



Reinsurance News

Reinsurance News Legacy Market Roundtable Bermuda



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FOREWORD

Welcome to the inaugural Reinsurance News Bermuda Legacy Market Roundtable, held in partnership with RiverStone International, one of the world's leading providers of legacy solutions, on November 6th in Hamilton, Bermuda.

The session brought together nine industry leaders and experts from across the space to reflect on the current state of the legacy market and consider its path forward. What emerged from the discussion was that although 2025 has been a quieter year, there's a clear sense that the market has entered a new phase of maturity and strategic purpose.

The group noted that even with reduced headline activity, the level of sophistication, planning, and strategic intent behind transactions continues to deepen, pointing to a sector that is steadily consolidating its role within the broader insurance ecosystem.

Participants agreed that the legacy market is in a completely different place from where it was a decade ago, highlighting the improved perception of the sector, aided by stronger relationships, the collaborative efforts of IRLA and AIRROC, and, importantly, Bermuda's supportive and open regulatory environment.

The group identified M&A as a big opportunity for the run-off world, while emphasising the need for deal sizes across the full spectrum. Shifts in cedent motivations were also debated on the day, as was the evolution of structures, repeatability, syndication, and the shift in the investor base to private equity.

On the following pages, legacy market experts also delve into the growing prevalence of brokers in the space, discuss landmark transactions which have helped push the market forward, as well as the need and efforts to attract talent, and the potential role of advanced technology in a market that now shows much greater connectivity with the live market.

Luke Gallin
*Production Editor,
Reinsurance News*

 **Reinsurance News**


TOP ROW (left to right):

- Jamie Saunders – RiverStone International
- Thuan Ho – Compre
- Jane Newton – Xitus Insurance
- Luke Gallin – Reinsurance News
- Nick Miles – Kennedys
- Steve Ryland – Acrisure Re

BOTTOM ROW (left to right):

- Adam Horridge – Teneo
- Dan Sanford – Enstar
- Damian Cooper – PwC
- Steve Wallace – Aon Reinsurance Solutions



PARTICIPANT INDEX

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

Jamie Saunders, Chief Underwriting Officer, **RiverStone International**

Dan Sanford, M&A Managing Director, **Enstar**

Adam Horridge, Director, **Teneo**

Steve Ryland, MD & Global Head of Retrospective Solutions, **Acrisure Re**

Steve Wallace, Managing Director, Capital Advisory, **Aon Reinsurance Solutions**

Jane Newton, Chief Financial Officer, **Xitus Insurance**

Nick Miles, Partner, **Kennedys**

Damian Cooper, Insurance Partner, **PwC**

Thuan Ho, Head of Actuarial M&A, **Compre**



Let's start with where the legacy market is today and what has worked well for the space in recent times. Jamie, could you kick things off?

It has been a quieter year overall, but the past 12 months have still seen several larger transactions come to market. The presence of multiple, repeat large transactions has been positive for the industry, and these have often involved diverse books of business.

We completed a large transaction towards the end of 2024, and Enstar completed one at the start of 2025. We do not see that trend changing. While some surveys suggest a quieter period, significant ADCs have still been announced, and overall activity remains constructive.

It has definitely been a quieter year in terms of completed deals, but there has still been activity and we have reviewed a similar number of opportunities to previous years. PwC are also somewhat beholden to the deals that are announced, and I think there's an increasing trend for deals to be kept behind closed doors.

But outside of the numbers, what the market is doing well now is we're offering a broader range of solutions to different counterparties. We're reacting well to the different motivations and needs that these sellers have. A lot of that's been driven by the broker community. The brokers we have in the market now are coming from more of a structured reinsurance background, and embracing that toolkit has enabled deals to get done that potentially wouldn't have been historically.

The awareness and connection with the live market has improved. That doesn't mean it's where it needs to be, but directionally it's an improvement, and driven by a few things, including the broker connection. Even on the acquiring side, there are live organisations who also acquire legacy. And of course, on the sell side, there are repeat sellers in the market who we all know, but we always see a few new ones every year, and I think that's helped.

Many insurance entities are making a lot of money through higher returns during a hard market. So, when US carriers, Lloyd's syndicates and others have higher than average profitability, I think they're quite content with performance. Due to general high levels of profitability, the level of retrospective transactions in the market has slowed.

The transition from adverse reserve development to capital management has been clear. A lot of conversations about capital is positive. I also think the retrospective markets establishing ratings is a big change. Enstar being rated, Marco being rated, who would have said that five, 10 years ago? That's a big improvement in credibility for the space. And then, the underwriting of greener years is a positive improvement from the markets.



On the challenges side, this word legacy is still tricky, particularly in the US. The amount of conversations I have with CFOs and CEOs that only think I'm talking to them because they've got a problem, so it's a short conversation. So, we still have to get over that in terms of how we can maximise return of equity. There's a lot of work to be done still with that wonderful word legacy.



JAMIE SAUNDERS

The market has matured significantly. Compared with 10 years ago, transactions are now more structured and strategic. They are capital solutions rather than last-minute actions.

Legacy is cyclical, and we have been through cycles before. Although it is a hard market for live business at the moment, it will soften, which opens up opportunities. M&A activity across the insurance and reinsurance sectors will also continue to create opportunities.



STEVE WALLACE

True legacy deals are motivated by M&A, change in management, exit from a business segment or line of business, and the volume of those occurrences have been lower in recent years. We're all hopeful M&A is picking up and we've already seen signs of that, which will lead to more opportunities in this marketplace. But if you put legacy solutions to the side and consider retrospective solutions for ongoing business to provide capital relief and/or earnings protection, I think there is an opportunity to be more competitive with capital alternatives, including debt and prospective reinsurance.

The good news for this marketplace is many cedents are retaining a significant amount of longer tail exposures on their balance sheets, due to limited reinsurance market appetite to provide aggregate protections in recent years.



Jamie Saunders –
The market has
matured significantly



Steve Wallace –
I certainly think M&A
is going to be a huge
opportunity



JANE NEWTON

So, I certainly think M&A is going to be a huge opportunity, but also the fact that companies have limited aggregate protections on longer tail exposures, and may want to purchase coverage retrospectively, if rates have lowered with the benefit of time.

Speaking from the smaller size of the market, in the last 12 months, we've seen more smaller deals compared to the previous 12 months. However, this could be a result of us getting better known in the market, attending conferences, and building relationships with brokers and even our competitors, rather than increased market activity.

What has worked for us is forming good relationships in the market, even with our competitors in the small space. Sometimes you get an opportunity that has the potential to be a bigger/more complex deal, or the initial request from the cedent or the client does not give the full picture of what they're trying to achieve. In such cases, you might be able to provide a complete solution by collaborating with another provider.

We've found that what has helped us is keeping an open mind, looking at creative solutions to achieve the results the cedent needs.



STEVE RYLAND

I think you've filled a gap in the market. There was a shortage of people working on smaller transactions which still add large amounts of value to the space.



JANE NEWTON

Exactly, although there are competitors in the smaller market, even on the same floor of our building! However, we have found it valuable to build good relationships as this can lead to opportunities to work together to provide solutions. Building relationships in this space also helps to build the overall reputation of the legacy market. We have found that generally, people are willing to work together, and it's not a cutthroat environment.



The market is in a completely different place than it was 10 years ago. In terms of the level of competition, there's much fewer players now, and each player is specialising in different areas, and defining their appetite closely. That's really important.

The transaction that Jamie was referring to earlier was a book of business that came to market that was effectively split between two carriers depending on risk appetite and pricing. Sometimes you get one line of business that is a blocker to executing a deal; however, in this instance, the cedent and the broker did a very good job in navigating the transaction to reach a place where they were able to transact on their desired scope - and ultimately, they had two happy reinsurers.

The market has clearly evolved in a positive direction; to what extent would you attribute this to Bermuda's regulatory environment?

One of the most significant things about Bermuda is the regulator itself and its approach to regulation and supervision. The BMA has always been very good at supporting responsible innovation.

Looking back far enough to the early days when the legacy market was developing in Bermuda, as they always do, they look at something new, they identify what the risks are, they devise some supervisory techniques that allow them to monitor and mitigate the risks. For run-off entities, they developed pre-approval of transactions as a condition of registration. The regulator has worked collaboratively with the industry.

One of the more significant developments in Bermuda, not just on the part of the regulator, but on the part of the industry, is the formation of Bermuda's IRLA chapter. That was the first time we became an industry with its own distinctive representative body that the regulator could communicate with. There's been quite a successful track record, and it was happening before that, but it's been increased since the formation of IRLA in Bermuda as a regulator, giving an opportunity for pre-consultation discussions with the industry on new regulatory developments that we have in mind.

The other thing that supported the Bermuda legacy space, on the smaller transactions in the earlier stages, is the corporate procedures that we have. We have corporate merger and amalgamation procedures. Without having to go through, for example, a Part VII transfer as you would in the UK. If you want to transfer all the liabilities of one company into another, and have a genuine consolidation into one vehicle, you can do that through a streamlined procedure of merger and amalgamation.

So, it's that very sophisticated and collaborative approach on the part of the regulator, coupled with some of the corporate legal techniques, that have been supportive of the market.



Over the last 10 years, the upskilling within the regulator, across the board, has impacted the legacy sector. As more legacy players moved into the Bermuda market, the BMA, in combination with their broader hiring strategy, engaged with the legacy sector as a collective group, allowing them to build a much deeper knowledge of the sector's specific risks and needs, and how they are impacted by the BMA's regulations. Recognising and regulating the legacy sector in a way that is distinct from the primary P&C sector has been very beneficial.



Looking at challenges, it was mentioned that in the US particularly, the word legacy can be a hindrance, but what do people think about the perception of the broader market?



Perception has improved markedly. Large, well-rated insurers and reinsurers now engage with the legacy market as part of their strategic planning, even though they have alternative options.

There is still a need for further education in some jurisdictions, including Europe. Solvency II was expected to broaden the market, but adoption has been slow. It is important that we continue to explain the tools available and reinforce that legacy is not a negative outcome but a reinsurance solution that supports growth.



There's 7,000 US carriers; it's such a big market. I had a conversation with someone on the West Coast, a shareholder of a private company, very proud of what they've achieved and set up. The fact that I was coming to them and possibly emphasising a problem was an issue. The irony was, they have had a reserve development problem. And that whole thing repeats itself. The CFO loved it and absolutely got it, but couldn't get through the shareholder. So, that is a real issue.



The legacy market can be defined quite broadly. And the fact is, it does cater to distressed companies, and it does also act as a very proactive capital management tool. We lump it all in the category of legacy. So, it probably depends on who you're asking.



If you break down the 7,000 companies that you mentioned into segments, and look at public companies that reported net adverse development in earnings, CEOs and CFOs are almost always asked on their earnings call if they have considered an adverse development cover. So, they get it and we have seen stock prices generally react positively after announcing an LPT/ADC as it provides greater certainty to investors, allowing the company to trade forward.

Where you see less of it, though, is with the mutuals in the US, largely due to concerns that they will have to relinquish control over the claims handling process.



**Dan Sanford –
The US is such a
large market and
remains a sleeping
giant for legacy**

But in recent years, the reinsurance markets have been open for cedents to retain claims handling control when cedents demonstrate strong and transparent claims handling processes. The willingness to do that has been extremely helpful.

The US is such a large market and remains a sleeping giant for legacy opportunities. Legacy came out of the UK, and most of the leading carriers still have very large bases there. But when it comes to legacy brokers and senior executives at legacy carriers, the US is not particularly concentrated relative to the size of the opportunity. So, getting adequate coverage on that is a journey. However, the brokers are focused and are growing their teams, so I think all of us sitting around the table would say that the US regional and national carriers represent the biggest opportunity going forward.

What about some of the landmark legacy transactions, how have certain counterparties or deals helped to push the market forward?

AXIS is a repeat counterparty. RiverStone International completed a transaction with them in 2022, and these types of repeat engagements help demonstrate the value legacy solutions provide. When companies set out the benefits clearly to shareholders, it helps the wider market better understand the role of legacy.

There's been five big transactions, real game changers. The AXIS deal was very significant. The QBE transaction was great as well, and the sharing, cooperation between Enstar and RiverStone. The AIG transaction with Validus is also a game changer for linking with M&A. More recently, the Everest Longtail Re ADC transaction, heavily about casualty and reinsurance protection, helped to reinforce retrospective transactions as an effective commodity.



And then Enstar's foray into forward exit options and the link into the ILS markets. All of those things are really great news for this space in '25.

Let's move on to discuss market appetite, starting with shifts in cedent motivations, what are people seeing there?

We have recently seen an increased interest from clients who see the benefit of us taking a look at their prospective book alongside their retrospective reserves to provide an aggregate capital relief mechanism. For us, this makes a lot of sense as we have already gained comfort with pricing for the more recent underwriting years, and we therefore see it as a natural progression for us to take a view on the loss ratio pick for the following underwriting year.

The market has obviously developed to address more capital management motivations, although I did already see this when I started in the industry over 12 years ago, mainly through reinsurance, which is essentially a private transaction. So, whilst the use of reinsurance structures has increased, there's also more disclosure around it.

But even beyond just pure capital management, I've seen a few instances regarding motivations with carriers using phrases like "strategic partnership", that go beyond a one-off transaction to more of a need for a consultative legacy partner. The transactional aspect of this market is obviously very important, but it is just one tool in the toolkit. There are other internal run-off solutions, which should be explored and considered alongside an external transaction, in my opinion.

Partnership is crucial. We have completed multiple transactions with repeat counterparties, and that continuity strengthens integration and overall efficiency.

Completion of a transaction is not the end of the relationship. It continues throughout the life of the liabilities. This longer-term partnership approach has been an important shift in recent years.

There's been an important shift in how the primary P&C sector views the legacy industry. In the past, there have been a number of transactions that were viewed as one-offs with little thought to the ongoing relationship or future transactions. I think that viewpoint may not have created the best behaviours in terms of those buyer-seller relationships. Once you shift those relationships to a partnership model, it creates a better long-term solution for the industry as a whole.

That need or want to have a deep market of legacy players in the market and to be able to see the value, not just in this transaction, but in five to 10 transactions being executed over a period of time, I think has been a helpful dynamic for the industry.





Leaving claims with a carrier has been a big shift. The fact that it's been done multiple times now gives confidence to their brand, their reputation.



If you look at how many billions of dollars are spent on prospective reinsurance, the motivations there are volatility cover and capital relief, both of which are provided by the legacy market. It's never going to be quite the level playing field, but cedents should weigh the benefit of prospective versus retrospective cover in terms of capital and volatility. That's the next evolution, I think, for us, and it's going to take education. There's a huge amount of resources in the reinsurance buying teams across the sector, and getting them up to speed on what retrospective deals can do, could really open the floodgates for retrospective reinsurance to become ordinary course.



One area we need to work on as a market is to transact quicker. At the moment, it is taking too long to get deals done. It's more like a mergers and acquisitions process and does take time, whereas a prospective deal may take less than a couple of months to put together. Working to bridge that gap is going to be very helpful in facilitating more deals.



And what about deal sizes, is there still an opportunity across all categories?

From our perspective, we're obviously only looking at the smaller end of the market, we've seen quite a number of deals with varying sizes, different deal structures, many lines of business and jurisdictions. Similarly, as reported by PwC, there are also medium-sized and huge deals being completed. This proves that there is certainly room for players at each level of the market and this is likely to continue. It is a growing market and there will always be deals of various sizes from small to very large.



Jane Newton –
There is certainly room for players at each level of the market



Small deals can lead to big deals once you establish a relationship and prove the concept with the carrier.



It is important for the market to have transactions across the full spectrum. Having gaps in the pipeline is not ideal for the market as a whole.



What are people's thoughts on the evolution of transaction structures and what this means for the market?



The most common structures remain LPTs and RITCs for Lloyd's. But a combination of LPTs, ADCs, structured solutions, special purpose vehicles, ILS-linked structures, forward exit options, and revolving LPTs. It will be interesting to see what actually happens over the coming years.



I'd love to get a revolving one away. You have a facility, you set your limit, say 140% limit to the reserves, you have your legals set, and then you add the next underwriting year in, and the next year. As you add in the new underwriting years you maintain the same ratio of limit to reserves. It almost links in with the previous comment on prospective, because some of the sensitivity in the broker world is the challenge that if you do these it could take away some of the benefit of the prospective quota shares.



It comes down to partnership. The first transaction with a counterparty is usually the hardest. Once there is familiarity and trust, repeat business becomes more efficient, and structures can evolve naturally over time. There is certainly potential for continued development.



There is an opportunity to develop a more competitively priced ADC solution compared to the cost of capital alternatives. The capital benefits of an ADC can be significant, even when structured to attach above a retention, which is one of several levers that can be pulled to balance the cost of capital.



With ADCs, claims management only changes when the layer begins to pay. That represents a shift, because many legacy businesses evolved from claims management platforms. Ensuring payment patterns and investment duration are aligned is an important consideration in obtaining the full value of the structure.



The reserve transfer option is a helpful solution at a time when we are supporting many capital providers in considering investments in casualty sidecars.



And I think Compre and Premia thinking about prospective, makes a lot of sense. Longtail Re is seeing success in doing both by building relationships on the prospective side, which is leading to retrospective opportunities.



In terms of FEOs where legacy carriers are being asked to be the exit provider on future underwriting years, these types of structures have been explored in recent years but have gained significant traction this year. FEOs are a great example of where a cedent or investor motivation, such as to provide certainty in the future for the release of capital, has led to innovation in the legacy market. There are a unique set of challenges and capital-related considerations due to the nature of these transactions, including a heightened level of macroeconomic risk, as these transactions may not execute for another three to six years when we could be in a completely different interest rate and inflationary environment. These additional risks, compared to transactions that go on risk today, need to be mitigated or priced in today.

Also, the rating is great to see, because on most casualty prospective reinsurance placements, cedents prefer and many require to trade with an A rated market. So, it is really helpful to open up more opportunities.

Relationships, partnerships, and collaboration have all been highlighted briefly, but it would be great to delve deeper into these topics, perhaps starting with syndication. So, is it possible? Is it even wanted by the market?



Syndication can be a useful capacity tool for the right opportunity. Over the years my view has shifted from it being unlikely to recognise that, for the right transaction, it could work.



Wouldn't you agree there's enough capacity to do these big deals? Usually, when I think of syndication, it's a capacity issue.



There is enough capacity, certainly within an Enstar or RiverStone, and potentially a Longtail as well on some of the bigger deals. But it may be an interesting idea for some of the players that play at the smaller end of the market to take a slice of a deal.



From the cedent perspective, it's perhaps less about the ability to find capacity, and more about counterparty credit risk. I have seen syndication in legacy where it tended to be more with the live reinsurers who also offer legacy solutions because they're more used to sharing, and they're more used to working with leader and follower positions. It works, but only in certain situations. You need a standardised contract, and the cedent doesn't want to be going to five reinsurers to get approval for a claim, so certain markets would need to be comfortable in a following position. So, when it comes to more financially motivated transactions, say an out-of-the-money ADC, I think it absolutely can and has worked. When it comes to disposals or strategic offloads and M&A type transactions, it's a bit difficult.



Just to play devil's advocate on syndication, I don't see many transactions where the market says, 'Oh yes, please share this with one of our competitors.'

Private Equity backs a lot of these businesses and clearly has a mindset of optimising growth. Syndication could limit growth. And I think the aggregate pricing of really complex back books, and the sharing of pricing or capital models, is like your secret sauce in some respect. And that is sensitive. Unlike a prospective transaction, which is more of a commodity. But hopefully it happens more in the market.

I completely agree with you. As buyers, we need to be pretty careful around concentration risk to transactions. There are a couple of examples of recent failures in our market, and other companies that have made missteps, and it's been around that concentration. They might have liked a deal, but it became way too large a portion of their balance sheet, and if something goes wrong there, it's game over.

Two areas that could help facilitate syndication on deals are the increasing trend of cedents retaining claims control which reduces the risk of disputes regarding claims handling, as well as increased transparency in pricing expectations from cedents at the outset of a transaction, as this would provide a consistent pricing target for all parties.



And then, what are people's views on repeatability?



Working with the same counterparty reduces information asymmetry and supports efficient execution. Repeat, bilateral business is a strong model, and I do not see material downsides to it.



Repeatable business provides legacy carriers with an additional source of revenue which helps to diversify revenue streams and reduce reliance on one-off transactions.

FEOs and prospective business provide a good opportunity for legacy carriers to lock in future revenue today and provide a potential source of recurring revenue in the future. Aggregate capital solutions, which combine prospective business alongside retrospective reserves, provide an opportunity for us to develop long-term strategic partnerships with our clients where we benefit from the continuity of renewing the same business each year while at the same time providing our clients with an ongoing capital solution to support their capital management plans.



A key challenge is can we make legacy an automatic thought process in capital management, rather than a one-off?



Carriers will repeat a deal if they've had a good experience. Has the market honoured its promise? Was it a joy to work with this side of the market? Was it a good due diligence process? Was transacting difficult or not? Were there any post-deal claims issues to navigate together? The market needs to prove

itself, especially when it's the first transaction with a new carrier to the legacy market. If they have a good experience, they will tell their friends, so to speak. It's really crucial to get the new carriers in the legacy market familiar and seeing the value.

We tend to separate it, legacy and live, but there are plenty of bridges and the gap is definitely closing. Prospective products are now being offered by some of the legacy carriers. Equally, the live market offering legacy closes the gap too.

What about some successful examples of collaboration?

AIRROC and IRLA have done a super job working together, raising the profile of the legacy space. I know they're not carriers or brokers, but I think they've done an excellent job. And now, IRLA Bermuda is up and running and active.

This has always been a competitive market, but bringing together markets, brokers and industry participants is positive. Organisations such as IRLA and AIRROC play an important role in driving that collaboration.

Next, let's discuss talent. It's a relatively small market, so how can the legacy space continue to attract talent?

It's amazing that there's not more interest in it, because you can work in property cat, casualty, speciality and every line in between, as opposed to being specialists in just one line of business. You would think that would be less interesting. And then you could be in a whole series of careers, from lawyers to actuaries, to claims to financial roles and more within the organisation.



Steve Ryland –
AIRROC and IRLA
have done a super
job working together

JANE
NEWTONJAMIE
SAUNDERSDAMIAN
COOPERJANE
NEWTONDAN
SANFORDADAM
HORRIDGELUKE
GALLINNICK
MILES

Is there not an opportunity and need for education specifically related to legacy/run-off?

IRLA and AIRROC have made progress in educating newer professionals, but the broader market still needs to encourage new talent into insurance and then into legacy. Claims expertise in particular is an area where continued recruitment is important.

People are central to the legacy sector. The experience and expertise of teams are key to the industry's success.

Legacy is a niche industry for talent. It's a niche within insurance, which is fundamentally a niche itself within financial services.

While it's the niche of the niche, it is extremely creative and should be attracting really bright people with new ideas, but possibly legacy/run-off is not well known as a sector/job opportunity.

There is plenty of talent in the space. Ultimately, there aren't enough carriers or roles, because once you've worked at a couple of the companies, there aren't really many other places to go. We need to continue to build the market and expand the number of roles that are available to make a difference. But also, when we hire, we need to not be insular, and we need to think creatively around the expertise that others in different sectors may have that they can translate to our businesses.

We tend to think about our clients as cedents, but the purpose is to help people rebuild their lives, businesses get back on their feet, and to pay valid claims efficiently and fairly. The purpose is something that connects with everyone, but particularly those who are considering entering the industry. I think, as a narrative, we should raise it more. It's easy for this message to get lost because we're in this very B2B environment, but it's important.

Going back to the regulatory landscape in Bermuda, Nick, do you foresee any changes that could either accelerate or challenge market growth?

The importance of our reciprocal jurisdiction reinsurance status, Solvency II equivalence, is hard to exaggerate. And one of the pressures that the island has had recently is in response to the enormous growth of its life reinsurance business, which has drawn a lot of attention from onshore regulators, onshore governments, and so on. It is a very different business from the P&C business that we have, which dominated the Bermuda insurance industry before.

Now, it's much larger if you're looking at assets under management, balance sheet size and so on. And something which draws more attention because it potentially has implications for the personal well-being of the voters of the politicians in the US or the UK, who are looking at this, and how they are going

to get paid their retirement savings and so on. What is Bermuda, and where are these risks and these liabilities all winding up?

The BMA had to respond to that. One of the reasons I'm talking about life reinsurance now in a discussion about P&C legacy, is that the changes that are intended to adapt to a new industry, an industry like life reinsurance, can also have repercussions for other industries. We have had to see some enhancements, some new supervisory techniques which have implications for P&C, although not exclusively for legacy. Most of the enhancements we've seen have not affected our legacy industry.

There are one or two that have made changes that people have had to respond to. One example is that the BMA now has greater regulatory powers, vis-à-vis insurance holdcos of groups in Bermuda. We've come out in a place, I think, that the industry is largely happy with. But there were some concerns that it may be a difficult sell for some of the investors in Bermuda groups. And the BMA has also developed a more onerous and vigilant Prudent Person Principle (PPP) insofar as entities are using non-publicly traded assets in their asset allocation.

Again, I don't think it has a massive implication for legacy, but it has some. People might shoot me down at this point and say, no, it's not affected us at all, or yes, it's actually become a real pain. But because there was this greater attention on what assets were being used in life reinsurance structures, now all of us need to up our game a little bit in the way in which we have internal risk management frameworks that identify, monitor, and respond to the risks in the investments that we choose. Non-publicly traded assets are now considered a more complex asset choice with a more complex risk profile, and therefore, we need to develop risk management frameworks in line with that. And as I say, that's affecting P&C as well as life, and legacy is included within that.

Looking forward, we're fairly confident that the enhancements that were needed in Bermuda as a response to the rapid development of the life reinsurance market have, by and large, now been announced and are in the process of being implemented. It's a bit more of plain sailing from here, hopefully.

In the four years we have been in Bermuda, we have not seen regulatory changes that materially affected us. Consistency is a strength. Bermuda has an engaged regulator, and open dialogue is always available.

The growth of the life sector has required regulatory adjustments, but any effects on the P&C legacy market have been well managed.



The BMA are a pragmatic and supportive regulator, and they place a good amount of focus on our market in a constructive way. This is positive as it means they understand our business, they are open to discussion and feedback, and they can move quickly and respond as the market changes and evolves.

The BMA are constantly looking to evolve and adapt the regulatory framework to address new and emerging developments in the legacy market. Some recent examples that illustrate this are the BMA's ADC Capital Framework and their guidance, which clarified the treatment for Corporate Liabilities. These updates helped to address areas of ambiguity in the existing regulatory framework which reduces regulatory and pricing risk when we're assessing those types of transactions.



The BMA is a sophisticated regulator and has a dedicated legal team, so Bermuda is definitely the right place for legacy carriers from a group regulation perspective.



One thing that is clear is the growing prevalence of brokers in the legacy world, so what do people think this means for the sector going forward?



There are numerous brokers expanding their legacy capability, which is good for the market as you're more likely to create more transactions. It's such a big market.



Every broker now has a dedicated legacy team, and these teams keep getting larger.



The brokers bring an extensive client base and can open doors to potential cedents that may not have considered legacy transactions before. The brokers have spotted the opportunity in the market and have invested heavily, which is really encouraging. There should be a correlation between more brokers and more deals coming to market.



Surely, it's a sign of the growing legacy market that there are more brokers dealing in legacy, or vice versa. It's indicative of a growing and healthy marketplace.



As long as it doesn't become too much of a product push. In particular, let's say a cedent is shopping for a capital relief product, they are probably considering a structured quota share, maybe considering some capital markets feature, and they absolutely should be considering a legacy product. They should be considering the whole suite of products, and not necessarily go straight to legacy. I think it works best when the broking houses avoid any internal competition.





Another notable trend has been the shift in the investor base to private equity. What are the main drivers of this?

We were public until earlier this year, and I think the public markets are a place that a legacy carrier can exist. There are certain challenges, such as the lumpiness of the business, etc., but we were public for almost 20 years and thrived in that period.

Legacy can be difficult for public markets to value, whereas sophisticated private equity investors understand both the economics and the duration of the liabilities. Their investment horizon often aligns well with the lifecycle of the business, making it a natural fit.

Across the spectrum of insurance, sovereigns, pension funds, etc., there's a greater interest in the insurance industry as an investment category for those private investors who have more patient capital and a longer duration focus than the public markets. So, it would be natural that some of those investors would be interested in the legacy markets as an asset class.



To end, it would be great to hear some views on the role of advanced technologies and innovation and how this might benefit the legacy market?

There are several companies that specialise in predictive analytics who are working directly with the legacy market. These companies are effectively leveraging their technology, IP and access to market data, to transform data flows, analytics and reporting for legacy carriers. There is a lot of potential for this technology to support the due diligence process, including during early phases to flag areas of risk and opportunity, and also during more advanced phases to support detailed claims reviews.



Thuan Ho –
Advancements in
predictive analytics
are also opening
up access to
unstructured data

The recent advancements in predictive analytics are also opening up access to unstructured data which potentially contains a wealth of information that hasn't been utilised nor accessible before in a practical manner.

We have worked with several third-party analytics companies and have seen the value that they can bring to transactions. One example that comes to mind is a transaction where we struggled to get our arms around the data using traditional techniques and tools, however, they were able to help us gain a better understanding of the exposures within the book and ultimately move ahead with the deal.



We've invested in a lot of teams, analytical teams. To Dan's point earlier about speed, I think one of the key things is going to be moving that data much quicker, with much more coding skills driven by AI advancement. The sensitivity we have is around some of the obvious products, like ChatGPT, and around confidentiality. So, it is a developing issue.



Legacy businesses manage large datasets, and AI and advanced analytics can be helpful tools. Where there is strong trust and good data access between counterparties, the benefits of these tools become even more meaningful.



Thank you to RiverStone International for supporting our Bermuda Legacy Market Roundtable. We would also like 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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