

Insurance Services Exit Solutions



Solutions that bring finality to exposures and expensive administration burdens across the Lloyd's and worldwide market.

Insurance Services Exit Solutions

As a dominant practitioner in the run-off and legacy sector R&Q have a wealth of experience in providing exit solutions to the insurance and reinsurance community, whether UK, US or Bermuda.

The processes available for an exit differ between territories. The following are key methods that have been utilised by the R&Q management team:

- Sale
- Solvent Scheme
- Part VII Transfer
- RITC
- Reinsurance

R&Q's activities/services operate under the following 4 divisions:

Insurance Investments

- Purchase of legacy insurance/reinsurance companies/captives
- Liquidity management
- RITC

Insurance Services

- Claims management
- Reinsurance management
- Broker services
- Audit and inspection
- Accounting services
- Credit control
- Exit solutions
- Cover holder services
- Broker performance reporting

Underwriting Management

- Turnkey management
- Delegated underwriting facility
- Capital support

Captives

- Bundled & unbundled management services
- Rent a captive solutions
- Exit solutions

Insurance Services

Exit Solutions



What we do

The R&Q team will establish the exit solution best suited to a client's needs.

Sale of Company

Provided a non-core or legacy book of business is housed in an insurance or reinsurance company, a sale of a company often represents the most straightforward exit solution for an owner. R&Q has successfully completed fifteen insurance company acquisitions, with six on behalf of a third party, in jurisdictions including the UK, the USA, Bermuda, Belgium and Norway.

Solvent Scheme of Arrangement

A Solvent Scheme of Arrangement is a court-approved agreement between a company and its shareholders or creditors and is based upon provisions found in the UK Companies Act.

The insurer proposes a scheme which details how all remaining liabilities will be extinguished. This proposal is voted upon by the policyholders and is accepted if a simple majority of voting policyholders representing more than 75% of the voting values approves the scheme. The court will sanction the scheme, barring no objections, and a final claims submission date will be determined. Once all claims have been settled the company is free of any future liabilities.

Aside from the UK this mechanism can be used in other domiciles whose law is derived from the UK, for example Bermuda, Australia and Singapore.

The R&Q team has managed schemes for seven insolvent companies and five solvent companies in both the UK and Bermuda.

Part VII Transfer

This is a facility under the Financial Services and Markets Act 2000 in the UK which provides for specified books of insurance business to be transferred from one insurer / reinsurer to another insurer / reinsurer. It is court sanctioned and all assets that attach to that book of business, such as reinsurance protection, are automatically transferred. An Independent Expert, usually an actuary, is required to confirm to the Court that the transfer is not prejudicial to policyholders of the transferring or the receiving companies. Notice has to be given to all concerned parties and queries from affected parties handled in a timely and professional manner.

Part VII Transfers are utilised by many insurance organisations to consolidate old companies or books of business. It is expected that the forthcoming Solvency II regulations will encourage more companies to reorganise using this process.

R&Q have managed Part VII transfers for both external clients as well as owned companies.

Reinsurance to Close ("RITC") for Lloyd's Syndicates

This is a process analogous to the Part VII transfer process but within the Lloyd's Market and is governed by the Lloyd's Acts and Byelaws. Traditionally, it is the mechanism where Lloyd's syndicates have transferred their insurance liabilities from one year of account, usually after a period of three years, to the next open year of account, giving the transferring set of investors (Lloyd's Names) finality. In recent years, a niche market has emerged of specialist RITC syndicates, which assume the RITCs from other syndicates. This has been a

response to the substantial number of syndicates in the Market with "open years" i.e. syndicates where, for a number of reasons, it has not been possible to effect an RITC in the usual way.

R&Q's managing agency has recently effected an RITC on behalf of one of its Lloyd's clients into a newly created recipient syndicate.

Reinsurance

Whilst a reinsurance solution does not offer finality in its own right, it does provide a significant level of comfort to a seller and can be extremely useful when used as part of any one of the above finality solutions, particularly where an element of restructuring is required to a company or portfolio prior to its disposal.

R&Q has good relations with a number of highly rated reinsurers that operate in the legacy market and has arranged third party reinsurance cover of over \$700 million on behalf of third parties and its own insurance companies.

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