Solvency & Financial Condition Report 2020 Year End

International General Insurance Company (UK) Limited

Table of Contents

Summary

The EU-wide regulatory regime for insurance and reinsurance companies, known as Solvency II, came into force with effect from 1st January 2016, requiring new reporting and public disclosure of information.

This document is the fifth issuance of the Solvency and Financial Condition Report (SFCR) that is required to be published annually by International General Insurance Company (UK) Limited. The report covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management and has been approved by the Board of Directors.

The IGI Group delivered strong premium growth in 2020, with Group gross premiums rising 34% to $467.3 (2019: $349.2) and IGIUK gross premiums rising 23% to $254.8 (2019: $206.9). The Group saw higher volumes of premium across all lines of business but particularly in Professional & Financial Liability and Property driven by an improving market. IGIUK also saw a large increase in Professional & Financial Liability premiums with a smaller increase in Marine and Aviation premiums offset by reductions in Energy and Property. The Group and IGIUK combined ratio improved to 89% (2019: 94%) and 88% (2019: 93%) respectively.

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.

IGI Group are in the final stages of setting up a European platform. IGI Group have applied to the Malta Financial Services Authority (MFSA) to establish an operation in Malta, from which it will have direct access to the European markets.

Following COVID-19 measures announced by the Government in March 2020, the directors implemented aspects of the IGIUK's business continuity plan (BCP), specifically requiring staff at all levels and in all functions to work remotely wherever practicable, and to limit the need for gatherings of staff so far as possible. IGIUK's IT facilities have ensured that all of the IGIUK operations have been maintained allowing IGIUK to function as normal.

The policyholder obligations of IGIUK are fully guaranteed by IGI Bermuda. From a regulatory capital perspective, IGI Bermuda (Consolidated) Statutory Capital of US$ 359m provided US$ 160m of headroom over its Bermuda Solvency Capital Requirement (a Solvency II equivalent measure) resulting in a 180% solvency ratio at 2020 Year End. At 2020 Year End, IGIUK Own Funds of US$ 124,636k provided a solvency ratio of 151% of the SCR which amounted to US$ 82,384k. The Company has maintained a Solvency Capital Ratio in excess of 100% from the inception of the Solvency II regime and has no foreseeable risk of non-compliance given its relatively stable risk profile and extensive risk mitigation arrangements.

A. Business and Performance

A.1. Business and Group Structure

This report relates to International General Insurance Company (UK) Limited ('IGIUK' or 'the Company') and its ultimate parent International General Insurance Holdings Ltd.

On 17th March 2020, International General Insurance Holdings Limited ('IGIH') completed a business combination transaction with Tiberius Acquisition Corporation, a Nasdaq-listed company incorporated in Delaware in the United States ('Tiberius'). In this business combination transaction, a new Bermuda company was created, International General Insurance Holdings Ltd ('IGIC' or 'IGI Group'), which wholly acquired both IGIH and Tiberius. IGIC then became a publicly traded company listed on Nasdaq in the United States. International General Insurance Co Ltd ('IGI Bermuda') remains a wholly owned subsidiary of IGIH, and IGIUK remains a wholly owned subsidiary of IGI Bermuda.

IGIH is a non-regulated holding company registered and domiciled in the Dubai International Financial Centre ('DIFC') acting as a holding company of the Group and was founded in 2006.

The Group underwrites a world-wide portfolio of Energy (Upstream, Downstream, Renewable), Property, Marine (Liability, Cargo, Trades) Construction and Engineering, Financial Institutions, Political Violence, General Aviation, Ports and Terminals, Casualty, Professional Indemnity, Directors and Officers, 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 1 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 50% (increasing to 65% 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. In October 2020, AM Best reaffirmed IGI's A (Excellent) with a stable outlook rating.

The policyholder obligations of IGIUK are fully guaranteed by IGI Bermuda. From a regulatory capital perspective, IGI Bermuda (Consolidated) Statutory Capital of US$ 359m provided US$ 160m of headroom over its Bermuda Solvency Capital Requirement (a Solvency II equivalent measure) resulting in a 180% solvency ratio at 2020 Year End.

At 2020 Year End, IGIUK Own Funds of US$ 124,636k provided a solvency ratio of 151% of the SCR which amounted to US$ 82,384k.

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

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

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

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

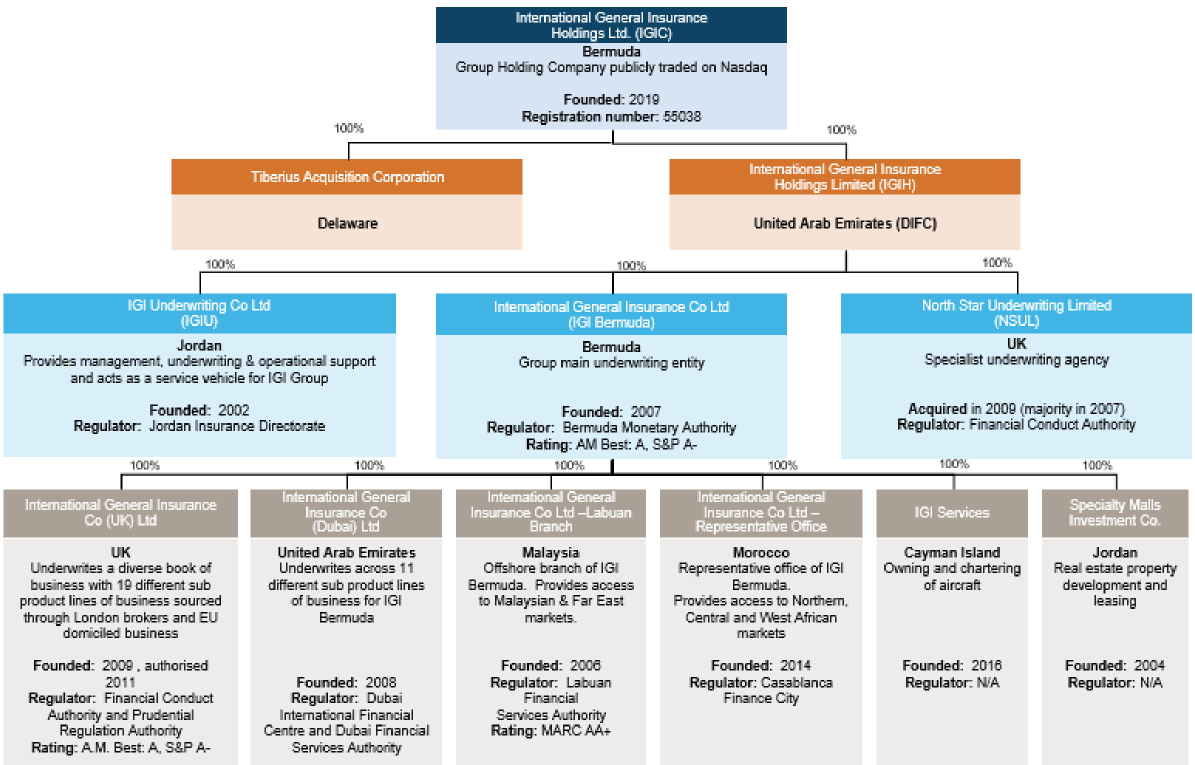
IGI Dubai is regulated by the DFSA as Insurance Intermediation and Insurance Management. IGI Dubai acts as an intermediate and agent of IGI Bermuda, underwriting a number of classes as an underwriting agent of IGI Bermuda.

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 Ltd 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.

The full corporate structure at 2020 Year End is detailed below:



Details of Supervisory Authorities

IGIUK is incorporated in the United Kingdom and has its registered office and operational base at:

Forum House
15–18 Lime Street
London
EC3M 7AN

The Company is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. They can be contacted at:

Prudential Regulation Authority

Bank of England
20 Moorgate
London
EC2R 6DA

Financial Conduct Authority

12 Endeavour Square
London
E20 1JN

Details of External Auditors

IGIH

Ernst & Young LLP
25 Churchill Place
London E14 5EY

IGI Bermuda

Ernst & Young Ltd.
3 Bermudiana Road
Hamilton HM 08, Bermuda

IGIUK

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Ownership and Shareholdings

As at YE 2020 IGIUK is 100% owned by IGI Bermuda which in turn is ultimately owned by IGIC. The following shareholdings of more than 10% in IGIC are provided in the table below:

Shareholder	% Holding (Note 1)
Wasef Jabsheh	28.5
Oman International Development & Investment Company	14.3

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

A.2. Underwriting Performance

The 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 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 2020 and 2019 is provided below:

US$ '000	IGI UK 2020	IGI UK 2019	IGI Group 2020	IGI Group 2019
Gross Written Premium ('GWP')	254,876	206,995	467,273	349,292
Gross Earned Premium ('GEP')	217,631	162,722	396,219	311,333
Reinsurers Share of GEP	132,334	100,599	112,703	95,790
Net Earned Premium ('NEP')	85,297	62,123	283,516	215,543
Net Acquisition Cost	13,698	12,243	54,490	45,435
Net Claims	51,848	37,559	151,672	118,064
Underwriting Result	19,751	12,321	77,354	52,044
Net Loss Ratio	61%	60%	54%	55%
Combined Ratio	88%	93%	89%	94%

IGIUK - Underwriting Result by Class for 31st December 2020

US$'000	Energy	Marine & Aviation	Professional & Financial Liability	Property	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**

IGIUK - Underwriting Result by Class for 31st December 2019

US$'000	Energy	Marine & Aviation	Professional & Financial Liability	Property	Reinsurance	Total
Gross Written Premiums	16,303	33,125	125,662	31,048	857	**206,995**
Net Earned Premiums	3,767	9,406	40,789	7,742	419	**62,123**
Net Acquisition Cost	(995)	(2,103)	(7,254)	(1,854)	(37)	**(12,243)**
Net Claims Incurred	(1,449)	(3,901)	(26,883)	(5,136)	(190)	**(37,559)**
Underwriting Result	1,323	3,402	6,652	752	192	**12,321**

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

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

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

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

Reinsurance: *Treaty Reinsurance*

IGIH - Underwriting Result by Class for 31st December 2020

US$'000	Energy	Marine & Aviation	Professional & Financial Liability	Property	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**

IGIH - Underwriting Result by Class for 31st December 2019

US$'000	Energy	Marine & Aviation	Professional & Financial Liability	Property	Reinsurance	Total
Gross Written Premiums	72,110	44,987	139,071	75,138	17,986	**349,292**
Net Earned Premiums	35,538	26,441	94,394	41,431	17,739	**215,543**
Net Acquisition Cost	(7,563)	(5,956)	(20,623)	(8,297)	(2,996)	**(45,435)**
Net Claims Incurred	(7,117)	(12,626)	(59,681)	(24,102)	(14,538)	**(118,064)**
Underwriting Result	20,858	7,859	14,090	9,032	205	**52,044**

Gross Written Premiums for standalone IGIUK posted an increase of 23% compared to last year whilst Group premiums increased on a comparative basis by 34%. The Group saw higher volumes of premium across all lines of business but particularly in Professional & Financial Liability and Property driven by an improving market. IGIUK also saw a large increase in Professional & Financial Liability premiums with a smaller increase in Marine and Aviation premiums offset by reductions in Energy and Property.

The Reinsurers' Share of Gross Earned Premium including the impact of the intragroup cession to IGI Bermuda reduced slightly to 61% compared to 62% in 2019.

The ratio of Net Acquisition Cost to Net Earned Premium of IGIUK also decreased from 20% in 2019 to 16% in 2020 on a comparative basis whereas the ratio of Net Claims to Net Earned Premium increased slightly from 60% in 2019 to 61% in 2020.

A.3. Investment Performance

Investment Portfolio Composition

A summary of the Investment Portfolio by asset class as at 31st December 2020 is given below:

US$ '000	IGI UK Carrying Values	IGI UK Composition %	IGI Group Carrying Values	IGI Group Composition %
Short Term Deposits	24,400	11.4%	172,212	26.9%
Fixed Income Securities	182,097	85.2%	393,624	61.3%
Equity Shares	7,352	3.4%	34,672	5.4%
Investment Properties	-	-	20,012	3.1%
Investment in Associates	-	-	11,583	1.8%
Quoted Funds	-	-	9,791	1.5%
Total	**213,849**	**100.0%**	**641,894**	**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 2020 Year End, IGIUK did not hold any investments outside these highly liquid asset classes compared to the Group's holding of approximately 6.4% across a portfolio including Properties, Investments in Associates and an allocation to Quoted Funds.

In addition to the US$ 213.8m of Investments shown above, the Company held US$ 12.4m 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 Group uses a panel of high-quality third-party investment advisors to implement its investment strategy. The 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 Group maintains a highly liquid portfolio comprised primarily of cash and fixed income securities, which represented just over 88% of invested assets at 31st December 2020.

The following table shows the Return on Investment ('ROI') achieved by IGIUK against that of the overall IGI Group for the financial years 2019 and 2020 by Asset Class:

Return on Investment by Asset Class	IGI UK 2020	IGI UK 2019	IGI Group 2020	IGI Group 2019
Cash & Term Deposits	0.9%	1.0%	2.5%	3.4%
Fixed Income Securities	3.7%	4.1%	2.1%	2.2%
Equity Shares	(7.7%)	-	11.6%	11.8%
Real Estate	-	-	(12.8%)	(0.9%)
Alternative Investments	-	-	-	(6.6)%
Total Investment Return	2.2%	2.7%	2.0%	3.1%
Income Statement US$ '000	**2,336**	**2,545**	**8,489**	**12,998**

Note that all Alternative Investments held by the Group were sold in 2019.

IGIUK returns on Cash & Short Term Deposits reduced compared to 2019 reflecting the very low rate available on GBP and the negative Euro rate.

Returns on Fixed Income Securities in IGIUK reduced on a year on year basis but were higher than those achieved at the level of the Group, primarily due to the inclusion of GBP and Euro bonds within the IGIUK bond portfolio.

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

There is no further information that requires disclosure.

B. System of Governance

B.1. General Information on The System of Governance

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 Group Board and provide necessary support to IGIUK - the IGIUK Board maintaining full and independent autonomy within the overall bounds provided for by the Group.

The following 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 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 Code of Conduct and Ethics that applies to the Board of Directors, its committees, the senior management and the staff members of IGIUK and all IGI Group operational entities.

The Code ensures that the Board of Directors acts in the best interests of the Company while maintaining full compliance with the laws, rules and regulations of the jurisdictions in which it operates.

IGIUK has also adopted a Financial Code of Ethics applicable to the Chief Executive Officer, Chief Financial Officer, Financial Controller and certain other officers.

Structure

IGI Group maintains an efficient and sound organisational structure commensurate with its operational requirement and with a view to governing and managing its business efficiently and effectively.

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’):

Individual	Executive/Non-exec	Board	Audit, Risk and Compliance Committee
David King	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	
Charles Manchester [Note 1]	Independent Non-exec	Yes	Yes
Paul Martin	Independent Non-exec	Yes	Chair
Cliff Murphy	Executive	Yes	
Pervez Rizvi [Note 2]	Non-exec	Yes	

Note 1 - Charles Manchester resigned from the Board and the ARCC effective 08.03.2021. An application is in process for Paul Martin to take over the role of 'Senior Independent Director' (SMF14).

Note 2 - Pervez Rizvi resigned from the Board effective 08.03.2021.

IGIUK Board

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

The Board fulfils its duties and obligations through its following committees:

Audit, 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 and is chaired by a Non-executive Director who is a Fellow of the Institute of Actuaries with significant experience of risk, finance and actuarial management, 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

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

The 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's incentive compensation plans, including authority to make and modify awards under such plans. Each year, the Compensation Committee will review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans. The Compensation Committee will make recommendation to the Group Board with respect to the compensation of the Group's Chief Executive Officer and, in consultation with the Chief Executive Officer, other executive officers, as well as directors. Senior IGI UK employee basic pay and bonuses are also shared with the UK 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

IGI Group's Board of Directors formed 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 is also the Chairman of IGI UK Board of Directors) is the chair of the Nominating/Governance Committee. The Nominating/Governance Committee is responsible for overseeing the selection of persons to be nominated to serve on IGI's Board of Directors. It also advises the Board and makes recommendations regarding appropriate corporate governance practices and assists the Board in implementing those practices.

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

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

Changes During the Period

Please refer to Section A.1 "Business and Group Structure".

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 IGIC Chief Executive Officer and, in consultation with the Chief Executive Officer, other 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 participated in a discretionary 'Phantom share option plan' linked to the book value of the Company's shares from the date of granting to the date of exercise and subject to a five-year vesting period.

In connection with the consummation of the business combination between IGIH and Tiberius, the 'Phantom share option plan' was terminated on 17th March 2020. The 2020 Omnibus Equity Incentive Plan (the '2020 Plan') was adopted by IGIC as of 17th March 2020. The 2020 Plan provides for grants of stock options, share appreciation rights, restricted shares, other share-based awards and other cash-based awards. Directors, officers and other employees are eligible for grants under the 2020 Plan.

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

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

There have been no material transactions during 2020 with shareholders, with persons who exercise a significant influence on the undertaking, or with members of the administrative, management or supervisory body other than the continuation of the intragroup quota share reinsurance arrangements with the following exception:

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. Gross premium written for MUML in 2020 was $7.2m (2019: $4.0m).

B.2. Fit and Proper Requirements

The Company has a policy to ensure that persons appointed to relevant roles are 'fit and proper' and carries out an extensive range of background checks before making any senior appointment.

These checks include but are not limited to:

- The 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
- Undertaking of checks via the internet or any other means for any other adverse information relating to the person

A person will only be deemed fit and proper if it can be shown that:

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

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

Please refer to Section B.4 "ORSA".

B.4. ORSA

Overview

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.

Governance

Risk management oversight is the responsibility of the relevant Board of Directors with delegation of risk-related decisions as appropriate to the Group Audit Committee and the IGIUK Audit, Risk and Compliance Committee.

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.

Framework

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 Boards 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'), Solvency and Financial Condition Report ('SFCR') and Regular Supervisory Report ('RSR') for the Bermuda BMA and UK PRA authorities respectively.

IGIUK'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 Audit, Risk and Compliance Committee 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.

Determination of Solvency Needs

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

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

The target level of economic capital is reviewed at least annually against the outputs of the models provided by these two rating agencies and against the aggregate of the applicable regulatory capital requirements.

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.

B.5. Internal Control System

The system of internal control encompasses:

Control environment which sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

Risk assessment to identify and analyse relevant risks to the achievement of objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory and operating conditions will continue to change, mechanisms are needed to identify and deal with the special risks associated with change. Risks are assigned to Risk and Control owners and this is recorded in the consolidated Group Risk Register that reflects entity specific issues.

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 entity's objectives. The Risk Register records the ownership of controls. The Risk Management and Internal Audit Functions assess the effectiveness of controls on a regular basis and provide feedback to the Audit, Risk and Compliance Committee of the Board. The Audit, Risk and Compliance Committee reviews the adequacy of all Internal Control functions at least annually.

Information and Communication whereby the results of the Control Activities are communicated across the Company.

Monitoring whereby internal control effectiveness is monitored on a regular basis, making use of exception reporting and variance analysis as part of its management information.

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

The Function ensures that the business of the Company complies with regulatory compliance requirements with a key role in the management of risks relating to financial crime (including Money Laundering, Sanctions and Anti Bribery and Corruption). The responsibility for the identification 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.6. Internal Audit Function

IGIUK has outsourced its Internal Audit Function to IGI Underwriting Co. Ltd (IGI Underwriting) under the terms of a Service Level Agreement ('SLA') between IGI Underwriting 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 Function is to provide IGIUK's Audit, Risk and Compliance Committee, 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.

The Function 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 Audit, Risk and Compliance Committee of 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 Audit, Risk and Compliance Committee for review and feedback.

B.7. Actuarial Function

IGI Underwriting under the terms of an SLA provides Actuarial Function support to IGIUK. 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 4 staff including the Group Chief Actuary) and Amman, Jordan (currently 5 staff).

The Function coordinates and oversees the calculation of BMA, Solvency II and IFRS technical loss provisions for the Group and IGIUK and carries out reserving reviews. It works closely with the Underwriting and Claims 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 program design and providing opinion on adequacy of reinsurance and underwriting arrangements through the development of technical pricing models and tools across all lines of business.

The Function reports to the Group Audit Committee and the IGIUK Audit, Risk and Compliance Committee.

B.8. 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'.

IGIUK has outsourced to IGI Underwriting administrative functions such as underwriting administration, claims administration, servicing insurance and reinsurance contracts, Internal Audit Function, IT services, Compliance, Risk, Actuarial, Investment Management, Company Secretarial, Exposure Management, Legal and some low level Finance Administration function under the terms of a signed SLA.

In November 2020, IGI partnered with Alchemy Technology Services who specialise in insurance software development and system integrations. Aligned with this partnership, a Senior Director of Alchemy will perform the role of Chief Technology / Information Officer, reporting into IGI's Group Chief Operating Officer who retains overall responsibility for the function.

The service providers for other outsourced functions include the following:

- Moorepay for Payroll processing
- Impendulo for insurance premium tax computation and submission of returns in respective jurisdictions

- TDM for firewall maintenance and server backup
- RMS India for Catastrophe Modelling

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.9. Assessment

Through its ongoing assessment of the operation of these key second and third line functions, the regular review and challenge of their outputs, and the regular Board Effectiveness Review, the Board considers the system of governance to be appropriate and adequate in relation to the nature, scale and the complexity of the risks inherent in its business.

B.10. Any Other Information

There is no further information that requires disclosure.

C. Risk Profile

C.1. Principal Risks and Mitigating Controls

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

The principal risk factors at play are those core inherent risks that we embrace for the purpose of value creation i.e. the random uncertainties around both the frequency and severity of underwriting losses and investment market volatility.

In addition, the Company's attainment of its business objectives is subject to operational risks relating to the failure of the people, processes or systems that it relies upon. Such operational risks may crystallise in a way that correlates with the intrinsic risks where they relate to a failure to manage these intrinsic risks within the bounds modelled (for example the risk of inadequate data being recorded in respect of insurance exposures) or in a standalone fashion independent of such intrinsic risk (for example through a specific financial loss or a loss of strategic opportunity).

The 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.

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.2. Underwriting Risk

IGI UK monitors and reports quarterly on a range of individual underwriting stress scenarios as defined within the Standard Formula SCR calculation. The most material PMLs and RDSs are provided as per the table in the Underwriting Risk Profile section below.

With the exception of these standalone scenarios, to date IGI UK 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 IGI UK 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 IGI UK and its parent – both in terms of IGI UK'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 IGI UK policyholders beyond the level provided by IGI UK's own resources.

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

Underwriting Risk Profile

The following table details the most material IGIUK risk concentrations in respect of Underwriting Risk as reported to the Q4 2020 IGIUK Board. The $m amounts are reported net of all reinsurance and allowing for reinstatement premiums where relevant. The figures exclude any of the inwards treaty business however, including this would have a minimal impact as most of this business is written on Bermuda paper. The % SII Own Funds column demonstrates the impact of each scenario in terms of its potential to deplete available Solvency II Own Funds at Q4 2020.

Line of Business	Basis	Maximum Exposure	$m (Net of Reinsurance)	% SII Own Funds
All Nat Cat Exposed Risks	All Natural Perils - AEP (Note 1) (1 in 100)	Mexico	$5.7m	5%
	All Natural Perils - OEP (Note 2) (1 in 250)	Worldwide	$4.2m	3%
	All Natural Perils - AEP (1 in 250)	Worldwide	$7.6m	6%
Non Marine	Deterministic Scenario	India Wind 04 Western	$7.0m	6%
Offshore Energy	Exposure by Area	North Sea	$3,553m	-
Political Violence	Terrorism - 250 Metre Bomb Blast	London - UK	$11.8m	9%
	SRCC (Note 3) - Largest City Exposures - (Internal PML based on AKE rating)	Douala – Cameroon	$1.7m	1%
	War - Country Exposures - (Internal PML based on AKE rating)	Thailand	$1.9m	2%
General Aviation (Note 4)	Deterministic (largest 2 combined Hull / Liability)		$2.5m	2%
Casualty & Professional	Deterministic (2 max lines)		$3.7m	3%
Financial Institutions	Deterministic (2 max lines)		$3.6m	3%

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 monitors Aggregate Exceedance Probability (AEP) All Natural Perils (ANP) metrics by country at 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. This allows IGI to also account for the frequency of losses as this is considered to be a key driver of risk, particularly given the frequency of losses experienced during 2017.

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

Based on the above, the Company's most significant modelled scenario of the All Natural Perils is AEP (1 in 250) Worldwide accounting for 6% of Own Funds at Q4. The Company's most significant exposure to a Realistic Disaster Scenario would amount to 9% of available Solvency II Own Funds and would fall within the headroom held.

Underwriting 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 probable maximum loss limits at individual and combined portfolio levels

- Maintaining an effective exposure management system (detailed further below)
- Having a matching stratified reinsurance programme
- Maintaining effective and frequent monitoring and performance review practices

Underwriting Catastrophe Risk

The Company has limited appetite for Catastrophe Risk in high-risk areas and takes a conservative approach to catastrophe risk. 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 managing 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 figures are available. The Company employs the Sequel Impact tool for aggregating terrorism exposures on the basis of individually geocoded risk exposures.

Risk Mitigation Effectiveness

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 Group and afford protection to all IGI 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’ proportional treaty under which 50% (increasing to 65% from 1st January 2021 onwards) 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.

C.3. Market Risk

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.

Market Risk Profile

The following table provides a summary of the market and credit risk profile of the IGIUK investment portfolio as reported to the Q4 2020 IGIUK Board.

The 'Target' represents the IGIUK Board's stated appetite for each measure as at the last full update of its Risk Appetite and Investment Policy.

Measure	Description	Target	Actual
Equities Proportion	% total assets held in equities	<=15%	3%
Fixed Income Proportion	% total assets held in fixed income securities	<=75%	66%
Fixed Income Counterparty	% fixed income assets at S&P BBB or better	>=90%	100%
Alternative Funds Proportion	% total assets held in alternative funds	<=5%	0%
Real Estate Proportion	% total assets held in real estate	<=5%	0%
Call / Term Deposit Quality (Note 1)	% with minimum rating of Moody's A1 or S&P A-2	>=75%	99%

Note 1 Excludes $15.6m held in current and investment feeder bank accounts rated BBB the use of which are approved and monitored by the Board

Market Risk Mitigation

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

The primary tools for managing Market Risk include:

- Maintaining compliance with the prudent Investment Policy
- Clear investment guidelines with limited exposure to non-traditional investment classes and requirements as to minimum investment counterparty quality

Prudent Person Principle

Both IGI Group and IGIUK are required to invest the assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'.

The prudent person principle defines that the decision to invest assets must be in a manner which is generally accepted as being sound for the average person.

The Company ensures sufficient liquidity in the 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 3.74 years (3.42 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 50% of its investments in cash and cash equivalents which are more than sufficient to take care of liquidity requirements of the operation.

C.4. Counterparty Risk

In addition to the Counterparty Risk inherent in its investment portfolio, the Company is exposed to the risk of default in respect of premiums receivable and reinsurance recoverables.

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

Counterparty Risk Mitigation

The Company has a low appetite for Counterparty 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 Counterparty Risk include:

- Minimum credit quality criteria in respect of outwards reinsurance counterparties coupled with concentration limits to contain exposures in extremis
    - Reinsurers to be either BBB rated or better by S&P or securitised by a Letter of Credit at time of placement
    - No individual reinsurer to accept more than 25% of any reinsurance programme at time of placement
- Applying effective credit control procedures in respect of broker and reinsurer receivables

C.5. Liquidity Risk

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

The risk is mitigated through the investment policy requiring 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 31% of the overall IGIUK portfolio at 2020 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.

C.6. Operational Risk

Operational Risk is concerned with 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.

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

Operational Risk is monitored via the Risks and Controls Register that articulates the material sources of potential Risk and the Key Controls in place to manage them.

The control and risk mitigation approach includes:

- Established procedural controls including workflow management
- Monitoring of compliance with established procedures and processes
- Maintaining a robust future looking framework of hardware and software to support business needs and market expectations
- Maintaining effective human resource management and development practices
- A series of 'zero tolerance' appetite statements for controllable risks and a risk management process focusing on the adequacy of the control environment

C.7. Other Material Risks

In addition to the above risks that have the potential to result in capital depletion, the Company considers Strategic Risk – this being the risk arising from an inability to identify and respond to general economic risks in addition to failures in, or poor quality of, executive/strategic decision making or execution.

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.

C.8. Other Material Information

Brexit

IGI Group are in the final stages of setting up a European platform. IGI Group have applied to the Malta Financial Services Authority (MFSA) to establish an operation in Malta, from which it will have direct access to the European markets now that IGI can no longer access that business from London as a result of Brexit. IGI Group expect to be able to make a more formal announcement pending the completion of the review process.

Climate Change

The Company continues to consider the impact and potential risks of climate change with our current assessment remaining that it presents very limited risk at least in the medium term on either the asset or liability side of the balance sheet from the perspective of either physical, transition or liability risks.

From a physical risk perspective, the annual nature of the majority of our insurance contracts means that the latest view on elemental catastrophe risks can be factored into risk selection, pricing and exposure management. In this respect, our use of RMS 'Near Term Rates' for relevant perils and our partnership with RMS India ensuring the Company benefits from the latest models available provides for a prudent view of natural catastrophe perils.

From a transition risk perspective, the longer-term pressures from climate change can be expected to impact some of the industries to which the company is exposed both in terms of underwriting and investments.

In terms of underwriting, the Company mitigates the potential impact through writing a diversified portfolio of risks – the increase in renewables and green technologies for example helping to balance the more traditional energy risks where investment is declining (and further exacerbated in 2020 by the impacts of COVID-19).

In terms of assets, the Company retains a 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.

Whilst of the view that climate change does not present a material risk to the Company, we continue to participate in industry groups such as the IUA Climate Change Committee to ensure the Company are in touch with the latest thinking. The topic of Climate Change is also a standing item on the Company's Board agenda.

COVID-19

On 30th January 2020, the World Health Organisation declared the outbreak of coronavirus (COVID-19) to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

Following measures announced by the Government in March 2020, the directors implemented aspects of the Company's business continuity plan (BCP), specifically requiring staff at all levels and in all functions to work remotely wherever practicable, and to limit the need for gatherings of staff 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. The directors expect that these operational changes will continue to be required until all employees are allowed to return to their offices following Government advice.

The full extent to which the COVID-19 pandemic may impact the Company's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the Company, the insurance industry and the economies in which the Company operates.

Management and the Group have performed a COVID-19 impact analysis as part of their going concern assessment using the latest available information. The analysis included modelling a number of adverse scenarios to assess the potential impact that COVID-19 may have on the Company's and Group's operations, liquidity, solvency and capital position. These stresses include increased counterparty defaults, falls in equity values, credit spread widening, currency movements and increases in the value of claims.

This analysis indicates that the solvency position is and will likely remain within the Company's 'Capital Management Framework' targets with the support of the Group if necessary. Management believe the preparation of the financial statements on a going concern basis remains appropriate and that the Company will be able to meet its regulatory solvency requirements and liabilities with sufficient liquidity.

Based on the initial analyses, 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. To date, this assessment is supported by the fact that as of 31st December 2020, management's best estimates of the specific reserves in respect of COVID-19 related claims are not considered to be significant.

The Company also writes professional indemnity coverage within its casualty line of business which includes a portfolio of insurance brokers on which the Company has received notifications in respect of business interruption coverage. This portfolio is predominantly written on an excess layer basis with high attachment points and, although this portfolio accounts for the majority of the COVID-19 notifications received to date, the notifications to date are considered precautionary on the part of the broker.

With respect to claims administration, the Company has not evidenced a discernible impact on the reporting and settlement of claims, as the third-party loss adjusters and other appointed experts, in conjunction with the Company's inhouse claims function, have demonstrated an ability to adapt effectively to the virtual world in servicing claims.

In addition, the combination of a modest allocation to equities and the high quality and diversified nature of the Company's bond and term deposits has protected the Company from material negative mark to market adjustment in its investment portfolio.

Litigation

The Group, which arranges reinsurance policies which cover the Company's underwriting, is currently engaged in an arbitration proceeding with certain reinsurers represented by an underwriting agent ('agent') with respect to certain matters related to the Group's outward reinsurance programme for the years 2012 to 2017.

The Group commenced the arbitration proceeding with the agent for these reinsurers after they failed to make payment of approximately US$ 5.7m which the Group believes is due from them (based on figures as at 30th June 2019). As at 31st December 2020, the Group is seeking to recover approximately US$ 15.3m from the reinsurers, plus interest and legal costs. In response, the agent alleges that certain matters were not adequately disclosed and is seeking to void the policies. The Group believes that the allegations are without merit and will vigorously defend itself in this matter, and the arbitration hearing is scheduled for April 2021. Accordingly, no provision for any liability has been made in the financial statements.

Were the policies in question to be voided, approximately US$ 34.6m (Company, net of internal quota share, US$ 6.4m) of premiums paid by the Group to the reinsurers would be returned to the Group, and the Group would similarly return approximately US$ 29.6m (Company, net of internal quota share, US$ 8.8m) of claims previously paid by the reinsurers and would not collect a further US$ 15.3m (Company, net of internal quota share, US$ 2.0m) which the Group believes is due from the reinsurers as at 31st December 2020. In addition, the Group would be unable to make further recoveries under the policies in respect of claims it is yet to pay and/or claims that have not yet been, but may eventually be made under the affected policies and would not be required to pay any further premiums to the reinsurers.

D. Valuation for Solvency Purposes

D.1. Assets

The following table summarises the assets held by the Company as at 31st December 2020 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	45,846	(45,846)	-
Property, plant & equipment held for own use	383	(383)	-
Investments	213,849	1,257	215,106
Reinsurance Recoverable	265,692	(53,440)	212,252
Insurance and Intermediaries Receivables	63,435	(37,048)	26,387
Reinsurance Receivables	-	4,421	4,421
Receivables (Trade)	17	-	17
Cash and Cash Equivalents	61,110	-	61,110
Other Assets	5,756	(1,691)	4,065
Total Assets	**656,088**	**(132,730)**	**523,358**

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$ 53,440k from US$ 265,692k under IFRS to US$ 212,252k under Solvency II.

Insurance and Intermediaries / Reinsurance Receivables

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

Other Assets / 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 Technical Provisions total of US$ 358.4m (gross of reinsurance) and US$ 146.1m (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	18,778	343	1,185	20,305
Fire and other damage to property insurance and proportional reinsurance	Fire	47,314	2,252	918	50,484
General liability insurance and proportional reinsurance	Liability	166,926	42,801	8,444	218,172
Miscellaneous financial loss insurance and proportional reinsurance	Financial	26,589	10,840	2,312	39,740
Legal Expenses	LE	10,460	4,191	381	15,032
Non-proportional property reinsurance	NP prop	9,858	2,007	855	12,719
Non-proportional casualty reinsurance	NP cas	781	105	119	1,004

Non-proportional marine, aviation and transport reinsurance	NP MAT	856	(142)	254	968
Total		281,562	62,397	14,466	358,425

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	7,871	(554)	1,183	8,500
Fire and other damage to property insurance and proportional reinsurance	Fire	12,342	1,356	918	14,616
General liability insurance and proportional reinsurance	Liability	69,345	16,276	8,444	94,065
Miscellaneous financial loss insurance and proportional reinsurance	Financial	10,585	4,848	2,312	17,745
Legal Expenses	LE	3,432	1,544	381	5,357
Non-proportional property reinsurance	NP prop	3,509	437	855	4,801
Non-proportional casualty reinsurance	NP cas	359	21	119	499
Non-proportional marine, aviation and transport reinsurance	NP MAT	404	(68)	254	590
Total		107,847	23,861	14,466	146,173

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

The Company evaluates both outstanding ('O/S') individual claim case reserves and Incurred But Not Reported ('IBNR') bulk claims estimates. IBNR includes an allowance for the expected run-off of case 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), and evaluation of expected loss ratios (again both internal and external) having regard to the impact of the underwriting cycle. This analysis takes place separately for each material line of business.

The total starting point for Claims Provision is O/S+IBNR. This is estimated both gross and net of reinsurance, having regard to how the reinsurance program should respond to known unreported claims, historical recovery rates from reinsurance contracts and considering current gross: net ratios for each line of business, accident year and reinsurance contract type. This is estimated without margins for prudence as required by the regulations.

Using the patterns of claims payments and risk-free interest rates published by EIOPA in accordance with the Solvency II Directive, a discount factor is applied to allow for the likely income on invested claims reserves.

Provision is made for Events Not In Data ('ENID') by making an allowance for possible adverse outcomes that may not yet have occurred during the Company's trading history. There is a further loading for

Reinsurance Default ('RI Default') which is calculated on a different basis from IFRS bad debt provisions: this takes account of the amount of total expected recoveries within the claims reserve banded by the credit ratings of the reinsurers.

The Claims Provision is then: O/S+IBNR ***less*** Discount ***plus*** ENID ***plus*** RI Default

Premium Provision

This component takes account of future payments for claims yet to occur on policies that have already been underwritten, including 'bound but not yet incepted' policies which 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. The future reinsurance recoveries, allowed for in the net loss ratios, take account of the type of reinsurance applicable and for non-proportional coverage 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.

The starting point for Premium Provision is then: future claims ***less*** future premiums.

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, ENID, 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 Premium Provision is then:

Future claims ***less*** future premiums ***less*** Discount ***plus*** Future cost of Reinsurance, ***plus*** ENID, ***plus*** RI Default, ***plus*** total additional expense reserves.

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 1st party and especially in 3rd 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 are 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 staff 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 2020 Year End the Company has received around 60 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 2020 Q4 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 $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. The scale of the Global Pandemic, its complexity, protracted nature and the way in which it has impacted society mean that there significant more uncertainty surrounding IGIUK's exposure both earned and unearned.

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 is greater uncertainty surrounding these assumptions than normal.

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

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

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

Whilst it seems likely that we will see these in the future, it is not apparent that the timing of these will materially impact exposures bound at 2020 Year End.

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 Reinsurance Treaty ('BRT'), a proportional reinsurance IGI Bermuda provides to IGIUK) covers are applied.

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

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

Material Differences With IFRS

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

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

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

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	7,871	12,342	69,345	10,585	3,432	3,509	359	404	**107,847**
Breakdown:									
Gross IFRS reserve Including ULAE	18,118	45,705	160,857	25,745	10,053	9,681	758	824	**271,741**
LESS Reinsurance amount	(10,517)	(33,798)	(94,297)	(15,549)	(6,765)	(6,249)	(411)	(436)	**(168,022)**
LESS Discount amount	(7)	(83)	(153)	(47)	0	(66)	(4)	(1)	**(361)**
PLUS ENID	265	469	2,654	385	134	134	14	16	**4,071**
PLUS RI Bad Debt	14	49	284	51	10	9	2	1	**418**
PREMIUM PROVISION	(554)	1,356	16,276	4,848	1,544	437	21	(68)	**23,860**
Breakdown:									
Gross IFRS UPR (Note 2)	11,151	10,036	75,424	24,374	5,215	4,981	691	317	**132,189**
PLUS UPR for Bound but not Incepted	444	779	804	277	25	694	115	32	**3,170**
Apply Expected Loss Ratio (for future claims)	8,389	7,947	55,168	15,668	4,228	4,269	498	199	**96,366**
Less Reinsurance amount	(4,870)	(5,626)	(34,706)	(8,984)	(2,657)	(3,127)	(278)	(113)	**(60,361)**
LESS Discount amount	(4)	(6)	(86)	(29)	0	(10)	(2)	0	**(137)**
LESS Future Premium (discounted)	(4,563)	(1,306)	(5,642)	(2,336)	(105)	(843)	(222)	(172)	**(15,189)**
PLUS ENID	152	97	854	279	64	46	8	4	**1,504**
PLUS RI Bad Debt	8	11	111	34	5	6	1	0	**176**
PLUS Expenses	334	239	577	216	9	96	16	14	**1,501**
Best Estimate	7,317	13,698	85,621	15,433	4,976	3,946	380	336	**131,707**
Risk Margin	1,183	918	8,444	2,312	381	855	119	254	**14,466**
Total Technical Provisions	8,500	14,616	94,065	17,745	5,357	4,801	499	590	**146,173**

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$ 132.2m in the table above is net of deferred acquisition costs. The Gross UPR is US$ 168.9m with acquisition costs of US$ 36.7m

Description US$ '000	**IFRS Technical Reserves**	**Adjustment for Solvency Purposes**	**Solvency II Technical Provision**
Gross Claims Reserve	271,741	9,821	281,562
Gross Premium Reserve	168,089	(105,692)	62,397
Risk Margin	-	14,466	14,466
Total Gross Reserves	**439,830**	**(81,405)**	**358,425**
Reinsurance	(265,692)	53,440	(212,252)
Net Reserves	**174,138**	**(27,965)**	**146,173**

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 2020:

Description US$ '000	Value as per UK IFRS Financial Statements	Reclassification / Adjustment for Solvency Purposes	Value as per Solvency II
Other Technical Provisions	33,665	(33,665)	-
Insurance & Intermediaries Payables	10,615	(6,242)	4,373
Reinsurance Payables	25,821	-	25,821
Payables (trade, not insurance)	267	-	267
Subordinated Liabilities	35,000	(651)	34,349
Other Liabilities	9,835	-	9,835
Total Liabilities	**115,203**	**(40,558)**	**74,645**

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. 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. This is a change from 31st December 2019 when the Subordinated Liabilities were valued at par. The impact of the change in basis is to reduce the value of the liability by US$ 651k

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 forms part of the best estimate Technical Provision calculation.

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

D.4. Alternative Methods For Valuation

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 valuation of its assets and liabilities.

D.5. Any Other Disclosures

There is no further 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 the 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 2020 (2019 - unaudited):

Excess of assets over liabilities	US$ '000	US$ '000
	2020	2019 (unaudited)
Total Equity in the financial statements	101,054	88,505
Difference in the valuation of assets	(132,730)	(81,301)
Difference in the valuation of gross technical provisions	81,405	68,266
Difference in the valuation of other liabilities	40,558	3,014
Excess of assets over liabilities under Solvency II	**90,287**	**78,484**

The following table shows the analysis of Tier 1 and Tier 2 Own Funds as at 31st December 2020 of US$ 124,636k (2019: US$ 112,936k (unaudited)):

Own Funds	US$ '000	US$ '000
	2020	2019 (unaudited)
Ordinary share capital	68,447	68,447
Reconciliation reserve	21,840	10,037
Tier 1 funds – Excess of assets over liabilities under Solvency II	**90,287**	**78,484**
Tier 2 funds – Subordinated liabilities	34,349	34,452
Own Funds	**124,636**	**112,936**

The whole of the Tier 1 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 – due to being restricted to a maximum of 50% of the Solvency Capital Requirement, only US$ 34,452k of the total Subordinated Liabilities of US$ 35,000k were allowable at 31st December 2019. No such restriction applies at 31st December 2020 in respect of the Solvency Capital Requirement.

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$ 5,463k at 31st December 2020 and US$ 4,217k (unaudited) at 31st December 2019.

The Subordinated Liabilities of US$ 9,825k and US$ 24,524k were provided by International General Insurance Company Limited, the Company's immediate parent company. The loans are unsecured, have repayment dates of 26 September 2029 and 23 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.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

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

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.

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;
- Is applied with no consideration for the risk absorbing effect of technical provisions and deferred taxes resulting in an SCR requirement that is more prudent.

As required by the IGIUK Own Risk and Solvency Assessment process, the Standard Formula SCR is recalculated at least quarterly and at other times in response to an actual or projected material change in the risk profile and its results reported in full to the Audit, Risk and Compliance Committee 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.

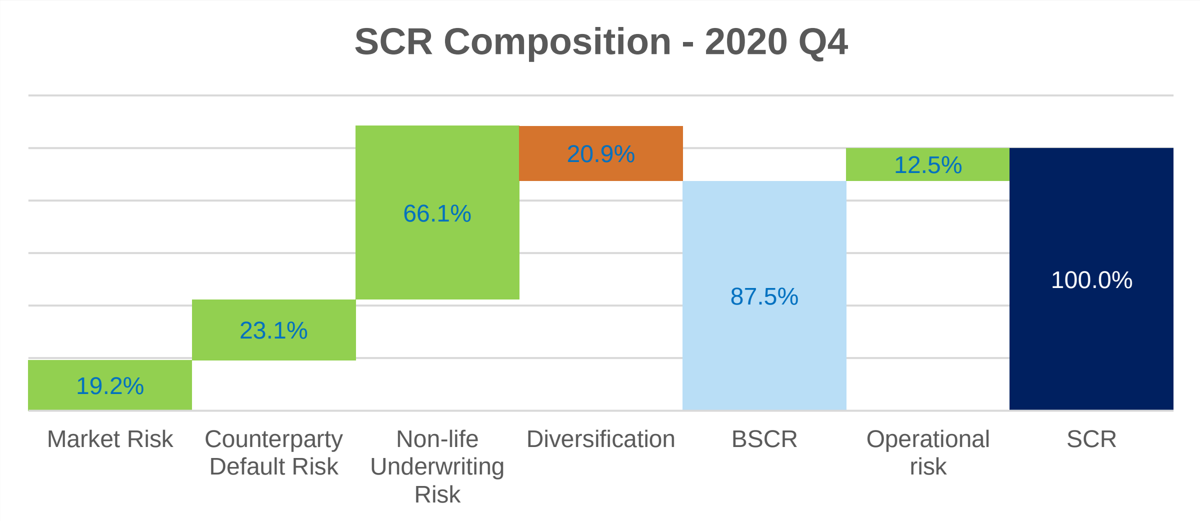
In addition, the 2020 Year End calculation of the Solvency Capital Requirement as included in this report has been subject to internal and external validation. The Solvency Capital Requirement is also subject to supervisory assessment.

The Solvency Capital Requirement as of 31st December 2020 amounts to US$ 82.4m (2019: US$ 68.9m (unaudited)) comprising the Basic Solvency Capital Requirement ('BSCR') of US$ 72.1m (2019: US$62.1m (unaudited)) and the Operational Risk charge of US$ 10.3m (2019: US$ 6.8m (unaudited)) with the diversification between risk categories comprising US$ 17.2m (2019: US$14.3m (unaudited)) as shown below:

Composition of IGIUK SCR as at 31st December 2020

SCR Component	US$ '000	US$ '000
	2020	2019 (unaudited)
Market Risk	15,852	13,146
Counterparty Default Risk	19,034	15,291
Non-life Underwriting Risk	54,422	47,998
Diversification between Risk Categories	(17,242)	(14,303)

BSCR	**72,065**	**62,132**
Operational Risk	10,319	6,773
Total SCR	**82,384**	**68,905**



With allocation of the diversification benefit on a pro-rated basis, as shown in the table below, it is noted that the SCR is mainly driven by Non-Life Underwriting Risk contributing 53.3% of the total SCR while Counterparty Default Risk and Market Risk constituted about 18.7% and 15.5% respectively.

SCR Component	US$ '000	%	US$ '000	%
	2020		2019 (unaudited)	
Market Risk	12,791	15.5%	10,686	15.5%
Counterparty Default Risk	15,359	18.7%	12,430	18.0%
Non-life Underwriting Risk	43,915	53.3%	39,016	56.6%
BSCR	**72,065**	**87.5%**	**62,132**	**90.2%**
Operational Risk	10,319	12.5%	6,773	9.8%
Total SCR	**82,384**	**100.0%**	**68,905**	**100.0%**

Solvency Position

The Solvency Capital Requirement of US$ 82,384k (2019: US$ 68,905k (unaudited)) is covered to 151% (2019: 164% (unaudited)) by Own Funds of US$ 124,636k (2019: US$ 112,936k (unaudited)) and to 110% (2019: 114% (unaudited)) by the Tier 1 Own Funds of US$ 90,287k (2019: US$ 78,484k (unaudited)) which is within the target range specified by the IGIUK Board.

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 2020 amounts to US$ 27,315k (2019: US$ 21,083K (unaudited)).

Material Changes to the SCR and MCR

The SCR has increased by approximately 20% over the course of 2020 consistent with the relatively stable nature of the overall risk profile and the organic growth in the business.

The following table tracks the SCR as reported to the Audit, Risk and Compliance Committee from 2019 Year End to the current 2020 Year End showing both percentage movement quarter on quarter and total cumulative movements against the baseline of 2019 Year End.

US$ '000	2019 Q4 (unaudited)	2020 Q1 (unaudited)	2020 Q2 (unaudited)	2020 Q3 (unaudited)	2020 Q4
Solvency Capital Requirement	68,905	73,845	76,057	86,037	82,384
SCR Movement vs Prior Quarter		+7%	+3%	+13%	-4%
SCR Movement vs Q4 2019		+7%	+10%	+25%	+20%
Minimum Capital Requirement	21,083	21,825	23,000	25,491	27,315
MCR Movement vs Prior Quarter		+4%	+5%	+11%	+7%
MCR Movement vs Q4 2019		+4%	+9%	+21%	+30%

The underlying movements in the SCR over the period reflect the general organic growth in the business and this can be expected to continue over the near term given that the Company projects modest expansion of its underwriting activity and has no plans to materially change its investment strategy.

The 2020 Q4 SCR calculation has benefitted from the increase in the Bermuda Risk Transfer ('BRT') intragroup reinsurance cession from 50% to 65% effective 1st January 2021.

The arrangement directly impacts Premium and Reserve risk through reducing Net Earned Premiums in addition to reducing the Catastrophe Risk charges by 30% (reflecting that going forwards IGI UK will retain 35% of losses net of external reinsurances as opposed to 50% on the previous BRT basis).

The 31st December 2020 Balance Sheet was unaffected by the change and remains on the basis of the previous 50% BRT. Further solvency benefits will flow through at the 2021 Q1 valuation date as the partial commutation of BRT is implemented and a reinsurance premium corresponding to the increase in ceded IFRS reserves is transferred from IGI UK to IGI Bermuda.

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

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.

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

The Company has maintained a Solvency Capital Ratio in excess of 100% from the inception of the Solvency II regime and 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.

In extremis, 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

None.

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 2020

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

8th April 2021

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 2020**:**

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2020 (**'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 2020 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 Director's 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 Group's going concern assessment. The going concern assessment period covered by Group was to 30 April 2022. We have:

- confirmed our understanding of the Directors' going concern assessment process and challenged the Directors' assessment which covers the period of 12 months from the date of approving the Solvency and Financial Condition Report;
- 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 where we are satisfied, 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 Solvency and 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 & Restriction on Use

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' 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. 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 there is 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.

Our approach was as follows:

- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the Company and determined that 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 permissions and supervisory requirements of the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').
- We obtained a general understanding of how the Company complies with these legal and regulatory frameworks by making enquiries of management and through discussion with 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 of 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, 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.

- We assessed the susceptibility of the relevant elements of the Solvency and Financial Condition Report to material misstatement, including how fraud might occur, by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address the identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

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.

DocuSigned by:
Ernst & Young LLP
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Ernst & Young LLP
London
8th April 2021

The maintenance and integrity of the International General Insurance Company (UK) Limited website 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 to audit identified as 'unaudited'.

International General Insurance Company (UK) Ltd

Solvency and Financial Condition Report

Disclosures

31 December

2020

(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 2020
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	
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)	215,105
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	7,352
R0110	*Equities - listed*	7,352
R0120	*Equities - unlisted*	
R0130	*Bonds*	183,353
R0140	*Government Bonds*	24,865
R0150	*Corporate Bonds*	158,488
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	24,400
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:	212,252
R0280	*Non-life and health similar to non-life*	212,252
R0290	*Non-life excluding health*	212,252
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	26,387
R0370	Reinsurance receivables	4,421
R0380	Receivables (trade, not insurance)	17
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	61,110
R0420	Any other assets, not elsewhere shown	4,065
R0500	**Total assets**	523,358

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	358,425
R0520	*Technical provisions - non-life (excluding health)*	358,425
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	343,959
R0550	*Risk margin*	14,466
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	4,373
R0830	Reinsurance payables	25,821
R0840	Payables (trade, not insurance)	267
R0850	Subordinated liabilities	34,349
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	34,349
R0880	Any other liabilities, not elsewhere shown	9,835
R0900	**Total liabilities**	433,071
R1000	**Excess of assets over liabilities**	90,287

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						10,306	10,857	140,217		17,291		24,651					203,322
R0120	Gross - Proportional reinsurance accepted						15,478	11,454	5,001		0		2,104					34,037
R0130	Gross - Non-proportional reinsurance accepted														1,685	2,248	13,585	17,518
R0140	Reinsurers' share						14,633	16,130	89,097		10,461		14,570		895	1,380	9,476	156,641
R0200	Net						11,151	6,181	56,121		6,831		12,186		790	867	4,109	98,236
	Premiums earned																	
R0210	Gross - Direct Business						9,208	8,574	114,625		13,461		15,998					161,865
R0220	Gross - Proportional reinsurance accepted						17,478	13,894	4,735		66		1,750					37,922
R0230	Gross - Non-proportional reinsurance accepted														1,510	2,323	14,011	17,844
R0240	Reinsurers' share						15,252	16,191	71,284		8,095		10,022		803	1,420	9,266	132,333
R0300	Net						11,434	6,277	48,075		5,432		7,725		706	903	4,745	85,297
	Claims incurred																	
R0310	Gross - Direct Business						2,191	8,203	75,482		6,520		6,817					99,212
R0320	Gross - Proportional reinsurance accepted						8,363	17,316	2,912		57		-189					28,460
R0330	Gross - Non-proportional reinsurance accepted														306	356	1,244	1,906
R0340	Reinsurers' share						5,568	21,466	49,389		4,192		3,936		165	199	-493	84,422
R0400	Net						4,986	4,054	29,005		2,385		2,692		141	157	1,737	45,156
	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
R0550	**Expenses incurred**						3,510	2,872	17,528		2,785		2,621		171	304	1,293	31,083
R1200	**Other expenses**																	601
R1300	**Total expenses**																	31,684

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	CL	KR	CO	IN	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	198,617	0	265	52	197	2	199,133
R0120	Gross - Proportional reinsurance accepted	212	7,374	2,962	2,291	1,190	2,979	17,009
R0130	Gross - Non-proportional reinsurance accepted	798	7,973	1,530	184	333	152	10,971
R0140	Reinsurers' share	120,325	10,134	3,604	1,845	982	2,876	139,766
R0200	Net	79,302	5,214	1,154	682	738	257	87,347
	Premiums earned							
R0210	Gross - Direct Business	158,382	0	182	52	52	2	158,670
R0220	Gross - Proportional reinsurance accepted	342	10,222	2,610	2,065	1,111	4,087	20,436
R0230	Gross - Non-proportional reinsurance accepted	568	8,347	1,299	417	159	173	10,964
R0240	Reinsurers' share	94,619	11,431	3,033	1,799	809	3,606	115,296
R0300	Net	64,673	7,139	1,060	734	513	657	74,774
	Claims incurred							
R0310	Gross - Direct Business	95,236	0	849	5	7	0	96,097
R0320	Gross - Proportional reinsurance accepted	17	4,991	2,608	1,472	1,212	1,315	11,615
R0330	Gross - Non-proportional reinsurance accepted	77	2,098	95	-131	25	-262	1,901
R0340	Reinsurers' share	59,580	3,555	2,253	981	714	798	67,880
R0400	Net	35,750	3,534	1,299	364	530	255	41,733
	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
R0550	**Expenses incurred**	23,990	1,831	646	312	231	351	27,360
R1200	**Other expenses**							535
R1300	**Total expenses**							27,895

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						0	0	0		0		0		0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						343	2,252	42,801		4,191		10,840		105	-142	2,007	62,397
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						898	896	26,525		2,646		5,992		84	-73	1,569	38,536
R0150	**Net Best Estimate of Premium Provisions**						-555	1,356	16,276		1,545		4,848		21	-69	438	23,861
	Claims provisions																	
R0160	Gross						18,778	47,314	166,926		10,460		26,589		781	856	9,858	281,562
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						10,907	34,972	97,582		7,028		16,003		421	452	6,349	173,716
R0250	**Net Best Estimate of Claims Provisions**						7,871	12,342	69,345		3,432		10,585		359	404	3,509	107,847
R0260	**Total best estimate - gross**						19,121	49,566	209,727		14,651		37,428		886	714	11,865	343,959
R0270	**Total best estimate - net**						7,315	13,698	85,621		4,977		15,433		380	335	3,947	131,707
R0280	**Risk margin**						1,185	918	8,444		381		2,312		119	254	855	14,466
	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**						20,305	50,484	218,172		15,032		39,740		1,004	968	12,719	358,425
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						11,806	35,868	124,106		9,675		21,995		505	379	7,918	212,252
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						8,500	14,616	94,065		5,357		17,745		499	589	4,801	146,173

S.19.01.21

Non-Life insurance claims

Total Non-life business

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

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year					**Development year**							**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2011	0	703	334	379	401	23	13	-11	0	0		0	1,841
R0170	2012	7,460	6,174	5,260	837	239	124	26	-567	470			470	20,024
R0180	2013	7,376	13,562	2,902	4,072	961	489	576	487				487	30,425
R0190	2014	6,976	16,948	2,135	1,067	3,435	1,103	-789					-789	30,875
R0200	2015	14,957	19,748	18,888	4,632	1,250	736						736	60,211
R0210	2016	10,726	58,551	24,750	4,977	-2,147							-2,147	96,856
R0220	2017	30,820	68,988	31,158	7,709								7,709	138,675
R0230	2018	16,927	21,427	10,955									10,955	49,309
R0240	2019	8,547	20,829										20,829	29,376
R0250	2020	11,463											11,463	11,463
R0260												**Total**	49,713	469,054

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	2011	0	0	0	0	0	1,506	2,228	0	0	1		1
R0170	2012	0	0	0	0	2,630	3,170	2,964	1,939	1,494			1,494
R0180	2013	0	0	0	5,030	2,989	4,432	1,375	342				342
R0190	2014	0	0	12,051	7,549	3,569	1,820	-223					-222
R0200	2015	0	39,042	15,335	7,244	3,888	2,830						2,826
R0210	2016	97,443	44,146	18,426	5,773	9,806							9,789
R0220	2017	123,021	60,811	37,787	28,448								28,316
R0230	2018	63,235	52,229	40,757									40,594
R0240	2019	79,337	57,366										57,196
R0250	2020	141,708											141,227
R0260												**Total**	281,562

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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	21,840	21,840			
R0140	Subordinated liabilities	34,349		0	34,349	0
R0160	An amount equal to the value of net deferred tax assets	0				0
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**	124,636	90,287	0	34,349	0
	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	124,636	90,287	0	34,349	0
R0510	Total available own funds to meet the MCR	124,636	90,287	0	34,349	
R0540	Total eligible own funds to meet the SCR	124,636	90,287	0	34,349	0
R0550	Total eligible own funds to meet the MCR	95,750	90,287	0	5,463	
R0580	**SCR**	82,384				
R0600	**MCR**	27,315				
R0620	**Ratio of Eligible own funds to SCR**	151.29%				
R0640	**Ratio of Eligible own funds to MCR**	350.54%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	90,287
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	68,447
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	21,840
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	7,436
R0790	**Total Expected profits included in future premiums (EPIFP)**	7,436

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	15,852		
R0020	Counterparty default risk	19,034		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	54,422		
R0060	Diversification	-17,242		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	72,065		

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	10,319
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
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**	82,384
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	82,384
	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	0

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
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	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

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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	27,315

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	7,315	11,438
R0080	Fire and other damage to property insurance and proportional reinsurance	13,698	6,310
R0090	General liability insurance and proportional reinsurance	85,621	55,696
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	4,977	6,180
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	15,433	11,621
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	380	886
R0160	Non-proportional marine, aviation and transport reinsurance	335	988
R0170	Non-proportional property reinsurance	3,947	4,156

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		0

	Overall MCR calculation	C0070
R0300	Linear MCR	27,315
R0310	SCR	82,384
R0320	MCR cap	37,073
R0330	MCR floor	20,596
R0340	Combined MCR	27,315
R0350	Absolute floor of the MCR	4,328
R0400	**Minimum Capital Requirement**	27,315