



# Reinsurance News

# Reinsurance News Legacy Market Roundtable Brighton

# 2025



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# FOREWORD

Welcome to the inaugural Reinsurance News Legacy Market Roundtable, held in partnership with global reinsurance company, Swiss Re, on May 12th, 2025, in Brighton, UK, around the annual meeting of the legacy insurance and reinsurance sector.

On the day, 11 experts from across the legacy re/insurance market contributed to an insightful, technical and thought-provoking discussion that explored market and macro trends, M&A, the legacy perception gap, collaboration and long-term partnerships, best practices, common barriers, regulatory scrutiny, and more.

Run-off market buyers, sellers, brokers, advisory and legal representatives offered their thoughts on how to advance the legacy space and raise its profile, exploring themes like syndication, transaction speed, regulatory hurdles and opportunities, and talent.

Participants debated the fact that legacy opportunities increasingly feature more recent underwriting years, highlighting that buyers of retrospective solutions are now looking for capital relief rather than just reserve protection.

Amid geopolitical and financial market uncertainty, legacy deal flow has fluctuated, and while positive momentum has been sustained in the UK and Ireland so far in 2025, North America has been less active.

Against this backdrop, participants explored some of the key factors that have contributed to successful legacy deals with a view to growing the transaction universe and attracting more sellers. Common barriers to deal execution were also a hot topic, and participants offered their thoughts on how the industry can collectively address these challenges.

A key message from our 2025 Legacy Market Roundtable, held in partnership with Swiss Re, is that stakeholders have work to do to raise the profile of the legacy market in an ever-changing risk landscape, to ensure the relevance of the run-off world as focus shifts to capital, organisational, and strategic optimisation.

**Luke Gallin**  
Production Editor,  
Reinsurance News



## PARTICIPANT INDEX

**Luke Gallin**, Production Editor, **Reinsurance News**

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**Andy Ward**, Partner, **PwC**

**Jennifer Lejeune**, Chief Executive Officer, **AXA Liabilities Managers**

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**Andy Rothseid**, Global Chairman of Retrospective Solutions, **Gallagher Re**

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**Nick Crossley**, EU Chief Executive Officer, **Enstar**

**Wynne Lawrence**, Partner, **Clyde & Co**

**Georg Rindermann**, Head of Legacy, **Allianz Re**



We are not just here as a sponsor; we are here as a committed and long-standing legacy transaction partner. As Swiss Re operates across multiple segments of the reinsurance value chain, we want to ensure that those concepts, best practices and learnings can be transferred and tested from those other areas to the legacy market.

Legacy is a long-term, strategic tool rather than being about one-off deals. So, it is in our strong interest to foster a constructive market dialogue, and we see this roundtable as a first step working towards this overarching goal that we expand and debate about the future toolkit we can offer as a legacy industry to our clients, and ideally also attract new clients.

It's of utmost importance that with this endeavour, we make sure that we demonstrate very clearly the value we bring to our clients. Being self-reflective, so learning from the past. Being disciplined (some improvement seen with some of the pricing changes in the past months and years). And all of that resulting in an even more resilient market.

We have this very unique opportunity right now to discuss these interesting points and to rethink how the legacy market can better support our clients in an uncertain environment where nobody knows what's going to happen next.

We are clearly in a higher risk landscape. We see claims inflation, we see geopolitical uncertainty, and we see financial market volatility. Capital costs remain at relatively elevated levels, even though some of us probably expected that to decrease. This likely means fewer organic opportunities and inorganic opportunities, so M&A transactions, notably bigger M&A transactions, they come at a certain cost. And then there's the shift towards a more isolationist or locally focused market strategy.



Janic Schilling –  
Legacy is a long-term, strategic tool rather than being about one-off deals

Now, for the legacy market, this all means that we would expect to see a shift towards divestment in non-core assets, focusing more on local market strategies, so home strategies, and therefore divesting those non-core market assets.

Legacy solutions are more relevant than ever as enablers of strategic change, helping clients divest non-core portfolios and unlock capital for redeployment.

Even though capital costs and bond yields are expected to stay at a certain level, obviously being legacy players we can also leverage certain benefits from debt. So, we can leverage higher discount rates, you can free up capital to relatively interesting levels, at least then there's something our clients can look to redeploy for other growth opportunities. Or is it just about balance sheet protection?

In today's economic environment, navigating uncertainty isn't optional - it's strategic. That's where legacy solutions become even more critical.

**So, against this backdrop, let's begin with an exploration of market and macro trends, expected tailwinds for the legacy space as we move past the peak of the hard market, and also the potential for an uptick in M&A and divestiture and what this might mean for the legacy market.**

LUKE GALLIN

BARRY GALE

ANDY WARD

There's much discussion about hard and soft cycles and what that does for us in the legacy market, and I guess, like all businesses in the insurance and reinsurance sector, we want to be relevant in both the hard and the soft market.

Janic highlighted the way we're relevant in the harder market, which is very much the recycling story and freeing up capital in order to take advantage of growth opportunities. We've talked about a reasonable amount of activity over the last few years in that hard market. So, collectively, we've done a reasonable job of staying relevant in the hard market, I would argue.

But I do think it's tougher to argue for the recycling for growth opportunities than it probably is to argue that the other role that we play, which is earnings protection, and in particular, stability of outcome. Because I think when you're doing very well, you can mask certain underperforming areas a little easier than when you're not. And so, the spotlight comes on every part of your business in a softer market.

And so, for me, I think we are going to go into a stronger place for the market as a whole, because most organisations will be much more concerned about performance across the board.

I think there's a huge opportunity with all of the cash that the Japanese companies are sitting on at the moment. I think they are going to invest, I think there's going to be a lot of M&A activity with them as acquirers. But historically, I don't think they've been very attuned to the legacy market and what it can

do. So, I think there's probably something that all of us on the advisory side can do to really open their eyes much earlier to how the legacy market can support large M&A transactions through, for example, carving out some portfolios that don't fit the buyer's appetite.

I think the legacy market can be incredibly relevant in the M&A world, whether that is pre-deal restructuring, whether that's within the deal, being a partner to the deal, or indeed after the deal has been concluded. But I think at the moment, there is a separation between those advising on these deals and bringing them together, and the legacy market; accessing the legacy market comes quite late in the day and we are not a part of the solution from the outset, as the legacy market probably could be. So, I think we've all got a little bit of work to do to raise the profile of the legacy market in the M&A world and to get to these situations a bit earlier.

It's interesting what you say, Barry, because I think you're right, the legacy discussion is often not a critical piece of business' strategic priorities until there is a problem.

One of the challenges that we face is that although AXA acknowledges and knows proactive legacy management adds value, at the same time focusing on the new business initiatives could add even more value. So why should team's time be spent on legacy, when instead new business initiatives could yield even more value? This is a challenge that would be great if we as an industry, as a market, could come together and build a collective value proposal. At AXA, we quantify how proactive management adds value. Could the industry put together market data to quantify our value add?

In terms of M&A in the legacy space, it's slow. We are not sure if we will see a big increase this year, but we expect it to eventually turn around. Increased M&A in the insurance space will bring along more legacy deals. What we struggle a lot with is the slow execution of deals, on both the seller and the buyer side. We're not able to move these deals forward fast enough, compromise fast enough. This long execution time creates resistance for large carriers to bring more deals to the market.

BARRY GALE

JENNIFER LEJEUNE



LUKE GALLIN

BARRY GALE

ANDY WARD

Regulators should be facilitating these deals, but recent market turmoil has led to deeper and longer regulatory analysis on each deal which also lengthens execution time. Being able to position the importance of legacy from the beginning of setting a business strategy should help.

Building on your point, Jennifer, regarding the legacy market being an end of life cycle solution, I think this is an area we need to work on. It's about the communication - run-off and legacy in general is much broader in terms of what we can do and how we can help organisations to achieve operational, financial and strategic targets. So, for me, legacy or retrospective solutions are rather transformation support in each phase of the life cycle of an organisation, than just offloading reserves at the end.

Jennifer, to your point, a lot depends on when cedents choose to engage with the reinsurance market, their rationale for doing so and the context in which opportunities are presented in relation to their underwriting, capital and reserving strategies. When we think about the pace at which deals can be concluded, there are many different factors to consider. For instance, how long does it take to complete the pre-requisite preparatory work, such as deal structuring, synthetic pricing, capital calculations, data cleansing and internal approvals to proceed? How long does it then take to present an opportunity, complete the appropriate due diligence and finalise equitable commercial and legal terms? And, lastly, for certain transactions, what is the regulatory timeframe pre-completion?

If we put regulation to one side, just for the moment, agreeing transaction economics as efficiently as possible is fundamentally dependent on the work concluded at the early stages of any cedents decision-making process and how, when and why it chooses to engage with the reinsurance market.

When retrospective solutions are used in M&A transactions, it is generally for one of two reasons. Either the parties can't agree on the value of a particular portfolio or the reserves of a particular portfolio as part of the diligence process, or they have submitted a filing to the relevant state regulator, and the regulatory review may lead the parties to consider a retrospective transaction to provide additional capital relief.

This is also where your role as a broker applies. You actually can extend your scope, not just talking to the reinsurance buyer within an organisation, but also more strategically to C-level to understand what's going on within an organisation in the longer term, so that you can pick up these points at an earlier phase in the process and find the right solution.

I have seen legacy deals in the past coming with larger M&A transactions, as there is never a transaction where the buyer and target 100% fit each other. So, there's always something to deal with. I clearly see legacy being an M&A enhancer prior to a deal to prepare the target with a simpler risk/exposure or during a deal to improve transaction commercials for a buyer, not just post.

ZSOLT SZALKAI

JAMES DICKERSON

ANDY ROTHSEID

ZSOLT SZALKAI

LUKE GALLIN

KEVIN GILL

ANDY WARD

NICK CROSSEY

ANDY WARD

**It sounds like there's a lack of awareness and understanding around the benefits of legacy, so perhaps some work is needed to improve the perception of the market?**

There's a lot for us to do at IRLA. One of the positives is that the amount of brokers in the marketplace now will increase that profile. The fact we've got a whole load of brokers out there doing retrospective reinsurance into the legacy space, is going to be super helpful to our marketplace. IRLA certainly wants to and will play a part in promoting the marketplace.

That proactive image of legacy is so important. You have seen, for example, a large insurer preparing for an IPO coming out and saying that a legacy deal was the way to provide a clean slate and that was a key tool on that IPO journey. I think things like that are really, really helpful to the legacy market.

An example is where we initially came and provided an ADC cover to protect the back book of a cedant, enabling it to grow through its next iteration. Subsequently, we turned that cover into a ground-up LPT to meet an evolving range of needs, including taking on some of the claims handling as well. So, the ability to grow with the business and to bed ourselves into these long-term relationships, I think, has certainly been a symptom of what we've increasingly been seeing.

One other note on Jennifer's point for deal execution, I think we'll come up to it and the speed at which these deals are getting done. I sometimes can't help but think that the market shoots itself in the foot a little bit with that. It feels to me like there is a constant search for a gold-plated solution. We're in the insurance and reinsurance world, and there's risk involved in that.



**Kevin Gill –**  
**One of the positives is the amount of brokers in the marketplace now will increase that profile**



Underwriting discipline is really important for many reasons but sometimes I think there can be paralysis by analysis that happens on some of these transactions causing unnecessary delays.

Generally, there is a swap that goes on with the legacy marketplace. So, if you're the CFO of a live insurer, you can swap your reserving risk and your yield risk on your reserves for certainty. That's our marketplace, and that's what we can do with all those risks on the balance sheet. So, there is definitely a capital management tool here that the cedents can access. It comes back to that point about promoting the market and increasing the awareness of the solutions in the market.

#### **Nick highlighted long-term relationships, what are people's thoughts on this and market collaboration in general?**

Building from that, one CFO from a big group who has traded with this marketplace, was thinking about a longer-term relationship and the fact that as you are doing a succession of deals, perhaps even year after year type stuff, do you almost get into a profit-sharing arrangement? So, it doesn't become about a winner or loser, you share together. You can structure things a different way, but there's a sharing mechanism that still gives relief to the cedent.

It's quite difficult to systematically lock into long-term relationships in all cases because the legacy market isn't commoditised in the same way yet, as the prospective market is. However, we should think about how we can move further towards that model. Some market participants, such as in sellers, only need one-off solutions, while others are more ready to get into more of a flow-based relationship, and that might be a question of scale or point in their corporate life cycle, or how diversified they are geographically. There definitely

is more active exploration of these longer-term partnership models. That is absolutely a feature of the



**Nick Crossley –  
There definitely  
is more active  
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these longer-term  
partnership models**

types of deals we're looking at, where in many cases we are exploring how to formalise the way in which we can do some repeat work through a framework based on a recurring flow, for example, by adding additional years into a structure as time goes by.

I think there is room for all models under the sun (one-offs vs. repeat models), but at the very least, to lean into those repeat structures and prove them out over the next few years, I think is something we need to keep actively working on.



When you compare where we were 20+ years ago, where we looked at a portfolio which has been in run-off for 20 or more years, reviewing the reserves, making projections, and that was it. What we see now is much more of young and green businesses, long-tail lines with certain volatility from very recent underwriting years. For the markets, this is challenging but coming more and more. We need to think about how we approach these types of transactions, because it's a totally different type of diligence and pricing compared to how it worked decades ago.



We're dancing around a point, and you have started to raise it, Zsolt. Today, the term "Legacy" may be a misnomer. The legacy market of the 1980s, 1990s consisted, primarily, of reserves from North American asbestos and pollution exposure. Some of today's retrospective markets began as purchasers of these older blocks of liabilities. The sellers were often in run-off, and the owners wanted to end their exposure. More substantial owners of these types of reserves looked to major carriers, most often Berkshire Hathaway, to reinsure these types of exposures through adverse development covers. If you look at an analysis of NAIC Annual Statement note 33 [asbestos and environmental liabilities], you will see that most companies have already traded those risks with reinsurance partners.

Today's retrospective market has a different dynamic. In my opinion, the term "legacy" should be replaced with the "retrospective" marketplace.

While some of the business subject to these types of transactions may be in run-off, most are not. The "sellers" of these risks are looking for capital relief, not simply reserve protection. The products the sellers seek, and that the reinsurers offer, are most often loss portfolio transfers rather than adverse development covers.

The retrospective markets should be building long-term relationships. The buyers of retrospective covers are changing. Most are not the same types of companies that were forced to enter run-off due to adverse development.

Perhaps in time they will see repetitive retrospective products and established retrospective trading relationships similar to what we see with the prospective reinsurers. This will allow for risk sharing and pricing of future retrospective covers predicated upon a formula that takes ongoing loss development into account.



A lot of us have spoken about recurring or renewable features and different structures that we might put in place, with some solutions slightly more advanced than others. What I would say is that, 100%, there is a willingness from cedents to explore this as a capital lever. Supporting this, 100%, there is a desire from reinsurers to allocate capital to this form of transaction. However, what we haven't quite solved for, as a market, is the optimum structure to achieve this at scale. Historically, we've placed some quite small transactions with renewable features, but they haven't been large enough, or public, to enable significant momentum to grow.

And so, what are we going to do as a combined group of people to allay some of the concerns that you raised, Andy? Clients want, expect and deserve reliable partners year on year. How can we bring capital to them in the right way that means that they'll actually say yes, I want to pull the trigger? It isn't necessarily about the size of the deal. It's not about how many hundreds of millions or billions. It's more about those that are strategically important for the cedants and it is those that then build momentum for further transactions.



I completely agree with these points, but I'm not sure whether the sellers and the buyers are both currently 100% ready. But I completely agree that we probably need to move towards a new level of sophistication. So, I think we all agree that the recent bigger transactions all included some more recent years, and there is also more demand for combining some of the structures, so prospective and retrospective combined, to expand the value add of the transaction for the client.

Client needs increasingly go beyond traditional legacy deals, in both complexity and scope, with more emphasis on strategic outcomes than simply transferring reserves.



But I think to connect these dots and not to push the buyers to put all their eggs in one basket, there needs to be a complete mindset and approach change. I don't think we are there yet. So, the big question is, how can we make sure if there is an opportunity or push for an opportunity, that we are leveraging the different strengths and capabilities of the different market participants?



Are you talking specifically about syndicated opportunities, or being more innovative in the structures that can support a renewable transaction?

It's important to combine different aspects and different structuring elements. And then I think, yes, as has been highlighted, it's the risk-sharing approach. So, on the traditional (live/prospective) reinsurance market, every programme basically has different layers and has different shares with different reinsurers, and it's seldom that can be done or that we have considered following the same approach on the retrospective side.

What surprises us is the wide gaps between legacy valuations. If we're moving into an environment where there is more partnering together and collaboration, we want to ensure that a healthy competitive tension remains. Today's large gaps in pricing may indicate we still have further efforts to make before this could happen.

How much does that rely, though, on the portfolio selection? It would seem wholly dependent on what risks you want to include in a deal. Absolutely, in some areas, you're going to see a huge range of risk appetite deviation and related pricing variance from reinsurers wanting to operate in certain spaces or to leverage specific niches. However, there are almost certainly some areas where we should expect a more consistent approach to pricing.

To Jennifer's point, I think some of the partnering and recurring transaction themes we've talked about don't lend themselves to all situations. I agree that you might see a specific portfolio in one territory achieve a certain price range among purchasers, and another portfolio or class of business in another territory with a different price range, and not necessarily the same pecking order of purchasers. So, for as long as very different parts of the business or subsets of a broader portfolio are being presented, you probably are going to get some ranges that reflect different purchaser risk appetite and understanding or experience in that line of business.

Now, the point that some of us are making is a bit different to that scenario. Repeatability is easier to design, where a broader, more diversified portfolio is being tested. In a repeat relationship, you can envisage the same subject business being ceded on a regular basis. So, the portfolio can be quite agnostic as to jurisdiction, ideally having a broad mix of business, a certain scale, and then on a go-forward basis, we are really talking about either ceding the next year cohort or a greater proportion of the same portfolio, which cements the concept of a longer-term relationship.

ANDY  
ROTHSEID

The issue of "partnership" and the assumptions of market participants relates to what is the portfolio business and the structure of the transaction. Assume you are a retrospective reinsurer, and you want to build a relationship with a buyer of these types of covers. Assume the ceding company is looking for a solution for a pro rata book of assumed reinsurance issued in North America from 2016 to 2019. The ceding company may have a perception of the value of that book of business. But for the reinsurer, that book of business may be precarious. Under most structures, the reinsurer underwrites the risk once. As a result, the reinsurer may put a premium on their cover to protect themselves from future loss development. Trades often do not occur due to this potential for a bid-ask mismatch.

If we are working together in a more regular trading relationship, then we can hopefully develop products where you will see repetitive retrospective covers and a predictable premium formula.

ZSOLT  
SZALKAI

On the points around seeing the legacy or retrospective market as a long-term strategic partner, transformation support and not a pure end of life cycle solution, I wanted to add some observations. Different markets have different risk appetites, that's obvious. This risk appetite will drive the pricing, even if you might have the same view on the reserve. But if you look at two balance sheets, in most cases the larger one will have more appetite or, put it differently, will be more prepared to take risk than the smaller balance sheet. And I think this is where syndication can support, what would enable the legacy market in general to grow in a healthier way so that over time, both sides of the market will benefit from actually having a more diversified market. Also on the client side, syndication would help to diversify counterparty risk in the balance sheet.

BARRY  
GALE

One point I want to stress is that we've still got to make sure that we're different. The legacy market began because it became a home for transferring economic risk that other parts of the market couldn't find a way of accepting. I think we do need to be conscious that there will



Barry Gale –  
**One point I want to stress is that we've still got to make sure that we're different**

always be a demand for buying a product to take on those legacy risks in their entirety. The danger for me is that if we end up with one business model, because the two or three that currently exist do allow us, I think, ultimately, to be more relevant to clients.

The market feels more segmented now than it's ever been. There are a bunch of players in the market who are looking at the smaller deals, that's a pretty vibrant space at the moment. There's a lot of those sort of smaller transactions taking place. So, I think people have got their sweet spots. I don't really know if the market itself is crying out for syndication.

It was mentioned before that risk sharing or syndication doesn't always make sense. And yes, considering legal finality deals and acquisitions, it's probably a tough one, but maybe there can still be a bit of a partnership aspect. Something like an acquisition frontier and other markets sitting behind, as an example.

I think something which is always a recurring theme is capital management. And I think there the question is how can we become more of a relevant capital provider to the broader market? And, how can we also make it more recurring? Again, this is about connecting the dots, so can we move perhaps somewhere towards a subscription process where with a large player with an approach to market maybe a year out, where we know there is a big portfolio coming to market, we try to apply a subscription, syndication idea so that we have at least tested it.

BARRY  
GALE

I think the incentives are quite primal. Either a client's got to want to syndicate because they think they're going to get a better answer out of a syndicated solution than they would out of a solution from one reinsurer, or they can't get a solution at all out of the current market structure. Personally, I need to be able to look a client in the eye and say there is a syndicated solution available where I am confident that it can be executed and will generate a better outcome than the alternative. I feel like there is more that can be done, by the broking and legacy reinsurer communities, to de-risk what syndication and collaboration might look like for a client, and buyers need to be able to show that they can work together a bit more effectively when the circumstances require it.

I've been in this market for many, many years, and I'd love us to collaborate more; I think focusing on the principles and solutions that are common to this community and looking to raise the profile of the legacy market within the wider market from those foundations is a better way to go than focusing on the differences between us all.

I don't think the buy-side market needs syndication yet. If it comes, they'll ask for it; it'd be obvious. But until that comes, we don't need to fix it. We can collaborate, though, by actually doing our jobs well and being successful. If we are all successful, the market collaborates by providing a really good product to



its client base. Brokers helping with designing the right products, being nimble, that's collaboration; being successful and sustainable.

In terms of flexing collaborative muscles, and thinking about the regulatory landscape, and whether there is more that can be done in terms of common asks that go beyond these fora for collaboration and discussion. But rather make a broader representation in terms of policy making or things that could actually create the architectures that might support better deal flow or greater engagement with regulators and eventually clients.

We've talked a lot about collaboration and syndication as well as some of the practical challenges that would need to be overcome in the context of placing cover. However, a lot of collaboration actually exists already with events like this roundtable, associations like IRLA or AIRROC and the PwC market study, where, actually, a varied group of stakeholders from the industry do come together. The outputs don't always have to be fully aligned; we know there'll be alternative views after all. But these events summarise different opinions from across the market to portray a diverse view that I hope resonates with our client base more broadly than conversations that we might all have individually on a daily basis. Isn't that the catalyst to broaden participation? Providing the opportunity for more cedents to be involved [in these types of event], more clients thinking about how retrospective and legacy solutions might benefit them, more clients trusting the solutions.

IRLA is very happy to promote the broader marketplace. If you've collectively got ideas, bring them to us. We want to know how we can use the association to help the market.

### What are some of the key factors that contribute to successful legacy deals?

Let's take a step back and ask the question: What is a successful deal? It is a deal where a buyer and a seller agree on the price for a portfolio, taking into account asymmetric information. This is not a specific challenge in legacy or retrospective solutions – it also exists in prospective insurance and reinsurance. But there are solutions to deal with it.

First, there must be clear and open communication, a sound due diligence process, as well as a certain level of trust. If the buyer and the seller do not trust each other, you may need an intermediary who helps to establish trust. These are potential ways to mitigate the problems of asymmetric information.

Second, reputation often plays a key role. If a company has built a certain reputation over time (e.g. by being a serial player in the market), it has something to lose when not behaving fairly. This concept is a well-known solution in finance.

Third, the alignment of interest (e.g. via flexibility in the deal structuring and risk sharing) may also help. If transaction parties cannot agree on a price at the moment when a deal happens, they may agree on a solution where some risk is shared over time. Similar solutions exist in prospective (re)insurance and help mitigating the issues of asymmetric information.

Fourth, the financial strength, and the potential rating of a legacy carrier, may also play a supportive role and send a signal to the other party, underpinning its commitment.

And then, last but not least, a competitive market is important for successful legacy transactions. If there is just one buyer, and pricing is not attractive, a deal is unlikely to happen.



I agree with what's been said in terms of managing through asymmetric information and the role of the intermediaries. We're encouraged by the fact that there has been a lot of investment in the intermediary sector, with more teams to really go out there and educate counterparties on what to expect from a transaction.

The alignment of stakeholders and the cedant before a deal comes to market is critical, including process expectations, pricing expectations, and the level of data and data quality needed to support a successful transaction. All of that is absolutely essential to getting a deal over the line successfully.



I will mention execution again. But apart from that, a strong team is important on both sides of the deal to stay focused & motivated.

One aspect that is generally quite good is the flexibility amongst the teams. Every deal hits roadblocks and challenges, and innovation and problem-solving skills are paramount to closing deals. We would be happy for the market to continue to simplify deal structure and think about how the regulator could act more as a facilitator in the deal.



Georg Rindermann –  
A competitive  
market is important  
for successful  
legacy transactions



From our perspective, the most important question is the value creation. It comes down to the question, what is the target of the client, and how the deal should create value with our support. Ultimately, there are different ways how you can get there. But I think if there is no alignment of understanding with the client what they want to achieve, it's very hard to make anything happen.

All of these points around data quality, alignment of stakeholders and talking to regulators on time, that's all very important, but I think a common understanding of value creation is a very important starting point.

Then, transparent communication is the other one, which is pretty much combined with the definition of the value creation and the target to be achieved.

We come back again to the point that it's all about long-term relationship, because the pricing will also be considering if it's a one-off deal, and you, as the one providing a solution, have the impression that something should just be dumped to the market. Or you have a long-term relationship where you understand how the client underwrites; you know the business and how it works. We can build on this collaborative approach much more.

Another consideration is the courage to speak openly throughout a deal. We will always be very clear and honest with cedants if we just don't see a way through on a transaction as presented to us. That gives the opportunity to apply a bit of creativity, if parties are willing to explore alternatives to getting a deal done. It's always best to start with the intention of a fairly vanilla structure, but if coming across any roadblocks, to then be prepared to invest in a bit of creativity to get the deal over the line.

#### **What about common barriers to deal execution? How can the market collectively address them? And what hurdles and opportunities do regulatory shifts present?**

Looking at it from a regulatory point of view, a few people have mentioned it, and Jennifer in particular, the sluggishness of regulatory approvals. And when you have such a sophisticated market, so much work being done to actually get the deals across the line, to have it slowed down at the last moment is nothing if not frustrating. And I think over the last 12 months, what we've seen is, in fact, more regulatory hurdles being put into place. And there are reasons for that, or there are assumed reasons for that, given certain failures. But there's also, I think, some regulatory opportunities.

An interesting point also to be made around the regulatory hurdles is that for the smaller transactions, or for the mid-sized transactions, what I've heard is that it's even harder, even more sluggish, it's even more difficult for that part of the market to get things across the line because they don't command the same regulatory attention. And so, I think something that comes out of that reflection

is perhaps there's something to be done to move the market forward as a whole, to help regulators understand the value of the market more generally, and that will benefit both the large players as well as those at the mid and smaller end of the transaction spectrum.

One of the issues I think regulators have been very conscious of is the question of capital base and the financial stability of acquirers. There's a lot more scrutiny in Europe we're seeing around that and assumed to be on the basis of private equity backing, and hesitations in the regulatory sphere around actually, whether private equity will be able to support adverse development in the longer term.

The other changes we've seen are at Lloyd's, so we now have the requirement to wait until the book develops more and integrates instead of the release of profit on day one.

And also now, of course, Lloyd's will have what it calls oversight enhancements, so requiring from January 1st this year, some pre-approval processes to be put into place, and there's a form that needs to be filled out. Apparently, according to Lloyd's, it's not going to create additional hurdles, as it's all the information that would be going to the board anyway. But I think everyone understands that an extra hurdle, extra scrutiny, extra attention to the financials and to what is actually underpinning a deal, and going into pricing, is adding another layer of complexity, and ultimately will add more complexity to the speed of transactions and the ability to get them across the line.

I'd like to also mention not just the challenges, but also potential opportunity, because some of the things we've talked about today in terms of data quality, speed and execution, and engagement of stakeholders has also been mentioned



**Wynne Lawrence –  
It is interesting  
to think about  
regulatory structures  
as potential  
improvers of  
opportunities for the  
legacy market**

as well. It's really interesting to look at the PRA supervisory statement 11/24, which comes into effect in June 2026 in that context, because actually the whole concept of solvent exit planning may actually achieve, at least in the UK, some of that ongoing engagement with the legacy or retrospective market that is desired, because you may find that there is more engagement with stakeholders on an ongoing basis that those who are considering or those who are subject to solvent exit planning need to have a greater engagement on an ongoing basis. Looking at areas for improvement of their business, looking at saleability, transferability, and feeding into potentially an ongoing relationship. That obviously remains to be seen, but I think it is interesting to think about regulatory structures as potential improvers of opportunities for the legacy market, and how potentially those around the table can engage better with regulators to change the balance, perhaps, and shift it away from hurdles to opportunities.



ANDY WARD

On the solvent exit planning, when I first read that, I thought this is great and should be a catalyst for the market. I really don't know if it will make a big difference. From personal experience, we've had one fairly big client come to us and say, how do I address this properly? I'd like to think it's going to make a difference and hope that, as insurers consider this, it makes them think about books that may not be core or may make sense to divest, but I'm not sure it will.

And just on the Lloyd's point as well, I think that's a real positive, actually, that they're saying, yes, legacy is going to be part of this market for a long time. We want it to work properly. We want good deals to be done. So, let's put some rules around it. I think that's okay.



KEVIN GILL

From an IRLA perspective, with the solvent exit analysis that needs to be done, I think it is a great opportunity to profile what this market does. From an IRLA perspective, I will see what we can do in the back half of this year to profile this market with respect to that, because it's a great opportunity to get it on the radar screen for those who are unaware in this marketplace.



WYNNE LAWRENCE

It is interesting, though, when you look at the supervisory statement itself, what it describes as risk and barriers for those who are going through the process identifying risks and barriers. All of those could potentially be opportunities for this market when you're going through and looking at actually tidying up, understanding what reinsurance structures are available, whether policy holders can be identified. Some of those things that can slow down the regulatory approval process, in due course, can be dealt with, if possible, through this ongoing regulatory process.



NICK CROSSLEY

I think enhanced oversight over legacy transactions is a positive development. Lloyd's consulted with the industry, and we did welcome this change because it sets the bar higher, and in fact, we felt that we were already there anyway.

Separately, for European regulators, I think there probably is a role for our market to go on a campaign to educate them, particularly where they haven't

dealt (much) with legacy or need to get over a perception barrier, to make sure they can fully understand the wider breadth of retrospective reinsurance solutions which our market can offer.

And then, more broadly, looking at another regulatory jurisdiction: in Bermuda, the BMA has a very tried and tested route, with a high bar for approving transactions. So generally, I think high regulatory scrutiny is welcome to ensure that there is resilience across the sector.



GEORG RINDERMANN



ANDY ROTHSEID



LUKE GALLIN



KEVIN GILL



NICK CROSSLEY



ANDY ROTHSEID

The regulator (in Germany) appears to have taken a more cautious stance recently when approving portfolio transfers. It is probably for the good, but may slow down transfer approval processes, thus creating some execution risk.

This is an exceptionally commercial environment for these types of transactions. There is a real partnership in many respects between and among the buyers, sellers, and regulators that, does not always exist everywhere, but regulatory communication has to be open, candid, and managed appropriately.

**Wynne noted additional complexity to the speed of transactions from a regulatory standpoint, but I'd be interested to hear people's thoughts on the topic of speed more broadly.**

Many times, when you do a sell-side transaction and the client goes on a voyage of discovery about what you're selling. They find something they didn't know they had, and it slows everything. But until you're ready, you shouldn't launch it to the marketplace else there is a real risk that it will just unravel.

There's a lot to be said about speed of execution on the buy side as well. We need to churn through tons of data, actuarial data, claims data and so on. We've got a bar that we want to meet, and we're generally not going to compromise too much on what we need to underwrite a transaction. Technology and AI have a role to play in helping us work through these data sets much faster. That can probably, in time, make the overall transaction process a bit more frictionless.

There are two polar opposites of tension that exist in the marketplace. It has been pointed out that it takes time to take a transaction to market. And there are often times when perhaps if a client looked at another portfolio in addition to what they had already put in their submission, that that might be a more attractive proposition for the retrospective reinsurer.

As an intermediary, we have experienced both of those dynamics. The difficulty comes from the seller's perspective. They have gone through a six, eight, 10-month process of analysing data and producing the portfolio of subject business only to hear from the intermediary that the reinsurers want a broader mix of risk. This results in deal frustration and uncertainty.

BARRY  
GALE

So, there is a balance that has to be struck. We need to manage the expectations of the parties to do the right deal with the right data, to make sure that it's attractive to the marketplace, and for the market to say, well, this is the transaction that's in front of us, and this is what we have to quote on.

I think the piece about speed is really interesting. Once the broking community got heavily involved in legacy deals, I think there was an expectation that deals would be executed more quickly, as they are in the prospective world. Now, however, I think there is a growing realisation again that we are much more likely to get deals done if we put the effort in up front to prepare properly for the deal phase than if we go quickly out to market. The level of information required to get some confidence around price discovery is a lot more in a legacy transaction than it will be in many prospective deals, so if you haven't done a reasonable amount of work up front to prepare and share that information, then actually, what's the value of that early price discovery?

So, for me, there's definitely some things we should do, all of us, to look to shorten the process, and reduce the time it takes to perform certain tasks within the deal. But I don't think it's speed at all costs, because preparation is really significant.

**Before Janic summarises what's been a really insightful and thought-provoking discussion, are there any other areas the industry should align on to collectively support market growth?**

We've covered a lot of topics, but one we haven't talked about is talent. We often see much of the talent that we home grow, leave and go to the live business. Why is that? We hear they like the idea of new business being more dynamic, technology/AI being better.

To retain talent, we need to focus on education. We need to think about how the veterans in the industry pass on knowledge and know-how and do we do



Jennifer Lejeune –  
To retain talent,  
we need to focus  
on education

it enough? Mentorships can help encourage young talent to remain excited and interested, because our industry is great, challenging, rewarding and fun, I love it.

GEORG  
RINDERMANNANDY  
ROTHSEIDKEVIN  
GILLJANIC  
SCHILLING

It is sometimes difficult to attract talent in legacy. This might be due to missing information about how attractive the work can be. Sometimes people do not know much about the legacy market.

The huge problem that you have raised Jennifer, is endemic in the insurance industry, full stop. And legacy is a microcosm of it. IRLA goes out of its way to bring younger professionals into the organisation through educational and social activities. I think that it is also incumbent upon us and our colleagues to identify individuals within our organisations and other organisations to mentor, to explain to them what we do, why we do it, how we do it, where we have gone in our careers, where we see the opportunities for them to grow and expand in the process.

If we are successful with what we do, this market could double quite easily. We will need more capital. So, I think there's a flip of the lens back to the investor community about how we all support this industry going forward as well. But this could grow quite quickly.

We all agree that we want to provide and generate value for our clients, but do they actually see the full value the legacy market could deliver? This highlights a clear perception gap, and it's where we, as a market, still have work to do. Whether it's attracting new talent, raising awareness more broadly, or better understanding and addressing client needs, our ability to provide real strategic value depends on closing these gaps.

Part of that comes down to consistent delivery, meaningful solutions and continuing to foster and open, transparent dialogue - these are key to unlocking the full potential of this space.



## Legacy is a long-term business with relationships that go beyond reserves: Swiss Re's Schilling & Schäfli

**Global reinsurance giant Swiss Re views legacy as a long-term business built on trusted relationships, and while positive steps have been taken to improve the resilience and perception of the market, there's more work to do, according to Janic Schilling, Head Legacy Origination and Andreas Schäfli, Head of P&C Legacy, Swiss Re.**

In an interview with Reinsurance News, Schilling and Schäfli discussed the resilience of the legacy space, headwinds and growth potential, and how players like Swiss Re can raise their profile and boost awareness of the legacy solutions they provide.

To start, the pair explained that Swiss Re views "legacy as a long-term business and part of our holistic reinsurance offering – so it's not about just the single transaction."

"Our goal isn't to build a portfolio of reserves, but to help our clients manage risk, release capital, reduce operational complexity or solve specific challenges that can only be addressed through tailor-made solutions," said Schilling.



"We do this by building trusted relationships. These relationships go beyond reserves; they're about collaborating on complex, highly strategic projects that enable both parties to achieve their business goals," added Schäfli.

Expanding on this, Schilling and Schäfli told Reinsurance News that while the reinsurer can offer a very broad range of standard legacy solutions to its clients, the firm typically excels in situations where a large degree of innovation or a unique feature is required, or where the lines are blurred between prospective reinsurance and legacy transactions.

"For example: combined prospective and retrospective reinsurance cover. We can fully leverage our global footprint and the breadth and depth of our capabilities – ranging from underwriting across various lines of business to managing a wide spectrum of claims," said Schilling.

Among the challenges facing the legacy market is perception and awareness. Considering this, we questioned Schilling and Schäfli on what legacy acquirers such as Swiss Re can do to raise their profile.

"We're both an active global reinsurer and an active legacy buyer. So, for us a legacy transaction is an important extension of the process of transferring risks through reinsurance – and that is something we do with clients on a day-to-day basis," said Schäfli.

"At a much broader level, we work with our clients to better understand their strategies so that we can adjust our offering to them, whatever these might be. Often, clients may have a certain challenge and might not have recognised that this challenge could be solved with a legacy transaction. Often there are perceived hurdles in a "standard" legacy transaction, which create hesitance in bringing a book to market. We've found that the best way to overcome hesitancy is to work through the challenges on a deal-by-deal basis, listening to our clients and identifying the right tweaks and let the end result be the biggest advocate for itself," he added.

Expanding on this, Schilling said: "In the end, it's all about staying close to clients and designing tailor-made solutions that address their needs, independent of whether it's a quota-share, a CAT modelling tool, a FAC certificate or a legacy transaction."

"That's why it's important to help stakeholders to recognise the value of the broad spectrum of legacy solutions and view a transaction as a positive step in proactively managing both past and future business. To truly showcase that long-term value, all stakeholders need peace of mind, until the very last claim has been settled."

While improving, the perception of the legacy market, and the fact some carriers are simply unaware of the true benefits, is a challenge for the space and inhibits the legacy sector operating at its full potential.

According to Schilling and Schäfli, there are effectively two levels of hesitance that the legacy, or run-off market needs to collectively address to see more viable and high-quality opportunities come to market.

"Firstly, selling a book in run-off or purchasing reinsurance should be seen more positively by our clients' investors. While we have come a long way in this regard, there are still markets where executing such a transaction relates to a sign of failure or a "broken promise".

"Secondly, we need to continue to do more as a market in terms of underwriting and cost discipline," they explained.

Within legacy, resilience of the market is often debated and notably how this is improved and why it's so important.

In Schilling and Schäfli's opinion, "the resilience of the run-off market is all about the resilience of our clients – either directly through their retrospective reinsurance agreements, or indirectly through the reputational impact after a book is sold."

"We are in the business of paying claims and that is our most important obligation. The better we can demonstrate that this market lives up to this promise, the more business we will see," they continued.

Concluding: "Each buyer needs to answer for themselves if they are doing enough, but I do see some encouraging signals with topics such as balance sheet resilience of market participants, more investments in due diligence capabilities, higher underwriting discipline and leaner operating models all being discussed more broadly and openly in the market.

"Additionally, fostering more thought leadership exchanges – like the one we recently held in Brighton – drives innovation by challenging the status quo and encouraging an open discussion about whether the market is truly doing its best to meet the broader industry's needs."

Janic Schilling –  
**In the end, it's all about staying close to clients and designing tailor-made solutions**



**Thank you to Swiss Re for supporting our first Legacy Market Roundtable. We also want to thank all the participants for bringing such thoughtful insights and making the discussion truly engaging. We appreciate your time and contributions.**

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