



Trends in P&C legacy

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Trends in P&C legacy

Initial phase

US asbestos crisis

EU insurers exit reinsurance

Use of Schemes of Arrangements



London market insolvencies

Emergence of run-off teams, service providers, legacy acquirers, commutations rdvs



...Difficulty to get claims paid...
...Image issues for legacy players...



Trends in P&C Legacy

Current phase

HOW TO DEFINE RUN-OFF



Company in run-off

Obsolete IT

Line of business in run-off

Non transferable skills

ACTIVE MANAGEMENT



Internal run-off teams self-managing the business which could be followed by...

Retention

- ✓ AXA
- ✓ AIG
- ✓ Aviva
- ✓ Generali
- ✓ Zurich
- ✓ RSA
- ✓ Munich Re
- ✓ Swiss Re
- ✓ QBE

Reinsurance

- ✓ AIG
- ✓ Aviva
- ✓ RSA
- ✓ QBE

Sale

- ✓ Zurich
- ✓ RSA
- ✓ Equitas
- ✓ Globale Rück
- ✓ Munich Re
- ✓ Generali
- ✓ QBE



Trends in P&C Legacy

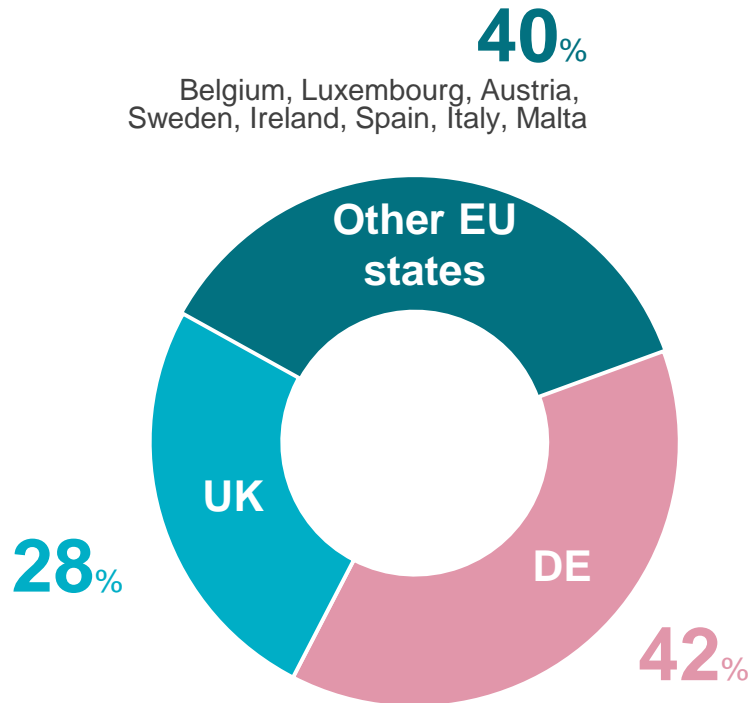
Some recent legacy activity by major insurance groups

Name	Global transaction	UK Employer Liability
Allianz	<ul style="list-style-type: none"> Sales of Allianz Suisse Re Reinsurance of Fireman's Fund legacy portfolio in the US 	<ul style="list-style-type: none"> Sale of AGF Insurance UK
Munich Re	<ul style="list-style-type: none"> Portfolio transfer of Victoria Rück portfolio in Germany Disposal of Ergo in Italy 	
Aviva		<ul style="list-style-type: none"> Reinsurance and outsourcing of claims handling to a TPA
Hartford		<ul style="list-style-type: none"> Sale of Excess Insurance, UK legacy company
QBE	<ul style="list-style-type: none"> Portfolio transfers of medical malpractice in Italy Disposal of some US legacy through reinsurance 	<ul style="list-style-type: none"> Reinsurance to be followed by a Part VII transfer
Zurich	<ul style="list-style-type: none"> Portfolio transfers of German medical portfolio, UK Builders Warranty 	
RSA		<ul style="list-style-type: none"> Reinsurance to be followed by a Part VII transfer
HDI	<ul style="list-style-type: none"> Portfolio transfer by Inter Hannover of UK Motor business 	
AXA	<ul style="list-style-type: none"> Portfolio transfer of Colisée Re Canada 	<ul style="list-style-type: none"> Portfolio transfer of UK Employer's Liability portfolio
AIG	<ul style="list-style-type: none"> Reinsurance of US commercial lines portfolio Restructuring of retained US legacy business into Bermuda 	
AXIS	<ul style="list-style-type: none"> Discontinued operations in Australia and exited with a portfolio transfer Restructured Lloyd's business with a disposal of older underwriting 	

years
 Main brands and regulators show extensive trust in legacy players

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Are EU carriers using the available tools to restructure ?



FROM 2014 TO 2017:

- 40 EU non-intragroup P&C portfolio transfers
- 17 in Germany
- Names in Germany include...

- ✓ Allianz
- ✓ Ergo
- ✓ HDI
- ✓ Munich Re
- ✓ Provinzial Rheinland
- ✓ W&W

Source : www.bundesanzeiger.de

Trends in P&C Legacy

A progressive definition

1 Asbestos & Reinsurance

Initial drivers
e

2 Insurance

Current phase – Insurance portfolios disposed of after a self-managed period

3 Green run-off

Emerging phase - 'Exit & Sell'

Trends in P&C Legacy

Redefinition of legacy business in a changing world

NOW



**Greater transparency (Solvency II),
low interest rate environment &
shareholder pressure to deliver
returns**



**Disruption & focus
(new products, new IT, new distribution)**

FUTURE?

Obsolescence of existing products,
IT platforms and distribution channels?



Maintain a high level of trust



“It is not the strongest
of species that survive,
nor the most intelligent,
but the one most
responsive to change.”

CHARLES DARWIN



Thank you