported by the recent Supreme Court judgement) or the quantum likely to be claimed against the Broker would fail to reach the point at which our cover attaches. This is reflected in our current reserves of US$30k.

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 signs of impending economic distress may include, but are not limited to:

- Governments cutting back and or ceasing to support businesses
- Governments cutting back and/or ceasing to support those unable to work
- Companies rationalising their operations and/or cutting back on their labour force.
- Shortages of product, materials or labour that may 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 24 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 (written premium of less than $1m). At the time of writing we are not aware of any events that have resulted in loss to coverage provided. The Company participates on two reinsurance treaties of Russian, now sanctioned, companies. The premium payable under these treaties is approximately $350,000. Adjusting the Technical Provisions to reduce the expected future premium under Solvency II would have an immaterial change to the figures above.

Market environment

IGIUK 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.

Description of Recoverable from Reinsurance Contracts

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

Reserves for outward reinsurance recoveries on estimated IBNR claims are determined by the application of reinsurance recovery ratios to the estimated gross IBNRs. Specifically, IBNR by line of business and year is apportioned by policy and Facultative and Proportional Treaty (excluding the Bermuda Risk Transfer ('BRT'), a 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 by 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 the IGIUK (pre-BRT) net position and the post BRT IGIUK values derived.

Material Differences With IFRS

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

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

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

Technical Provisions Reconciliation with IFRS by Line of Business

US$'000 (Note 1)	MAT	Fire	Liability	Financial	LE	NP prop	NP Cas	NP MAT	Total
CLAIMS PROVISION	6,371	12,345	58,540	8,004	3,501	1,947	403	515	**91,626**
Breakdown:									
Gross IFRS reserve Including ULAE	20,057	57,163	221,103	27,255	14,498	7,010	1,580	1,452	**350,118**
LESS Reinsurance amount	(13,873)	(44,987)	(163,441)	(19,345)	(11,083)	(5,080)	(1,179)	(949)	**(259,937)**
LESS Discount amount	(49)	(303)	(1,504)	(228)	(48)	(56)	(16)	(8)	**(2,212)**
PLUS ENID	218	417	1,967	262	120	65	14	18	**3,080**
PLUS RI Bad Debt	18	55	415	61	14	8	4	1	**577**
PREMIUM PROVISION	(4,369)	(1,755)	15,248	4,091	349	(2,465)	(213)	(274)	**10,612**
Breakdown:									
Gross IFRS UPR (Note 2)	9,758	16,521	76,809	25,947	7,970	8,316	1,018	233	**146,572**
PLUS UPR for Bound but not Incepted	7,036	9,390	13,269	4,540	2,352	6,576	572	340	**44,076**
Apply Expected Loss Ratio (for future claims)	7,524	12,810	66,112	22,641	6,556	5,979	643	220	**122,485**
Less Reinsurance amount	(5,168)	(10,116)	(48,984)	(14,861)	(5,026)	(5,044)	(471)	(153)	**(89,822)**
LESS Discount amount	(20)	(189)	(561)	(206)	(28)	(31)	(7)	(1)	**(1,044)**
LESS Future Premium (discounted)	(7,248)	(4,902)	(2,824)	(4,054)	(1,339)	(3,774)	(415)	(366)	**(24,923)**
PLUS ENID	87	93	614	281	56	33	6	2	**1,171**
PLUS RI Bad Debt	10	23	155	50	10	11	2	0	**262**
PLUS Expenses	447	525	737	241	121	360	29	23	**2,483**
Best Estimate	2,002	10,590	73,788	12,096	3,850	-518	190	241	**102,238**
Risk Margin	356	909	10,383	2,002	386	141	82	34	**14,293**
Total Technical Provisions	**2,358**	**11,499**	**84,171**	**14,097**	**4,237**	**(377)**	**271**	**275**	**116,531**

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

Note 2 – The amount of US$146.6m in the table above is net of deferred acquisition costs. The Gross UPR is US$187.6m with acquisition costs of US$41.0m

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

Description US$'000	IFRS Technical Reserves	Adjustment for Solvency Purposes	Solvency II Technical Provision
Gross Claims Reserve	350,118	3,285	353,403
Gross Premium Reserve	187,600	(110,882)	76,718
Risk Margin	-	14,293	14,293
Total Gross Reserves	**537,718**	**(93,304)**	**444,414**
Reinsurance	(394,937)	67,054	(327,883)
Net Reserves	**142,781**	**(26,250)**	**116,531**

D.3. Other Liabilities

The following table provides a summary of insurance payables and liabilities other than Technical Provisions for the year ended 31st December 2021:

Description US$'000	Value as per UK IFRS Financial Statements	Reclassification / Adjustment for Solvency Purposes	Value as per Solvency II
Other Technical Provisions	45,304	(45,304)	-
Insurance and Intermediaries Payables	14,395	-	14,395
Reinsurance Payables	33,473	(10,541)	22,932
Payables (trade, not insurance)	297	-	297
Subordinated Liabilities	35,000	(1,667)	33,333
Other Liabilities	16,447	-	16,447
Total Liabilities	**144,916**	**(57,512)**	**87,404**

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

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

The Subordinated Liabilities have been valued on a fair value basis, with any changes in own credit standing removed for subsequent measurement. A discounted cash flow model using the risk-free rate relevant to each instrument has been used to assess fair value resulting in a reduction in the value of the liability by US$1,667k. Movements in risk-free rates from the date of issuance to the reporting date are the only drivers of changes in fair value. No changes in the issuer's credit standings are applied

The only other difference in the valuation of the liabilities, other than the Technical Provision between IFRS and Solvency II, is the reinstatement premium payables which form part of the best estimate Technical Provision calculation.

The amounts held under IFRS measurement principles in respect of the other liabilities, which include a deferred tax liability of US$13k in respect of the cumulative unrealised profit of US$61k recognised directly in equity as Other Comprehensive Income, are deemed to be approximations of fair value and therefore valued in accordance with the Solvency II valuation rules with no further adjustment required.

D.4. Alternative methods for valuation

Alternative methods for valuation are applied in the valuation of assets or liabilities only where a readily observable external market valuation is not available.

The only alternative method applied is in the valuation of the Subordinated Liabilities where a discounted cash flow model has been applied.

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

D.5. Other material information

There is no other information that requires disclosure.

E. Capital Management

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

The Company has an Investment Policy that sets out the principles and minimum standards for investment of financial assets as well as for asset liability management. The Policy also deals with liquidity risk, credit risk, market risk, the asset/liability management process and the process for appointing investment managers.

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

E.1. Own Funds

The following table analyses the differences between the equity in the IFRS financial statements and the excess of the assets over liabilities as calculated for Solvency II purposes as at 31st December 2021:

Excess of assets over liabilities	**US$'000**	**US$'000**
	2021	**2020**
Total Equity in the financial statements	106,636	101,054
Difference in the valuation of assets	(155,551)	(132,730)
Difference in the valuation of gross technical provisions	93,304	81,405
Difference in the valuation of other liabilities	57,512	40,558
Excess of assets over liabilities under Solvency II	**101,901**	**90,287**

The following table shows the analysis of Tier 1, Tier 2 and Tier 3 Own Funds as at 31st December 2021 of US$135,234k (2020: US$124,636k):

Own Funds	**US$'000**	**US$'000**
	2021	**2020**
Ordinary share capital	68,447	68,447
Reconciliation reserve	32,444	21,840
Tier 1 Own Funds – Unrestricted assets over liabilities under Solvency II	**100,891**	**90,287**
Tier 2 Own Funds – Subordinated liabilities	33,333	34,349
Tier 3 Own Funds – Deferred tax	1,010	-
Own Funds	**135,234**	**124,636**

The whole of the Tier 1 Own Funds are eligible to cover both the Solvency Capital Requirement and the Minimum Capital Requirement.

There has not been any increase or decrease in the amount of Tier 2 Subordinated Liabilities in the year – the reduction in the valuation is as a result of changes in the Bank of England base rate during the year.

As Tier 2 Own Funds may account for up to 50% of the SCR, less any restricted Tier 1 Own Funds, the whole of the US$ 33,333k is eligible to cover the SCR.

In respect of the Minimum Capital Requirement, the eligibility of the Tier 2 Subordinated Liabilities is restricted to 20% of the value of the Minimum Capital Requirement, so restricted to US$4,304k at 31st December 2021 and US$5,463k at 31st December 2020.

The Subordinated Liabilities of US$9,554k and US$23,779k were provided by IGI Bermuda, the Company's immediate parent company. The loans are unsecured, have repayment dates of 26th September 2029 and 23rd December 2029 respectively, are subordinated to all other creditors of the Company and cannot be repaid without the prior consent of the Prudential Regulation Authority. Interest of 0.5% above the Bank of England base rate is payable on the loans.

Under the Solvency II eligibility limits, the whole of the net Deferred Tax Asset of US$1,010k (2020: US$ Nil) is available as a basic Own Funds item classified as Tier 3 to cover the Solvency Capital Requirement. However, it is not eligible to meet the Minimum Capital Requirement.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

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

The Company has assessed the appropriateness of the Standard Formula on both a qualitative and quantitative basis and considers it to provide a good fit to the Company's business and risk profile and no material deviations were indicated.

Specifically, the assessment confirms that the Standard Formula:

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

Amounts of SCR and MCR

	2021		2020	
	USD '000	%	USD '000	%
SCR	86,086	157%	82,384	151%
MCR	21,522	489%	27,315	351%

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

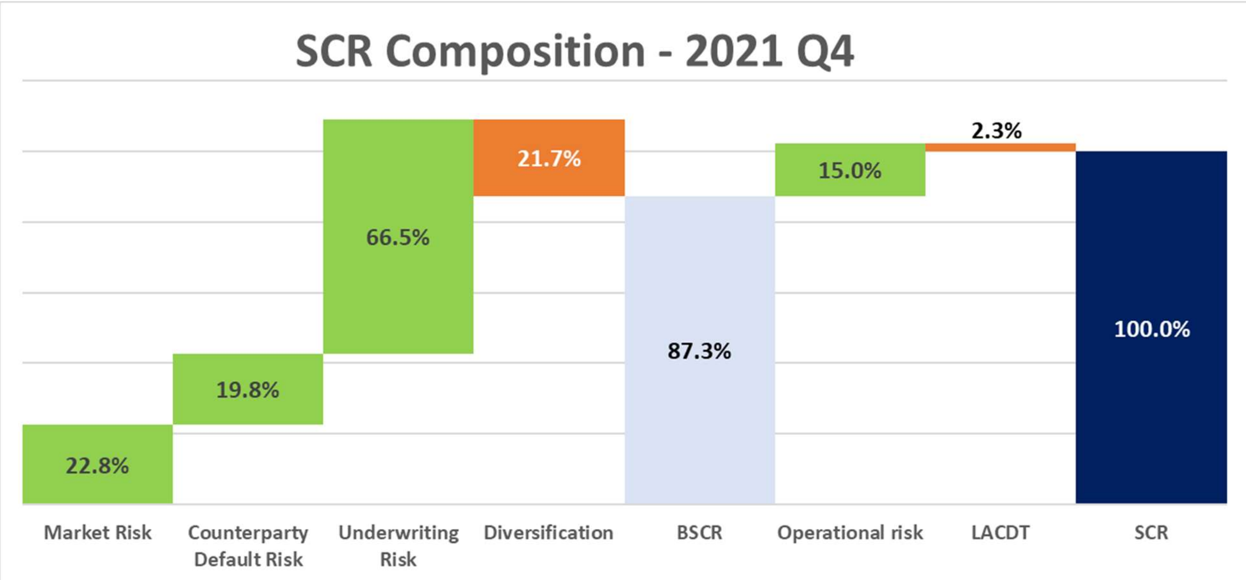
Furthermore, the 2021 year end calculation of the Solvency Capital Requirement as included in this report has been subject to internal and external validation. The Solvency Capital Requirement is also subject to supervisory assessment.

Solvency Position

The Solvency Capital Requirement as of 31st December 2021 amounts to US$86.1m (2020: US$82.4m) comprising the Basic Solvency Capital Requirement ('BSCR') of US$75.2m (2020: US$72.1m) and the Operational Risk charge of US$12.9m (2020: US$10.3m). For the 2021 year end, the Company has adjusted the SCR to take into account the Loss Absorbing Capacity of Deferred Taxes ('LACDT') at US$2,008k. The Company did not take benefit from the adjustment of LACDT in 2020.

The following table shows IGIUK's SCR for the year ended 31st December 2020 and 2021, split by risk module:

SCR Component	US$'000	US$'000
	2021	2020
Market Risk	19,588	15,852
Counterparty Default Risk	17,071	19,034
Non-life Underwriting Risk	57,220	54,422
Diversification between Risk Categories	(18,688)	(17,242)
Basic Solvency Capital Requirement	**75,191**	**72,065**
Operational Risk	12,904	10,319
Loss absorbing capacity of deferred taxes	(2,008)	-
Solvency Capital Requirement	**86,086**	**82,384**



With allocation of the diversification and LACDT benefit on a pro-rated basis, as shown in the table below, it is noted that consistent with the previous year, the SCR is mainly driven by Non-Life Underwriting Risk contributing 53.6% (2020: 53.3%) of the total SCR while Market Risk and Counterparty Default Risk constituted about 18.3% (2020: 15.5%) and 16.0% (2020:18.7%) respectively.

SCR Component	2021		2020	
	USD '000	%	USD '000	%
Market Risk	15,791	18.3%	12,791	15.5%
Counterparty Default Risk	13,762	16.0%	15,359	18.7%
Non-life Underwriting Risk	46,130	53.6%	43,915	53.3%
Operational Risk	10,403	12.1%	10,319	12.5%
Total SCR	**86,086**	**100.0%**	**82,384**	**100.0%**

The Solvency Capital Requirement of US$86,086k (2020: US$82,384k) is covered by Own Funds of US$135,234k (2020: US$124,636k) providing an SCR ratio of 157% (2020: 151%).

Standard Formula simplifications

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

Use of undertaking specific parameters

The Company does not make use of undertaking- specific parameters.

Capital add-ons

No capital add-on has been imposed by the PRA.

Information on inputs used in the calculation of the MCR

The inputs used in the calculation of the MCR are provided in template S.28.01.01 and the MCR at 31st December 2021 amounts to US$21,522k (2020: US$27,315k).

Material Changes to the SCR and MCR

The Total SCR has remained relatively stable, with an increase of approximately 3.6% over the reporting period, from US$82,384k at 31st December 2020 to US$86,086k at 31st December 2021.

The below outlines the main material changes to the SCR:

- For the current 2021 year end, the Company has adjusted the Solvency Capital Requirement to take into account the Loss Absorbing Capacity of Deferred Taxes ('LACDT') at US$2,008k. The Company did not take benefit from the adjustment of LACDT in 2020.
- The Intragroup Quota Share ('BRT') from IGIUK to IGI Bermuda changed from 50% to 65% effective from 1st January 2021 providing for a reduction in potential volatility arising from significant underwriting losses and supporting the Company in maintaining its level of regulatory capital solvency.
- The increase in the BRT cession directly impacts Premium and Reserve risk through reducing Net Earned Premiums in addition to reducing the Catastrophe risk charges (reflecting that IGIUK now retains 35% of losses net of external reinsurances as opposed to 50% on the previous BRT basis). Movements in the Type 1 exposures in the Counterparty default risk module were also noted.
- Technical Provisions include the impact of the increased BRT and hence flow through to further reductions in the Premium and Reserve risk and movements in Interest Rate, Counterparty and Currency risk.

- The 25% increase in Operational risk, from US$10,319k in 2020 to US$12,904k in 2021, corresponds to the increase in Gross Technical Provisions from US$344.0m to US$430.1m.

The MCR requirement over the period has remained relatively stable and, given its quantum in the context of the solvency position of IGIUK, is not considered material.

Loss Absorbing Capacity of Deferred Taxes

The 2021 year end SCR has been reduced by US$2,008k in respect of the loss-absorbing capacity of deferred tax (LACDT). This comprises a carry-back against the corporation tax provision of US$1,995k in respect of the 2021 profit of US$10,723k and an offset against the deferred tax liability of US$13k provided against the cumulative unrealised profit of US$61k recognised directly in equity as Other Comprehensive Income.

The US$2,008k is below the indicative maximum for LACDT, US$16.7m, being 19% of the pre-tax SCR of US$88.1m.

E.3. Use of the Duration Based Equity Risk Sub Module in the SCR calculation

Not applicable.

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

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

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

During 2021, the Company maintained a SCR ratio in excess of 100% and the 130% risk appetite limit as set by the Board. Furthermore, the Company has no foreseeable risk of non-compliance given its relatively stable risk profile and extensive risk mitigation arrangements.

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

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

E.6. Other material information

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

F. Quantitative Reporting Templates

The templates listed below form part of the Annual Regulatory Templates required to be published alongside the SFCR and are provided as an Appendix to this document.

Template Code	Template Name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

G. Approval

Approval by the IGIUK Board of Directors of the Solvency and Financial Condition Report

Financial period ended 31st December 2021

We certify that:

- The Solvency and Financial Condition Report ('SFCR') has been properly prepared in all material respects in accordance with the Prudential Regulation Authority ('PRA') rules and Solvency II Regulations; and
- We are satisfied that:
    - throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Company; and
    - it is reasonable to believe that, as at the date of the publication of the SFCR, the Company has continued to comply, and will continue to do so in future.

On behalf of the Board

Andreas Loucaides

CEO, IGIUK Board

7th April 2022

H. Report of the External Auditors

Report of the independent external auditor to the Directors of International General Insurance Company (UK) Limited ('the Company') pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2021:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2021 **('the Narrative Disclosures subject to audit**'); and
- Company templates S.02.01.02, S.17.01.02, S.23.01.01, S.25.01.21, and S.28.01.01 ('**the Templates subject to audit'**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the **'relevant elements of the Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company templates S.05.01.02, S.05.02.01 and S.19.01.21; and
- The written acknowledgement by management of their responsibilities, including for the preparation of the Solvency and Financial Condition Report ('**the Responsibility Statement'**).

To the extent the information subject to audit in the relevant elements of the Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of International General Insurance Company (UK) Limited as at 31 December 2021 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including 'ISA (UK) 800 *(Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks'* and 'ISA (UK) 805 *(Revised) Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement'*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the relevant elements of the Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included an assessment of the reasonableness of the Company's going concern assessment. The going concern assessment period covered by the Company was to 30 April 2023. We have:

- Confirmed our understanding of the Directors' going concern assessment process and challenged the Directors' assessment which covers the period to 30 April 2023;

- Evaluated the performance of the Company during the Covid-19 pandemic and management's forecast over the assessment period; and
- Evaluated the financial strength of the parent company, International General Insurance Company Ltd., considering the ability of the parent company to meet its obligations under the reinsurance arrangements with the Company, including further assessment of its financial solvency and liquidity under various stress scenarios.

We note that the Company relies on the Group in a situation of financial adversity, and we have therefore reviewed a letter of guarantee from the parent to the Company and satisfied ourselves that the parent has sufficient capital to be able to provide future support to the Company if required.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the relevant elements of the Financial Condition Report are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Emphasis of matter – basis of accounting and restriction on use
We draw attention to the 'Valuation for solvency purposes', 'Capital Management' and/or other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority ('PRA'). As a result, the Solvency and Financial Condition Report may not be suitable for another purpose.

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of the External Audit Part of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose.

Our opinion is not modified in respect of these matters.

Other information

The Directors are responsible for the Other Information contained within the Solvency and Financial Condition Report.

Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the relevant elements of the Solvency and Financial Condition Report themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report
The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Directors are responsible for assessing the Company's ability to continue in operation, disclosing as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the Directors either intend to cease to operate the Company, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Solvency and Financial Condition Report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the direct laws and regulations related to elements of Company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included regulatory and supervisory requirements of the PRA and the Financial Conduct Authority ('FCA').
- We understood how the Company is complying with those frameworks by obtaining a general understanding of how the Company complies with these legal and regulatory frameworks by making enquiries of management and through discussion with the Board. We also reviewed correspondence between the Company and UK regulatory bodies; reviewed minutes of the Board and the Audit Committee; and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related items in the relevant elements of the Solvency and Financial Condition Report.
- For both direct and other laws and regulations, our procedures involved: making enquiry of those charged with governance and senior management for their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies and inspecting significant correspondence with the FCA and PRA.
- The Company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor responsible for the audit considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report on the Solvency and Financial Condition Report.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1(3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Ernst & Young LLP

Ernst & Young LLP
London
07 April 2022

The maintenance and integrity of International General Insurance Company (UK) Limited web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Solvency and Financial Condition Report since it was initially presented on the website.

Appendix – relevant elements of the Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the Solvency and Financial Condition Report that are not subject to audit comprise:

Elements of the Narrative Disclosures subject

International General Insurance Company (UK) Ltd

Solvency and Financial Condition Report

Disclosures

31 December

2021

(Monetary amounts in USD thousands)

General information

Undertaking name	International General Insurance Company (UK) Ltd
Undertaking identification code	2138009PPGB2LQ8XZC76
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2021
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	1,023
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	207,116
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	7,766
R0110	*Equities - listed*	7,766
R0120	*Equities - unlisted*	
R0130	*Bonds*	165,417
R0140	*Government Bonds*	690
R0150	*Corporate Bonds*	164,727
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	33,933
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	327,883
R0280	*Non-life and health similar to non-life*	327,883
R0290	*Non-life excluding health*	327,883
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	22,378
R0370	Reinsurance receivables	7,334
R0380	Receivables (trade, not insurance)	342
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	64,586
R0420	Any other assets, not elsewhere shown	3,055
R0500	**Total assets**	633,719

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	444,414
R0520	*Technical provisions - non-life (excluding health)*	444,414
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	430,121
R0550	*Risk margin*	14,293
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	14,395
R0830	Reinsurance payables	22,933
R0840	Payables (trade, not insurance)	297
R0850	Subordinated liabilities	33,333
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	33,333
R0880	Any other liabilities, not elsewhere shown	16,447
R0900	**Total liabilities**	531,818
R1000	**Excess of assets over liabilities**	101,901

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business						9,417	11,998	157,680	0	16,869		22,147					218,111
R0120	Gross - Proportional reinsurance accepted						14,953	22,846	4,084	2	570		1,908					44,363
R0130	Gross - Non-proportional reinsurance accepted														2,272	906	17,327	20,505
R0140	Reinsurers' share						18,402	27,162	125,069	2	11,513		16,823		1,659	670	12,372	213,672
R0200	Net						5,968	7,682	36,695	1	5,926		7,232		613	236	4,955	69,307
	Premiums earned																	
R0210	Gross - Direct Business						11,660	11,584	154,519	0	13,807		18,619					210,190
R0220	Gross - Proportional reinsurance accepted						14,322	15,123	4,612	2	193		1,879					36,130
R0230	Gross - Non-proportional reinsurance accepted														2,122	1,027	13,998	17,147
R0240	Reinsurers' share						19,107	21,180	120,883	2	9,597		14,517		1,495	717	9,952	197,449
R0300	Net						6,876	5,527	38,248	1	4,403		5,981		627	311	4,046	66,019
	Claims incurred																	
R0310	Gross - Direct Business						9,157	2,947	82,267	0	6,424		5,604					106,400
R0320	Gross - Proportional reinsurance accepted						2,926	17,937	3,765	0	146		-934					23,839
R0330	Gross - Non-proportional reinsurance accepted														736	908	-1,634	10
R0340	Reinsurers' share						7,885	15,166	67,904	0	4,740		2,889		608	578	-1,473	98,298
R0400	Net						4,198	5,718	18,128	0	1,830		1,781		127	330	-161	31,951
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net						0	0	0	0	0		0		0	0	0	0
R0550	**Expenses incurred**						2,950	2,630	15,019	0	2,160		2,188		208	109	1,293	26,558
R1200	**Other expenses**																	811
R1300	**Total expenses**																	27,368

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			MX	IN	CL	KR		
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	216,864	0	0	-341	28		216,551
R0120	Gross - Proportional reinsurance accepted	1,088	10,626	10,459	1,998	2,296		26,467
R0130	Gross - Non-proportional reinsurance accepted	477	8,042	435	2,966	150		12,070
R0140	Reinsurers' share	165,659	13,735	7,545	3,204	1,835		191,979
R0200	Net	52,769	4,933	3,348	1,419	640		63,109
	Premiums earned							
R0210	Gross - Direct Business	206,550	0	7	-352	37		206,242
R0220	Gross - Proportional reinsurance accepted	832	9,157	4,807	1,823	2,636		19,255
R0230	Gross - Non-proportional reinsurance accepted	490	7,051	482	1,653	352		10,028
R0240	Reinsurers' share	155,773	11,837	3,821	2,191	2,175		175,796
R0300	Net	52,100	4,371	1,474	932	851		59,728
	Claims incurred							
R0310	Gross - Direct Business	104,805	-1	-6	38	87		104,923
R0320	Gross - Proportional reinsurance accepted	-407	851	1,445	-104	906		2,691
R0330	Gross - Non-proportional reinsurance accepted	-65	-1,929	96	51	110		-1,738
R0340	Reinsurers' share	79,896	-1,024	1,121	-34	851		80,809
R0400	Net	24,437	-54	414	19	253		25,068
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0		0
R0550	**Expenses incurred**	20,666	1,328	870	340	231		23,435
R1200	**Other expenses**							731
R1300	**Total expenses**							24,166

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						0	0	0	0	0		0		0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						-609	2,678	52,682	0	4,406		18,362		101	-206	-696	76,718
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						3,760	4,433	37,435	0	4,057		14,270		314	68	1,769	66,106
R0150	**Net Best Estimate of Premium Provisions**						-4,369	-1,755	15,248	0	349		4,091		-213	-274	-2,465	10,612
	Claims provisions																	
R0160	Gross						20,591	57,541	222,993	0	14,812		27,347		1,572	1,481	7,064	353,402
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						14,220	45,196	164,453	0	11,311		19,343		1,170	966	5,117	261,777
R0250	**Net Best Estimate of Claims Provisions**						6,371	12,345	58,540	0	3,501		8,004		403	515	1,947	91,626
R0260	**Total best estimate - gross**						19,982	60,219	275,676	0	19,218		45,709		1,673	1,275	6,369	430,121
R0270	**Total best estimate - net**						2,002	10,590	73,788	0	3,850		12,096		190	241	-518	102,238
R0280	**Risk margin**						356	909	10,383	0	386		2,002		82	34	141	14,293
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**						20,338	61,128	286,059	0	19,605		47,710		1,755	1,309	6,510	444,414
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						17,980	49,629	201,888	0	15,368		33,613		1,483	1,034	6,887	327,883
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						2,358	11,499	84,171	0	4,237		14,097		271	275	-377	116,531

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Non-Life insurance claims

Total Non-life business

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

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year					**Development year**							**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2012	7,298	5,824	5,023	834	240	121	19	-744	522	19		19	19,155
R0170	2013	7,447	13,264	2,806	4,097	991	747	606	461	397			397	30,815
R0180	2014	6,604	16,101	1,908	811	2,949	994	-428	-175				-175	28,763
R0190	2015	14,990	19,359	18,809	4,313	1,106	799	115					115	59,490
R0200	2016	10,986	58,102	20,322	4,709	-2,467	3,421						3,421	95,073
R0210	2017	29,430	72,809	28,771	11,548	6,321							6,321	148,879
R0220	2018	15,181	22,230	12,880	4,902								4,902	55,193
R0230	2019	12,046	20,882	11,997									11,997	44,925
R0240	2020	11,295	29,603										29,603	40,898
R0250	2021	12,165											12,165	12,165
R0260												**Total**	68,765	535,357

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year					**Development year**							**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2012	0	0	0	0	2,461	3,082	2,949	1,963	1,394	1,335		1,334
R0170	2013	0	0	0	4,978	2,986	4,461	1,385	347	-157			-158
R0180	2014	0	0	11,735	7,523	3,731	1,834	-239	-513				-506
R0190	2015	0	37,989	15,293	7,463	3,926	2,813	2,399					2,365
R0200	2016	95,750	43,994	18,821	5,870	9,628	6,634						6,524
R0210	2017	120,623	60,870	37,845	28,124	20,193							19,825
R0220	2018	65,052	52,768	40,181	31,430								30,803
R0230	2019	80,174	56,697	28,540									27,944
R0240	2020	140,246	115,609										112,450
R0250	2021	156,927											152,821
R0260												**Total**	353,402

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	68,447	68,447		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	32,444	32,444			
R0140	Subordinated liabilities	33,333		0	33,333	0
R0160	An amount equal to the value of net deferred tax assets	1,010				1,010
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	135,234	100,891	0	33,333	1,010
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	135,234	100,891	0	33,333	1,010
R0510	Total available own funds to meet the MCR	134,224	100,891	0	33,333	
R0540	Total eligible own funds to meet the SCR	135,234	100,891	0	33,333	1,010
R0550	Total eligible own funds to meet the MCR	105,195	100,891	0	4,304	
R0580	**SCR**	86,086				
R0600	**MCR**	21,522				
R0620	**Ratio of Eligible own funds to SCR**	157.09%				
R0640	**Ratio of Eligible own funds to MCR**	488.79%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	101,901
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	69,457
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	32,444
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	7,487
R0790	**Total Expected profits included in future premiums (EPIFP)**	7,487

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	19,588		
R0020	Counterparty default risk	17,071		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	57,220		
R0060	Diversification	-18,688		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	75,191		

USP Key

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

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

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	12,904
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-2,009
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	86,086
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	86,086
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	No

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	-2,009
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	-2,009
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-16,738

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	20,641

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	2,002	9,703
R0080	Fire and other damage to property insurance and proportional reinsurance	10,590	6,571
R0090	General liability insurance and proportional reinsurance	73,788	39,841
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	3,850	4,436
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	12,096	9,642
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	190	708
R0160	Non-proportional marine, aviation and transport reinsurance	241	347
R0170	Non-proportional property reinsurance	0	2,310

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

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	20,641
R0310	SCR	86,086
R0320	MCR cap	38,739
R0330	MCR floor	21,522
R0340	Combined MCR	21,522
R0350	Absolute floor of the MCR	4,309
R0400	**Minimum Capital Requirement**	21,522