



**Great American International Insurance (EU) DAC
Solvency and Financial Condition Report (“SFCR”)**

(for the financial year ended 31 December 2023)

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Executive Summary

Great American International Insurance (EU) DAC (the “Company” or “GAEU”) is authorised by the Central Bank of Ireland (“CBI”) as a non-life insurance undertaking. The CBI has designated the Company as a low impact undertaking under its risk-based framework for the supervision of regulated firms, known as PRISM. The Company is reporting as an individual undertaking for Solvency II purposes.

This report provides an overview of the business of the Company covering its system of governance, risk profile, valuation for solvency purposes and capital management. The Company’s Board of Directors (the “Board”) has overall responsibility for these matters with the support of various governance and control functions that it has established to manage the business.

The Company’s financial year runs to 31 December each year, and it reports its results in Euro. The Company will report a profit after tax for 2023, which marks the Company’s fourteenth consecutive year of profitability.

The Gross Written Premium was €35,464,376 (2022: €39,620,649) a decrease on the prior year. The profit on ordinary activities before taxation amounted to € 1,207,314 (2022: €2,206,393) for the year. After providing for taxation of €180,982 (2022: €275,799), the profit of €1,026,331 (2022: €1,930,594) was transferred to reserves.

The Company saw a reduction in Gross Written Premium versus the prior year. The key drivers for this were underwriting actions which resulted in termination of some nonperforming distributions combined with the impact of macroeconomic conditions such as the high interest rate environment which has resulted in some key clients postponing project work, which in-turn impacted anticipated premium volumes for certain programmes. Climate and cyber risks are being actively monitored through horizon scanning, scenario testing and the ORSA process. Outsourcing risk is being managed through a due diligence and audit framework. As an insurance undertaking, underwriting risk remains one of the main risk areas for the Company. There are several mitigants in place to counteract this risk including on-going review of risk appetite, review of loss ratios and premium by portfolio, reviews of policy wordings and significant reinsurance arrangements.

Operational Risk, particularly resource risk, is monitored on a regular basis. One of the most significant operational risks facing the business is the recruitment of skilled resources in a tight labour market. Despite market conditions, the Company successfully recruited new Senior Underwriting personnel to enhance the resourcing of the underwriting function and additional finance resource in 2023.

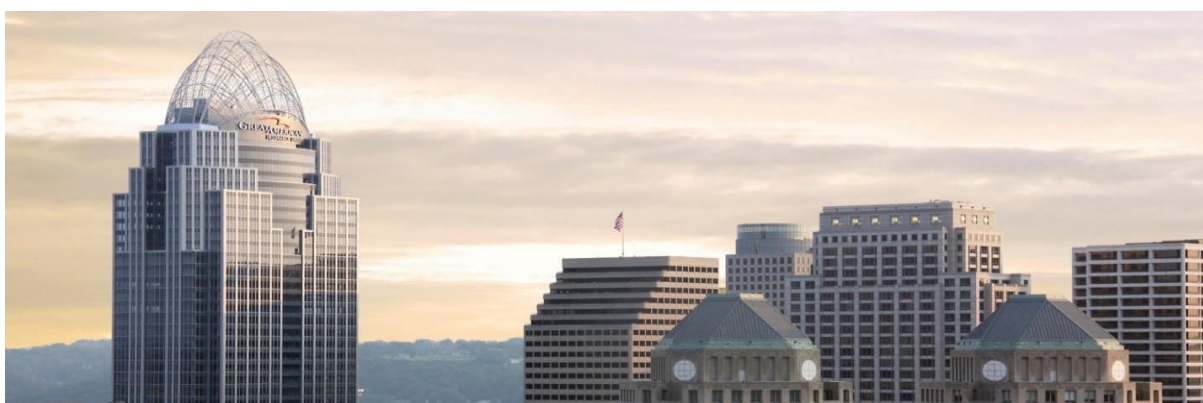
The Company’s ratio of Own funds to SCR was 166% as at 31st December 2023 and the Board is comfortable with the Company’s capital resilience and ability to support policyholders, its shareholder objectives and its overall business plan.

There have been no material changes in the system of governance in 2023 with the exception of changes in Board composition.

A: Business & Performance

A.1 Business

Great American International Insurance (EU) DAC



The Company is a member of Great American Insurance Group. The Company is rated A+ by Standard & Poor's.¹

Great American Insurance Group is engaged primarily in property and casualty insurance focusing on specialty commercial products for businesses. Great American Insurance Group is headquartered in Cincinnati, Ohio, USA. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company. Member companies of Great American Insurance Group are ultimately owned by American Financial Group, Inc. ("AFG"). AFG is a holding company based in Cincinnati, Ohio. AFG's common stock is listed and traded on the New York Stock Exchange under the symbol AFG.

The Company was established in Ireland on January 5, 2004 to write commercial insurance throughout Europe. The Company is an authorised and regulated Non-Life insurance undertaking. The company is authorised to write the following classes of insurance: 1, 2, 3, 7, 8, 9, 13, 14, 15 & 16.

The Company operates on a freedom of services basis and holds pass-porting rights for the following territories:

- | | | | |
|---------------|-----------|------------|------------------|
| ● Austria | ● Belgium | ● Bulgaria | ● Czech Republic |
| ● Denmark | ● Finland | ● France | ● Hungary |
| ● Ireland | ● Italy | ● Germany | ● Luxembourg |
| ● Netherlands | ● Norway | ● Poland | ● Portugal |

¹ Standard & Poor's rating affirmed February 29, 2024

-
- Romania
 - Spain
 - Sweden
 - Slovakia

The Company's registered office details are as follows:

Great American International Insurance (EU) DAC
Station House
Dublin Road
Malahide
Co. Dublin
Company Registration Number: 380145
Tel: +353 1 8454850
Website: <http://www.greatamericaneu.com/>

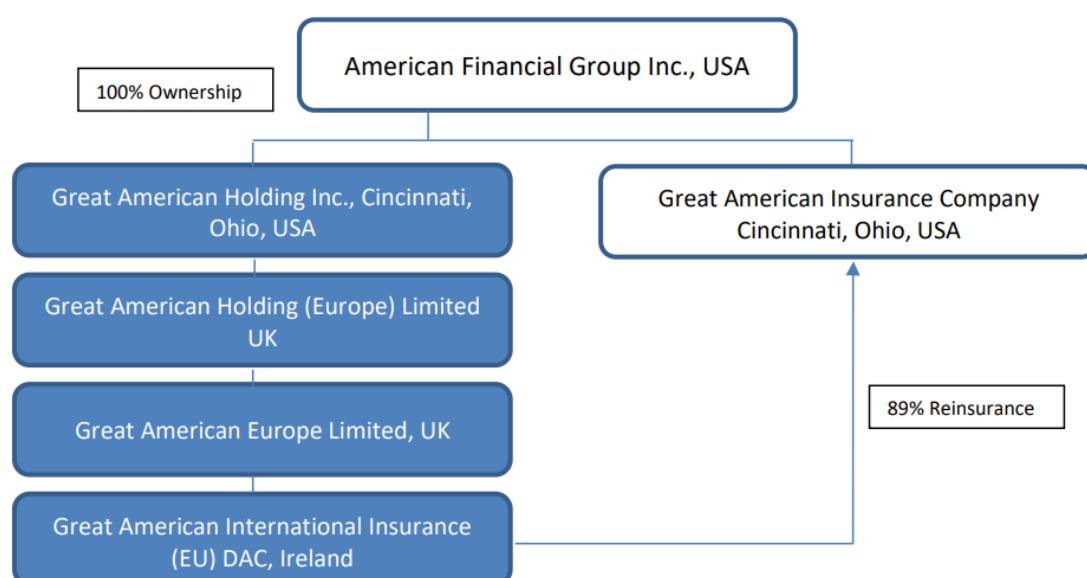
The Company is authorised & Regulated by the Central Bank of Ireland ("CBI")
The CBI acts as the Company supervisor for Solvency II, the CBI's address is:

Central Bank of Ireland,
New Wapping Street,
North Wall Quay,
Dublin 1
Ireland
Website: www.centralbank.ie

The Company's external auditor is PWC.
The address for PWC is as follows:

PWC
One Spencer Dock
North Wall Quay
Dublin 1
Website: www.pwc.ie

Fig 1: Organisational Chart & Group Overview



The Company is an ultimate subsidiary of AFG, an Ohio corporation.

Business Strategy

The Company's high-level business strategy is as follows:

- Grow the overall book & presence of Great American Insurance Group across Europe in a prudent & profitable manner, emphasising profitability over premium volume & maintaining pricing & underwriting discipline;
- Focus on niche lines & products where it has a high degree of market knowledge & expertise;
- Diversification of products & territories to assist with capital management & safeguarding of the Company's position in the market, so there is no over-reliance on any one product;
- Leverage the Company's strong A+ rating allied with the financial strength & rating of our parent group;
- Utilise & build on the existing product experience & capabilities of our U.S parent;
- Build specialist teams of underwriters for each product line.

Major Changes in 2023

During 2023, the Company launched a new product line (Professional Indemnity Insurance) in the Irish market and will look to grow this book in the coming years. There have been no material changes in the system of governance in 2023 other than changes to PCF role holders which occurred due to the

retirement of a Board member and the recruitment of their replacement. Other than the intra-group reinsurance arrangements, detailed in Figure 1. above which have been in place since the inception of the Company, there have been no material transactions during 2023 (2022: nil) with the shareholder, any Board member, or any other influential party.

Emerging Risks

Inflation

In 2023, there was an inflation rate of 6.1² % in the Euro area (2022: 9.2%) , driven by the sustained increase in the general price level of goods and services from geopolitical conflict and pandemic supply chain disruption. GAEU has several lines of business that are sensitive to a downturn in economic conditions and will continue to monitor macro-economic conditions. GAEU has mitigated, where possible, the impacts of inflation via pricing adjustments, pro-active underwriting portfolio and investment performance management, monitoring the markets for inflationary signals, and conducting stress tests to assess the potential impact of inflation on its business operations and financial stability.

Capital & Operational Resilience

The actual solvency ratio at the end of 2023 remains strong at 166% (2022:174%) which evidences the on-going capital resilience of the Company. The Solvency position of the Company will continue to be actively managed by the Company in line with its Capital Management policy.

The Company continued to engage with outsourced service providers ("OSP's") during 2023 to ensure policyholder protection and to ascertain if there were any issues with OSP's operational resilience and their ability to adhere to SLAs. The framework was not materially impacted by Covid or change in macro-economic conditions over the reporting period. On-site audits of OSP's took place in 2023 where possible. Other than the operational risk associated with outsourcing, one of the most significant operational risks facing the business is the recruitment & retention of skilled resources in a tight labour market. The Company successfully recruited new Underwriting personnel to enhance the overall resourcing level of the underwriting team. The formalisation of the plan also acts as a mitigating factor and assisted with enhancement of the overall operational framework as the Company BCP plan was reviewed and enhanced as a component element of this exercise.

Geo-political Risk

Italian risks currently represent the largest proportion of GAEU's book of business from an exposure perspective albeit dependence on this jurisdiction has further reduced within the reporting period. CdQ business remains the material element of this portfolio. The Company is keeping a watching brief

² This has been sourced from the IMF annualised figure: <https://www.imf.org/external/datamapper/PCPIPCH@WEO/EUQ>

on macro-economic and geo-political risks with a particular focus on this jurisdiction. The Company does not write any business in Ukraine, Russia, Israel or Palestine nor does it rely on any service providers in these jurisdictions.

Investment Strategy

There was no change in investment strategy in 2023. The Company invoked a change in investment strategy in 2022, whereby a decision was taken to diversify the strategy and purchase a portfolio of government bonds, which would be held to maturity. Volatility in the bonds marketplace began in 2022 and continued over the course of 2023 due to geo-political influences and associated ECB rate increases, albeit bond valuations started to recover in H2 of 2023. The Company is continuing to monitor the marketplace and has undertaken sensitivity analysis on the portfolio. The Company at the report date holds the majority of its investments in term deposit accounts.

A.2 Underwriting performance

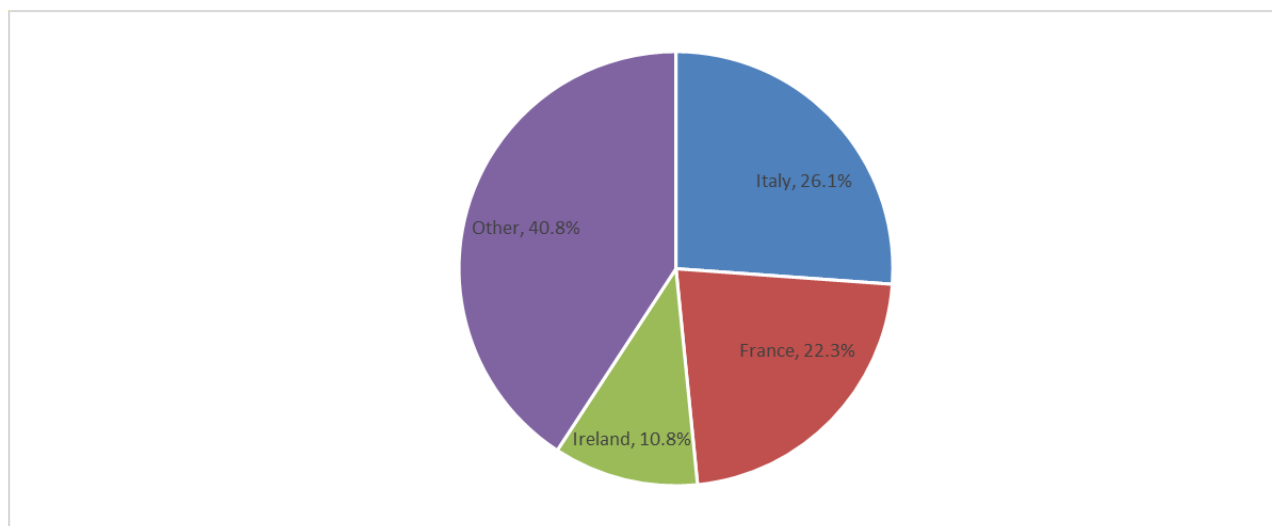
The Company underwrites non-Life insurance products across Europe in line with its authorisation and passporting rights. In 2023, consistent with 2022, the most significant countries for the Company were Italy (26.1%), France (22.3%) and Ireland (10.8%) which on a combined basis represent 59% (prior year 67%) of the Company's gross written premium ("GWP"). Italy continues to be the largest market for the Company and CdQ is its largest product. The Company intends to further diversify the product/country mix throughout 2024, in line with its business plan, including through the additional product offering (Professional Indemnity) launched in 2023. Please see the Appendix for QRT S.05.02.01, for further details as submitted.

Breakdown of GWP by LOB

	Fire & Property Damage €000'S	Credit & Suretyship €000'S	Misc. Financial Loss €000'S	Medical €000'S	General Liability €000's	Total GWP €000'S
2022	19,955	15,853	3,795	18	0	39,621
2023	18,763	11,819	4,668	31	183	35,464
Difference	-6%	-25%	23%	74%		-10%

Please see the Appendix for QRT S.05.01.01, for further details as submitted.

Breakdown of GWP by Country



Underwriting & Investment Profits

€000'S	2023	2022
Premium Written		
Gross	35,464	39,621
RI Share	- 29,818	- 33,397
Net	5,646	6,224
Premium Earned		
Gross	39,233	40,736
RI Share	- 33,592	- 34,265
Net	5,641	6,471
Commission Expense		
Gross	- 6,196	- 6,865
RI Share	13,626	14,350
Net	7,430	8,260
Claims Incurred		
Gross	- 15,485	- 18,053
RI Share	13,523	16,140
Net	- 1,962	- 1,914
Other Technical Provisions		
Gross	- 1,602	- 2,397
RI Share	178	- 84
Net	- 1,424	- 2,481
Operating Expenses	- 9,072	- 7,217
Investment Income	594	- 137
Gross Underwriting P/L	7,472	6,841
Net Underwriting P/L	1,207	2,206

Gross underwriting profits of the Company have increased over the course of 2023, this is due to profitability flowing through based on the multi-year nature of some of the risks bound by the company and the reduction in gross claims from 2022 to 2023, notably with respect to Surety. However, net underwriting profits have decreased in the period due to factors such as increase in operating expenses. The Company's overall GWP decreased by 10.5% between 2022 & 2023, as outlined earlier in this document.

During the year, there was a detailed exercise performed in relation to certain balance sheet accounts and this resulted in the identification of a prior year error in relation to the treatment of the cancellation commission reserve which is a component of the Deferred Acquisition Costs (DAC). A commission cancel reserve represents the expected recovery of commissions from the expected future cancel premium on a given portfolio. As a result of the general ledger transition, the company in error did not release this asset as required. Therefore, it was determined that the prior year comparatives should be restated accordingly to correct for this misstatement. The above table includes restated figures for gross commission expense and net other technical provisions for 2022.

A.3 Investment Performance

The Company has a conservative outlook when it comes to investment decisions. Throughout 2023, investments comprised of a €15 million portfolio of government bonds and cash/term deposits. The Company Investment policy was amended in 2022 to reflect the approval for the one-off purchase of a specified portfolio of government bonds, no further investment has occurred within the reporting period.

The primary investment goal of the Company is to satisfy its regulatory solvency requirements and the capital protection of all funds. Once these requirements are met, the secondary goal is to generate investment income from these investments to contribute to the profitability of the Group by way of interest income from deposit accounts.

The table below shows the breakdown of cash and bond holdings as of 31st December and Investment Income during the year as per the Company financial statements.

€000's	Cash Holdings	Bond Holdings	Total Holdings	Investment Income - Cash	Investment Income -Bonds	Investment Income -Total
2022	23,632	14,912	38,544	-131	-6	-137
2023	24,945	15,151	40,096	350	244	594
Movement on year	1,313	239	1,552	493	238	731

Investment in Bonds measured at amortised cost totals €15,151,430 at 31 December 2023 (31 December 2022: €14,912,310). There was no investment made in government bonds or otherwise during 2023. The fair value of these bonds amounted to €13,377.487 (31 December 2022: €12,378,290).

As at 31st December 2023, the following is the credit rating of these bonds:

France (govt Of) 0% Bds 25/11/2031 Rating AA
Ireland (rep Of) 0% Snr 18/10/2031 Rating AA
Spain (kingdom Of) 0.5% Snr 31/10/2031 Rating A

The bonds are performing with no interest in arrears at 31 December 2023.

The return to a high-interest rate environment has resulted in the company reporting a return on investment in 2023

A.4 Performance of other Activities

The Company's only activity is that of a non-Life insurance undertaking.

A.5 Any other Information

The Company commenced writing professional indemnity insurance in 2023 under existing licensing.

B: System of Governance

B.1 General Information on the System of Governance

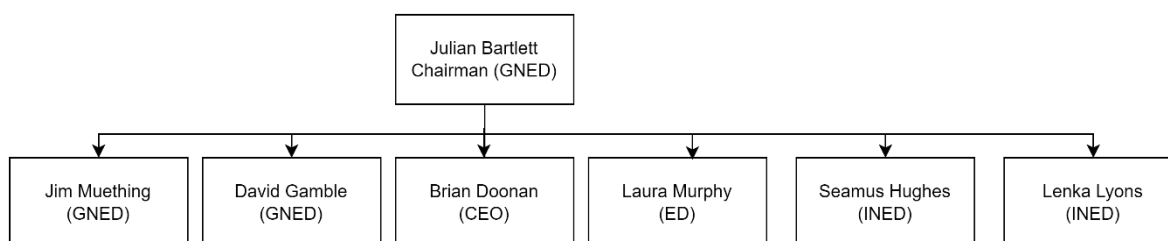
B.1.1 Overview:

The Company is classified as a low impact firm under the Central Bank of Ireland’s risk-based framework for the supervision of regulated firms, known as “PRISM” or Probability Risk and Impact System and is subject to the Central Bank of Ireland’s Corporate Governance Requirements for Insurance Undertakings 2015. There have been no material changes in the system of governance in 2023, with the exception of some changes to PCF role holders due to retirement and replacement of an Independent Non-Executive Director and subsequent changes to Board and Committee composition to reflect same. Other than intra-group reinsurance & outsourcing arrangements, there have been no material transactions during 2023 (2022: nil) with the shareholder, any Board member or any other influential party.

The Board of Directors is primarily responsible for:

- Determining the Company’s strategic objectives and policies;
- Monitoring progress towards achieving the objectives and policies;
- Appointing senior management; and
- Accounting for the Company’s activities to relevant parties, e.g. the shareholder and Regulatory Authority(s).

Board of Directors:



The Company’s Board is made up of seven members at the report date:

- Chairperson (a Group Non-Executive Director)
- CEO & one Executive Director (elected from within GA EU’s management team)
- Two Independent Non-Executive Directors “INEDs” as mandated by the Corporate Governance Code
- Two Group Non-Executive Directors “GNEDs”

-
- Company Secretary: Goodbody Secretarial

There was a change to Board composition in 2023, John O'Neill, Independent Non-Executive Director, retired in November 2023 and was replaced by Lenka Lyons following a recruitment campaign and Central Bank approval for the appointment.

The Company is committed to high standards of corporate governance. The Company has appointed an outsourced Head of Actuarial Function, and the Board has completed an annual review of Governance and its committee structures in line with the Corporate Governance Requirements for Insurance Undertakings 2015. The following Committees have been established by the Board and all committees operated throughout the year under review:

- Audit Committee
- Risk Committee
- Underwriting Committee

Each committee operates under a defined committee charter. Committee outputs and recommendations are included in Board packs as discussion items.

In 2023, the Risk Committee met four times, the Audit Committee met five times, and the Underwriting Committee met three times. The Audit and Risk Committees are chaired by Independent Non-Executive Directors while the Underwriting Committee is chaired by a Group Non-Executive Director:

- Audit Committee³ (Chairman: Seamus Hughes)
- Risk Committee (Chairman: Lenka Lyons)
- Underwriting Committee (Chairman: David Gamble)

Audit Committee

The purpose of the Audit Committee, which is a committee of the Board, is to assist with the Board's oversight of:

- The integrity of the Company's financial statements & regulatory returns;
- The effectiveness of the Company's internal control framework;
- The effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system;
- The performance of the Company's independent auditors;
- The Company's compliance with legal and regulatory requirements and
- Monitoring the effectiveness, independence, and objectivity of the external auditor.

³ Chairperson as of the reporting date, change in both Audit & Risk Committee Chair occurred in Q4 2023 following appointment of Lenka Lyons to the Board

Risk Committee

The purpose of the Risk Committee, which is a committee of the Board, is to assist with the Board's oversight of:

- The effectiveness of the Company's risk management systems;
- The risk appetite of the Company and the timely reporting of material deviations from defined risk appetite;
- Management actions are taken to mitigate or manage any high impact risks to which the Company is exposed or may become exposed to;
- The effectiveness, independence, and objectivity of the risk function and
- The oversight of solvency II developments or any regulatory risk developments.

Underwriting Committee

The function of the Committee is to review underwriting risk appetite and approve or decline new business proposals which fall outside of the Company's risk appetite or outside of the underwriting authorities of the management team. The Underwriting Committee reviews proposals for material or significant outsourced functions which are seeking underwriting or claims handling authorities, prior to completion of an outsourcing notification. The Underwriting Committee also oversees product reviews to support product oversight & governance requirements and related 3rd party outsourcing reviews in conformance with expectations of the Insurance Distribution Regulations.

B.1.2 Independent Control Functions:

The Company has established the four key functions required under Solvency II – risk management, compliance, actuarial and internal audit. These functions are responsible for providing oversight of, and challenge to, the business and for assuring the Board about the Company's control framework.

B.1.2.1 Chief Risk Officer

The Chief Risk Officer (PCF-14) is responsible for the implementation and adherence to the Company's Risk Management Policy, reporting to the Board & Risk Committee. The responsibilities of the Chief Risk Officer include:

- The implementation, ownership of and adherence to the Company's Risk Management Plan;
- Maintenance of the Risk Register as the focal point for risk event reporting;
- Identification, assessment and monitoring of key risks to which the Company is exposed;
- Monitoring adherence to the Risk Appetite Statement and report and monitor key risk indicators of risk limits; and
- Managing the annual 'Own Risk and Solvency Assessment' (ORSA) process and ensure that the Board and senior management consider its outputs on an ongoing basis throughout the year.

B.1.2.2 Compliance Function

The Company has a dedicated Compliance Officer (PCF-12) who also sits on the Board of the Company. The responsibilities of the Compliance Officer include:

- Identification, assessment and reporting concerning the Company's compliance risks;
- Assessment of upstream legislative change and monitoring the appropriateness of the Company's compliance procedures to comply with the same;
- Assisting, supporting & advising as appropriate, Senior Management and the Board concerning compliance responsibilities; and
- Oversight of the submission of the Company's regulatory returns.

B.1.2.3 Head of Actuarial Function ("HoAF")

The function of the HoAF is outsourced to Deloitte; this adds an independent oversight of the Company's actuarial activities. HoAF responsibilities at the report date are fulfilled by Noel Garvey (PCF-48). David Gamble, Director (PCF-2A) is responsible for oversight of the outsourced arrangement.

The responsibilities of the HoAF, in line with guidance from the CBI and the Society of Actuaries, include, but are not limited to the following matters:

- Coordinating the calculation of the firm's technical provisions;
- Assessing the consistency of the internal and external data used in the calculation of technical provisions against the data quality standards as set in Solvency II;
- Ensuring the appropriateness of the methodologies and underlying models used as well as assumptions made by the Company in the calculation of technical provisions;
- Provision of an annual HoAF report providing advice on the Company's underwriting policy, reinsurance policy and also the provision of advice to the Company on the ORSA (Own Risk and Solvency Assessment) process, including the opining on the appropriateness and financial consequences of stresses and scenarios and
- Performance of all of the necessary actuarial work in respect of the actuarial certification of the technical provisions as required by the CBI, including the provision of an actuarial opinion on technical provisions (AOTP).

B.1.2.4 Internal Audit Function

The Head of Internal Audit function is outsourced to an AFG Vice President who leads the Internal Audit function. In 2023 Head of Internal Audit (PCF-13) responsibilities were fulfilled by Tony Dunn, Head of Internal Audit. Laura Murphy, in her capacity as Compliance Manager (PCF-12), is responsible for oversight of the outsourced arrangement.

Internal Audit is an assurance function that primarily provides an independent and objective opinion

to AFG on the control environment, comprising risk management, control, and governance, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates, and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient, and effective use of resources. Internal Audit Reports highlight any significant control failings or weaknesses identified, and the impact they have had or may have. The report also captures management actions and agreed timelines to rectify and action any findings.

A risk-based and cyclical approach is used to determine the annual Internal Audit plan aligned with the Group. The Audit Plan is shared with the Company's Audit Committee and Board along with progress reports, audit report ratings, key findings, and the number of open and past past-due issues.

B.2 'Fit and Proper - Certification' Requirements & Conduct Standards

The Company has adopted a Fitness and Probity Policy. The procedures set out in this policy are designed to promote compliance and reduce the Company's compliance risk, thereby protecting the Company and its stakeholders. The policy is intended to assist the Company's management and the Board in fulfilling their responsibilities as set out under section 50 of the Central Bank Reform Act 2010.

As per the policy, the Compliance Manager will decide in conjunction with the CEO, HR and/or recruiting Manager whether an applicant is in the scope of the F&P policy and follows the documented procedure.

The Fitness and Probity Standards provide that an individual performing a PCF is required to be:

- Competent and capable;
- Honest, ethical and act with integrity and
- Financially sound.
- Comply with the Common Conduct and Additional Conduct Standards

Before appointing a PCF (Pre-approved Control Functions) role holder, due diligence is undertaken in line with the Central Bank of Ireland's Guidance on Fitness and Probity Standards 2014. These include:

- Confirmation of compliance with the minimum competency code, where relevant;
- Professional qualification(s);
- Continuous Professional Development, where relevant;
- Interview notes and application/cv;
- Collating references;
- Record of previous experience;
- Record of experience gained outside the State;
- Details of any current directorships or concurrent responsibilities;

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- Completion of the Individual Questionnaire;
 - Written confirmation from the applicant confirming compliance with the fitness and probity standards as well as the Central Bank of Ireland Common and additional Conduct standards and
 - Probity checks.

The recruitment process for a candidate for a Control Function role includes the following:

- A written job description outlining the duties and responsibilities of the position;
- An assessment of the level of fitness and probity required for the role, by the formally documented job description;
- An interview process that matches the person with the requirements of the position;
- Verification of identity, validation of relevant qualifications, experience, references and professional memberships including CPD details where applicable;
- Probity checks depending on the nature of the role and
- Obtaining written confirmation from the applicant confirming compliance with the fitness & probity standards as well as the Common Conduct Standards and Additional Conduct standards for those performing CF1 roles.

Once the optimal candidate possessing the required skills has been identified, the required application of due diligence above is retained, and then a submission is made to the CBI for pre-approval for the PCF role.

The Compliance Officer, in conjunction with HR, ensures that the appointee to the function receives relevant onboarding and continual training during their tenure.

The Compliance Officer conducts an annual review of persons performing a controlled function or pre-approval controlled function by requesting details from them as to whether there have been any material changes regarding their compliance with the fitness and probity standards. Depending on the nature of the role, judgement searches and CPD confirmations are also undertaken. Individuals will be re-assessed in respect of Fitness & Probity in the event of any of the following scenarios:

- Change of role within the organisation (CF or PCF role);
- In conjunction with the annual PCF F&P declaration;
- On receipt of a notification from a PCF /CF of a change in personal circumstances (this declaration will be considered by the CEO to consider whether the difference represents an impact on the individual's ability to carry out their role) and
- Adverse media attention in respect of a PCF may give rise to concern.

Following completion of the annual review the CEO lodges an annual PCF declaration to the Central Bank on behalf of the Company confirming:

-
- That the Company has brought the Fitness and Probity Standards as well as the Common Conduct and additional conduct standards to the attention of every person performing PCFs in the firm and that the firm is satisfied on reasonable grounds that all persons performing PCFs in the firm are compliant with the Fitness and Probity Standards;
 - That the Company is satisfied on reasonable grounds that the written agreement of each person performing a PCF to abide by the Fitness and Probity Standards has been obtained;
 - That the Company has undertaken due diligence to evidence compliance of each person performing a PCF with the Fitness and Probity Standards and,
 - That the Company will investigate concerns regarding the fitness and probity of each person performing a PCF, take appropriate action and notify the Central Bank of any action taken without delay.

The company is also introducing a certification process in 2024 for all controlled functions in-line with the requirements of S.I. No. 2/2024 - Central Bank Reform Act 2010 (Section 21(6)) Regulations 2024

B.2.1 Remuneration, Employee Benefits and Practices

The Company has a Remuneration Policy which has been reviewed by the Board and which, proportionate to its size and operation, reflects the requirements of Article 275 of the Solvency II Regulations, the Consumer Protection Code, and other regulatory requirements.

The Company policy is to provide a compensation package to employees which is competitive with the market, and which recognises and reflects the performance of both the organisation and the individual, in a way which appropriately manages risks and ensures good customer outcomes. The Company does not have a remuneration committee due to its size and scale.

Key components of the remuneration package for all employees include a competitive salary, life assurance cover, health insurance, income protection and defined contribution pension scheme. Remuneration is reviewed annually.

In relation to variable pay, there are no commission payments, bonuses or other direct incentives offered to staff for selling or assisting with the sale or service of products (the Company does not make direct sales to consumers, so there is no requirement for any sales-driven incentive plan). The business development function does not have any binding authority and all risks introduced are subject to risk appetite and underwriting approval. Employees are eligible for a discretionary annual bonus which reflects both the overall financial performance of the European Division of Great American Europe ('the Division'), of which the Company is a part, and an assessment of the

individual's performance. Executive Directors also have an element of their bonus deferred for three years under a long-term incentive plan which is dependent on the Division's Combined Operating Ratio. As such, their bonus scheme contains additional inbuilt risk management control. No bonuses for any staff, including Directors, accounts for more than 50% of annual remuneration.

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

The Company's Board has established a Risk Management System to promote a proactive risk management cycle to set, identify, measure, manage, monitor and report on risk impacting the business. The CRO ensures that the Company has adequate oversight of key risks and a framework in place to assess and manage these risks within specified tolerances as per the Company's Risk Appetite. A Risk management policy has been adopted, which:

- a) Defines the risk categories and the methods to identify the risks;
- b) Outlines how the undertaking manages each relevant category, the area of risks and any potential aggregation of risks;
- c) Describes the connection with the overall solvency needs assessment as identified in the ORSA, the regulatory capital requirements and the undertaking's risk tolerance limits;
- d) Defines the approach to the measurement of assigned risk limits and risk tolerances within all relevant risk categories in line with the undertaking's risk appetite;
- e) Describes the link to ORSA policy outlining the frequency (regular/ad-hoc) and the process of selection of routine stress tests observing events that could likely threaten the entity's ability to achieve its strategic objectives; and
- f) Defines the method of monitoring and reporting risk through Committees and Board structures.

The Board is ultimately responsible for ensuring the effectiveness of the Risk Management system, setting the Company's risk appetite and overall risk tolerance limits as well as approving the Central Risk management strategies and policies.

The Board has created a number of committees specifically the Risk and Underwriting Committees that are involved in the oversight and implementation of Risk Management as detailed on page 14 of this report.

There are clearly defined roles and responsibilities within the risk management process, which are set out in the table below:

Key Task	Board	Risk Committee / Underwriting Committee	CRO	Business Unit	Internal Audit
Risk Management Strategy	Approves strategy to manage risk by avoiding/ accepting/ transferring/mitigating	Reviews risk strategy documentation & authorise documentation to be tabled at the Board level	Develops, documents and executes the strategy	Executes risk strategy	Constructs independent assessment of the overall risk process. Focus on potential management bias in reporting of risk events and errors
Risk Appetite (RA)	Approves risk appetite for each risk, individually and in aggregate	Reviews and sanctions risk appetite before tabling at Board	Proposes to UWC and explains to Business	Manages risk within limits assigned	
Risk Identification	Approves risk identification process and outputs	Approves responsibility for risks and validates the risks identified	Provides supports to Business in identifying risks. Documents them in the risk register and assigns responsibility	Identifies their risks and reports to CRO	
Ownership	Approves ownership of risks across GA EU	Assigns / Approves responsibility for ownership of risks	Owens and manages risks assigned to CRO and communicates ownership to other Business as applicable	Owens and manages risks relevant to them	
Risk Assessment	Reviews results of business environment review and scenario analysis and approves actions to manage risk	Validates the results of risk assessment. Considers strategy changes if necessary	Identifies significant risks from risk universe. Documents results of risk assessment and reports to the Risk Committee. Develops risk scenarios. Analyses the potential impact of risks	Identify significant risks from the risk universe. Analyse the potential impact of risk.	
Risk Reporting	Reviews RC reports. Take/approve action based on changes in risk strategy or profile	Review, approve CRO reports. Escalates matters to the Board with proposed actions	Prepares internal summary /metric reports for the Risk Committee. Documents breaches in appetite any other material changes. Recommends actions if profile changed	Report breaches in appetite errors and losses to CRO. Identify measure and report losses to monitor and manage activities and implement mitigants	Reporting is communicated to Internal Audit

The above table shows that risk management is embedded throughout the organisational activities and normal working routines of the Company and hence facilitates a prompt and proportionate response to risks as they arise. The company also benefits from having in place an effective recovery framework in its pre-emptive recovery plan which contributes to maintaining the financial stability of the Company.

Own Risks Solvency Assessment (“ORSA”)

As annually required, the ORSA is performed to ensure that the Board is aware of the adequacy of the Company’s capital position and has assessed the risks and possible changes to the risk environment. The ORSA is a crucial input into the capital management, recovery planning, business planning, and product development and design activities of the Company. The ORSA is utilised to ensure that strategy and risk appetite is aligned.

The ORSA Policy adopted by the Company sets out how the various stages of the ORSA are performed and the critical elements required within the ORSA Report, which is submitted to the CBI.

Elements of the ORSA are performed by a variety of contributors and key functions within the Company:

- The Board approve the ORSA policy, discuss and review the ORSA assumptions, process and conclusions prior to actual sign-off on the ORSA report;
- The Risk Committee evaluates the appropriateness of proposed scenarios and risks identified;
- The Risk Management function manages and co-ordinates the ORSA process, runs the stress and scenario testing required and communicates the ORSA results;
- The Compliance function provides input on compliance risks and assures the Board that the ORSA process is conducted in a manner consistent with Solvency II requirements;
- The Actuarial function provides an annual opinion on the ORSA, which addresses the adequacy of stress scenarios, appropriateness of financial projections and calculation of the Technical Provisions and
- The Management team contribute to the ORSA via the identification and management of risks which they individually and collectively own, manage and report on.

The multiple contributors and users of the ORSA process shown above highlights how integrated the ORSA process is within the Company.

The ORSA Report itself is split into three main areas:

- i) Description of the Company’s Risk Management Framework;
- ii) An Assessment of Risk Exposures and
- iii) Risk Capital Requirements and Prospective Solvency Assessment.

The CRO is the key individual responsible to the Directors for the preparation of the ORSA and in particular, the assessment of the capital requirements of the Company. To perform this assessment, the CRO undertakes the following:

-
- Projections of Solvency cover and capital needs based on the Board approved three-year business plan;
 - Appropriateness of Standard Formula versus development of a partial or full internal model;
 - Key assumptions utilised in ORSA regarding settlement patterns, future premiums, future dividends and CAT exposure;
 - Scenario testing, including possible macro business environment impacts, expansion into new lines of business; and
 - Reverse stress testing and individual stresses based on premium levels, loss ratio deterioration, commission changes and increased counterparty default. Combination stress scenarios are run given the interdependence of risks.

Key findings are shared internally with senior management and the Board in the form of an internal ORSA report to improve further business strategy and operations, e.g., via investment decisions, product development and review of financial controls. A summary report is lodged with the Central Bank of Ireland.

In addition to the ORSA report, the Company maintains sufficient documentation to allow a knowledgeable third party to reconstruct an individual ORSA. The process inputs/outputs include the following documentation:

- i) ORSA Policy;
- ii) Minutes of the Committees and bodies involved in the ORSA;
- iii) Working papers/correspondence regarding the assessment of risks and solvency;
- iv) Drafts and Final version of ORSA report and
- v) ORSA Excel Template submitted to CBI.

B.4 Internal Control System

Internal control policies and procedures are checks and balances designed to identify and mitigate, rather than eliminate, the potential risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial misstatement or loss. This system ensures stakeholder protection from, but is not limited to, internal threats, such as theft, and mismanagement of funds by perceived or actual conflicts of interest.

The Company's Internal Control framework consists of three elements:

- a) Board level controls;
- b) Independent key functions and policies as detailed within section B of this document and
- c) Oversight of outsourced services.

The Company has in place Internal Control policies and procedures which protect the Company from any one individual having undue influence and ensure that a minimum of at least two persons effectively run the Company. This framework ensures that one individual acting alone cannot make any significant decision for the Company.

- **1st line of defence** – Each control function is the 1st line of defence (e.g. Finance, Underwriting, Claims) and is responsible for oversight of internal controls to ensure adequate prevention and detection controls. They must also ensure that the segregation of duties is in place as per relevant procedural documents and regulations.
- **2nd line of defence** – is the Company's Compliance, Risk and Actuarial functions that provide independent oversight of the risk management activities of the first line of defence.
- **3rd line of defence** – is that of internal and external auditors who report independently to the Audit Committee charged with the role of representing the Company's stakeholders relative to internal control, compliance, risk and governance issues.

Board Level Controls

Significant decisions are matters reserved for Board approval or appropriate Board committee. Structures are in place to ensure that no individual has unfettered control.

In accordance with Article 41 and Article 44 of the Solvency II Directive, the Company ensures that it appropriately documents decisions taken at the management level and evidence of how information from the risk management system has been taken into account when considering a material decision.

Documentation of Decisions taken by the Board of Directors

The Board has formally set-out vital decisions which are reserved for Board approval to ensure that no one individual has unfettered influence and that the Company complies with Article 41 of the Solvency II Directive. The matters reserved for the Board are subject to periodic review to ensure appropriateness.

All Board members operate under a Board role statement and terms of reference as set out in formal letters of appointment.

All Board meetings are minuted to evidence decisions taken by the Board of Directors. Minutes from Board committees and details of any business sanctioned by the Underwriting Committee as per the Board approved committee charter are included in the following quarters' Board pack for oversight purposes.

CEO Delegated Authorities

The Board of Directors has delegated to the CEO all powers they deem necessary for the operational day-to-day management of the Company. These authorities are periodically reviewed by the Board to ensure they are appropriate without being excessive. The authorities are intentionally limited to ensure that any material decisions that the Company faces are reviewed and sanctioned by more than one individual.

The CEO has further authority to sub-delegate underwriting authorities which have been sub-delegated to the Underwriting Director as set out in his underwriting authorities. In turn, appropriate authorities, have been cascaded to members of the Underwriting team to enable them to manage their business lines. Risks are reviewed as part of the implementation process to ensure that Underwriters are acting within the scope of their authorities and in line with the Company's Underwriting appetite.

The CEO is also a signatory for payments on Company mandates. This authority is restricted to ensure that there is a segregation of duties with respect to the request, administration and final release of Company funds with no one individual being able to transfer, to ensure appropriate segregation of duty and as an anti-fraud measure.

Review of Policies & Procedures

The Company has established a Register of material policies and Committee terms of reference, with all materials subject to periodic review. The review frequency is based on the materiality of the policy or influenced by a change in legislation or in the operational framework. All policies are reviewed by the Board of Directors and/or the appropriate Board Committee.

Oversight of Outsourced Services

The Company requires that any outsourcing partner, be they intra-group or not, have in place an appropriate control environment and employ fit and proper people in its control functions.

All outsourced services are subject to the Company's outsourcing policy and material, or significant services are also subject to the CBI Outsourcing Notification Process under Solvency II. Material Outsourcing arrangements are subject to periodic audits to ensure policyholder protection and no deviation from authorities granted and adherence to the contractual terms, including service levels or KPIs as appropriate. A monitoring programme is in place concerning outsourced TPA arrangements.

The Company returned to a business-as-usual approach with respect to the audit of outsourced service providers in 2023 as pandemic related travel restrictions had been lifted. A hybrid approach was taken with respect to audits with a combination of remote and on-site audits undertaken.

B.5 Internal Audit Function

The Head of Internal Audit function is outsourced to the Internal Audit function at AFG, a Group Company via a services level agreement.

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Company / Board on the control environment, comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit Reports highlight any significant control failings or weaknesses identified and the impact they have had or may have. The report also captures management actions and agreed timelines to rectify and action any findings.

A risk-based and cyclical coverage approach is used to determine the annual Internal Audit plan. The audit plan is shared with the Company's Audit Committee and Board along with progress reports, audit report ratings, key findings and the number of open and past-due issues.

B.6 Actuarial Function

Article 48.1 of the Solvency II Directive requires that an Actuarial Function is established to:

- Coordinate the calculation of technical provisions;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- Oversee the calculation of technical provisions;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the appropriateness of reinsurance arrangements and
- Contribute to the effective implementation of the risk management system, in particular concerning the risk modelling underlying the calculation of the capital requirements.

The Company as per the details of section B1 outsources the Head of Actuarial Function to Deloitte. By the instructions as set out in the engagement letter between the parties, Deloitte undertakes a detailed actuarial review of the Company's business and provides a HoAF report to the Board on an annual basis opining on the adequacy and appropriateness of Technical Provisions, Reinsurance, Underwriting & ORSA. As per Solvency II Regulations and the CBI domestic actuarial regime requirements, the Company ensures that the HoAF has the necessary access to information and resources, including appropriate authority and reporting lines, as required for providing opinions and performing the tasks allocated. Deloitte also performs all of the necessary actuarial work in respect of the actuarial certification of the technical provisions as required by the CBI with the provision of an actuarial opinion on technical provisions (AOTP).

B.7 Outsourcing

The Company's management team and ultimately, the Board is responsible for oversight procedures in the application of the Company's outsourcing policy. The Company outsources and enters into outsourcing arrangements only where there is a sound commercial basis for doing so and where the risk can be effectively managed.

The Company will not outsource critical or important functions that:

- a) Materially impair the quality of the Company's internal control;
- b) Restrict the ability of the Central Bank of Ireland ("CBI") or other relevant regulatory authority to supervise the Company's compliance with its obligations under applicable legal and regulatory requirements or
- c) Negatively impact operations in a way that would result in policyholder detriment.

In general, this means that:

- a) Any outsourcing arrangement will not result in the delegation of responsibilities of the Company's management team and the Board of directors (the "Board");
- b) If the Company outsources a critical or important function, it remains fully responsible for its legal and regulatory responsibilities and must satisfy itself that the service provider carries out the outsourced services effectively and
- c) the Company remains accountable for the performance of all outsourced activities.

In advance of outsourcing any activity, the Company considers a business case/business logic for outsourcing. This due diligence includes among other items consideration as to whether the Company is appropriately resourced with competent staff to provide the required service within the required timeframe and budget available, GDPR controls to ensure policyholder information is safeguarded, confirmation that adequate BCP arrangements are in place, and actual and potential conflicts of interest and risks of the proposed outsourcing. This process may also include consideration as to whether an outsourced arrangement is part of an overall new business opportunity and if so, whether both the risk and the outsourced arrangement are within appetite.

Where an arrangement is not linked to a new business opportunity, once a decision is taken to outsource a material business activity, the Company chooses an appropriate selection process, e.g. tender or recommendations of possible business partners from legal advisors or external experts.

Due diligence is carried out on potential service providers in line with the Company's outsourcing policy before any final decision is made on whether to outsource the activity to a particular service provider. This process seeks to address all material factors that might impact the potential service provider's ability to perform the specified activity. The Company's management undertakes due diligence of chosen service provider to make sure all pre-stated requirements are met (Regulations 40 and 51 of the European Union (Insurance and Reinsurance) Regulations 2015, Article 274 (2)-(5) of Commission Delegation Regulation (EU) 2015/35 and Guidelines 14, 60, 61, 63 and 64 of the EIOPA Guidelines on the System of Governance.

All outsourcing arrangements relating to critical or important functions are subject to the Central Bank of Ireland notification process for (Re) Insurance undertakings under SII. Intra-group outsourced functions are managed with the same vigour at arms-length as per the requirements.

Monitoring of outsourcing arrangements takes place via regular reporting to the Underwriting, Risk committee and Board as appropriate. Periodic audits are undertaken for material activities such as claims handling; an escalation process is in place in the event of a material breach. The Company's outsourcing arrangements are subject to regular review by the Board, and the outsourcing policy is subject to periodic review for appropriateness.

Material Outsourcing activities of the Company are as follows:

Provider	Nature of arrangement	PCF Responsible for oversight	Jurisdiction of Service provider
AFG Internal Audit	Internal Audit Services	Compliance Manager PCF-12	USA
All Risks Srl.	Claims handling & binding based on rates pre-agreed by the Company	Head of claims PCF-43 / Head of Underwriting PCF-18	Italy
Arachas	Claims handling for run-off book	Head of Claims PCF-43	Ireland
Assur – Abbo⁴	Claims handling & binding based on rates pre-agreed by the Company	Head of claims PCF-43	France
Bondaval	Binding based on underwriting criteria agreed by the company under a PoA	Head of Underwriting PCF-18	Denmark
CBP	Claims handling & binding based on rates pre-agreed by the Company	Head of claims PCF-43 / Head of Underwriting PCF-18	Italy
Deloitte (Noel Garvey)	Head of Actuarial Function	NED PCF-2A	Ireland
Filhet Allard	Claims handling & binding based on rates pre-agreed by the Company	Head of Claims PCF-43 / Head of Underwriting PCF-18	France
Northern Cover SL	Claims handling	Head of Claims PCF-43	Spain
SOVOS Fiscal Reps	Fiscal Representation	Head of Finance PCF-11	UK / Ireland
Sync⁵	First Notification of Loss for Claims Handling	Head of Claims PCF-43	Netherlands
Great American Europe Limited	First Notification of Loss for Claims Handling & TPA services	Head of Claims PCF-43	UK / Ireland
Great American Europe Limited	Technical and Actuarial Support Services	CEO PCF-8	UK/Ireland
Great American Europe Limited	HR Services	CEO PCF-8	UK /Ireland
Great American Europe Limited	IT & Network Maintenance	CEO PCF-8	UK/Ireland
Marsh Hungary⁶	Claims Handling	Head of Claims PCF-43	Hungary
PWC	External Audit	Head of Finance PCF-11	Ireland
Solly Azar Group	Claims handling & binding based on rates pre-agreed by the Company	Head of Claims PCF-43 / Head of Underwriting PCF-18	France
Zenith⁷	Claims handling & binding based on rates pre-agreed by the Company	Head of Claims PCF-43	UK

⁴ This business is in run-off following termination of the programme agreement.

⁵ Detailed as material due to this being a consumer distribution and reliance on I.T services for claims reporting.

⁶ This portfolio is in run-off as GAEU took decision not to renew.

⁷ This business is in run-off, the Company no longer writes UK business.

B.8 Any Other Information

The Company has assessed its Corporate Governance system & concludes that it is appropriate given the nature, scale and complexity of the operations of the Company. As the Company grows and diversifies product ranges, the Company will continue to evaluate the controls in place to ensure the control framework remains appropriate.

C: Risk Profile

The Company has in place a risk management system comprising strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report the risks continuously, at an individual and at an aggregated level to which the Company is or could be exposed. A principal part of this is the Risk Management policy, which outlines the guidelines necessary to accept risks only where they are consistent with the Company's objectives and risk appetite.

The key material financial risks to which the Company is exposed are discussed below. For each category of risk, the Company's Board determines its risk appetite and sets its risk management, investment and associated policies accordingly.

C.1 Underwriting Risk

Underwriting risk refers to the risk that the cost of claims and benefits paid may deviate from the expected costs accidentally or owing to an error or change of circumstances. The underwriting risk is a normal trading risk, arising out of contracts of insurance that the Company is exposed to in day-to-day operations, which includes claims as well as insurance underwriting. Authority for all action and expenditure within the Company is delegated from the Board to Underwriting Committee via the stated underwriting risk appetite. This appetite ensures necessary controls are in place, so the business is undertaken responsibly.

As a Non-Life insurance Company, the Company is subject primarily to Underwriting risk via the sub-risks of Premium & Reserve risk, Lapse risk and Catastrophe risk. Given the nature of the policies written, Lapse and Catastrophe risk are deemed to be captured within the prudent cancellation reserves included within the setting of technical provisions as part of the assessment of Premium & Reserve Risk.

- Premium Risk: the risk that the premium amount is insufficient to provide insurance cover as a result of inadequate pricing.
- Reserve Risk: the risk that the true value of insurance liabilities is greater than the estimated amounts of insurance liabilities.

The control of underwriting risk has been delegated by the Board to the Underwriting Committee in conjunction with the Company Management team. The Board have approved the following critical

items within the Company's Risk Appetite for Underwriting Risk:

- a) Low tolerance for significant adverse deviations in the calendar year net profit caused by variances in forecasted reserves;
- b) The premium income per product line and the country is managed within risk appetite to minimise the risk of being over-exposed in any one product line or location;
- c) Conservative risk exposures are developed to meet the profitability target, in each class of business through:
 - Building a sustainable portfolio of business that balances risks from high and low-volatility products with a spread across our European target countries;
 - Selective underwriting, where there are lower-level natural catastrophic perils and
 - Monitoring of aggregate exposure.
- d) As far as possible, risks are written that do not overlap with the exposures of other group companies to ensure that the Group is not overexposed to the risks it writes and
- e) To maintain adequate control and oversight of the business written, the Company avoids overexposure to third parties underwriting risks on its behalf.

Mitigation

Under prevention controls, there are:

- The Company currently has Board established Underwriting and Reinsurance policies to manage Underwriting Risk;
- Established Company reinsurance strategy whereby for most lines of business gross premiums are ceded on a quota share basis to a Group Company and
- On-going actuarial reviews on the performance.

Under detection controls there are:

- Monthly reviews of financial reporting by the Company's finance manager and the wider AFG team;
- Quarterly review of the Solvency II capital position/QRTs by CFO/ Actuarial Manager;
- Quarterly Underwriting Committee/Risk Committee/Board performance reporting and monitoring versus appetite and
- Annual review of the SII SCR Standard formula calculation by Deloitte HoAF.

C.2 Market Risk

Market Risk is the risk resulting directly or indirectly from fluctuations in the level of volatility of market prices for assets, liabilities and financial instruments. The primary elements of Market Risk for the Company are Concentration, Currency, Interest Rate and Spread Risks. The table below shows the key risk drivers for market risk over the last two years:

Risk Driver	2023 SCR charge	2022 SCR charge
Currency	21% (€709k)	18% (€567k)
Concentration	61% (€2,058k)	55% (€1,691k)
Spread	8% (€255k)	9% (€282k)
Interest Rate	10% (€324k)	17% (€529k)
Total	100%	100%

Currency risk is primarily a mismatch risk, where there are differences in currencies of assets and liabilities or supporting capital. The Company is exposed to variable returns as a direct or indirect result of fluctuations in the value of, or income from, assets net of liabilities due to exchange rate changes. Currency risk is addressed in the Asset Liability Management policy ("ALM"). The Company does not intentionally seek to make gains via deliberate currency mismatches. The ALM policy's purpose is to ensure a reduction where possible in currency risk arising from asset/liability mismatches. The Finance Manager monitors the movements in major currencies and highlights to the Board if there are significant movements in any one quarter.

	2023 €000's	2022 €000's
Assets in Foreign Currency	8,692,767	5,945,184
Liabilities in Foreign Currency	5,389,090	4,365,991
Currency Exposures	3,303,676	1,579,193
Currency Capital Charge	709,070	567,799

At the year-end, the assets of the Company by currency were as follows:

Currency	2023	2022
EURO	90%	93%
NOK	5%	3%
SEK	2%	1%
USD	1%	0%
GBP	1%	1%
Others	2%	2%
Total	100%	100%

Concentration risk is the risk arising from the Company assuming investments in single or highly correlated entities. The Company's Concentration Risk is addressed in the Investment Management Policy and is the possible exposure that the Company would be subject to increased losses associated with inadequately diversified portfolios of assets. The Company has set a maximum risk appetite limit for direct assets to be held with any single credit institution or Group.

The Company's investment strategy changed upon board approval in February 2022 with approval for a one-off investment in a €15m portfolio of EU government bonds (Spain, Ireland, France) with a 10-year term to be held to maturity. All other funds throughout 2023 were invested in cash or short-term deposits. Prohibited investments include equities, commodities, derivatives, and securitized investments. The Company is required to apply the "Prudent Person Principle" in relation to investing in assets, as introduced by Solvency II regulations. The Company has ensured that its investment policy and asset selections are consistent with this principle.

The current market value of the investment bond portfolio is €13.5m, which represents an unrealized loss of approximately €1.4m based on the market value as of December 31st. This unrealised loss is recognized on the SII balance sheet but not in the financial statements according to GAAP valuation principles.

Interest rate risk is the risk of losses resulting from fluctuations in interest rates, which affect the value of financial instruments such as bonds and loans. This risk arises from the potential mismatch between the duration of assets and liabilities, and the changes in interest rates affecting their respective values.

The Spread risk is the risk of a change in value due to a deviation of the actual market price of credit risk from the expected price of Credit Risk. The Company seeks to mitigate spread risk via its investment policy of placing deposits with the highest quality credit institutions where available. A summary of the Company's liquid assets at the balance sheet date is set out in C3 below.

Mitigation

The Company mitigates market risk through diversification of investments, currency matching policies, counterparty credit strength thresholds and governance oversight. Under detection controls there are:

- Monthly reviews of financial reporting by the Company's Finance Manager and the wider AFG finance team;
- Quarterly review of the Solvency II capital position/QRTs by the CFO/ Actuarial Manager;
- Quarterly Risk Committee/Board reporting and monitoring versus appetite and
- Annual review of the SII SCR Standard formula calculation/capital position by Deloitte HoAF.

C.3 Credit Risk

Credit risk is the risk arising from default or fluctuations in the creditworthiness (credit spread) of security issuers, counterparties and other debtors against whom the Company has claimed. Key areas where the Company is exposed to credit risk are:

- Reinsurers' share of technical reserves;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders and
- Deposit amounts due to bank counterparties.

Credit Risk is primarily managed within the Investment Management Policy as Counterparty Default

Risk. Significant capital savings are achieved by utilising financial institutions with a Credit Quality Step of 4 or better (equivalent to an S&P rating of BB+ to BB-).

Risk Driver	2023 SCR charge	2022 SCR charge
Credit/Counterparty Risk	4,016,249	€4,191,699

The Company holds some funds with Irish domestic banks (AIB and Bank of Ireland) and is aware that “bail-in” / deposit guarantee coverage by the Irish Government only extends to the first €100,000 of funds per account. The majority of these funds relate to day-to-day operational expenses. The funds are held in short-term deposits which can be readily transferred as necessary to higher-rated institutions.

The credit exposure for the last two years is shown in the table below:

Credit Quality Step	Investment Deposits 31.12.23 €'000	Investment Deposits 31.12.22 €'000
1	0 (0%)	0 (0%)
2	7,153 (54%)	11,763 (71%)
3	6,204 (46%)	4,704 (29%)
4	0 (0%)	0 (0%)
Total	13,357	16,468

Due to the Reinsurance policy of reinsuring all risks on a quota share basis back to a Group Company, there is a material credit risk borne from the SII Standard Formula arising from the reinsurance recoverables under this arrangement. The Company accepts this credit risk, and if any external reinsurers are utilised they must hold a rating equivalent or higher to that of the Group Company or a bank guarantee is required from a bank with at least a rating equal to that of the Group Company. The Company reduces its exposure to non-group reinsurer default by managing reinsurer concentration and actively monitoring the amount of premium held by reinsurers.

As part of the ORSA process, a stress test, including the downgrade of reinsurance counterparties was performed to model the future impact on credit risk. Mitigation strategies to rectify any breach of solvency cover requirements include seeking capital support from the parent and/or alternative reinsurance partners.

Mitigation

Both prevention and detection controls are in place for credit risk.

Under prevention controls, the Company currently has:

- A Board established Underwriting Policy and Capital Management Policy to manage credit

risk/counterparty risk;

- Due to the Company's investment strategy, funds are invested in cash or short-term deposits and EU government bonds held to maturity
- Significant capital savings are achieved by utilising financial institutions with a Credit Quality Step of 4 or better (equivalent to an S&P rating of BB+ to BB-). The majority of these funds relate to day-to-day operational expenses. The funds are held in short-term deposits which can be readily transferred as necessary to higher-rated institutions.
- Credit Risk exposure to Third Party Claims Administrators (TPAs) is reduced by requiring that claims escrows are held in designated accounts with signatory approval required by the Company with respect to claims settlements above delegated authorities. Escrow funds are monitored by the finance team;
- Broker credit risk exposure is minimised by managing broker concentration and monitoring overdue balances. Broker appointments are subject to due diligence, and in the event that there is a weakness identified in a balance sheet, an annual review of their financials is undertaken to mitigate potential credit risk exposure;
- Prohibited investments include equities, commodities, derivatives and securitised investments and
- The Company is required to apply the 'Prudent Person Principle' as per Art 132 of Solvency II in relation to its investment activities.

Under detection controls there are:

- Monthly finance reviews of the reinsurance recoveries;
- Monthly reviews of financial reporting by the Company's Finance Manager and the wider AFG finance team;
- Quarterly Risk Committee and Board reporting;
- Quarterly review of the Solvency II capital position/ QRTs by the CFO/ Actuarial Manager; and
- Annual review of the SII SCR Standard formula calculation and capital position by Deloitte HoAF.

C.4 Liquidity Risk

Liquidity risk is the risk that the Company is not in a position to realise investments and other assets to meet financial obligations as they fall due. The risk consists of the costs of financing debts and market liquidity risk in connection with investments.

The Company has a very low appetite for liquidity risk, and this is reflected by the conservative nature of its investments which are all in cash or short-term deposits and EU government bonds held to maturity.

Mitigation

Both prevention and detection controls are in place for liquidity risk.

Under prevention controls, the Company uses the Board approved Investment Policy. Liquidity risk is managed via monitoring of adherence to the Risk Appetite Statement, which states:

- The Company maintains sufficient liquid funds to meet all daily insurance transactions and expenses such that no material costs are incurred to meet cash flow needs;
- The Company maintains sufficient funds available within two days to reach its net CAT appetite such that no material costs are incurred to meet cash flow needs;
- As per the Risk Appetite, a minimum specified balance in readily available cash is held to guard against a liquidity shortfall;
- Per the Liquidity and Concentration Risk Management Policy cash flow projections are required if material new business lines are considered to assess the impact on liquidity risk; and
- A material change to Investment Policy is on the list of material Board reserved decisions contained within the Board Terms of Reference.

Under detection controls there are:

- Monthly finance reviews of the reinsurance recoveries;
- Monthly reviews of financial reporting by the Company's Finance Manager and the wider AFG finance team;
- Quarterly review of the Solvency II capital position/ QRTs by the CFO/ Actuarial Manager;
- Quarterly Risk Committee and Board reporting; and
- Annual review of the SII SCR Standard formula calculation by Deloitte HoAF.

C.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people/personnel and systems or external events. For the Company, this is the risk that it incurs losses from IT failures, legal and regulatory non-compliance, internal control breakdowns, loss of key personnel, outsourced arrangements etc. The Company utilises the Solvency II Standard Formula method to calculate the charge on the level of capital required to cover its operational risk calculated as a percentage of technical provisions and written premiums.

As the Operating risk is calculated as 3% of the Technical Provisions, the concentration is directly proportionate to the technical provisions by LOB, as shown in the table below:

Line of Business	Operating Risk 2023	Operating Risk 2022
Fire & Property Damage	40% (€769k)	40% (€786k)
Credit & Surety	55% (€1,046k)	55% (€1,073k)
Miscellaneous Financial Loss	4% (€85k)	5% (€96k)
General Liability	0% (€7k)	0% (€0k)
Medical Expenses	0% (€4k)	0% (€5k)

Total	100% (1,894k)	100% (1,962k)
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The key operational sub-risks that the Company has identified are:

Cyber/IT Risk

This relates to the security risk of data theft, malicious electronic data damage or service disruption arising from unauthorised access. Throughout 2023, there has been a significant focus both at the Company and corporate level on cybersecurity initiatives to safeguard the Company's data. There is a standing Information technology update within the Risk Committee pack to ensure on-going focus on this area. A divisional project has also been invoked to review the Company's IT framework and future requirements to ensure that appropriate procedures are put in place directly or on an outsourced basis to mitigate against exposures where possible and safeguard policyholder protection. There have also been several bulletins and training sessions provided to all staff members by EISG (Enterprise Information Security Group) as part of the group-wide Data Loss Prevention (DLP) program. The Group has built measures into the design, implementation and day-to-day practices of our technology environment as a part of its ongoing commitment to risk management. Cybersecurity training is also provided to the Board on a regular basis to provide greater insight into the I.T framework and associated preventative controls.

A variety of techniques are utilised including:

- Processes and technology designed to conform with the National Institute of Standards and Technology (NIST) Cybersecurity framework;
- SSL (TLS) encryption, provides the top tier of security;
- Information technology controls governed by Sarbanes-Oxley, subject to regular compliance audits;
- Company laptops and desktops that utilize full-disk encryption;
- Annual security awareness training and routinely scheduled educational programming;
- Regular scanning of external websites and internal applications;
- User protections including stringent password requirements, two-factor authentication and timed logoffs and
- Regular phishing testing of all employees and additional cybersecurity training for those employees who fall victim to the tests.

Outsourcing Risk

Similar to the reputational risk which arises from arrangements such as MGA/TPA appointments, the Company also outsources a number of operational functions such as claims handling. The outsourcing risk stems from the possible failure of an outsourced service provider to fulfil its obligations. The Company has in place an outsourcing policy and carries out due diligence prior to the appointment of an outsourced service provider. Material service providers such as claims handlers are subject to at least an annual claims audit dependent on business volumes to ensure an appropriate level of service is being provided as per the terms and conditions of the associated service level agreement. The

Company manages and monitors all of its outsourcing arrangements and reports as necessary on material risk issues as they arise to the Risk Committee, Underwriting Committee and the Board.

Mitigation

Both prevention and detection controls are in place for operational risk.

Under prevention controls applied the Company has the following:

- The Company's Board powers of reserved decisions for material changes,
- Established business resumption protocols for the Company's operations;
- Business resumption plan for IT/building damage or failure including IT back-ups.

Under detection controls there are:

- Monitoring of service level agreements for key outsourced activities;
- Annual claims oversight audits per country carried out by internal appointee reporting to committees;
- Annual review of the Company's policies;
- Annual SOX /Internal audit testing of internal controls;
- Annual external audit (group and local) testing of controls;
- Monthly reviews of financial reporting by the Company's finance manager and the wider AFG finance team;
- Quarterly review of the Solvency II capital position/ QRTs by the CFO/ Actuarial Manager;
- Annual review of the SII SCR Standard formula calculation by Deloitte HoAF and
- Quarterly Risk Committee and Board reporting.

C.6 Other Material Risks

Other key material risks can be sub-categorised into two categories of Capital Risk and Strategic Risk.

Capital Risk

Capital risk is the risk that capital is required to act as a cushion to absorb losses arising from business operations and allow the Company to remain regulatory solvent under challenging conditions. Capital risk stems mainly as a result of the quality or quantity of capital available, the sensitivity of a firm's exposures to external threats and/or the level of capital planning and management process.

Mitigation

Both prevention and detection controls are in place for capital risk.

Under prevention controls the Company:

- Risk Committee monitors adverse trends that would impact the SCR charge and takes proactive mitigating action before events would cause material harm;
- Annual review of policies and procedures;
- Annual ORSA process challenges via stress testing and confirms the health of the SII capital position and

- Bi-annual review of pre-emptive recovery plan.

Under detection controls there are:

- Monthly reviews of financial reporting by the Company's Finance Manager and the wider AFG finance team;
- Quarterly review of the Solvency II QRTs by the CFO/ Actuarial Manager ;
- Quarterly Risk Committee/Board reporting;
- Annual actuarial reviews by Deloitte HoAF on technical provisions underwriting and reinsurance and ORSA and
- Annual review of SII SCR Standard formula calculation and resulting capital position by Deloitte HoAF.

Strategic Risk

Strategic risk is the risk of incompatibility between the strategic goals and resources deployed or the economic situation. For the Company, this is the risk that its goals and resources are misaligned.

Mitigation

Both prevention and detection controls are in place for strategic risk.

Under prevention controls the Company:

- Holds quarterly Risk committee/Board meetings and
- Annual strategy /budget setting process.

Under detection controls there are:

- Quarterly review of the Solvency II QRTs by the finance manager/in-house actuary;
- Quarterly Risk Committee/Board reporting;
- Annual actuarial reviews by Deloitte HoAF on technical provisions underwriting and reinsurance and ORSA and
- Annual review of SII SCR Standard formula calculation and resulting capital position by Deloitte HoAF.

C.7 Any Other Information

Inflation

While inflation levels fell throughout Europe during 2023, inflationary risk continues to be an area of focus across the Eurozone. The company operates on a pan European basis and has a diverse product split with varying recessionary exposure. Given diversification in product split and jurisdiction the company is as well placed as it can be to manage the majority of recessionary impacts on its more exposed lines.

ESG & Climate Change

Communities prosper when people and organisations demonstrate resilience in the face of challenges. The Company seeks to instil a sense of assurance and confidence—not only with the insurance products available, but also by acting as a responsible corporate citizen. Integrity and trust are not merely desirable in this industry - they are critical to maintaining the stability and longevity that customers and other stakeholders expect. The Company values its reputation as an ethical Company and works to ensure that staff at all levels understand their role in upholding it.

As an insurance Company dedicated to managing risk, GAEU has an inherent interest in helping to protect the environment and factors that might contribute to global climate change. The Company is taking steps to reduce its own impact on the environment and taking initiatives, through insurance products and services, for customers to embrace more sustainable practices.

Global Geo-Political Situation

As an Irish domiciled Insurance undertaking with no investments held or risks underwritten outside the Eurozone, there has been no direct impacts to date due to the various global geo-political issues. The company will continue to monitor any potential impacts in relation to macro-economic effects, market volatility or supply chain caused by these events.

D: Valuation for solvency purposes**D.1 Assets**

The following table analyses the Company's assets at 31 December 2023:

Asset Class	Solvency II Value €000's	Per F/S €000's	Difference €000's
DAC Assets	-	9,653	-9,653
Investments	26,735	28,509	-1,774
RI Share of Technical Provisions	39,079	58,633	-19,554
Deposits to Cedants	1,968	1,968	-
Insurance & Intermediaries receivables	5,958	5,958	0
Reinsurance Receivables	1,398	-	1,398
Cash and cash equivalents	11,588	11,588	-
Other Prepayments	2,744	3,112	-368
TOTAL	89,470	119,421	-29,951

The following table analyses the Company's assets at 31 December 2022:

Asset Class	Solvency II Value €000's	Per F/S €000's	Difference €000's
DAC Assets	-	11,385	-11,385
Investments	28,977	31,380	-2,403
RI Share of Technical Provisions	42,765	60,069	17,308
Deposits to Cedants	2,062	2,062	-
Insurance & Intermediaries receivables	3,629	3,976	-347
Reinsurance Receivables	-	-	-
Cash and cash equivalents	7,165	7,165	-
Other Prepayments	4,809	4,830	-21
TOTAL	89,407	120,867	-31,459

The Company has followed the Solvency II Directive and Delegated Regulation (EU) 2015/35 which provides for undertakings to recognise and value assets and liabilities other than technical provisions under International Financial Reporting Standards ("IFRS").

DAC: Deferred acquisition costs ("DAC") are excluded from the valuation of assets for solvency purposes. DAC is made up of commissions that are related to the acquisition of new business and the renewal of existing insurance contracts. These are deferred in the balance sheet to the extent that they are attributable to premiums unearned at the balance sheet date. All cash flows arising from expenses that will be incurred in servicing insurance & reinsurance obligations over the lifetime are considered in determining the best estimate of technical provisions. The relevant adjustment is made under technical provisions.

Investments: Investments comprises of term deposits and a portfolio of minimum “A” rated government bonds as per the Board approved investment policy. For the purposes of Solvency II, the investments are reported at market value whereas for statutory accounts they are recorded at amortised cost.

RI Share of Technical Provisions: This is the most material difference between valuation for Solvency II purposes and the valuation in the financial statements. It comprises of RI share in claims outstanding, ENIDs, commissions, Profit share, etc. The difference is mainly due to reserving methodology whereby under Accounting Basis reserve is based on Unearned Premium whereas for SII calculations reserve is reduced based on expected profits made under Unearned Premium and committed Future Premium.

Other Prepayments: A difference arises in the valuation of assets for solvency purposes with respect to other prepayments due to funds held in trust as a security against a bond. Ring-fenced funds such as funds held in trust are excluded from a Solvency valuation perspective. The variance relates to corporation tax, which is an asset per the 2023 financial statements, an intercompany balance and claims suspense balance which are reported in other prepayments in the financial statements.

Reinsurance Receivables: This comprises the ceded element of paid losses subject to group and non-group Reinsurance. The difference reported is as a result of grouping the reinsurance receivable with the reinsurance payable per the financial statements, where there is an equal and opposite difference.

Cash & Cash Equivalents: This comprises of cash on hand and demand deposits. Such investments are classified as cash equivalents, where they have maturity dates of three months or less from the date of acquisition. These are valued at the year-end exchange rate where appropriate.

All other assets are valued for Solvency II on the same basis as the financial statements.

D.2 Technical Provisions

The technical provisions comprise the Best Estimate of the Liabilities (“BEL”) and the Risk Margin. Breakdown of Gross Technical Provisions by the line of business are:

Line of Business	2023			2022		
	Best Estimate	Risk Margin	Total	Best Estimate	Risk Margin	Total
Fire & Other Damage	25,558	388	25,946	26,227	322	26,549
Credit & Surety	34,880	908	35,788	35,783	765	36,548
Misc. Financial Loss	2,820	112	2,932	3,206	127	3,333
General Liability	-231	28	-203	-	-	-
Medical Expense	133	2	135	182	2	185

Total	63,160	1,438	64,600	65,398	1,216	66,614
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The key sources of uncertainty for the Company are expenses, policyholder behaviour assumptions and the potential cost of litigation or legislative changes.

The financial statement technical provisions are based on the FRS 102/103 accounting standards, whereas the Company values technical provisions above using the methodology prescribed in the Solvency II Directive & associated regulations made under the Directive.

The following actuarial methodologies were utilised when considering technical provisions.

- Paid-Link Ratio Method
- Credibility Methods (Bornhuetter-Ferguson)
- Estimated Loss Ratio ("ELR") Method

The technical provisions are comprised of premium provision, claims provision and risk margin.

Premium Provision

The Company's premium provision as of 31/12/2023 is the present value of all future cash flows associated with an unexpired business which is grouped into three categories.

- **Existing Business:** this relates to the unexpired portion of policies that have already inceptioned and that have been reported to the Company.
- **Business inceptioned but not yet reported:** given the nature of the Company's business model, where the business is acquired through third parties, there is a delay between the date of policy inception and the date of reporting the policy to the Company
- **Business bound but not inceptioned:** The Company writes a significant volume of business under a master policy structure which has a number of risks with various inception dates attached.

Claims Provision

The table below provides a summary of the components of the claims provision gross of reinsurance as of 31/12/2023:

Claims Provision Component	The Company (2023)	The Company (2022)
Premiums due	-	-
Claims Outstanding (OSCR + IBNR)	18,218	15,873
Commission	-	-
Expenses	1093	977
Profit-Sharing	-	-
ENIDs	1,017	1,447
Total	20,328	18,296
Discounting	-568	-524
Total (Discounted)	19,760	17,773

For Fire & Other Damage lines of business claims where the Company had significant historical data, chain-ladder method was selected for reserving as at Dec-23; to allow for future claims development. This approach recognises the level of maturity of claims in this accident year.

There is limited claims experience data for the year 2023. Therefore, the results of the paid link ratio method, which is based solely on claims experience to date, are less reliable for 2023 than for older accident years. A combination of Paid Link Ratio, Bornheutter-Ferguson (BF) and Expected Loss Ratio (ELR) method was selected for this accident year, as deemed appropriate by HoAF, this places weight on the claims experience to date and on an Initial Expected Loss Ratio ("IELR") which is based on prior years estimated ultimate claims or loss ratio assumed in the pricing of the product.

The Estimated Loss Ratio method was utilised with respect to lines of business such as Trade Credit, CDQ, LOR and Medical to estimate claims where there is limited historical claims experience. For these lines of business, it was considered that the Link Ratio Method gives unreliable answers due to the immaturity of the development. An estimated loss ratio was applied to the ultimate premium to calculate the ultimate claims estimate. The estimated loss ratio was based on items such as prior claims experience, expert judgement, external benchmarks, or a combination of these factors.

Recoverables on Claims: the Company has quota share reinsurance treaties in place with a group Company to mitigate risk relating to claims.

Risk Margin

In calculating its risk margin as of 31/12/2023, the Company has applied the simplification corresponding to Method 2 in Guideline 61 and Annex IV of EIOPA's Guidelines on Valuation of Technical Provisions.

Events Not in Data (ENIDs)

Solvency II requires that the best estimate corresponds to the probability-weighted average of future cash flows and that "cash flow projection used in the calculation of best estimate shall, explicitly or implicitly, take account of all uncertainties in the cash flows" (Delegated Acts, Article 30). The Company's best estimate has been derived from historical data, in line with standard actuarial techniques, and expert judgement where historical data does not exist. However, historical data may not capture all potential future outcomes, particularly stressed outcomes, and therefore an adjustment to the best estimate for Events Not In Data ("ENIDs") has been included.

Although the Company has several years of data for certain classes, it is plausible that events could occur which are not reflected in the historical data. The Company has some products for which there is limited historical data. Therefore, the value of estimated future claims and future cancellations have been actuarially adjusted to allow for such events.

D.3 Other Liabilities

These are comprised of reinsurance, trade and intermediaries payables. There is no difference in the valuation basis for these amounts for solvency purposes as the amounts held under IFRS measurement with the exception of DAC liabilities as set out below, principles are deemed to be approximations of fair value.

Great American International Insurance Liabilities (EUR)	Current accounting basis €000's	SII Valuation Principles €000's
DAC Liabilities	17,853	0
Reinsurance payables	943	2,341
Payables (trade, not insurance)	0	0
Any Other Liabilities, not elsewhere shown	4,457	4,089
Total	23,253	6,430

Great American International Insurance Liabilities (€000's)	2023		2022	
	Per FS	SII Valuation Principles	Per FS	SII Valuation Principles
Reinsurance payables	943	2,341	508	508
Payables (trade, not insurance)	0	0	0	0
Any Other Liabilities, not elsewhere shown	4,457	4,089	4,406	4,406
Total	5,400	6,430	4,914	4,914

Reinsurance Payables: Reinsurance payables represent the sum of creditors arising out of direct insurance operations. These liabilities are measured as the amount due, which represents the amount expected to be paid.

Insurance & intermediaries' payable: Insurance & intermediary's payable represent the sum of creditors from new business introductions. These liabilities are measured as the amount due, which represents the amount expected to be paid.

Payables (trade, not insurance): Other liabilities include amounts due to employees, suppliers & public entities which are not insurance related as well as Insurance Premium taxes payable.

In the financial statements, insurance & intermediaries payable and Payables (trade, not insurance) are detailed on the Balance Sheet as Other Creditors including tax & social welfare and Accruals & Deferred Income.

D.4 Alternative Methods for Valuation

The Company does not use any alternative methods for valuation which are available under Articles 77 & 308 of the Solvency II Directive 2009/138/EC, e.g. volatility adjustment, matching adjustment, transitional risk-free interest rate or the transitional deduction.

D.5 Any Other Information

There is no other material information to report.

D.6 Going Concern

A going concern assessment has been undertaken as part of the 2023 reporting process. The assessment considered the Company's capital & solvency, investment strategy, liquidity strategy, insurance exposure and reinsurance strategy. In addition, the 'Financial Statements' includes notes on the Company's management of its insurance risks including concentration risk, liquidity risk, currency risk, sensitivity analysis and counterparty default risk. The going concern assessment included consideration of the Company's current and forecast solvency and liquidity positions over three years through management's 2024 to 2026 business plan and evaluates the results of stress and scenario testing. The Company's stress and scenario testing consider the Company's capacity to respond to a series of relevant financial, insurance or operational shocks should future circumstances or events differ from the current assumptions in the business plan, focussing on the impacts on solvency, cash remittances and liquidity. The range of scenarios allow for the potential impacts of economic uncertainty across the EU zone and global geo-political risks both directly on the claims and the wider macroeconomic environment. Even in severe downside scenarios, no material uncertainty in relation to going concern has been identified.

As a result, the Directors and Management have a reasonable expectation that the Company has adequate resources to continue in operational existence and to support its growth and business plan projections.

E: Capital Management**E.1 Own Funds**

The Company has Basic Own Funds comprising Tier 1 unrestricted items as follows:

€ '000k	31.12.22	31.12.23
Ordinary share capital	635	635
Shareholder contributions	715	715
Surplus Funds	-	-
Reconciliation Reserve	16,529	17,090
Total Own Funds	17,879	18,439

The Company is a single shareholder entity. All the Company's shares are fully paid up and held by the immediate parent, GAEL based in the UK.

There is no issued debt and no plans to issue any in the short or medium term.

Own funds are all invested in cash & cash equivalents or term deposits of less than one-year duration with the exception of a €15 million portfolio of government bonds in line with the Company's investment policy.

The Board approved Capital Management Policy, and Medium-term Capital Management Plan states:

- Own funds must be maintained at least 120% of the SCR (or MCR where relevant).
- No capital is planned to be issued, redeemed or repaid in the short or medium term.
- The Board considers all requests from the shareholder for any potential distributions. The impact on solvency and potential growth opportunities will be assessed before the Board will draft a resolution to approve a dividend.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The amount of the Company's Solvency Capital Requirement and Minimum Capital Requirement at the end of the reporting period are €11.091m and €4.0m respectively as detailed in the table below.

FIG 1: Solvency Position & SCR ratio at 31/12/2023 v 31/12/2022

Solvency Position as of 31 December 2023				
Solvency	Capital requirement	Eligible capital	Solvency ratio	MCR as % SCR
SCR	11,090,537	18,439,436	166%	36.1%
MCR	4,000,000	18,439,436	461%	

Solvency Position as of 31 December 2022				
Solvency	Capital requirement	Eligible capital	Solvency ratio	MCR as % SCR
SCR	10,278,314	19,868,269	174%	36.0%
MCR	4,000,000	19,868,269	483%	

The table below shows the components of the SCR at 31/12/2023 v 31/12/2022:

€m's	2023	2022	Movement
Underwriting Risk	5.51	4.52	0.99
Market Risk	2.26	1.94	0.32
Counterparty Default Risk	4.02	4.19	-0.18
Operational Risk	1.89	1.96	-0.07
Health Risk	0.01	0.01	0.00
Aggregate SCR	13.69	12.62	1.07
Correlation credit	-2.60	-2.34	-0.26
Aggregate SCR net of correlations	11.09	10.28	0.81

The Company uses EIOPA's Solvency II Standard Formula. It does not use Company-specific parameters and does not use simplified calculations in its computation.

Underwriting Risk

Underwriting risk is made up of three elements, premium risk, reserve risk and catastrophe risk. The calculation for the first two elements is based on the expected value of net premiums over the next 12 months and the valuation of net technical (claims) provisions. Throughout the reporting period, the Company's management team have actively engaged with its outsourced HoAF with respect to actuarial assumptions and methodologies, this has resulted in a review of the underlying assumptions concerning risk calculations.

Counterparty Default Risk

From the Company's perspective, the main element of counterparty default risk relates to default risk arising from investment activities pertaining to our banking partners where funds are held on short term deposit or as part of a portfolio of government bonds in line with the Company's investment appetite. Counterparty default risk also arises with respect to aged debtors. Over the

reporting period the company reduced counterparty default risk through remediation of aged debtor balances.

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

Within the Solvency II regulations, there is an option to use the duration-based equity risk sub-module. The Company has not availed of this option as it does not hold any equity-based investments and neither does it qualify as a life insurer that provides occupational pensions.

E.4 Differences between the standard formula and any internal model used

The Company does not use an internal model or a partial internal model for its calculation of its Solvency Capital Requirement. The Standard formula model is utilised entirely for this purpose.

E.5 Non-Compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Solvency Capital Requirement ratio was maintained at above 100% over the reporting period in line with regulatory requirements, and the Board approved the Capital Management plan.

E.6 Any Other Information

There is no other material information to report regarding the Company's capital management during the reporting period.

Appendix: Annual Quantitative Reporting Templates

General Information

Undertaking name	Great American International Insurance (EU) DAC
Undertaking identification code and type of code	LEI/635400UCIHHMUXBWLN80
Type of undertaking	Non-Life undertakings
Country of authorisation	IRELAND
Language of reporting	English
Reporting reference date	31/12/2023
The currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions
Figures in	'000s

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Assets			C0010
Assets	Goodwill	R0010	-
	Deferred acquisition costs	R0020	-
	Intangible assets	R0030	-
	Deferred tax assets	R0040	-
	Pension benefit surplus	R0050	-
	Property, plant & equipment held for own use	R0060	-
	Investments (other than assets held for index-linked and unit-linked contracts)	R0070	26,735
	Property (other than for own use)	R0080	-
	Holdings in related undertakings, including participations	R0090	-
	Equities	R0100	-
	Equities - listed	R0110	-
	Equities - unlisted	R0120	-
	Bonds	R0130	13,377
	Government Bonds	R0140	13,377
	Corporate Bonds	R0150	-
	Structured notes	R0160	-
	Collateralised securities	R0170	-
	Collective Investments Undertakings	R0180	-
	Derivatives	R0190	-
	Deposits other than cash equivalents	R0200	13,357
	Other investments	R0210	-
	Assets held for index-linked and unit-linked contracts	R0220	-
	Loans and mortgages	R0230	-
	Loans on policies	R0240	-
	Loans and mortgages to individuals	R0250	-
	Other loans and mortgages	R0260	-
	Reinsurance recoverables from:	R0270	39,079
	Non-life and health similar to non-life	R0280	39,079
	Non-life excluding health	R0290	38,964
	Health similar to non-life	R0300	114
	Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
	Health similar to life	R0320	-
	Life excluding health and index-linked and unit-linked	R0330	-
	Life index-linked and unit-linked	R0340	-
	Deposits to cedants	R0350	1,968
	Insurance and intermediaries receivables	R0360	5,958
	Reinsurance receivables	R0370	1,398
	Receivables (trade, not insurance)	R0380	-
	Own shares (held directly)	R0390	-
	Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
	Cash and cash equivalents	R0410	11,588
	Any other assets, not elsewhere shown	R0420	2,744
	Total assets	R0500	89,470

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Liabilities			C0010
Liabilities	Technical provisions – non-life	R0510	64,600
	Technical provisions – non-life (excluding health)	R0520	64,464
	Technical provisions calculated as a whole	R0530	-
	Best Estimate	R0540	63,027
	Risk margin	R0550	1,437
	Technical provisions - health (similar to non-life)	R0560	136
	Technical provisions calculated as a whole	R0570	-
	Best Estimate	R0580	133
	Risk margin	R0590	2
	Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
	Technical provisions - health (similar to life)	R0610	-
	Technical provisions calculated as a whole	R0620	-
	Best Estimate	R0630	-
	Risk margin	R0640	-
	Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
	Technical provisions calculated as a whole	R0660	-
	Best Estimate	R0670	-
	Risk margin	R0680	-
	Technical provisions – index-linked and unit-linked	R0690	-
	Technical provisions calculated as a whole	R0700	-
	Best Estimate	R0710	-
	Risk margin	R0720	-
	Other technical provisions	R0730	-
	Contingent liabilities	R0740	-
	Provisions other than technical provisions	R0750	-
	Pension benefit obligations	R0760	-
	Deposits from reinsurers	R0770	-
	Deferred tax liabilities	R0780	-
	Derivatives	R0790	-
	Debts owed to credit institutions	R0800	-
	Debts owed to credit institutions resident domestically	ER0801	-
	Debts owed to credit institutions resident in the euro area other than domestic	ER0802	-
	Debts owed to credit institutions resident in rest of the world	ER0803	-
	Financial liabilities other than debts owed to credit institutions	R0810	-
	Debts owed to non-credit institutions	ER0811	-
	Debts owed to non-credit institutions resident domestically	ER0812	-
	Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	-
	Debts owed to non-credit institutions resident in rest of the world	ER0814	-
	Other financial liabilities (debt securities issued)	ER0815	-
	Insurance & intermediaries payables	R0820	3,493
	Reinsurance payables	R0830	2,341
	Payables (trade, not insurance)	R0840	-
	Subordinated liabilities	R0850	-
	Subordinated liabilities not in Basic Own Funds	ER0851	-
	Subordinated liabilities in Basic Own Funds	ER0852	-
	Non-negotiable instruments held by credit institutions resident	ER0853	-
	Non-negotiable instruments held by non-credit institutions	ER0854	-
	Non-negotiable instruments held by non-credit institutions	ER0855	-
	Non-negotiable instruments held by non-credit institutions	ER0856	-
	Subordinated liabilities not in Basic Own Funds	R0860	-
	Subordinated liabilities in Basic Own Funds	R0870	-
	Any other liabilities, not elsewhere shown	R0880	596
	Total liabilities	R0900	71,030
Excess of	Excess of assets over liabilities	R1000	18,439

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			Non-life and Health non-SLT					
			Home country	Italy	France	Netherlands	Spain	Belgium
			C0080	C0080	C0080	C0080	C0080	C0080
Premiums written	Gross - Direct Business	R0110	3,692,321	9,139,939	7,723,361	3,408,056	3,182,410	2,508,341
	Gross - Proportional reinsurance accepted	R0120						
	Gross - Non-proportional reinsurance accepted	R0130						
	Reinsurers' share	R0140	3,366,257	6,632,627	6,592,312	2,909,119	2,802,777	2,262,084
	Net	R0200	326,064	2,507,312	1,131,050	498,937	379,633	246,257
Premiums earned	Gross - Direct Business	R0210	5,297,816	11,597,886	7,710,642	3,428,287	2,001,144	2,651,947
	Gross - Proportional reinsurance accepted	R0220						
	Gross - Non-proportional reinsurance accepted	R0230						
	Reinsurers' share	R0240	4,718,608	10,623,925	6,537,936	3,055,476	1,785,828	2,288,610
	Net	R0300	579,207	973,961	1,172,707	372,811	215,316	363,337
Claims incurred	Gross - Direct Business	R0310	1,241,957	8,636,882	1,646,378	500,083	635,849	33,831
	Gross - Proportional reinsurance accepted	R0320						
	Gross - Non-proportional reinsurance accepted	R0330						
	Reinsurers' share	R0340	1,093,233	7,794,768	1,345,584	446,533	572,051	31,970
	Net	R0400	381,076	381,076	381,076	381,076	381,076	381,076
Changes in other technical provisions	Gross - Direct Business	R0410						
	Gross - Proportional reinsurance accepted	R0420						
	Gross - Non-proportional reinsurance accepted	R0430						
	Reinsurers' share	R0440						
	Net	R0500						
Expenses incurred		R0550	- 951,871	- 2,302,876	- 1,962,275	- 858,685	- 801,832	- 631,995
Other expenses		R1200						
Total expenses		R1300						

					Direct business and accepted proportional reinsurance					Total Non-Life obligation	
					Medical expense insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss		
					C0020	C0080	C0090	C0100	C0130		C0180
Technical provisions calculated as a whole					R0010	-	-	-	-	-	-
	Direct business				R0020	-	-	-	-	-	-
	Accepted proportional reinsurance business				R0030	-	-	-	-	-	-
	Accepted non-proportional reinsurance				R0040	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole					R0050	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM	Best estimate	Premium provisions	Gross - Total	R0060	2	18,304	- 258	24,438	915	43,401	
			Gross - direct business	R0070	2	18,304	- 258	24,438	915	43,401	
			Gross - accepted proportional reinsurance business	R0080	-	-	-	-	-	-	
			Gross - accepted non-proportional reinsurance business	R0090	-	-	-	-	-	-	
			Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	4	6,843	- 60	15,132	382	22,300	
			Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	4	6,843	- 60	15,132	382	22,300	
			Recoverables from SPV before adjustment for expected losses	R0120	-	-	-	-	-	-	
			Recoverables from Finite Reinsurance before adjustment for expected losses	R0130	-	-	-	-	-	-	
			Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	4	6,834	- 60	15,118	381	22,277	
		Net Best Estimate of Premium Provisions	R0150	- 2	11,469	- 198	9,320	534	21,123		
		Claims provisions	Gross - Total	R0160	131	7,254	27	10,442	1,905	19,760	
			Gross - direct business	R0170	131	7,254	27	10,442	1,905	19,760	
			Gross - accepted proportional reinsurance business	R0180	-	-	-	-	-	-	
			Gross - accepted non-proportional reinsurance business	R0190	-	-	-	-	-	-	
			Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200	111	6,292	23	8,790	1,603	16,818	
			Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	111	6,292	23	8,790	1,603	16,818	
			Recoverables from SPV before adjustment for expected losses	R0220	-	-	-	-	-	-	
	Recoverables from Finite Reinsurance before adjustment for expected losses		R0230	-	-	-	-	-	-		
	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		R0240	110	6,284	23	8,782	1,602	16,801		
	Net Best Estimate of Claims Provisions	R0250	21	970	4	1,660	304	2,959			
	Total Best estimate - gross		R0260	133	25,558	- 231	34,880	2,820	63,161		
	Total Best estimate - net		R0270	19	12,439	- 193	10,980	837	24,082		
	Risk margin		R0280	2	388	28	908	112	1,439		
Amount of the transitional on	TP as a whole				R0290	-	-	-	-	-	
	Best estimate				R0300	-	-	-	-	-	
	Risk margin				R0310	-	-	-	-	-	
Technical provisions - total	Technical provisions - total				R0320	136	25,946	- 203	35,788	2,933	64,600
	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total				R0330	114	13,119	- 38	23,900	1,983	39,079
	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total				R0340	21	12,827	- 165	11,888	950	25,521
Line of Business: further	Premium provisions - Total number of homogeneous risk groups				R0350	-	-	-	-	-	-
	Claims provisions - Total number of homogeneous risk groups				R0360	-	-	-	-	-	-

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		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											-
N-9	R0160	1,239	426	7	10	-	-	-	-	-	-	
N-8	R0170	1,495	407	13	1	-	-	-	-	-	3	
N-7	R0180	1,743	720	184	125	16	-	6	-	-	4	
N-6	R0190	2,682	2,075	595	202	35	-	35	59			
N-5	R0200	4,402	3,839	875	118	39	49					
N-4	R0210	5,100	4,189	392	91	-	6					
N-3	R0220	7,131	4,473	734	-	313						
N-2	R0230	7,824	4,172	254								
N-1	R0240	8,259	3,624									
N	R0250	9,608										
Total	R0260											

In Current year	Sum of years (cumulative)
C0170	C0180
-	-
-	1,682
-	3
-	4
-	59
-	49
-	6
-	313
-	254
-	3,624
-	9,608
13,269	76,841

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		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											-
N-9	R0160	-	-	2	-	-	-	-	-	-	-	
N-8	R0170	-	278	6	-	37	-	-	-	103		
N-7	R0180	924	816	52	371	- 355	- 364	-	- 191			
N-6	R0190	2,192	1,691	459	- 906	- 913	- 616	- 840				
N-5	R0200	3,893	1,510	- 490	- 479	68	- 1,286					
N-4	R0210	8,133	322	- 2,360	- 1,827	643						
N-3	R0220	11,720	3,980	211	2,162							
N-2	R0230	12,740	4,904	2,544								
N-1	R0240	15,503	3,476									
N	R0250	11,607										
Total	R0260											

Year end (discounted data)
C0360
-
-
100
- 185
- 816
- 1,250
625
2,101
2,473
3,379
11,282
17,708

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			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Ordinary share capital (gross of own shares)	R0010	635	635	-	-	-
	Share premium account related to ordinary share capital	R0030	-	-	-	-	-
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	715	715	-	-	-
	Subordinated mutual member accounts	R0050	-	-	-	-	-
	Surplus funds	R0070	-	-	-	-	-
	Preference shares	R0090	-	-	-	-	-
	Share premium account related to preference shares	R0110	-	-	-	-	-
	Reconciliation reserve	R0130	17,090	17,090	-	-	-
	Subordinated liabilities	R0140	-	-	-	-	-
	An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	-	-	-	-
Deductions	Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions		R0290	18,439	18,439	-	-	-
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-	-
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-	-	-	-
	Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-	-
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-	-	-	-
	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-	-	-	-	-
	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-	-	-	-	-
	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-	-	-	-	-
	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-	-	-	-	-
	Other ancillary own funds	R0390	-	-	-	-	-
Total ancillary own funds		R0400	-	-	-	-	-
Available and eligible own funds	Total available own funds to meet the SCR	R0500	18,439	18,439	-	-	-
	Total available own funds to meet the MCR	R0510	18,439	18,439	-	-	-
	Total eligible own funds to meet the SCR	R0540	18,439	18,439	-	-	-
	Total eligible own funds to meet the MCR	R0550	18,439	18,439	-	-	-
SCR		R0580	11,091	-	-	-	-
MCR		R0600	4,000	-	-	-	-
Ratio of Eligible own funds to SCR		R0620	166%				
Ratio of Eligible own funds to MCR		R0640	461%				

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			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	18,439
	Own shares (held directly and indirectly)	R0710	-
	Foreseeable dividends, distributions and charges	R0720	-
	Other basic own fund items	R0730	1,350
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	-
Reconciliation reserve		R0760	17,090
Expected profits	Expected profits included in future premiums (EPIFP) - Life business	R0770	-
	Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-
Total Expected profits included in future premiums (EPIFP)		R0790	-

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		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	2,261	2,261	-
Counterparty default risk	R0020	4,016	4,016	-
Life underwriting risk	R0030	-	-	-
Health underwriting risk	R0040	5	5	-
Non-life underwriting risk	R0050	5,513	5,513	-
Diversification	R0060	- 2,599	- 2,599	-
Intangible asset risk	R0070	-	-	-
Basic Solvency Capital Requirement	R0100	9,196	9,196	-

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			C0100
Adjustment due to RFF/MAP nSCR	R0120		-
Operational risk	R0130		1,895
Loss-absorbing capacity of technical	R0140		-
Loss-absorbing capacity of deferred taxes	R0150		-
Capital requirement for business operated	R0160		-
Solvency Capital Requirement excluding	R0200		11,091
Capital add-ons already set		R0210	-
	of which,	R0211	-
	of which, capital add-ons already set - Article 37 (1) Type b	R0212	-
	of which, capital add-ons already set - Article 37 (1) Type c	R0213	-
	of which, capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement		R0220	11,091
Other information on SCR	Capital requirement for duration-based equity risk sub-module	R0400	-

	Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
	Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	-
	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
	Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
	Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	-
	Net future discretionary benefits	R0460	-

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		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	19	3
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	-	-
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	12,439	2,177
General liability insurance and proportional reinsurance	R0090	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	10,980	2,923
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	837	522
Non-proportional health reinsurance	R0140	-	-
Non-proportional casualty reinsurance	R0150	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-
Non-proportional property reinsurance	R0170	-	-

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		C0070
Linear MCR	R0300	3,829
SCR	R0310	11,091
MCR cap	R0320	4,991
MCR floor	R0330	2,773
Combined MCR	R0340	3,829
Absolute floor of the MCR	R0350	4,000
Minimum Capital Requirement	R0400	4,000