

**Business Plan for the financial period:
1st October 2022 to 30th September 2023**

ABC Insurance Limited

Parent Company / Beneficial Owner

ABC Insurance Limited ("ABC"), a company licensed as a general insurer in Guernsey due to its efficient and appropriate regulatory regime and the experience on the island for the operation of such a Company, has a 100% shareholding owned by ABC Holding ("Group"), Town, Country, The ultimate 100% beneficial owner of the Group is Mrs ABC.

Nature of Group's Business

Founded in 1966 by Mr ABC the Group is 100% owned by his heir as noted above. The Group produces wood based products and has manufacturing facilities in eight countries (USA, France, Germany, Switzerland, Poland, Ukraine, Hungary and Russia). It employs approximately 5,100 staff and has a turnover of CHF2billion.

Strategic Objectives

Maximising efficiency of Group risk financing by participating on a commercial basis in the Property Damage / Business Interruption insurance programmes of the Group.

Underwriting Strategy

To provide coverage in an effective manner, taking into account the ability of the Group to obtain the cover required in the insurance / reinsurance market. Limits of cover provided and premium written assessed to be realistic when taking the assets and other liabilities of the Company into account.

Means of attaining Strategic Objective and Underwriting Strategy

Liaison with the Insured and their Advisors to ensure that the insurance programme is reviewed at least annually to ensure effective participation. The Business Plan that contains these objectives and strategies are reviewed annually or at any time when a material change is to be considered.

Coverage

Property Damage / Business Interruption ("PD/BI") 1 October 2022 to 30 September 2023

PD/BI cover for most of the Group's worldwide property portfolio is provided by Fronting Insurance Company Limited ("Fronter").

ABC accepts as a reinsurance placement from Fronter, an exposure of €17m any one loss and in the aggregate excess of the insured retained deductible of €3m any one loss. The annual premium that ABC receives for this exposure is, net of fronting fees, circa €4,242,457.

ABC purchases reinsurance to limit its retention to €5m any one loss and €10m in the annual aggregate at an annual premium of €2,731,606 with a reinsurance panel. The security for this

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reinsurance placement has a minimum rating of "A-" from Standard & Poor's or equivalent from Fitch. Net premium retained by ABC is €1,323,361.

Based upon past loss experience of the Group plants to be included in the (re)insurance programme written by ABC, it is anticipated that ABC will be impacted by losses very infrequently due to the size of the deductible and good risk management practices.

Risk Gap

The pure risk gap for the current underwriting period is as below.

Class of Risk	Retained Premium	Aggregate Exposure	Risk Gap
PD/BI	1,323,361	10,000,000	8,676,639

Subsequent policy periods will be subject to consideration at each renewal. This exposure is funded by the capital structure noted below plus retained earnings.

Capital Structure

The authorised share capital of ABC is 6,000,000 shares of €1.00 per share, issued and fully paid. ABC Holding also provide a Parental Guarantee of €7m thus providing total capital of €13m. Retained earnings at 30 September 2022 equal €1,964,408.

Financial year end

The financial year end is the 30th September.

Intermediaries

"Insurance Broker" are the insurance advisors and placing insurance broker for Group.

"Reinsurance Broker" are the appointed reinsurance broker for ABC.

Auditors and accounting principles

Auditor Channel Islands Limited are the Company's auditor and the account standard used is UK Generally Accepted Accounting Practice (UK GAAP).

Actuaries

None appointed and currently not required.

Premium progression

The policy periods are coterminous with the financial period. Premiums are earned in a straight line over the policy period.

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Investment policy

Bankers: A Bank.
2 Bank,

Surplus cash funds in excess of €5m is to be transferred into the ABC Cash Pool Arrangement with 2 Bank.

Dividend policy

The dividend policy will be at the Directors' discretion, providing a reasonable and prudent distribution to the shareholders on an annual basis depending upon the financial performance of the Company.

Underwriting guidelines

The underwriting staff of Insurance Manager (Guernsey) Limited will, in conjunction with the Group's insurance advisors and ABC's appointed reinsurance broker, review the reinsurance contract between the fronting insurer and ABC and the retrocession contract with the reinsurance market ensuring that the terms comply with the Business Plan approved by the Board of ABC.

Premium collection services will be provided by the fronting insurer / broker.

Claims handling services will be provided by the fronting insurer, retrocession panel and (re)insurance brokers with Loss Adjusters / Claims Handlers appointed where required.

Reserving policy

The reserves of ABC will be established by reference to data provided by the fronting insurer, Group's insurance advisors and ABC's appointed reinsurance broker. For each policy period a reserving provision for future claims will be established equal to the net operating profit thus creating a nil result. Consideration will be given by the Board to release the provision at the end of the policy period dependent upon the claims experience at that time.

Reinsurance policy

ABC will buy reinsurance in line with the risk appetite of the company in order to help mitigate the risk gap and potential downside risk which is to be reviewed annually. ABC will appoint a reinsurance broker to provide a panel of reinsurers who will hold a minimum rating of "A-" from a recognised rating agency such as S&P or AM Best.