

# Insurance Mergers & Acquisitions

## Reading the Tea Leaves

### The Runoff Arena

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# Overview of Runoff M&A

- ▶ Who are the sellers?
  - ▶ Finality
  - ▶ Targeted
  - ▶ Strategic



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# Overview of Runoff M&A

## ▶ Who are the buyers?

- ▶ White Mountains
- ▶ Enstar
- ▶ Berkshire Hathaway
- ▶ Riverstone (Fairfax)
- ▶ Catalina
- ▶ Armour
- ▶ R&Q
- ▶ Compre
- ▶ Darag
- ▶ European (re)insurers including Swiss Re, Munich Re and Axa



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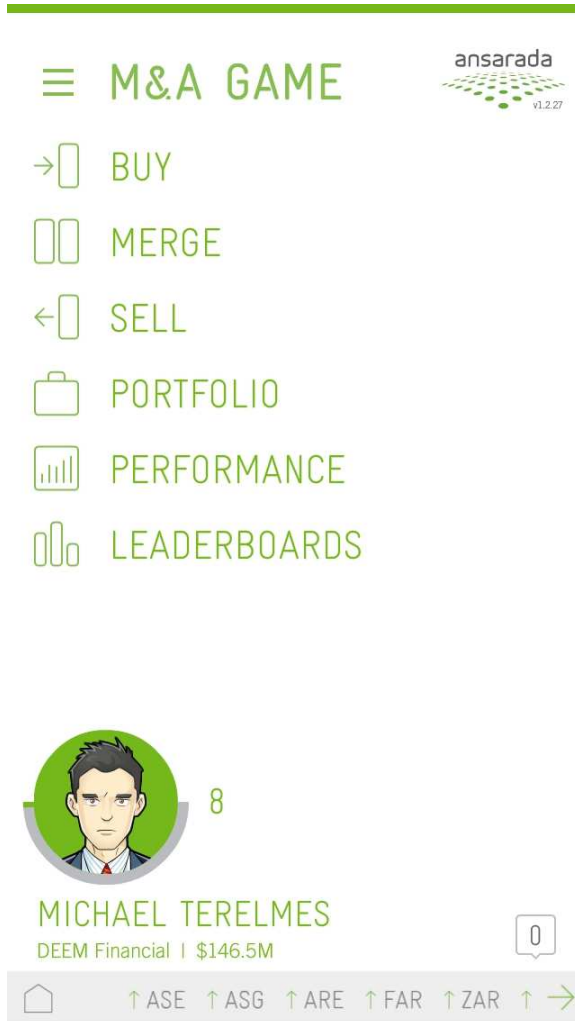
# Overview of Runoff M&A

- ▶ What are the Liabilities?
  - ▶ Asbestos & Environmental
  - ▶ Workers' Compensation
  - ▶ Construction Defect
  - ▶ Auto
  - ▶ Surety



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# Overview of Runoff M&A



▶ Do you have what it takes to be an M&A professional?

- ▶ The M&A Game
- ▶ <http://www.ansarada.com/mandagame>
- ▶ App for Apple or Android device

**LEGEND IN THE M&AKING**  
THE M&A GAME | MORE FUN | MORE CHALLENGES | MORE AT STAKE



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# Underwriting the M&A Transaction

- ▶ The Actuaries Role
  - ▶ Communication
  - ▶ Develop expected ultimate required reserves
  - ▶ Construct projected payment pattern
  - ▶ Project range of possible outcomes
  - ▶ Calculate the fair value of the reserves



# Underwriting the M&A Transaction

- ▶ The Claim & Financial Role
  - ▶ Ground up claim review
  - ▶ Reinsurance asset analysis
  - ▶ Runoff administrative analysis
  - ▶ Review non reserve and reinsurance balance sheet accounts
  - ▶ Cash flow modeling



# The Future of Legacy Liabilities

- ▶ New Solvency II and RBC requirements
- ▶ Live runoff vs. traditional runoff
- ▶ Legacy players venturing into live business
- ▶ M&A among runoff providers



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# Questions



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