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# Report of the Independent Actuary

## Proposed transfer of business from AmTrust International Underwriters DAC to AmTrust Assicurazioni S.p.A.

27th November 2025

# Contents

# 1. Introduction

## 1.1 Purpose of the Report

It is proposed to transfer a portfolio of Italian business, from AmTrust International Underwriters DAC ("AIU") to AmTrust Assicurazioni S.p.A ("AA") by way of a portfolio transfer (the "Transfer") under the provisions of Section 13 of the Assurance Companies Act 1909 (the "1909 Act"), Section 36 of the Insurance Act 1989 (the "1989 Act") and Regulation 41 of the European Union (Insurance and Reinsurance) Regulations 2015 (the "2015 Regulations").

The terms covering the proposed Transfer are set out in the scheme (the "Scheme") that will be presented to the High Court of Ireland (the "High Court") under Section 13 of the Assurance Companies Act 1909, Section 36 of the Insurance Act 1989 and Regulation 41 of the European Union (Insurance and Reinsurance) Regulations 2015. The proposed Effective Date of the Transfer is at 23:59 on 31st March 2026 or such later date or time as may be specified by the High Court. The Scheme document has been prepared by AIU's legal advisors, William Fry, for the purposes of this process.

Under the 1909 Act, a petition to the High Court for a transfer of long term (or life insurance) business must be accompanied by a report on the terms of the proposed transfer by an Independent Actuary. I understand that there is no equivalent legal requirement for any such report for the transfer of non-life insurance business.

Despite the fact that there is no requirement for such a report, AIU and AA (the "Scheme Companies") have engaged me to act in a similar and broadly comparable manner for the transfer of non-life insurance business under this Scheme. This Report is a report prepared by me, the appointed Independent Actuary, in order to aid the High Court and the regulators in their deliberations.

### 1.1.1 AmTrust International Underwriters DAC

AIU is a designated activity company was incorporated in Ireland on 28 January 1991 under company number 169384 and under the company name "International Insurance Services Limited". It became known as "AmTrust International Underwriters Limited" on 21 February 2003 and became known under its current name upon conversion to a designated activity company on 15 August 2016. AIU is headquartered in Dublin, with a branch in Italy. It has its registered office and principal place of business at 6-8 College Green, Dublin 2, D02 VP48, Ireland.

AIU is authorised by the Central Bank of Ireland ("CBI") to carry non-life insurance business in the following insurance classes: Accident, Sickness, Land Vehicles, Goods in Transit, Fire and Natural Forces, Other Damage to Property, Motor Vehicle Liability / Carriers Liability Only, General Liability, Credit, Suretyship, Miscellaneous Financial Loss, Legal Expenses and Assistance.

The sole legal and beneficial shareholder of AIU is AmTrust Bermuda I Ltd., a Bermudan company. AIU is a subsidiary within the AmTrust Financial Services Inc. group, whose ultimate parent is Evergreen Parent L.P., a United States registered limited liability company.

### 1.1.2 AmTrust Assicurazioni S.p.A

AA is an Italian joint stock corporation (Societa per Azioni). It has its registered office and principal place of business at Via Clerici 14, Milan, Italy.

AA is authorised by Istituto per la Vigilanza sulle Assicurazioni ("IVASS") as an Italian head officed non-life insurance undertaking. Pursuant to its IVASS authorization, it is entitled to carry out insurance business in the following EU Solvency II Directive classes of non-life insurance: Accident, Sickness, Fire and Natural

Forces, Other Damage to Property, General Liability, Miscellaneous Financial Loss, Legal Expenses, Assistance. AA has recently applied for authorisation to underwrite Credit from IVASS.

AA is a subsidiary within the AmTrust Financial Services Inc. group, whose ultimate parent is Evergreen Parent L.P., a United States registered limited liability company.

## 1.2 My Report Layout

This Report describes the proposed Transfer and discusses its possible effects on the relevant policyholder groups, including effects on security and levels of service. The Report is organised into the following sections:

- Section 1: Describes the purpose of this Report and the role of the Independent Actuary;
- Section 2: Executive summary and conclusion;
- Section 3: Provides relevant background on the regulatory environment;
- Section 4: Provides relevant background information on AIU;
- Section 5: Provides relevant background information on AA;
- Section 6: Commentary on the proposed Scheme;
- Section 7: Describes the general considerations when reviewing the proposed Scheme; and
- Section 8: An assessment of the Impact of the Scheme.

## 1.3 Independent Actuary

I, Noel Garvey, am a Partner in Deloitte Ireland ("Deloitte") specialising in non-life insurance actuarial services. I am a Fellow of the Society of Actuaries in Ireland ("FSAI") having qualified as an actuary in 2001. My curriculum vita is included in Appendix 3.

I have been appointed by the Scheme Companies to act as the Independent Actuary in connection with the Scheme. The CBI has been informed of my appointment and I understand that they have not raised any objections to my appointment. The terms on which I was formally appointed as the Independent Actuary are set out in an engagement letter dated 15 September 2025 and an extract of my scope is included in Appendix 2.

To the best of my knowledge, I have no conflicts of interest in connection with the parties involved in the proposed Scheme and I consider myself able to act as an Independent Actuary on this transaction.

I have also considered the position of Deloitte. I can confirm that I have carried out appropriate internal checks in line with Deloitte's internal risk management procedures.

Neither I, nor any member of my team, is a qualified lawyer or tax expert. I have not considered it necessary to seek my own specific legal or tax advice on any element of the Scheme. The costs and expenses associated with my appointment as Independent Actuary and the production of this Report will be met by AIU and AA equally.

## 1.4 Scope of Report

This Report has been prepared for the purposes of Section 13 1909 Act in accordance with:

- The 2015 Regulations which makes express reference to Section 13 of the 1909 Act and Section 36 of the 1989 Act. Both sections concern the sanction of transfers by the High Court; and
- The Actuarial Standard of Practice ("ASP") issued by the Society of Actuaries in Ireland, ASP INS-2, "Transfer of an Insurance Portfolio – Role of the Independent Actuary".

- The ASP issue by the Society of Actuaries in Ireland, ASP PA-2, "General Actuarial Practice".

I owe an overriding duty to the High Court and to give the High Court independent actuarial evidence on the proposed Transfer.

However, I note that the CBI will have access to my Report. In preparing this Report, AIU has consulted on my behalf with the CBI on the required contents as appropriate to the CBI's interest in the Transfer process.

This Report is prepared primarily to assess the likely impact that the Scheme will have on all of the policyholders i.e. the transferring policyholders of AIU (the "Transferring Policyholders"), remaining policyholders of AIU (the "Remaining Policyholders") and the existing policyholders of AA (the "Existing Policyholders"), together, the "Policyholders".

This Report is limited in its scope to the assessment of this Scheme alone and not to any other possible scheme. It is intended that this Report be submitted, in full, as evidence to the High Court when it considers whether or not to sanction the Scheme.

The term "Effective Date", as used in this Report, refers to the date at which, if the Scheme proceeds, AIU's insurance business, incorporating all contracts underwritten by the Italian branch of AIU, aside from Land Vehicles, Motor Vehicle Liability and non-CQS[1] Credit business (the "Transferring Business"), will be transferred to AA, such that the policyholder liabilities, and associated reinsurance, in respect of the Transferring Policyholders are extinguished in AIU. This date also reflects the commencement of liability obligations to the aforementioned policyholders at AA. It is intended that the Effective Date is to be 23:59 on 31st March 2026 or such later date or time as may be specified by the High Court.

My consideration of the financial effects of the Scheme has been based on the method of reporting required for AIU's regulatory returns to the CBI and AA's regulatory returns to the IVASS.

## 1.5 Assurances

Whilst I have been assisted by my team, the Report is written in the first person singular and the opinions expressed are my own.

In preparing this Report, I have done my best to be accurate and complete. I have considered all matters that I regard as relevant to the opinions I have expressed, and I have considered all matters that I believe may be relevant to the Policyholders in their consideration of the Scheme. All the matters on which I have expressed an opinion lie within my field of experience.

I have circulated this Report to the management of both AIU and AA, who have confirmed that the information contained in this Report, including confirming all material information has been provided to me and how the Scheme will be affected in practice. No issues were noted in the commentary and detail presented in this final version of my Report by either set of management. I have also been given full access to staff of each AIU and AA as necessary.

In the course of carrying out my work and preparing this Report, I have considered various documents provided to me by AIU, AA and their legal advisors. A summary list of the main documents I have considered is set out in Appendix 1.

All the data and information which I have requested has been provided to me by each of AIU, AA and their respective advisers as appropriate. I have relied upon the accuracy and completeness of this data and information, which has been provided to me both in written and oral form. I have not sought independent

[1] The CQS product is a type of credit protection introduced by Presidential Decree No. 180/1950. It is a specific form of financing that provides a line of credit repayable through the assignment of one-fifth of the borrower's salary. This means the monthly repayments are capped at a manageable amount i.e. up to one-fifth of the applicant's salary. By law, this financing is insured under what is known as a CQS policy.

verification of the data or information provided to me by the Scheme Companies, nor does my work constitute an audit of the financial and other information provided to me. In addition, I have, where possible, reviewed the information provided for reasonableness. Where critical information has been initially provided orally, I have requested and obtained written confirmation.

In my role as Independent Actuary, I have contacted, or Scheme Companies have contacted on my behalf, the appropriate individuals within the CBI and IVASS. I have been made aware of relevant discussions between the regulator and the Scheme Companies and specifically inquired of them whether there were specific issues I should be aware of.

## 1.6 Qualifications and Limitations

This Report must be read in its entirety. Reading individual sections in isolation may be misleading. A copy of this Report will be made available to the CBI and IVASS and will be available for view and download by Policyholders on websites of AIU/AA for several weeks in advance of the Sanction Hearing.

This Report has been produced for no other purpose other than to support my opinion as Independent Actuary.

This Report is prepared solely in connection with, and for the purposes of, informing the High Court, the CBI, any other relevant supervisory or regulatory authority, and the Policyholders of my findings in respect of the impact of the Scheme on the security of the Policyholders and may only be relied on for this purpose. This Report is subject to the terms and limitations, including the limitation of liability, set out in my firm's engagement letter dated 15 September 2025 (the "Engagement Letter"). An extract from the Engagement Letter describing the scope of my work is contained in Appendix 2.

This Report should not be regarded as suitable to be used or relied on by any party wishing to acquire any right to bring action against Deloitte in connection with any other use or reliance. To the fullest extent permitted by law, Deloitte will accept no responsibility or liability in respect of this Report to any other party.

In my role as Independent Actuary, I have, in the normal course of conducting this role, been provided with a significant and appropriate amount of information and data about the Scheme Companies' activities and performance. When forming my view as set out in this Report, these disclosures and information have formed a necessary and vital contribution.

This Report is based on information made available to me at or prior to the date of this Report and takes no account of developments after that date.

## 1.7 Limits of Liabilities and Legal Jurisdiction

This Report is subject to the terms and conditions, including limitation of liability and legal jurisdiction, set out in the Engagement Letter.

## 1.8 Terminology

In my discussion of the effects of the proposed Scheme on the Scheme Companies concerned, I use various technical terms. The definitions of these terms as used in this Report are contained in the Glossary in Appendix 4.

## 1.9 Currency

I have identified clearly the currency of figures presented throughout the Report. Unless otherwise stated, all figures are in €. Where relevant, the exchange rate used is identified in the relevant table.

## 1.10 Policyholders Affected

I have considered the effects of the Scheme on three main groups of policyholders, together with the Policyholders (as defined in section 1.4), namely:

- The policyholders of AIU whose policies are to be transferred to AA, being the Transferring Policyholders;
- The Remaining Policyholders of AIU; and
- The Existing Policyholders of AA.

# 2. Executive Summary and Conclusion

## 2.1 Executive Summary

### 2.1.1 Overview

AIU and AA are both subsidiaries of AmTrust Financial Services Inc. Since AA has become more established and as AIU transferred its Medical Malpractice to AA in 2020, AIU no longer requires a branch in Italy. Consequently, AIU intends, subject to High Court and regulatory approval, to transfer all contracts underwritten by the Italian branch, aside from Land Vehicles, Motor Vehicle Liability and non-CQS Credit business. This transfer agreement includes all associated reserves, liabilities, and reinsurance related to the Transferring Business. Following execution of the transfer, it is AIU's intention to close its Italian Branch.

Further background to the Scheme is included in section 6.

### 2.1.2 Motivation for Proposed Scheme

The motivation for the proposed Scheme arises from AIU no longer requiring a branch within Italy. AIU's Italian Branch covers the following classes: Accident, Sickness, Land Vehicles, Motor Vehicle Liability / Carrier Liability Only, General Liability, Credit, Miscellaneous Financial Loss, Legal Expenses and Assistance. However, not all of these classes will be transferred.

The Motor Vehicle Liability and Land Vehicles business will not be transferred; any open claims in these classes will be actively settled to facilitate closure but in the event that they are not settled at the Effective Date, they will be managed by AIU's head office in Ireland on a Freedom of Services ("FoS") basis into Italy. AIU currently has permission from the CBI for Motor Vehicle Liability on a Freedom of Establishment ("FoE") basis into Italy only. It is AIU's intention to seek permission from CBI to reclassify this to FoS prior to the Effective Date, Regarding the Credit business, only the CQS component will be transferred, while the remaining Credit business will be managed under a FoS arrangement by AIU.

### 2.1.3 Approach

My approach to assessing the likely effects of the Scheme on the Policyholders was to:

- Understand the businesses of the entities affected by the Scheme; and
- Understand the effect of the Scheme on the assets, liabilities and capital of the entities and businesses involved.

Having identified the effects of the Scheme on the various entities and businesses, I then:

- Identify the groups of Policyholders directly affected;
- Consider the impact of the Scheme on the security of each group of Policyholders;
- Consider the impact of the Scheme on the security of benefits of this group of policyholders; and
- Consider other Policyholder aspects of the impact of the Scheme (for example, policyholder service and any changes in administration or other arrangements).

In order to consider the effect of the proposed Scheme on each of the companies and groups of Policyholders concerned, I have been provided with financial information for each of the Scheme Companies, including AIU's and AA's historical financial information.

In forming my opinion, I have raised queries with the key personnel responsible for core functions in the Scheme Companies, and I have placed reliance on, amongst other information, the projected financial information to support my assessment of financial strength.

In order to satisfy myself that these estimates are an appropriate basis on which to form an opinion, I have considered:

- The appropriateness of the methods used by the Scheme Companies to calculate the estimate of regulatory capital required – current and future; and
- Stress and scenario testing currently performed by the Scheme Companies to understand their respective regulatory capital strength and whether further testing is required.

Significant other information was provided as set out in Appendix 1.

### 2.1.4 Key Assumptions

I understand that:

- AA intends to continue to manage the Transferring Policyholders in the same way that it has been managed prior to the Scheme;
- It is not intended that the Scheme will give rise to any changes to the following in respect of the affected Policyholders:
  - Administration and infrastructure arrangements; and
  - Policyholder terms and conditions.
- The reinsurance arrangements to which the Transferring Policyholders attach will be transferred to AA in whole or in part with effect from the Effective Date. The proposed Transfer will not affect the underlying terms and conditions of such reinsurance arrangements.
- AA is authorised by IVASS to service policies and claims for all types of products of the Transferring Policyholders, aside from the Credit business; and
- AA has applied to IVASS for authorisation to underwrite Credit business and expects to be authorised to service policies and claims of this type of product on the Effective Date.

All of the above assumptions underlie the analysis and conclusions in my Report. If any of these assumptions were to change, my opinion may also change. I have circulated this Report to the management and the Head of Actuarial Functions (“HoAF”) of AIU and AA respectively to ask for commentary on the detail within the Report including the underlying assumptions. No issues were noted with the commentary and detail presented in the Report by either set of management reflecting the fact that the key assumptions listed above correctly represent the current intentions, and that the information I have been provided with accurately reflects these businesses.

### 2.1.5 Findings

I have considered the proposed Scheme and its likely effects on the following groups of policyholders, together defined as the “Policyholders”:

- The Transferring Policyholders of AIU;
- The Remaining Policyholders of AIU; and
- The Existing Policyholders of AA.

The findings of my Report are summarised below.

- There are no changes planned in relation to the Policyholders terms and conditions.
- There are no changes planned in relation to how services are currently delivered to the Policyholders.
- The regulatory regime of the receiving entity, AA, is Directive 2009/138/EC of the European Parliament

and of the Council of 25 November 2009 (the "Directive" or "Solvency II"), as transposed into Italian law by Legislative Decree No. 74/2015. AIU is also regulated under the Solvency II regulatory regime, as transposed into Irish law, and therefore the Transferring Policyholders will be in a company with equivalent regulatory requirements after the Transfer.

- I have considered the relative capital strength of AIU and AA both pre and post the Transfer.
- I am comfortable that the Scheme does not materially impact the financial security of the Policyholders.
- I note for the Transferring Policyholders of AIU:
    - They will become policyholders of AA with estimated solvency coverage of 173% post-Transfer, were it to take place at 31 December 2025, which in my opinion is a strong financial position and is in excess of AA's Strategic Solvency Target ("SST") of 145%;
    - I note that the solvency coverage of AA may not be maintained post-Transfer as it may decide to reduce solvency coverage to the SST of 145% through for example, dividend payments (subject to restrictions within AA's capital policy), capital or strategic investments. However, AA have historically maintained a solvency coverage far in excess of 145%. I note that the regulatory SCR coverage requirement is calibrated at the level of a one in 200 event, and as a result a coverage ratio of 145% implies that a very extreme event (i.e. more than one in 200 year) would need to occur for the capital to be exhausted;
    - There will be an absolute level of eligible capital available to meet claims in stressed circumstances of €264m were the Transfer to take place at 31 December 2025 and solvency coverage of 173% to be maintained;
    - In the case where capital is released to the SST of 145% the absolute level of eligible capital available to meet claims in stressed circumstances would be approximately €183m; and
    - The change in risk profile for the Transferring Policyholders does not materially impact the security of benefits and I have been provided with stressed and scenario testing.
- I note that for the Remaining Policyholders AIU:
    - Were the Transfer to take place at 31 December 2025, the level of solvency cover would increase marginally from 151% before the Transfer to 152% after the Transfer.
- I note for the Existing Policyholders of AA:
    - Were the Transfer to take place at 31 December 2025, the level of solvency cover would decrease marginally from 176% before the Transfer to 173% after the Transfer; and
    - The change in risk profile by accepting the Transferring Policyholders does not materially impact on the security of benefits and I have been provided with stress testing solvency coverage for the key drivers of risk-based capital.

### 2.1.6 Policyholders Communication

AIU and AA are undertaking procedures to notify policyholders of the Scheme. Subject to the directions of the High Court, it is proposed that this would be achieved through a combination of:

- AIU advertising the Scheme once in at least two Italian daily newspapers (as well as once in the Iris Oifigiúil and two Irish daily newspapers) several weeks in advance of the Sanction Hearing (which would refer to the availability of information and documentation on AIU/AA websites, as per the next bullet point);
- Making certain information and documentation about the Scheme (including the Scheme document and this Report) available for view and download by Policyholders on websites of AIU/AA for several weeks in advance of the Sanction Hearing; and
- AA to notify Transferring Policyholders in writing about the Scheme in accordance with Italian insurance regulations.

Given my findings above and with the agreement / non-objection of the CBI, IVASS and any other relevant supervisory authority and the High Court, I am comfortable with this communication approach.

### 2.1.7 Supplementary Report

I will prepare a Supplementary Report containing an update on any developments that may have occurred in the period between the Directions hearing and the formal order sanctioning the Scheme to proceed. In any such Supplementary Report I will review my findings and opinion which will include consideration of the following, where available:

- Confirmation that relevant insurance regulators (being the CBI and IVASS) have not raised any issues with the proposed Transfer;
- Business performance in the period and updated financial information, including management accounts and quarterly regulatory returns as at 31 December 2025;
- Any relevant market developments in the period;
- Confirmation that Policyholders have not raised any issues with the proposed Transfer; and
- Updated regulatory capital figures and forecast projections.

## 2.2 Conclusions

It is my opinion, provided the proposed Scheme operates as intended, and I have no grounds for believing that it will not do so:

- The security of benefits to the Policyholders will not be materially adversely affected by the implementation of the Scheme on the Effective Date;
- The Scheme will not have a material adverse effect on the reasonable benefit expectations of the Policyholders; and
- The Scheme will not have an adverse impact on the policy servicing levels currently experienced by the Policyholders.

My opinion above is based on:

- My review of all the pertinent historical and current information provided by AIU and AA; and
- Discussions with the management of AIU and AA on what will happen post-Transfer.

Noel Garvey

**Noel Garvey, FSAI**
*Independent Actuary Deloitte in Ireland*

27 November 2025
**Date**

# 3. Regulation

## 3.1 Introduction

The Scheme proposes the transfer of a portfolio of Italian business, from AIU, an Irish-domiciled company with a branch in Italy, to AA, a company domiciled in Italy. In this section I describe the regulatory environments of each country.

Ireland and Italy are located within the European Union and are therefore subject to the EU-wide solvency regime known as Solvency II.

## 3.2 Solvency II

The Solvency II framework came into effect on 1 January 2016 and sets out strengthened requirements around capital, governance and risk management in all EU authorised re/insurance undertakings. Solvency II also introduces increased regulatory reporting requirements and public disclosure requirements and came into force on 1 January 2016.

Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 was transposed into Irish Law as S.I. 485 of 2015 and Italian law through Legislative Decree No. 74/2015.

Solvency II is a principles-based regime based on three pillars:

- Under Pillar I, quantitative requirements define a market consistent framework for valuing the company's assets and liabilities and determining the SCR.
- Under Pillar II, insurers must meet minimum standards for their corporate governance, and also for their risk and capital management. There is a requirement for permanent internal audit and actuarial functions. Insurers must regularly complete an Own Risk and Solvency Assessment ("ORSA").
- Under Pillar III, there are explicit requirements governing disclosures to supervisors and policyholders.

The Scheme Companies Technical Provisions are prepared in accordance with the statutory instruments referenced. Under Solvency II, the value of Technical Provisions are calculated as the sum of the probability-weighted average of future cashflows (the "Best Estimate") plus an additional amount equal to that which another undertaking would require in order to take over and meet the re/insurance obligations (the "Risk Margin").

The SCR under Solvency II is the amount of capital required to ensure continued solvency over a 1-year time frame with a probability of 99.5%. AIU and AA calculate the SCR using the standard formula specified in detail in the Solvency II legislation (the "Standard Formula"). The Standard Formula is designed to be applicable to all insurers and is not therefore tailored to the circumstances of an individual insurer. In plain terms, the basic SCR consists of 5 risk modules (non-life, life, health, marketand counterparty) that are in turn further sub-divided into 18 sub-modules (e.g. premium and reserve risk, catastrophe risk and currency risk). The results for each sub-module are aggregated using a correlation matrix to arrive at a capital charge for each of the 5 main modules, which in turn are aggregated using a further correlation matrix to determine the basic SCR. A further module is used to calculate operational risk which is added to the basic SCR to produce the overall SCR.

The Minimum Capital Requirement ("MCR") under Solvency II, which is lower than the SCR, defines the point of intensive regulatory intervention. The MCR calculation is less risk sensitive than the SCR calculation and is calibrated to a confidence level of 85% over one year (compared to 99.5% for the SCR). The MCR is calculated as a linear function of Technical Provisions and written premium but must be between 25% and 45% of the firm's SCR.

## 3.3 Consumer Protection Schemes

The various consumer protection schemes that are in place in Ireland and Italy are both derived from EU guidelines and are therefore comparable covering a wide range of consumer rights and protections.

## 3.4 Dispute Resolution

Dispute resolution services that are in place in Ireland and Italy are broadly similar, involving filing a complaint with the insurance company in the first instance, and if the response is unsatisfactory, submitting a claim to the Financial Services and Pensions Ombudsman in Ireland or via the Insurance Arbitrator in Italy. If the outcome of arbitration is unsatisfactory, the complaint in either country may pursue litigation through the courts.

## 3.5 Winding-up Regulations

If AIU were to become insolvent pre-Transfer, the extent to which its Transferring Policyholders, would have their claims paid would be dependent upon winding-up regulations in Ireland. If the Scheme is sanctioned, the Transferring Policyholders will become policyholders of AA, an Italian based company and therefore in the event of the insolvency of AA the extent to which the Transferring Policyholders would have their claims paid would depend upon the applicable winding-up regulations in Italy.

In the event of the winding up of an insurance company under Irish regulations, direct insurance claims take absolute precedence over any other claim on the insurer, with respect to assets representing the Technical Provisions (subject to certain rules e.g. with the exception of the expenses of the winding up, where these cannot be met out of other assets of AIU).

In the event of the winding up or bankruptcy of an insurance company under Italian regulations, direct insurance claims constitute priority claims ranking equally with claims secured by a pledge over specific assets, in accordance with the Legislative Decree No. 74/2015 on Italian insurance companies (subject to certain exceptions, such as the costs of winding up or bankruptcy).

While I consider the likelihood of liquidation or administration of either AIU or AA, either pre or post-Scheme, to be remote I have concluded that the applicable winding up regulations are broadly comparable and, as such, the security afforded to AIU's Transferring Policyholders by the applicable winding up regulations is not adversely impacted by the Scheme. Existing Policyholder protections are unaffected by accepting the Transferring Policyholders. Protection for Remaining Policyholders, are unaffected by the Transfer.

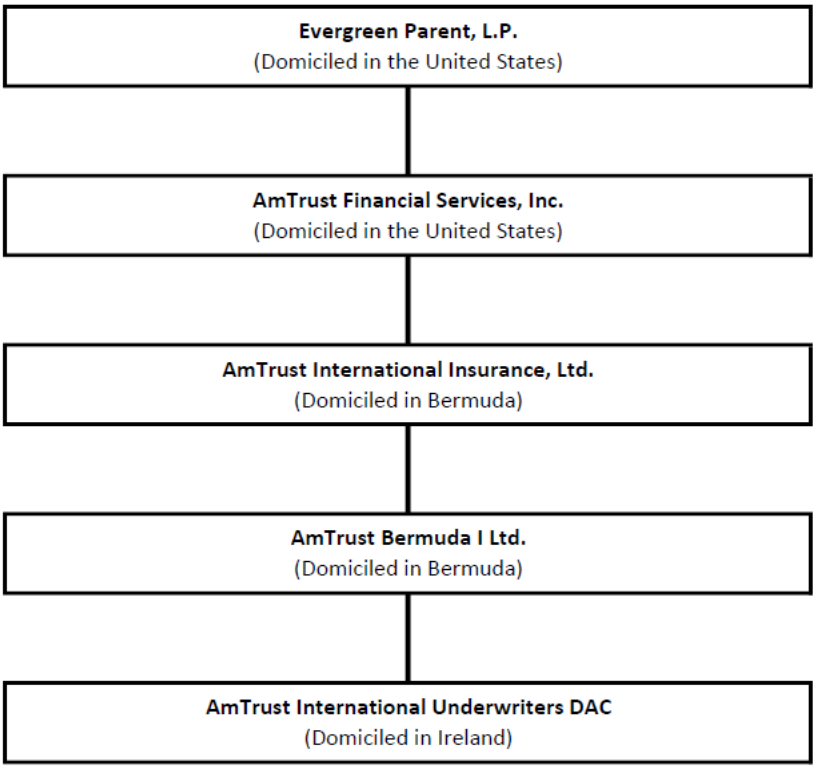
## 3.6 Conduct Regulation

The Transferring Policyholders are currently subject to the conduct of business regulations imposed by the CBI. If the Scheme is sanctioned by the High Court, the Transferring Policyholders will be subject to the conduct of business regulations imposed by IVASS.

Both regulators oversee the compliance with local conduct laws and regulations and all relevant EU Directives including the Insurance Distribution Directive ("IDD") which aims to enhance and harmonise conduct of business requirements including a duty to act in "customers' best interests". As regulation and supervision is being harmonised through the EEA, I am of the opinion that any differences in conduct regulation between CBI and IVASS will not be so great as to materially impact the security or expectations of the Transferring Policyholders.

# 4. AmTrust International Underwriters DAC

## 4.1 Structure and Background




AIU is a non-life insurance undertaking registered by the CBI and subject to Solvency II European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No 485 of 2015), to carry out non-life insurance business. AIU was licensed to write insurance business by the CBI on 12 June 1991.

## 4.2 Nature of the Business

### 4.2.1 AIU Overview

AIU is a non-life insurance company whose principal activity is the underwriting of general insurance business in the EEA and the US. AIU had gross written premium of €314.3m in 2024, of which €178.3m was ceded to reinsurance.

| AIU Revenue €'millions | 2024 | 2023 | 2022 |
|---|---|---|---|
| Gross Premiums Written | 314.3 | 259.4 | 353.3 |
| Ceded Premiums | (178.3) | (144.5) | (208.0) |
| Net Premium Written | 136.0 | 114.8 | 145.3 |

AIU has comprehensive reinsurance protection in place, both internally and externally, to ensure appropriate protection from underwriting risks, including natural and man-made catastrophe losses.

AIU underwrites non-life business within its main lines of business: Miscellaneous Financial Loss, Credit & Suretyship, General Liability, Medical Expenses, Fire and Other Damage to Property and other classes which comprise of Legal Expenses, Non-Proportional Property and Income Protection. The following table shows the split of gross and net written premium by line of business:

| AIU Written Premium €'millions | 31 Dec 2024 | | 31 Dec 2023 | | 31 Dec 2022 | |
|---|---|---|---|---|---|---|
| | Gross | Net | Gross | Net | Gross | Net |
| Miscellaneous Financial Loss | 219.6 | 90.1 | 160.4 | 81.6 | 164.2 | 88.1 |
| Credit & Suretyship | 42.4 | 21.8 | 53.5 | 9.8 | 98.1 | 16.2 |
| General Liability | 21.5 | 8.6 | 21.5 | 7.6 | 46.3 | 14.5 |
| Medical Expenses | 15.7 | 7.8 | 12.4 | 8.5 | 32.0 | 18.8 |
| Fire and Other Damage to Property | 8.2 | 4.2 | 5.9 | 3.9 | 5.2 | 3.2 |
| Other | 7.0 | 3.5 | 5.6 | 3.5 | 7.4 | 4.6 |
| **Total** | **314.3** | **136.0** | **259.4** | **114.8** | **353.3** | **145.3** |

The Miscellaneous Financial Loss, Credit & Suretyship and General Liability lines account for over 80% of the overall written premium:

- Miscellaneous Financial Loss: This consists of warranty and payment protection insurance. The warranty product covers consumer electronics, home emergency, plant equipment and auto warranty. The payment protection insurance includes income protection for loss of salary due to unemployment or bankruptcy for self-employed individuals and payment protection covering an inability to make contractual payments connected to credit cards, loans etc.
- Credit & Suretyship: This consists of mortgage Insurance, commercial credit and surety. The mortgage insurance covers the credit default risk for lenders of residential mortgages, with the premiums paid by the lenders who are the insured party. Commercial credit is a protection offering to small and medium sized financial institutions in respect of auto loans in the United States ("US") and which is now in run-off and no longer underwritten. The surety offering decreased significantly in 2020 and continually post a portfolio transfer of this business. There is a small declining book of Spanish surety business.
- General Liability: This consists of financial lines product and general liability product. The financial lines product is driven by directors' and officers' liability, mergers and acquisitions insurance and other professional liability products. AIU previously wrote general liability and professional indemnity business in the US and this is in run off. All US surplus lines liabilities are fully reinsured with AmTrust Group affiliates.

I will comment further in my Supplementary Report on available management information as at 31 December 2025.

### 4.2.2 Transferring Portfolio

The Transferring Portfolio consists of certain of AIU's business underwritten through its Italian branch. The Italian branch's business consists of a programme of Accident, Sickness, Land Vehicles, Motor Vehicle Liability / Carrier Liability Only, General Liability, Credit, Miscellaneous Financial Loss and Legal Expenses insurance classes. The Land Vehicles and Motor Vehicle Liability business will not be transferred, and within the Credit business, only the CQS component will be transferred. The remaining Credit business will be managed by AIU under a FoS arrangement, whilst for the Land Vehicle and Motor Vehicle Liability business, any open claims are being actively settled but in the event that they are not settled at the Effective Date, they will be managed by AIU's head office in Ireland on a FoS basis. AIU currently has permission from the CBI for Motor Vehicle Liability on an FoE basis only into Italy. It is AIU's intention to seek the CBI's permission to reclassify this to an FoS basis prior to the Effective Date.

Noting that the Transferring Portfolio is to include Credit business, AA currently does not have authorisation from IVASS to underwrite this business and it has applied to IVASS for authorisation in this class of business. As at the date of this report it has yet received approval.

The Transferring Portfolio consists of business written in Italy. As at 30 June 2025, there were 174 open claims amounting to case reserves of €10.2m, relating to the Transferring Portfolio, across the 5 classes of business.

| Line of Business at 30 June 2025 | Total Case Reserve €'000's | Policy Count with Case Reserves |
|---|---|---|
| Accident | 388 | 8 |
| Sickness | 494 | 74 |
| General Liability | 5,990 | 51 |
| Miscellaneous Financial Loss | 0 | 0 |
| Legal Expenses Insurance | 3,321 | 41 |
| **Total** | **10,193** | **174** |

I note that since 30 June 2025, AIU has written CQS Credit business in Italy through its Italian branch which will also form part of the Transferring Portfolio. While the overall volume of business is expected to be immaterial, I will provide an update in my supplementary report to the High Court on the CQS Credit business in force as at 31 December 2025 and impact on solvency position of AIU and AA pre and post Transfer.

## 4.3 Financial Profile

### 4.3.1 Audited FRS102 / FRS103 Reserving Levels

The following table summarises AIU's reserving levels as at year end 2022, 2023 and 2024 which are the most recent available audited financial information.

| AIU booked reserves €'millions | 2024 | 2023 | 2022 |
|---|---|---|---|
| *Reserves for unpaid losses and loss expenses* | | | |
| Gross of Reinsurance | 525.3 | 595.8 | 752.5 |
| Ceded | (475.8) | (534.0) | (682.4) |
| **Net of Reinsurance** | **49.6** | **61.8** | **70.2** |
| *Reserves for unearned premiums* | | | |
| Gross of Reinsurance | 238.5 | 236.5 | 283.4 |
| Ceded | (162.5) | (169.8) | (190.4) |
| **Net of Reinsurance** | **76.0** | **66.7** | **93.0** |
| Total Gross of Reinsurance | 763.9 | 832.3 | 1,035.9 |
| **Total Net of Reinsurance** | **125.6** | **128.6** | **163.1** |

The Financial Statements show profit (loss) on ordinary activities before taxation of (€35.3m), €12.5m and €20.2m for financial years ending 31 December 2022, 31 December 2023 and 31 December 2024. The increase in profit from the year ending 2023 to the year ending 2024 is primarily attributable to reduced interest paid on funds withheld, lower acquisition costs and profit share which are offsetting lower net earned premiums.

I will comment further in my Supplementary Report on available management information as at 31 December 2025.

### 4.3.2 Reserving Adequacy

I have been provided with details of the Solvency II Technical Provisions as at 31 December 2022, 31 December 2023 and 31 December 2024. I have not attempted to review in detail the calculations performed by AIU's actuaries, instead I have reviewed the processes by which Technical Provisions were estimated, the approach followed, and assumptions made by AIU's actuaries.

The AIU HoAF, Ian Phillips, Fellow of the Institute of Actuaries and a Fellow of the Society of Actuaries in Ireland, provided me with a number of actuarial reserving reports which detail outstanding claims provisions, the process by which the reserves were established and the key reserving assumptions and uncertainty. In addition to the review and discussion I have reviewed the movement of estimates from year to year and the gross Actual versus Expected ("AvE") losses during the past three financial years. This has allowed me to get a sense of the accuracy of the actuarial estimates and volatilityof the underlying business. I show a summary of the gross AvE assessment in the following table.

| AIU Actual v Expected €'millions | Experience in 2024 | | | Experience in 2023 | | | Experience in 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Expected | Actual | AvE | Expected | Actual | AvE | Expected | Actual | AvE |
| A&H Total | 11.1 | 5.9 | (5.2) | 18.5 | 9.7 | (8.8) | 21.5 | 18.3 | (3.2) |
| Warranty Total | 68.2 | 50.5 | (17.8) | 118.0 | 58.9 | (59.1) | 117.3 | 88.0 | (29.3) |
| Mortgage & Credit Total | 36.8 | 16.6 | (20.2) | 45.3 | 20.7 | (24.6) | 61.7 | 27.9 | (33.7) |
| Run off Total | 27.0 | 33.5 | 6.5 | 25.4 | 44.7 | 19.3 | 53.0 | 89.1 | 36.1 |
| Legal Expenses Total | 5.0 | 4.1 | (0.9) | 0.4 | 0.0 | (0.4) | 4.9 | 2.2 | (2.7) |
| Property Total | 5.0 | 2.7 | (2.3) | 5.8 | 1.8 | (4.0) | 4.9 | 2.9 | (2.1) |
| Liability Total | 7.0 | 1.7 | (5.3) | 9.9 | 3.1 | (6.8) | 7.9 | 5.5 | (2.4) |
| US Commercial Credit | 12.6 | 14.1 | 1.6 | 14.6 | 18.2 | 3.6 | 22.1 | 12.0 | (10.2) |
| US Surplus Lines Total | 60.7 | 74.9 | 14.2 | 41.5 | 109.2 | 67.7 | 45.6 | 74.6 | 29.0 |
| Medmal | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 13.7 | 23.1 | 9.5 |
| Professional Indemnity | 0.1 | 0.3 | 0.2 | 0.2 | 0.8 | 0.5 | 0.8 | 0.3 | (0.5) |
| **Total** | **233.6** | **204.3** | **(29.3)** | **279.6** | **267.1** | **(12.6)** | **353.3** | **343.8** | **(9.5)** |

Overall, the total reported losses were lower than expected by €29.3m during 2024, by €12.6m during 2023 and €9.5m during 2022. The favourable AvE was seen across most lines over the three-year period, partly offset by adverse experience in US Surplus Lines and Run-off classes.

The US Surplus Lines business is in run-off, with the most recent underwriting year being 2018. I understand that adverse developments relate primarily to underwriting years 2016 to 2018. Prior to 2023 AIU relied on the US actuarial team for reserving assessments, with the local AIU actuarial team carrying out the reserving analysis and annual deep dives from 2023. We note that while the recent deterioration in ultimate losses has been significant, this class is fully reinsured to AmTrust International Insurance Ltd ("AIIL") and Technology Insurance Company ("TIC"), both of which hold an A credit rating.

### 4.3.3 Reserving uncertainty

The range of emerging risks to reserve volatility (both adverse and favourable) include but are not limited to the following:

- Small sizes of classes, lack of historical data and data issues result in a reliance on benchmarks and need for significant judgements in reserving selections;
- An increased reserve uncertainty in long-tailed classes, especially regarding losses on remaining unearned exposures, notably for classes earned over extended periods;
- Uncertainty over the frequency and severity of large losses;
- Uncertainty increases in classes where future recoveries are expected but may not materialise;
- There is potential for further uncertainty to arise if AIU proceeds with a future change in their underwriting system. This will impact development patterns and estimates;
- The existence of profit caps and profit shares for some programmes adds to the uncertainty in AIU's aggregate estimates;
- Changes in the legal environment could adversely affect liability classes; and

- Macro-economic uncertainty surrounding future expected inflation and unemployment rates.

### 4.3.4 Audited Solvency II Reserving Levels

I have reviewed the Solvency II Technical Provisions at the same time as I considered the FRS102/FRS103 reserves. I have been provided with details of the Solvency II Technical Provisions as at year end 2023 and 2024, and the process by which the provisions were established.

I have not attempted to review in detail the calculations performed by AIU's actuaries, instead I have reviewed the processes by which Technical Provisions were estimated, the approach followed, and assumptions made by AA's HoAF.

| AIU Solvency II Reserves €'millions | 2024 | 2023 |
|---|---|---|
| Claims Provision | 525.7 | 596.1 |
| Premium Provision | 84.2 | 109.8 |
| **Total Gross Best Estimate** | **609.9** | **705.8** |
| Recoverable from Reinsurance contracts | (526.6) | (597.7) |
| **Total Net Best Estimate** | **83.3** | **108.1** |
| Risk Margin | 16.0 | 14.8 |
| **Technical Provisions** | **99.4** | **122.9** |

### 4.3.5 Audited Solvency Coverage Reported to CBI

The table below sets out the SCR for AIU for the year ending 31 December 2024 and 31 December 2023.

| AIU Solvency II Coverage €'millions | 2024 | 2023 |
|---|---|---|
| Eligible Funds to Meet SCR | 215.9 | 203.0 |
| SCR | 129.2 | 126.8 |
| **SCR Coverage %** | **167.1%** | **160.0%** |
| Eligible Funds to Meet MCR | 212.3 | 196.2 |
| MCR | 32.3 | 31.7 |
| **MCR Coverage %** | **657.5%** | **618.8%** |

The increase in the SCR coverage (i.e. the ratio of the eligible own funds to SCR) between 2023 and 2024, is due to the increase in the eligible own funds of €12.9m from €203.0m to €215.9m. This increase was driven by profit of €14.5m and gains on the Solvency II valuation of own funds of €8.4m which were offset somewhat by dividends of €10.0m distributed to its parent.

The table below sets out the SCR by risk for AIU for the year ending 2024 and 2023.

| AIU Solvency II Coverage €'millions | 2024 | 2023 |
|---|---|---|
| Health Underwriting | 1.7 | 6.9 |
| Non-Life Underwriting | 88.0 | 85.8 |
| Market | 23.5 | 21.7 |
| Counterparty Default | 23.7 | 19.1 |
| **Undiversified Basic SCR ("BSCR")** | **136.9** | **133.5** |
| Diversification Credit | (26.0) | (27.9) |
| **Basic SCR ("BSCR")** | **110.9** | **105.7** |
| Operational | 18.3 | 21.2 |
| **SCR** | **129.2** | **126.8** |
| **MCR** | **32.3** | **31.7** |

The increase in the SCR from €126.8m to €129.2m is driven by:

- Higer budgeted premium volume for Miscellaneous Financial Loss and Credit & Suretyship business resulting in an increase to the non-life underwriting SCR;

- Greater exposure to USD and SEK currencies leading to a rise in market SCR; and
- Increased exposure to type 2 counterparty default risk due to timing of debtor settlement around year end 2024.

These movements have been offset somewhat by:

- The loss portfolio transfer with AIIL covers an additional policy year i.e. 2021 resulting in a reduction to the non-life underwriting SCR; and
- Exposure to Italian accident & health insurance expired during 2024, leading to a reduction to the health underwriting SCR.

### 4.3.6 Own Risk and Solvency Assessment

The Solvency II regime requires an annual ORSA process. The ORSA forms part of a re/insurance company's Risk Management Framework. One key purpose of preparing an ORSA is to identify plausible threats to a satisfactory financial condition, actions that lessen the likelihood of those threats,and actions that would mitigate a threat if it materialised.

I have considered the 2025 ORSA approved by AIU's board of directors (the "AIU Board") though I have not repeated the detail in this Report. The ORSA is useful in terms of understanding the risks inherent in the business and the stability of the capital position over time on a central scenario and a range of adverse sensitivities and scenarios.

The ORSA is based on the Q4 2024 Balance sheet, adjusted for any material items between forecast and actual Q1 2025 using the latest forecast business volumes.

The table below sets out the projected solvency coverage of AIU over the projection period to 31 December 2027 for the base case business plan projections.

| AIU Projected SCR Coverage €'millions | Q4 2024* | Q1 2025 | Q4 2025 | Q4 2026 | Q4 2027 |
|---|---|---|---|---|---|
| SCR | 127.9 | 135.2 | 144.5 | 160.0 | 170.5 |
| MCR | 32.0 | 33.8 | 37.2 | 44.9 | 48.6 |
| Own Funds | 215.9 | 214.6 | 218.0 | 227.8 | 242.1 |
| **SCR Ratio** | **169.0%** | **159.0%** | **151.0%** | **142.0%** | **142.0%** |
| **Solvency Risk Appetite** | **140.0%** | **140.0%** | **140.0%** | **140.0%** | **140.0%** |
| **Excess/(Shortfall) to Risk Appetite** | **36.8** | **25.3** | **15.6** | **3.8** | **3.4** |

**The Q4 2024 figures differ to the closing Q4 2024 figures as these are based on updated balance sheet as at Q4 2024 and Q1 2025 business plan forecast*

The solvency ratio is forecast to drop to 142.0% by Q4 2027 due primarily to the projected growth in business volumes, particularly in longer-tail lines of business where reserves accumulate more rapidly than profits are realised. It is also assumed there will be reduced the diversification benefits as AIU expects to underwrite a greater overall proportion of Miscellaneous Financial Loss lines.

The projections above do not include the impact of the Transfer, although we note that this would have an immaterial impact on the figures presented in this table.

The regulatory view of capital is expected to be comfortably in excess of 100% over the planning time horizon. As per its Risk Appetite Framework ("RAF") approved in June 2025, AIU aims to maintain a buffer of 40% above the regulatory requirement by keeping the Solvency Ratio in excess of 140%. Section 4.5 contains further information on AIU's risk profile and risk management.

Sensitivity testing of the Solvency Ratio was conducted using a series of deviations from assumptions in the Business Plan. The following table shows the results of these as at 31 December 2024.

| AIU Impact of Sensitivities | SCR / Change | | Own Funds / Change | | SCR Ratio / Change | |
|---|---|---|---|---|---|---|
| **Base** | **129.2** | - | **215.9** | - | **167.1%** | - |
| Large Claim Event | 131.3 | 2.1 | 205.4 | (10.4) | 156.5% | (10.6%) |
| TP Assumption Change | 129.3 | 0.1 | 212.7 | (3.1) | 164.6% | (2.5%) |
| Currency Increase | 130.5 | 1.3 | 215.9 | (0.0) | 165.4% | (1.7%) |
| Currency Shock | 130.5 | 1.4 | 220.0 | 4.2 | 168.6% | 1.5% |
| Concentration Increase | 129.2 | (0.0) | 215.9 | (0.0) | 167.1% | 0.0% |
| Type 2 Increase | 130.2 | 1.0 | 215.7 | (0.1) | 165.7% | (1.4%) |
| Duration Increase | 129.9 | 0.7 | 215.9 | (0.0) | 166.2% | (0.9%) |
| Duration Decrease | 128.8 | (0.4) | 215.9 | (0.0) | 167.6% | 0.6% |
| Property Shock | 129.1 | (0.1) | 214.3 | (1.6) | 166.0% | (1.1%) |
| RI Balance & Investments | 129.2 | 0.0 | 215.8 | (0.0) | 167.1% | 0.0% |
| Yield Curve Upshock | 127.7 | (1.5) | 214.0 | (1.8) | 167.6% | 0.5% |
| Yield Curve Downshock | 130.6 | 1.4 | 217.8 | 1.9 | 167.7% | (0.4%) |
| RI Downgrade | 130.4 | 1.2 | 215.7 | (0.1) | 165.5% | (1.6%) |
| Reinsurance exposure deterioration | 130.6 | 1.5 | 215.7 | (0.2) | 165.1% | (2.0%) |

In addition, AIU, completed 2 additional sensitivities for the impact of a -/+ 20% change in GWP on the SCR impact for year end 2025, 2026 and 2027. A reduction in GWP of 20% resulted in an increase in the SCR ratio of 10% to 12%. Conversely, the increase in GWP of 20% resulted in a decrease in the SCR ratio of 8% to 9%.

None of these sensitivities would lead to AIU breaching its SCR coverage ratio. The scenario with the largest effect on the SCR ratio is a Large Claim event resulting in an increase in gross and net claims provisions of €20m and €10m respectively.

In addition to the above sensitivities, 16 stress tests were also conducted to assess solvency coverage over the planning period.

| | Stress Tests | Q4 2024 | Q1 2025 | Q4 2025 | Q4 2026 | Q4 2027 |
|---|---|---|---|---|---|---|
| | Base Case | 169% | 159% | 151% | 142% | 142% |
| 1 | Natural catastrophe | 169% | 157% | 149% | 141% | 140% |
| 2 | Investment Shock | 169% | 154% | 146% | 138% | 138% |
| 3 | Climate Change a) Sudden Wake Up Call | 169% | 152% | 139% | 131% | 132% |
| 4 | Climate Change b) Highway to Paris | 169% | 153% | 139% | 132% | 132% |
| 5 | Climate Change c) Diverging Realities | 169% | 143% | 130% | 123% | 124% |
| 6 | Operational Risk (Cyber Security) | 169% | 159% | 143% | 135% | 135% |
| 7 | Operational Risk (IPP Implementation) | 169% | 159% | 151% | 134% | 134% |
| 8 | Loss ratio uncertainty 1 in 5 | 169% | 159% | 138% | 129% | 126% |
| 9 | Loss ratio uncertainty 1 in 10 | 169% | 159% | 121% | 107% | 98% |
| 10 | Loss ratio uncertainty 1 in 20 | 169% | 159% | 110% | 106% | 111% |
| 11 | a - Parent downgrade / RI QS Termination – no replacement cover | 169% | 159% | 136% | 128% | 129% |
| 12 | b - Parent downgrade / RI QS Termination – with replacement cover | 169% | 159% | 166% | 169% | 174% |

| | | | | | | |
|---|---|---|---|---|---|---|
| 13 | Macroeconomic - Stagflation, US Tariffs | 169% | 159% | 112% | 96% | 86% |
| 14 | Withdrawal of LPT Reinsurance | 169% | 159% | 150% | 138% | 131% |
| 15 | Extreme Insurance Market Crisis | 169% | 159% | 25% | 36% | 49% |
| 16 | AFSI Default | 169% | 159% | 87% | 105% | 124% |

Note that the basis of the 1-in-20 scenario differs from the 1-in-5 and 1-in-10 in that it only impacts underwriting years 2025 and prior, while the others impact all underwriting years. This scenario focuses on the mortgage and credit business years where an assumed economic recession impacts business written up to that point. The 1-in-5 and 1-in10 scenarios assume a downturn in the insurance market lasting for several and impacting all future years.

There are 11 scenarios where solvency coverage reduces, at any point during the projection horizon, but remains above the red/amber risk appetite threshold of 120% of the SCR. Of the remaining five scenarios, two (number 15 and 16) are considered reverse stress tests, where the business is stressed to a point of failure. Four of these five scenarios are considered in AIU's pre-emptive recovery plan and have early warning indictors and specific remediation actions should they materialise.

## 4.4 Reinsurance

AIU uses both internal and external reinsurance arrangements to reduce its exposure to certain underwriting risks assumed and to mitigate the effect of any single major event or the frequency of medium sized events. Reinsurance arrangements include quota share and excess of loss treaties and a small number of programme / risk specific facultative arrangements.

The main external quota share treaty is with Swiss Re to which AIU cedes 50% of business covering most lines of business. The Swiss Re arrangement has been in place since July 2019. There is also internal quota share treaties ceding 100% of AIUs US lines to AIIL and TIC. There is also a rolling Loss Portfolio Transfer ("LPT") arrangement with AIIL which cedes 100% all run-off lines and underwriting years 2022 and prior, with a new underwriting year added each LPT renewal (the 2022 underwriting year has been added to the 2025 LPT).

The reinsurance arrangements to which the Transferring Policyholders attach will be transferred to AA in whole or in part with effect from the Effective Date. The proposed Transfer will not affect the underlying terms and conditions of such reinsurance arrangements.

## 4.5 Risk Profile and Management

### 4.5.1 Risk Management System

To meet the requirements for sound corporate governance, ensure efficient conduct of business and to protect the interests of AIU's stakeholders, AIU has a comprehensive Governance and Risk Management system in place. The AIU Board acknowledges its responsibility to ensure that risks are fully understood and appropriately managed and has taken appropriate steps to ensure that risk management, reporting and control processes have been put in place in a manner which reflects the nature and scale of AIU's activities. The AIU Board is the focal point of the governance system and is ultimately accountable and responsible for the performance and conduct of the Company.

AIU's Risk Function, led by the Chief Risk Officer, has independent oversight of risk management activities including identifying, assessing, monitoring and reporting existing and emerging risks. The Risk Function monitors AIU's risk profile against risk appetite statements and tolerances and report deviations in line with agreed reporting procedures. The CRO reports to the Risk and Compliance Committee and the AIU Board.

### 4.5.2 Risk Appetite Statement

The Risk Appetite Statements sets out the target amount of risk that the Company is willing to accept in order to achieve its strategic objectives and sets out the tolerances for all risk categories in order to ensure cautious management of the operations. The overall risk appetite of AIU is stated as keeping eligible own funds above 140% of the SCR. The Risk Appetite Statement also sets out the actions to be taken if the risk profile is outside its risk appetite or in danger of becoming so, including actions to escalate and remediate. The Risk Appetite Statement is owned by AIU's Board and is reviewed at least annually.

Compliance with risk appetite as expressed in the RAS is monitored by Risk Management and reported to the Risk and Compliance Committee on a quarterly basis. Any breaches to metrics are managed and remediated by the Enterprise Risk Management team in collaboration with Risk Owners.

### 4.5.3 Risk Overview

AIU is exposed to a range of risks as highlighted in the 2024 Solvency Financial Condition Report ("SFCR"). The principal risks and uncertainties it faces are identified as follows:

- Underwriting risk - AIU's largest risk exposure is in respect of underwriting risk which refers to fluctuations in the timing, frequency and severity of insured events, relative to the expectations of the firm at the time of underwriting. The majority of AIU's material underwriting risk exposure arises from Miscellaneous Financial Loss, followed by credit & suretyship and general liability. This risk is mitigated through regular oversight of underwriting performance and the utilisation of reinsurance.
- Market risk - this is the risk of loss of income or decrease in the value of assets caused by movements in the level and prices of financial instruments. AIU's material exposures to market risk relate to spread risk on its bond portfolio and foreign exchange risk on its currency exposures. AIU mitigate this risk by operating a conservative investment strategy, predominantly invested in fixed income corporate and government bonds and matching estimated foreign currency denominated liabilities with assets denominated in the same currency.
- Credit risk - this is the potential loss arising principally from adverse changes in the financial condition of the intermediaries which sell AIU's products, issuers of fixed maturity securities and the financial condition of third-party reinsurers. AIU mitigates this risk by establishing agreements with a broad and diverse range of companies that are assessed to be financially robust, through continuous monitoring of counterparties and limiting exposure to any single entity.
- Liquidity risk - AIU is exposed if proceeds from financial assets are not sufficient to fund obligations arising from its insurance contracts. Liquidity risk is minimized by holding highly liquid assets which can be accessed immediately or within a very short timeframe. AIU also maintains sufficient cash and highly rated marketable securities to fund claims payments and operations.
- Operational risk - Operational risk entails the potential exposure of AIU to incidences of fraud, material error or delay in the processes of AIU, regulatory sanction and compliance breaches. Operational risk is managed through its corporate governance framework, operational risk management framework and internal control system. An IT Risk Management Framework is in place with regard to IT Risks and a robust governance program is in place to monitor the outsourcing providers.
- Group Risk - Through its intra-group reinsurance transactions and outsourced activities, AIU is dependent upon the financial soundness of the Group in general and some of its affiliates. Monitoring of the financial condition of each related company is performed on a regular basis.

AIU carries out a number of tests to assess the above risks including stress testing, sensitivity analysis, and SCR analysis. AIU has determined their SCR using the Standard Formula which broadly reflects the risks that it is exposed to.

## 4.6 Other Legal and Regulatory Matters

I am not aware of any regulatory matters and it has been confirmed to me that there are no other material litigation or complaints in progress at the date of this Report.

## 4.7 Operational Arrangements

AIU's avails of both internal and external outsourcing arrangements across services including its underwriting, distribution and claims handling. The same internal and external outsourcing arrangements would also apply to AA.

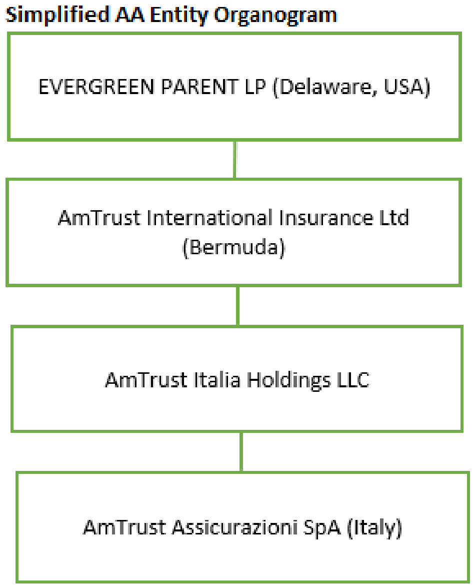
Therefore, I expect the Transfer to have no impact on the claims servicing levels of the Transferring Policyholders.

## 4.8 Treating Customers Fairly

IU is committed to the fair treatment of customers, and to ensure that fair outcomes are delivered to customers. This is primarily achieved through its complaints handling procedures. These are applied in accordance with Irish regulatory guidelines, but are applied across all policyholders, not just individuals and small businesses. The AIU Board receives quarterly reports of all customer complaints

# 5. AmTrust Assicurazioni S.p.A

## 5.1 Structure and Background




AA is an Italian non-life Insurance Undertaking registered by IVASS and subject to Solvency II Regulations 2015 (S.I. No. 485 of2015), to carry on non-life Insurance business. AA is a wholly owned subsidiary of AIIL and became part of the AmTrust Group in May 2019, following the acquisition of BancAssurance Popolari Danni Spa, which was controlled by the UBI Banking Group.

## 5.2 Nature of Business

AA underwrites non-life business exclusively in Italy and had gross written premium of €286.9m in 2024 of which €149.6m was ceded to reinsurance.

| AA Revenue €'millions | 2024 | 2023 | 2022 |
|---|---|---|---|
| Gross Premiums Written | 286.9 | 262.4 | 263.1 |
| Ceded Premiums | (149.6) | (132.1) | (117.9) |
| Net Premium Written | 137.4 | 130.2 | 145.2 |

Lines of business underwritten by AA are shown in the following table. General liability, which includes Medical Malpractice, accounts for approximately 93% of the total gross written premium. Fire and Other Damage to Property is a new class of business for 2024 and consists of weather-related coverage for agricultural business.

| AA Written Premium €'millions | 31 Dec 2024 | | 31 Dec 2023 | |
|---|---|---|---|---|
| | Gross | Net | Gross | Net |
| General Liability | 266.0 | 131.6 | 251.7 | 124.9 |
| Income Protection | 4.1 | 2.0 | 2.9 | 1.4 |
| Medical Expenses | 0.1 | 0.0 | 0.1 | 0.0 |
| Legal Protection | 8.1 | 4.0 | 7.7 | 3.9 |
| Fire and Other Damage to Property | 8.7 | (0.3)* | - | - |
| **Total** | **286.9** | **137.3** | **262.4** | **130.2** |

** Negative net written premiums is due to extensive reinsurance coverage in respect of the new* weather-related *agricultural business*

## 5.3 Financial Profile

### 5.3.1 Audited Italian GAAP Reserving Levels

The following table summarises AA's reserving levels on an Italian GAAP basis as at year end 2022, 2023 and 2024 which are the most recent available audited financial information.

| AA booked reserves €'millions | 2024 | 2023 | 2022 |
|---|---|---|---|
| *Reserves for unpaid losses and loss expenses* | | | |
| Gross of Reinsurance | 1,207.2 | 1,214.4 | 1,171.6 |
| Ceded | (1,017.1) | (1,002.4) | (961.5) |
| **Net of Reinsurance** | **190.1** | **212.0** | **210.1** |
| *Reserves for unearned premiums* | | | |
| Gross of Reinsurance | 110.0 | 96.1 | 102.5 |
| Ceded | (55.0) | (48.2) | (51.4) |
| **Net of Reinsurance** | **55.0** | **47.9** | **51.1** |
| Total Gross of Reinsurance | 1,317.1 | 1,310.5 | 1,274.1 |
| **Total Net of Reinsurance** | **245.1** | **259.9** | **261.1** |

The Financial Statements showed a loss on ordinary activities before taxation of €36.1m for the period 1 January to 31 December 2022, followed by a profit before taxation of €6.7m and €25.7m for financial years ending 31 December 2023 and 31 December 2024. The 2024 result is driven by positive technical underwriting result and improved investment returns.

I will comment further in my Supplementary Report on available management information as at 31 December 2025.

### 5.3.2 Reserve Adequacy

Franca Forster, member of the Italian Actuary Order, HoAF, and Adelaide Ameduri, Head of Reserving for AA, have provided me with a number of actuarial reports which detail outstanding claims provisions, the process by which the reserves were established and the key reserving assumptions and uncertainty.

I have not reviewed in detail the calculations performed by the actuarial team. Instead, by reviewing documents provided and through conversations with the AA actuarial team I have reviewed the process by which reserves are set, the approach followed and the key areas of reserve uncertainty.

In addition to the review and discussion I have reviewed the movement of gross claims reserves from year to year during the past four financial years. This has allowed me to get a sense of the accuracy of the actuarial estimates and volatility of the underlying business. The following table shows the movement of the claims reserves by class from 2021 to 2024:

| AA Claims Reserve run-off €'000s | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Accident | (18) | (129) | 366 | (1) |
| Illness | 33 | 677 | 615 | - |
| General Liability | 60,693 | 76,614 | 49,258 | 70,018 |
| Legal Protection | 1,074 | 1,358 | (330) | 1,731 |
| **Total** | **61,782** | **78,520** | **49,909** | **71,750** |

Over the past four years, gross claims reserves have experienced adverse movements, with General Liability being the primary driver of this adverse movement. In 2024, the adverse movement amounted to €61.8m, representing 5.1% of the opening gross reserves for this class.

The General Liability class accounts for 98% of AA's overall gross claims reserves. This class insures damages from professional negligence on the part of hospitals, doctors or other professional working in the healthcare section in Italy. The policies are offered on a claims-made basis and include various coverage limitations and self-insurance retention. The portfolio is segmented into 3 different healthcare liability protection products:

- Hospital: Medical malpractice policies taken out by individual hospitals or groups of public or private hospitals.
- Single Doctor: Medical malpractice policies that protect medical professionals for activities carried out in private practice.
- Gross negligence: protects employees of health care companies from possible damage caused by gross negligence. This volume of claims in this segment is low.

Given the materiality and uncertainty in the General Liability class, both AA's auditors, EY, and the HoAF conduct an independent statistical analysis specifically focusing on this line of business.

The auditor has independently projected the following gross of reinsurance reserve range for the General Liability segment.

| Auditor Gross Projections €'millions | AA | EY - Best | EY - Upper |
|---|---|---|---|
| Hospital | 939.2 | 917.4 | 1,022.9 |
| Single Doctor | 229.7 | 223.4 | 248.4 |
| Other Liability | 14.2 | 14.2 | 14.2 |
| **Total** | **1,183.0** | **1,154.9** | **1,285.5** |
| | | | |
| Hospital | | (2.3%) | 8.9% |
| Single Doctor | | (2.7%) | 8.2% |
| Other Liability | | 0.0% | 0.0% |
| **Total** | | **(2.4%)** | **8.7%** |

EY concluded that as at 31 December 2024, AA's technical reserves are sufficient and comply with local regulatory requirements. The table below shows the results of the independent recalculation of the Hospital and Single Doctors segments by the HoAF of the General Liability segment.

| AA HoAF review €'millions | Case + IBNR | | | |
|---|---|---|---|---|
| | AA | HoAF | Diff | Diff |
| Hospital | 715.4 | 738.5 | 23.1 | 3.2% |
| Single Doctors | 197.7 | 197.7 | 0.0 | 0.0% |
| **Total** | **913.1** | **936.2** | **23.1** | **2.5%** |

**note that the figures are gross of deductibles recoverable from policyholders*

The HoAF noted in the Actuarial Function Report that in her opinion there are no material limitations on the sufficiency, appropriateness, completeness and accuracy of the data or the adequacy of the methodologies, models and assumptions used in the calculation of Technical Provisions.

### 5.3.3 Reserving Uncertainty

The estimation of future claim payment amounts on insurance and reinsurance business is an inherently uncertain exercise. This is particularly true for the types of liabilities that AA is exposed to. The main sources of uncertainties identified by AA are as follows:

- Small sizes of some classes and the lack of historical development;
- The natural uncertainty of the long-tail branches of some classes;
- Macro-economic uncertainty on future expected inflation and interest rates;
- Any deviation in the deductibles actually recovered compared to the estimated impact; and
- Changes in payment patterns.

### 5.3.4 Solvency II Technical Provisions

I have reviewed the Solvency II Technical Provisions at the same time as I considered the Italian GAAP reserves. I have been provided with details of the Solvency II Technical Provisions as at year end 2023 and 2024, and the process by which the provisions were established.

I have not attempted to review in detail the calculations performed by AA's actuaries, instead I have reviewed the processes by which Technical Provisions were estimated, the approach followed, and assumptions made by AA's HoAF.

| AA Solvency II Reserves €'millions | 2024 | 2023 |
|---|---|---|
| Claims Provision | 951.5 | 932.0 |
| Premium Provision | 73.7 | 66.1 |
| **Total Gross Best Estimate** | **1,025.2** | **998.1** |
| Recoverable from Reinsurance contracts | (833.5) | (804.2) |
| **Total Net Best Estimate** | **191.7** | **193.9** |
| Risk Margin | 41.6 | 37.3 |
| **Technical Provisions** | **233.3** | **231.1** |

### 5.3.5 Solvency Coverage Reported to IVASS

The table below sets out the SCR for AA for the year ending 31 December 2024 and 31 December 2023.

| AA Solvency II Coverage €'millions | 2024 | 2023 |
|---|---|---|
| Eligible Funds to Meet SCR | 246.0 | 225.1 |
| SCR | 135.9 | 138.8 |
| **SCR Coverage %** | **181.0%** | **162.1%** |
| Eligible Funds to Meet MCR | 229.1 | 212.7 |
| MCR | 37.8 | 37.0 |
| **MCR Coverage %** | **606.3%** | **574.7%** |

The SCR coverage ratio has increased from 162.1% at 31 December 2023 to 181.0% at 31 December 2024 which is primarily driven by the increase in Own Funds of approximately €20m during 2024 which is broadly in line with the 2024 profits.

The table below sets out the SCR by risk for AA for the year ending 2024 and 2023.

| AA Solvency II Coverage €'millions | 2024 | 2023 |
|---|---|---|
| Health Underwriting | 2.7 | 0.9 |
| Non-Life Underwriting | 87.0 | 90.0 |
| Market | 16.8 | 21.2 |
| Counterparty Default | 20.8 | 19.4 |
| **Undiversified Basic SCR ("BSCR")** | **127.2** | **131.5** |
| Diversification Credit | (22.1) | (22.6) |
| **Basic SCR ("BSCR")** | **105.1** | **108.9** |
| Operational | 30.8 | 29.9 |
| **SCR** | **135.9** | **138.8** |
| **MCR** | **37.8** | **37.0** |

The reduction in SCR from €138.8m to €135.9m is driven by:

- A reduction in the premium earned leading to lower non-life underwriting SCR; and
- Lower risk-free interest rates when applied to AA assets and liabilities which are mis-matched by duration leads to a reduction to market SCR.

### 5.3.6 Own Risk and Solvency Assessment

The Solvency II regime requires an annual ORSA process. The ORSA forms part of a re/insurance company's Risk Management Framework. One key purpose of preparing an ORSA is to identify plausible threats to a satisfactory financial condition, actions that lessen the likelihood of those threats,and actions that would mitigate a threat if it materialised.

I have considered the 2024 ORSA approved by AA's board of directors (the "AA Board") though I have not repeated the detail in this Report. The ORSA is useful in terms of understanding the risks inherent in the business and the stability of the capital position over time on a central scenario and a range of adverse sensitivities and scenarios. The 2024 ORSA used the financial position at 31 December 2024 as the base position for projection purposes. I will update the projections in the Supplementary Report for the 2025 ORSA projections, if available at that time.

The table below sets out the projected solvency coverage of AA over the projection period to 31 December 2027 for the base case projections.

| AA Projected SCR Coverage €'millions | Q4 2024 | Q4 2025 | Q4 2026 | Q4 2027 |
|---|---|---|---|---|
| SCR | 135.9 | 150.5 | 163.6 | 175.3 |
| MCR | 37.8 | 37.7 | 40.9 | 43.8 |
| Own Funds | 246.0 | 264.3 | 288.7 | 313.1 |
| **SCR Ratio** | **181.0%** | **175.6%** | **176.5%** | **178.6%** |
| **Solvency Risk Appetite** | **145.0%** | **145.0%** | **145.0%** | **145.0%** |
| **Excess/(Shortfall) to Risk Appetite** | **33.8** | **31.8** | **35.5** | **40.6** |

The solvency ratio is broadly stable over the projection time horizon. The projections above do not include the impact of the Transfer, although we note that this would have an immaterial impact on the figures presented in this table.

The regulatory view of capital is expected to be comfortably in excess of 100% over the planning time horizon. AA aims to maintain a buffer of 45% above the regulatory requirement by keeping the Solvency Ratio in excess of 145%. Section 5.5 contains further information on AA's risk profile and risk management.

AA conducts four stress tests, which include 3 forward stress tests and 1 reverse stress test to assess solvency coverage over the planning period.

| | Stress Tests | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| 1 | Financial Scenario: Market Value of Assets stress | | 163.0% | 165.0% | 168.0% |
| 2 | Technical Scenario: Loss Ratio increase 9% | | 154.0% | 133.0% | 116.0% |
| 3 | Combined Stress* | | 142.0% | 142.0% | 142.0% |
| 4 | Reserve Stress Test: Loss Ratios of 113% | 100.0% | | | |

*Combined Stress test consists of both assets and liabilities being stressed.

In case of Solvency Ratio is less than the threshold of 145%, that represents AA Risk Appetite, the management of AA will activate the Net Worth Maintenance Agreement (NWMA), this agreement will provide the needed capital to restore the 145% AA Solvency Ratio, in details the Company's eligible own funds do not cover the Guaranteed Solvency Coverage Ratio (including for the avoidance of doubt in circumstances where the reduction in the Company's eligible own funds arises the Company's failure to recover amounts owed (including deductibles under insurance policies) from third parties ); or the Board reasonably believes that the Company's eligible own funds will not cover the Guaranteed Solvency Coverage Ratio at any time over a subsequent nine month period; the Parent shall, within 15 Business Days following receipt of a written demand from the Company made during the Guarantee Period, provide to the Company such funds as shall, after any impairment applied to such funds (whether pursuant to law or regulation or any applicable policy of the Company as amended from time to time), increase the Company's eligible own funds such that:

- the ratio of the Company's eligible own funds as against the Company's Solvency Capital Requirement is at least equal to the Guaranteed Solvency Coverage Ratio; and
- the ratio of the Company's eligible own funds as against the Company's Solvency Capital Requirement is likely to remain at least equal to the Guaranteed Solvency Coverage Ratio for at least the next nine months, having regard to all the circumstances, including the Company's financial position, forecasts, and Recovery and Resolution Plan.

## 5.4 Reinsurance

AA uses both internal and external reinsurance arrangements to reduce its exposure to certain underwriting risks assumed and to mitigate the effect of any single major event or the frequency of medium sized events. Reinsurance arrangements include quota share and excess of loss treaties and a small number of programme / risk specific facultative arrangements.

The main external quota share treaty is with Swiss Re to which AA cedes 50% of business covering most lines of business, with the exception of the new Agriculture line of business. There is an internal excess of loss treaty with AIIL which provides reinsurance cover for medical malpractice with a limit of €20m and an excess of €2.5m. Additionally, the treaty covers directors' and officers' liability with a €10m limit and a €2.5m excess. There is also a rolling Loss Portfolio Transfer ("LPT") reinsurance arrangement with AIIL which cedes 100% all run-off lines and underwriting years 2022 and prior, with a new underwriting year added each LPT renewal (the 2022 underwriting year has been added to the 2025 LPT).

In 2024, AA expanded into a new line of business, underwriting weather-related coverage for the agriculture sector. Due to the complexity of this business, a specialized reinsurance structure was established, comprising 95% quota share 95% to Insurance Company of the West ("ICW"); and a 120%-200% stop-loss with a reinsurer panel consisting of AXA XL, Canopius – Syndicate 4444, Specialty MGA UK, Hiscox – Syndicate 33 and Genesis Global Insurance (SAC) Ltd.

## 5.5 Risk Profile and Management

### 5.5.1 Risk Management System

AA's governance structure is established in according with the Italian Civil Code and is proportionate to the nature, scale and complexity of the risks inherent in its business. Senior management is responsible for implementing, maintaining and monitoring the policies and directives issued by the AA Board regarding the Internal Control System and Risk Management.

The internal control and risk management system adopted by AA is defined by the "Three Lines of Defense" model: the first line comprises of the business functions; the second line includes the risk management, compliance and actuarial functions; and the third line is represented by internal audit.

The corporate governance system plays a pivotal role in defining corporate strategies and policies for managing and controlling inherent risks. It is subject to periodic internal review by the Board of Directors, at least annually, to ensure the maintenance of sound and prudent management over the medium and long term.

### 5.5.2 Risk Appetite

The Risk Appetite defines the target level of risk that the AA is prepared to accept in order to achieve its strategic objectives. It establishes tolerances across all risk categories to ensure prudent and effective management of operational activities.

The risk appetite consists of both qualitative and quantitative statements that define AA's overall stance towards the accepted level of risk. It represents the target level of risk that AA is willing to accept with the overall risk appetite of AA is stated as keeping eligible own funds above 145% of the SCR.

The Risk Appetite Statement also sets out the actions to be taken if the risk profile is outside its risk appetite or in danger of becoming so, including actions to escalate and remediate. The Risk Appetite Statement is owned by AIU's Board and is reviewed at least annually. Compliance with risk appetite as expressed in the RAS is monitored by Risk Management and reported to the Risk and Compliance Committee on a quarterly basis. Any breaches to metrics are managed and remediated by the Enterprise Risk Management team in collaboration with Risk Owners

### 5.5.3 Risk Overview

AA is exposed to a range of risks as highlighted in the 2024 SFCR The principal risks and uncertainties it faces are identified as follows:

- Underwriting risk - AA manages this risk through underwriting and reserving policies and its reinsurance arrangements. In addition, AA has a Product Committee, which oversees new product proposals and/or amendments to existing products.
- Market risk – AA manages this risk through a diversified portfolio to reduce the exposure to market fluctuations and market risk concentrations.
- Credit risk – AA's policy in relation to reinsurance risk sets out guidelines in ensuring that the most suitable reinsurers both in technical terms and financial security are identified. In relation to receivables from customers and intermediaries these are constantly monitored with a dedicated specialized unit targeted at collecting overdue receivables.
- Liquidity risk - AA's policy is that all funds are held in highly liquid assets which can be accessed immediately or within a very short time frame.
- Operational risk – AA manages operational risk by initiating a rigorous control framework and by monitoring and responding to potential risks.
- Group Risk – AA mitigates Group exposures by monitoring of the financial condition of each related company on a regular basis.

AA carries out a number of tests to assess the above risks including stress testing, sensitivity analysis, and SCR analysis. AIU has determined their SCR using the Standard Formula which broadly reflects the risks that it is exposed to.

## 5.6 Other Legal and Regulatory Matters

I am not aware of any regulatory matters and it has been confirmed to me that there are no other material litigation or complaints in progress at the date of this Report.

## 5.7 Operational Arrangements

AA's avails of both internal and external outsourcing arrangements across services including its underwriting, distribution and claims handling. The same internal and external outsourcing arrangements also apply to AIU.

Therefore, I expect the Transfer to have no impact on the claims servicing levels of the Transferring Policyholders.

## 5.8 Treating Customers Fairly

AA is committed to the fair treatment of customers, and to ensure that fair outcomes are delivered to customers. This is primarily achieved through its complaints handling procedures. These are applied in accordance with Italian regulatory guidelines, but are applied across all policyholders, not just individuals and small businesses. The AA Board receives quarterly reports of all customer complaints.

# 6. The proposed Scheme

## 6.1 Background and Motivation to the Proposed Scheme

Assuming that the High Court approves the Scheme as proposed, a portfolio of contracts underwritten by AIU's Italian branch, (as outlined below), supporting assets and liabilities will be transferred under the Scheme.

The non-life insurance business being transferred consists predominantly of General Liability, but also includes Accident, Sickness, the CQS component of Credit, Miscellaneous Financial Loss and Legal Expenses.

The motivation for the proposed Scheme arises from the completion of AIU's portfolio transfer of its Italian medical malpractice portfolio to AA in 2020. As AA in Italy has become more established, AIU no longer requires a branch within Italy.

The remaining Credit business will continue to be managed by AIU under a FoS arrangement. AIU has also underwritten Motor Vehicle Liability and Land Vehicle businesses which will not be transferred and it is expected that this business will be managed by AIU on a FoS basis.

## 6.2 AA Authorisation Extension and AIU Italian Branch Closure

The process requires a number of regulatory approvals from the High Court, the CBI and IVASS.

AA is currently authorised by the IVASS to service classes in respect of the Transfer, aside from the Credit business, for which AA has applied for a license to underwrite.

AIU is currently permitted by the CBI to service all insurance classes not included in the Transfer on an FoS basis, aside from Motor Vehicle Liability which is currently permitted on FoE basis only into Italy. AIU intends to seek FoS permission from CBI for this class of business.

## 6.3 Transfer of Assets and Liabilities

If the High Court approves the Scheme as proposed, the liabilities of the Transferring Policyholders and the Transferring Assets will be transferred to AA from AIU at 23:59 on 31st March 2026 or such later date or time as may be specified by the High Court.

## 6.4 Continuity of Proceedings

I understand that any judicial, quasi-judicial, disciplinary, administrative, arbitration or other proceedings pending by or against, or commenced by or against, AIU in relation to the Transferring Business shall, from the Effective Date, be continued by or against AA and AA shall be entitled to any defences, claims, counter claims, and rights of set off that would have been available to AIU.

## 6.5 Rights and Obligations

Every policyholder who is a holder of an AIU insurance policy being transferred will be entitled to the same contractual rights against AA as he or she may have had against AIU, so there are no changes to the policy terms and conditions as a result of the Scheme.

## 6.6 Maintenance of Existing Reinsurance Arrangements

The reinsurance arrangements to which the Transferring Policyholders attach will be transferred to AA in whole or in part with effect from the Effective Date. The proposed Transfer will not affect the underlying terms and conditions of such reinsurance arrangements.

## 6.7 Administration Arrangements

There will be no changes in the administration of the Transferring Policyholders. From discussion with AA, I understand that post-Transfer, AA intends to continue using the same third-party administrators as currently used by AIU.

Therefore, I expect the Transfer to have no impact on the claims servicing levels of the Transferring or Existing Policyholders.

## 6.8 Costs of the Proposed Scheme

The costs and expenses incurred in connection with the preparation of the Scheme and application of the sanction of the Scheme, including the costs of this Report and complying with the Order made by the High Court arising from the Directions hearing or the Sanctions Hearing will be met equally by AIU and AA.

No costs or expenses shall be borne by any policyholder of either AA or AIU.

## 6.9 Effective Date

The effective date of the Scheme is expected to be 23:59 on 31st March 2026 or such later date or time as may be specified by the High Court.

## 6.10 The Approach to Communication with Policyholders

AIU and AA are undertaking procedures to notify policyholders of the Scheme. Subject to the directions of the High Court, it is proposed that this would be achieved through a combination of:

- AIU advertising the Scheme once in at least two Italian daily newspapers (as well as once in the Iris Oifigiúil and two Irish daily newspapers) several weeks in advance of the Sanction Hearing (which would refer to the availability of information and documentation on AIU/AA websites, as per the next bullet point);
- Making certain information and documentation about the Scheme (including the Scheme document and this Report) available for view and download by Policyholders on websites of AIU/AA for several weeks in advance of the Sanction Hearing; and
- AA to notify Transferring Policyholders in writing about the Scheme in accordance with Italian insurance regulations.

Given my findings above and with the agreement / non objection of the CBI, IVASS and any other relevant supervisory authority and the High Court, I am comfortable with this communication approach.

## 6.11 Operational Plans and Changes in Assets and Liabilities up to the Effective Date

I expect that the current activities of AIU and AA will continue between 31 December 2025 and the Effective Date. AIU and AA will continue to manage their respective portfolios, settling claims and reassessing reserves in the light of experience. I do not consider that any material additional risk to the Policyholders will emerge as a result of the continuation of normal business.

## 6.12 What Would Happen Were the Scheme Not to Proceed?

If the Scheme is not sanctioned the Transferring Policyholders would remain with AIU and would continue to be administered in the same way as it is currently. I have shown in section 4.3.5 and 4.3.6 that the policyholders of AIU currently benefit from the security afforded by a sufficiently capitalised company, and this will not change if the Scheme is not sanctioned.

If the Scheme is not sanctioned, AA would likewise continue to operate as currently. I have shown in section 5.3.5 and 5.3.6 that the policyholders of AA currently benefit from the security afforded by a well-capitalised company and this will not change if the Scheme is not sanctioned.

# 7. General considerations of the proposed Scheme

## 7.1 Introduction

In compiling my Report I have had regard to Actuarial Standard of Practice INS-2 “Transfer of an Insurance Portfolio – Role of the Independent Actuary”.

In particular, I have determined that I need to give my views on:

- The effect of the Scheme on the security of the Policyholders’ contractual rights, including the likelihood and potential effects of the insolvency of the insurer; and
- The likely effects of the Scheme on Policyholder servicing levels (e.g. claims handling).

## 7.2 Policyholders Affected

I have considered the effects of the Scheme on three main groups of policyholders, together the Policyholders (as defined above), namely:

- The policyholders of AIU whose policies are to be transferred to AA, being the Transferring Policyholders;
- The Remaining Policyholders of AIU; and
- The Existing Policyholders of AA.

## 7.3 Materiality

After considering the effects of the Scheme on each group of Policyholders, I have concluded whether I believe the Scheme will materially adversely affect the Policyholders. It should be recognised that the Scheme will affect different Policyholders in different ways, and, for any one group of Policyholders, there may be some effects of the Scheme that are positive, and others that are adverse. If some effectsof the Scheme are adverse, that does not necessarily mean that the Scheme is unreasonable or unfair,as those adverse effects may be insignificant, or they may be outweighed by positive effects.

In order to determine whether any effects of the Scheme on any group of Policyholders are materially adverse it has been necessary for me to exercise my professional judgement in the light of the information that I have reviewed.

When assessing the financial security of the Policyholders, I have looked at the solvency position of the companies involved in the Scheme, on both pre and post-Transfer bases, relative to regulatory solvency requirements. It should be noted that a company may have capital considerably in excess of its regulatory requirements, but that the board of directors of a company could legitimately reduce that level of capital (for example through the payment of dividends) and still leave the company appropriately capitalised. In circumstances where the Scheme has adversely affected the financial security of a group of Policyholders, in order to determine whether that impact is material, I have considered whether the degree of financial security afforded after the Transfer would have been acceptable and permissible before the Transfer had taken place. I would determine that any adverse impact to a particular group of Policyholders is material if the level of financial security afforded to them after the Transfer would not have been acceptable under the normal constraints under which the company’s capital position was managed before the Transfer.

## 7.4 Security of the Policyholders’ Benefits

In considering and commenting upon Policyholder security I shall consider the financial strength of each entity. Financial strength is provided by adequacy of Technical Provisions, by the shareholder capital and by any specific arrangements for the provision of financial support. In considering the Policyholders' security it is also necessary to take into account the potential variability of future experience.

The main factors that determine the risks to which a Policyholder is exposed are:

- Size of company;
- Amount of capital held, other calls on that capital and capital support currently available to the company;
- Reserve strength;
- Investment strategy;
- Mix of business written; and
- Company strategy – for example, whether it is open or closed to new business.

I also need to consider the impact on the Policyholders' security in the event of the default of an insurer(and the role of financial compensation schemes).

## 7.5 Levels of Service Provided to the Policyholders

I have considered the impact of the Scheme on levels of service provided to the Policyholders, including those resulting from changes in administration, claims handling and expense levels.

Furthermore, I have considered the proposals in the context of applicable conduct rules/regulation, e.g.the fair resolution of complaints between an insurer and its customers (policyholders).

## 7.6 Other Considerations

APS INS-2 also requires the Independent Actuary to consider the likely effects of the Scheme on matters such as investment management, new business strategy, administration, expense levels and valuation bases insofar as they might affect the ability of companies to meet the reasonable expectations of policyholders. It also requires the Independent Actuary to consider the cost of the Scheme and the tax effects of the Scheme insofar as they might impact on the security of Policyholders' contractual rights. I have given consideration to all of these items to the extent I have determined them to be relevant in the context of a non-life Transfer.

## 7.7 Development of the Scheme

In the following sections I comment on the Scheme as it will be presented to the High Court.

# 8. Impact of the Scheme

## 8.1 Introduction

I have considered the proposed scheme and its likely effects on the following groups of Policyholders:

- the Transferring Policyholders;
- the Remaining Policyholders; and
- the Existing Policyholders.

The main issues affecting the Policyholders as a result of the Scheme arise from relative differences in:

- The financial strength of Scheme Companies after the Transfer compared with that currently. Financial strength is derived from:
  - The strength of the reserves held;
  - Excess assets or capital; and
  - Specific financial support arrangements.
- The risk exposures in AA compared with those in AIU; and
- The policy servicing levels provided by AA after the Transfer compared with those currently enjoyed by the policyholders of AA.

In this section I address each of the issues.

## 8.2 Security of Policyholders' Benefits

Aspects of the business and the Scheme which could impact on the security of Policyholders' benefits and should therefore be considered when reviewing the Scheme include:

- Financial security following implementation of the Scheme for the different groups of Policyholders through consideration of the regulatory capital position.
- Other elements impacting financial security involves consideration of:
  - Business planning outlook;
  - Stress and Scenario tests on a plausible basis to understand how robust the regulatory capital position is to such tests;
  - Whether the different groups of Policyholders are faced with new risks arising from the Scheme; and
  - Quality of capital including any capital support arrangements.
- External reviews / audit findings on material areas.
- Other elements include custody of assets, compensation schemes; AmTrust Financial Services Inc. Group financial support; and any other aspects worthy of consideration e.g. expenses, outsourcing etc.

### 8.2.1 Remaining Policyholders – Financial Security

In assessing the impact of the Transfer on the Remaining Policyholders, I have reviewed AIU's assessment of the impact of the Transfer on the SCR coverage ratio, based on figures projected to 31 December 2025:

- The SCR will decrease marginally following the Transfer. The impact is marginal as the amount of policies and claims transferred is an immaterial component of the overall reserves.

The following table outlines the results of AIU's analysis.

| AIU Impact of Transfer €'millions | Pre-Transfer | Post-Transfer |
|---|---|---|
| **SCR** | 144.5 | 144.0 |
| Eligible Own Funds | 218.0 | 218.0 |
| **Solvency II Ratio** | **151.0%** | **151.4%** |

The marginal reduction to SCR means that the security of the Remaining Policyholders will be slightly improved when measured on a solvency II regulatory capital basis as a result of the Transfer.

I also considered AIU's assessment of the key risks within their ORSA and the scenario and reverse stress testing. The solvency capital position is shown to be robust under a range of scenarios considered.

***Conclusion - Based upon my review of AIU's financial information I have no cause to doubt the reasonableness of the solvency coverage as at 31 December 2025 or the projected solvency coverage and I therefore conclude that the Remaining Policyholders security would not be materially adversely impact by the proposed Scheme.***

### 8.2.2 Existing Policyholders – Financial Security

In assessing the impact of the Transfer on the Existing Policyholders, I have reviewed AA's assessment of the impact of the Transfer on the SCR coverage ratio, based on figures projected to 31 December 2025:

- The SCR will increase marginally following the Transfer. The impact is marginal, given the relative immaterial size of the transferred portfolio. This results in an immaterial change in the SCR ratio.

The following table outlines the results of AA's analysis.

| AA Impact of Transfer €'millions | Pre-Transfer | Post-Transfer* |
|---|---|---|
| **SCR** | 150.5 | 151.0 |
| Eligible Own Funds | 264.3 | 264.3 |
| **Solvency II Ratio** | **175.6%** | **173.0%** |

The marginal increase to SCR means that the security of the Remaining Policyholders will be slightly reduced when measured on a solvency II regulatory capital basis as a result of the Transfer.

I also considered AIU's assessment of the key risks within their ORSA and the scenario and reverse stress testing. The solvency capital position is shown to be robust under a range of scenarios considered

***Conclusion - Based upon my review of AA's financial information I have no cause to doubt the reasonableness of the solvency coverage as at 31 December 2025 or the projected solvency coverage and I therefore conclude that the Existing Policyholders security would not be materially adversely impact by the proposed Scheme.***

### 8.2.3 Transferring Policyholders - Financial Security

In assessing the impact of the transfer on the Transferring Policyholders, I reviewed the position of the Transferring Policyholders before and after the Transfer. The impact on the financial security of the Transferring Policyholders, using the SCR coverage ratio analysis of the Scheme Companies as at 31 December 2025, is as follows:

- Pre-Transfer: The Transferring Policyholders are in a company with surplus own funds of €218.0m and an SCR coverage ratio of 151.0%.
- Post-Transfer: The Transferring Policyholders will be in a company with surplus own funds of €264.3m and an SCR overage ratio of 173.0%.

The Transferring Policyholders will be in a company with an SCR coverage ratio well in excess of the regulatory coverage requirement.

The following table shows the impact of the Transfer on the SCR coverage ratios.

| Transferring Policyholders - Impact €'millions | Pre-Transfer | Post-Transfer* |
|---|---|---|
| **SCR** | 144.5 | 151.0 |
| Eligible Own Funds | 218.0 | 264.3 |
| **Solvency II Ratio** | **151.0%** | **173.0%** |

Based on the calculations shown above AA post-Scheme is expected to remain well capitalised and the Transfer has a limited impact on the financial security of the Transferring Policyholders.

In addition to the regulatory capital buffers, AA has risk management processes in place to manage the risks to which the company is exposed. I considered AA's assessment of the key risks within its ORSA and the scenario and reverse stress testing. AA's solvency position is projected in their ORSA to be 178.6% by 2027 and to continue to meet its regulatory capital requirements and internal capital targets in a wide range of adverse scenarios.

***Conclusion – I am satisfied that the Scheme will not have a materially adverse impact on the financial strength for the Transferring Policyholders of AIU compared to both their current position and projected positions.***

### 8.2.4 Change in Risk Exposure

If the Scheme is sanctioned, the Transferring Policyholders will remain part of AmTrust Financial Services Inc. Group and within the EU, regulated under the same Solvency II regime.

There are differences between the risk exposures in AIU relative to those in AA, in particular relating to the types of business written and investments held.

AIU is a non-life insurance company underwriting across various classes. Its main line of business is Miscellaneous Financial Loss, while it also underwrites General Liability, Medical Expenses, Fire and Other Property Damage, Credit & Suretyship, as well as other lines of business.

Similarly, AA is a non-life insurance company that principally underwrites general liability lines of business.

If the Scheme is sanctioned, the Transferring Policyholders will be in a company that is part of the same overall Group as it was prior to the Scheme. It will also become exposed to the future strategy, business plan and financial position of AA which may impact the security of Transferring Policyholders' benefits.

I have considered the change in risk profile and am satisfied that the ORSA stress testing demonstrated that AA is sufficiently resilient to the risks it is exposed to.

Based on my review of changes in risk exposures as outlined above, the Scheme creates both potential positives and negatives for the Transferring Policyholders. Nonetheless, given the financial strength of AA, as discussed and shown above, I do not consider that the Transferring Policyholders will be materially adversely affected by the changes in risk exposures.

***Conclusion - I am satisfied that, although the proposed Scheme will lead to a change to the risk exposures of the Transferring Policyholders and the Existing Policyholders, this will not have a materially adverse impact on the security of the Policyholders' benefits.***

## 8.3 Policy Servicing, Information Systems, Governance, Internal Controls and Other Matters

In relation to the Scheme the guiding principles adopted by AA in respect of policy servicing, information systems, governance structures and internal controls are that no changes, so far as possible, arise as a result of the Scheme. The following paragraphs set out the results of my (non- financial) analysis (as at the date of this Report) for each of these key areas.

### 8.3.1 Policy Servicing

The Transferring Policyholders should experience little, if any, change to the policy servicing arrangements as a result of the Scheme, in so much that the same third-party administration will continue to manage any policyholder and claims administration. There is expected to be no change to this if the High Court sanctions the Scheme.

The Transferring Policyholders are currently subject to the conduct of business regulations, including consumer protection rules, as imposed by the CBI. If the Scheme is sanctioned the Transferring Policyholders will become policyholders of an Italian entity and IVASS will oversee the compliance with it conducts laws and regulations. As both CBI and IVASS have both implemented relevant EU Directives, I do not expect there to be a material change in the regulation that applies to how the Transferring Policyholders are treated and how business is conducted.

### 8.3.2 Information Systems

Information systems used for the management of policies, claims and customer information for the Transferring Policyholders will remain unchanged as a result of the Portfolio Transfer.

### 8.3.3 Governance

The governance structures of both AIU and AA comply with the Solvency II requirements and both operate with a three lines of defense model. Based on my (non-financial) analysis, I am satisfied that the structure and operation of corporate governance at AA (post-Scheme) as planned is reasonable and the Transferring Policyholders will not be adversely impacted by the Scheme.

### 8.3.4 Limitation on Review of Change in Policy Servicing due to the Scheme

It should be noted that for all the systems, processes and policies outlined above, my views are based on the assumption that they will operate as intended (now and in the future) and I have no grounds forbelieving they will not do so. Fundamental to the satisfactory on-going operation of the above systems, processes and policies is the Internal Audit function and the tests it performs to ensure they operate asintended.

The administration of the existing business of AA will be unchanged as a result of the Scheme. AA is subject to IVASS conduct rules on policy servicing (including claims handling). In relation to the Scheme, there would not be a change in the conduct regulation that applies to how the existing policyholders of AA are treated.

### 8.3.5 Liquidity and Transfer of Assets / Liabilities

On the Effective Date, the insurance liabilities of the transferring portfolio will be transferred to AA in Italy. As a result of the Scheme I do not anticipate any material change to the liquidity position of AA. I therefore conclude that the liquidity position of AA is not likely to be adversely affected as a result of the Scheme.

### 8.3.6 Impact on Reinsurers

It is proposed under the Transfer that the reinsurance arrangements be included and will therefore automatically transfer from AIU to AA and continue to protect the Transferring Policyholders.

### 8.3.7 Expenses

Other than the initial costs of the Scheme, the ongoing expenses of AA are not expected to change after the Scheme. I therefore conclude that the Policyholders are not likely to be adversely affected by a change in ongoing expense levels as a result of the Scheme.

### 8.3.8 Tax

I am informed that the Scheme is not expected to have tax implications that would materially adversely affect any Policyholders impacted by the Transfer under the Scheme.

I have therefore assumed that the Scheme will not give rise to a tax liability of a material amount (in the context of transferring assets).

### 8.3.9 Operational Plans up to Effective Date

Based on the information provided to me by AIU, AA and William Fry on the planned activities, I believe that it is unlikely that any events occurring between 31 December 2025 and the Effective Date would affect any conclusion that I reach based on my review as at 31 December 2025.

A short time before the final High Court hearing, I will consider the extent to which the operational plans of AA and AIU have altered (relative to the position at the Date of this Report) and the actual changes in assets and liabilities (relative to the position as at 31 December 2025) and hence whether there have been any changes (including those associated with current economic conditions) that would affect my overall opinion, and if necessary, I will report on these separately.

***Conclusion – I believe that, provided the on-going continuance of the systems, processes and policies operate as intended, and I have no grounds for believing they will not do so, the proposed Scheme will not have a materially adverse effect on the policy servicing levels enjoyed by the Transferring Policyholders and the Existing Policyholders compared to both their current position and their projected position at the Effective Date***.

# Appendix 1 – Data

In addition to a number of telephone conversations, email exchanges and meetings I have received a large amount of information. A summary of the key documents is shown below:

### AmTrust International Underwriters DAC

| Document Type | File Name |
| --- | --- |
| Financial Statements | – 2024 AIU Financial Statements with audit opinion – signed.pdf |
| | – AIU 2023 Financial Statements_signed and final.pdf |
| | – AIU 2022 Financial Statements_signed and final.pdf |
| | – C33525_20241231_SolvencyIIAnnualSFCR_Return_2.pdf |
| | – C33525_20231231_SolvencyIIAnnualSFCR_Return_2.pdf |
| ORSA & Risk | – C33525_20250101_ORSA_1.pdf |
| | – C33525_20240101_ORSA_1.pdf |
| Transfer | – Italian branch portfolio transfer final.xlsx |
| | – Term Sheet_Italian Branch.docx |
| Solvency II & Reserves | – C33525_20241231_SolvencyIIAnnual SFCR_Return_2.pdf |
| | – C33525_20241231_ARTP_Report_1.pdf |
| | – C33525_20231231_ARTP_Report_1.pdf |
| | – AIUDAC Technical Provision Policy v2024 11 20.pdf |
| | – AIUDAC Reserving Committee TOR (approved June 2024).pdf |
| | – AIU Actuarial Report on Technical Provisions 2022 v2023 05 23.pdf |
| | – AIU Reserving Comm Pack 19 June 2025.pdf |
| | – AIU Reserving Comm Pack 18 Dec 2024.pdf |
| Policy Details | – AmTrust Italian Branch Portfolio Transfer Project Plan V1. 11 September 2025 (85166394.1).pdf |

### AmTrust Assicurazioni S.p.A

| Document Type | File Name |
| --- | --- |
| Financial Statements | – AA_SFCR_Report_2024 en-GB |
| | – AmTrust_Assicurazioni_SFCR_2023 en-GB.pdf |
| | – Financial Statement AmTrust Assicurazioni S.p.A._31.12.2024 en.pdf |
| | – Financial Statement AmTrust Assicurazioni S.p.A._31.12.2023 en.pdf |
| | – Financial Statement AmTrust Assicurazioni S.p.A._31.12.2022 en.pdf |
| | – Financial Statement AmTrust Assicurazioni S.p.A._31.12.2022 en.pdf |
| ORSA & Risk | – ORSA Supervisory Report 2022_AmTrust Assicurazioni SPA_en.pdf |
| | – ORSA Supervisory Report 2023_AmTrust Assicurazioni SPA_en.pdf |
| | – ORSA Supervisory Report 2024_AmTrust Assicurazioni SPA_en.pdf |
| Solvency II & Reserves | – AA AFR 2022_en.pdf |
| | – AA AFR 2023_en.pdf |
| | – AA AFR 2024_en.pdf |
| | – AmTrust - Resoconto Analitico 2023 en-GB.pdf |
| | – AmTrust Assicurazioni_Resoconto analitico Rami Danni 31.12.2024 en_GB.pdf |
| | – Report_Adeguatezza Formula Standard 2025 en-GB.pdf |

# Appendix 2 - Scope

The role of Independent Actuary will be to consider and to report to the High Court on the proposed Transfer, primarily from the perspectives of the transferring policyholders of AIU, the remaining policyholders of AIU and the existing policyholders of AA and to opine as to whether any policyholders' interests could be in any way (either directly or indirectly) adversely affected by the proposed Transfer.

We will expect the tasks that will be carried out by the Independent Actuary will include the following:

- Agree a precise framework for the key deliverable and the exact nature of the work required to support this.
- Review existing company documentation including financial statements (in particular, documentation sent to policyholders).
- Review financial statements to gain a high-level understanding of the relative impact of the scheme and identify areas to investigate further. This will include changes to reinsurance arrangements in connection with the Transfer.
- Review projected comparative solvency levels and an assessment of the estimate Solvency II Solvency Capital Requirement ("SCR") coverage for AA before and after the proposed Transfer.
- Request and review the result of any specific scenarios for further analysis.
- Review the proposed Transfer considering the effect on policyholders covering their contractual rights, benefit security, benefit expectations and policyholder service including the status and proposed resolution around policyholder complaint/ data issues.
- Liaise and raise issues and questions as necessary with your advisors, including regulators, legal and tax advisors.

For the avoidance of doubt, we will not perform any SCR calculation or financial projections and we will be relying on your actuarial and finance functions to provide us with all financial and capital calculations / projections including scenario and stress testing.

Our final deliverable will be the Report addressed to the High Court. We will issue drafts of the report at appropriate stages for comment by each of you and your legal advisers. Before finalising the report, we will request and will expect you (or as appropriate your colleagues) and your advisers to confirm in writing factual accuracy in relation to any facts which we need to rely on and/ or where there is no specific evidence available to us.

The terms of this engagement do not extend to the delivery of legal advice, which you will obtain as required from legal advisers under separate terms and conditions. We will not be responsible for facilitating the supply of legal advice to either or both of you, nor will we be responsible for monitoring or managing the quality or timing of legal or any other advice that either or both of you may obtain from other advisers in connection with matters relevant to the subject of our work. We will have no responsibility or liability in connection with the performance of any other suppliers advising either or both of you.

As indicated above, it is envisaged that, subject to the qualification noted below, our tasks will include the review of the Scheme documentation and the suggestion of drafting changes where appropriate. The qualification in respect of advice on the Scheme documentation is that our advice will be limited to issues of principle relating to actuarial considerations but will not extend to advice on drafting points. We will assist in identifying from the information provided to us areas of uncertainty in the relevant provisions of documentation and suggest amendments for consideration. However, the precise wording of the Scheme documentation is primarily a matter for lawyers and will reflect legal matters outside our expertise. Our comments and suggestions should not be relied upon as being suitable for incorporation into any documentation without further consideration by your legal advisers.

In my capacity as the Independent Actuary, I may receive correspondence from AIU and AA policyholders or policyholder groups but there is no requirement on me to, and it is not expected that I will, enter into any form of communication with such policyholders. Accordingly, I will forward such correspondence to AIU and AA (as appropriate, depending on the insurer with which any relevant correspondent policyholder(s) holds a policy (or policies)). In those circumstances, you agree that each Company and as relevant will, as a minimum, send a letter of acknowledgement to the relevant policyholder(s) indicating that the Independent Actuary has seen their letter and is aware of its contents but is not required to (and will not) respond to it. In addition, if any letters of objection to the proposed Transfer are sent directly to either of you, copies of these letters will be sent to me for my consideration.

# Appendix 3 – Curriculum vitae

Noel Garvey is a non-life actuarial partner in Deloitte Ireland with 26 years of experience in the non-life insurance industry. Noel joined Deloitte in 2021 from KPMG Ireland where he was responsible for heading up the non-life actuarial services practice. Prior to joining KPMG in 2007 he was the Chief Actuary and a member of the senior management team of an international non-life reinsurance company. He began his career in Aviva Insurance Europe SE – formerly Hibernian Insurance Limited where he was the Pricing Actuary at the time of leaving.

His professional and industry experience includes:

- Noel has acted as the Independent Actuary reporting to the High Court of Ireland for several section 13 portfolio transfers including some of the largest non-life insurance portfolio transfers in the Irish market, such as the European restructuring of Liberty insurance;
- He is responsible for all actuarial advice in relation to non-life insurance and reinsurance audit clients, through which he has gained extensive experience in the reserve valuation for all major non-life lines of business across numerous geographies;
- He has recently been engaged by the Department of Business, Enterprise and Innovation to assist the Injuries Resolution Board to benchmark soft tissue injury awards in Ireland to those of other jurisdictions;
- Noel acts as the external Reviewing Actuary the majority of the most senior non-life actuaries in the Irish market including those from the largest domestic and international non-life (re)insurers including Allianz, Arch, Aviva, AWAC, Axa, FBD, HannoverRe, Liberty, PartnerRe, Vhi and XLICSE. These roles involve assessing reserving processes and procedures in the context of CBI guidelines and regulatory requirements;
- He was the Pre-Approval Controlled Function Head of Actuarial Function at yearend 2019 for Zurich Insurance which was at that time the largest regulated non-life insurer in Ireland accounting for 40% of the total annual direct non-life premium regulated by the CBI;
- He has been the Head of Actuarial Function or Signing Actuary to over 50 regulated entities where he has provided annual certification of Technical Provisions and advice on Reinsurance, Underwriting, ORSA and Capital levels; and
- Noel is a Fellow of the Society of Actuaries in Ireland (FSAI). He chairs the of the Society of Actuaries in Ireland General Insurance Committee, sits on Council and leads several working parties.

# Appendix 4 – Table of Abbreviations

| Abbreviation | Meaning |
|---|---|
| 1909 Act | Assurance Companies Act 1909 |
| 1989 Act | Insurance Act 1989 |
| 2015 Regulations | European Union (Insurance and Reinsurance) Regulations 2015 |
| ARTP | Actuarial Report of Technical Provisions |
| ASP | Actuarial Standard of Practice |
| BSCR | Basic SCR |
| CBI | Central Bank of Ireland |
| Delegated Acts | Commission Delegated Regulation (EU) 2015/35 of 10/10/2014 |
| Directive | Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 |
| Effective Date | means 23:59 on 31st March 2026 or such later date or time as may be specified by the High Court, upon which AIU's portfolio of Italian business will be transferred to AA. |
| Engagement Letter | Deloitte engagement letter dated 15 September 2025 |
| Existing Policyholders | existing policyholders of AA |
| High Court | High Court of Ireland |
| HoAF | Head of Actuarial Function |
| IDD | Insurance Distribution Directive |
| Deloitte | Deloitte Ireland |
| MCR | Minimum Capital Requirement |
| ORSA | Own Risk and Solvency Assessment |
| AIU | AmTrust International Underwriters DAC |
| AIU Board<br>AIIL<br>TIC | AIU's board of directors<br>AmTrust International Insurance Ltd<br>Technology Insurance Company |
| AA | AmTrust Assicurazioni S.p.A |
| AA Board | AA's board of directors |
| Policyholders | Transferring Policyholders, Remaining Policyholders and Existing Policyholders |
| RAF | Risk Appetite Framework |
| RAS | Risk Appetite Statement |
| Remaining policyholders | Remaining policyholders of AIU |
| SAI | Society of Actuaries in Ireland |
| Scheme Companies | AIU and AA |
| SCR | Solvency Capital Requirement |
| SFCR | Solvency Financial Condition Report |
| SST | Strategic Solvency Target |
| Transfer | Portfolio Transfer |
| Transferring Business | Accident, Sickness, General Liability, CQS component of Credit, Miscellaneous Financial Loss and Legal Expenses underwritten by AIU through the Italian branch |
| Transferring Policyholders | Transferring policyholders of AIU |
| IVASS | Istituto per la vigilanza sulle assicurazioni, the Italian Insurance Supervisory Authority. |