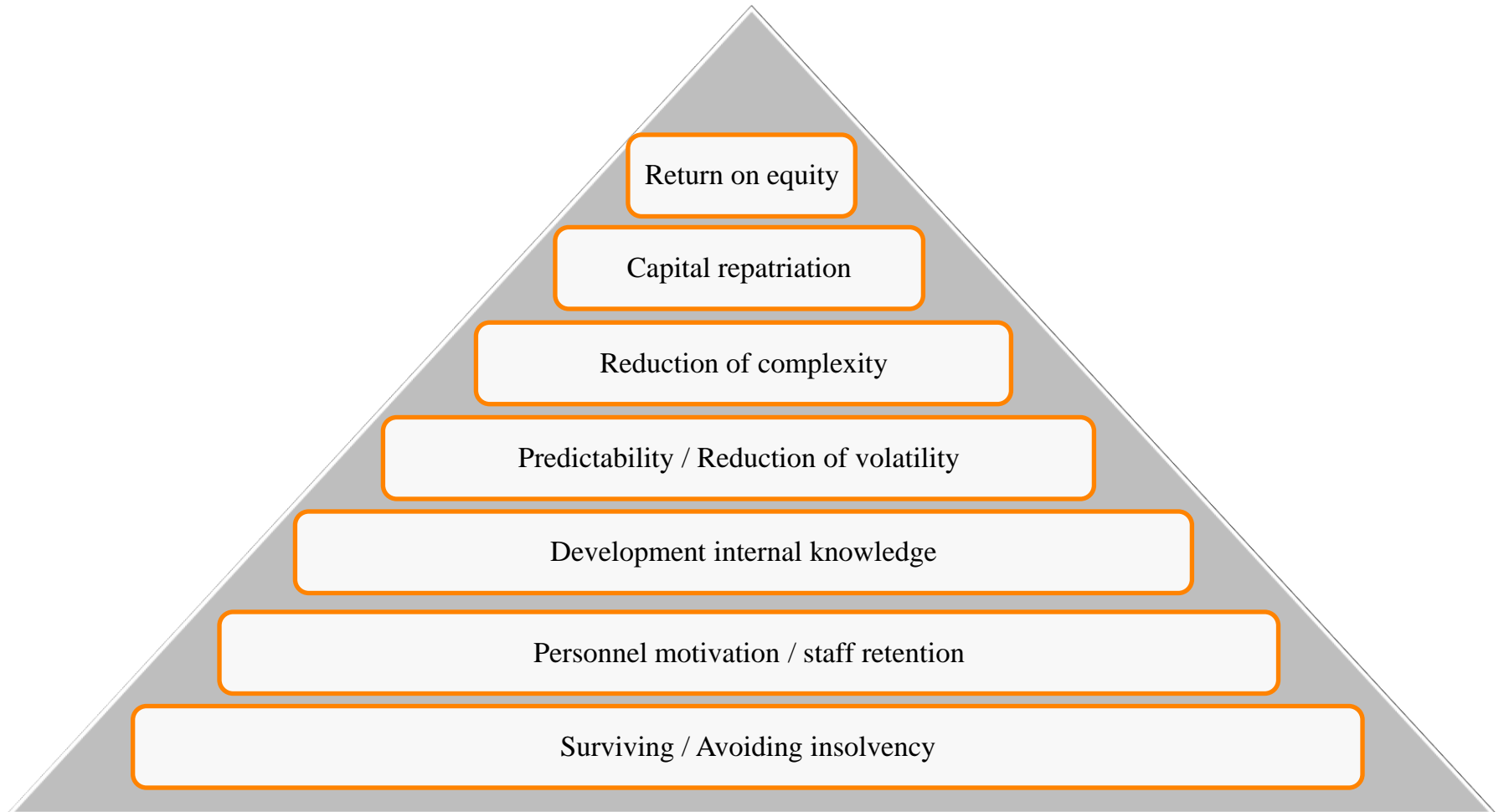


# Continuous change management in run-off – key to success!



# What is success in run-off?

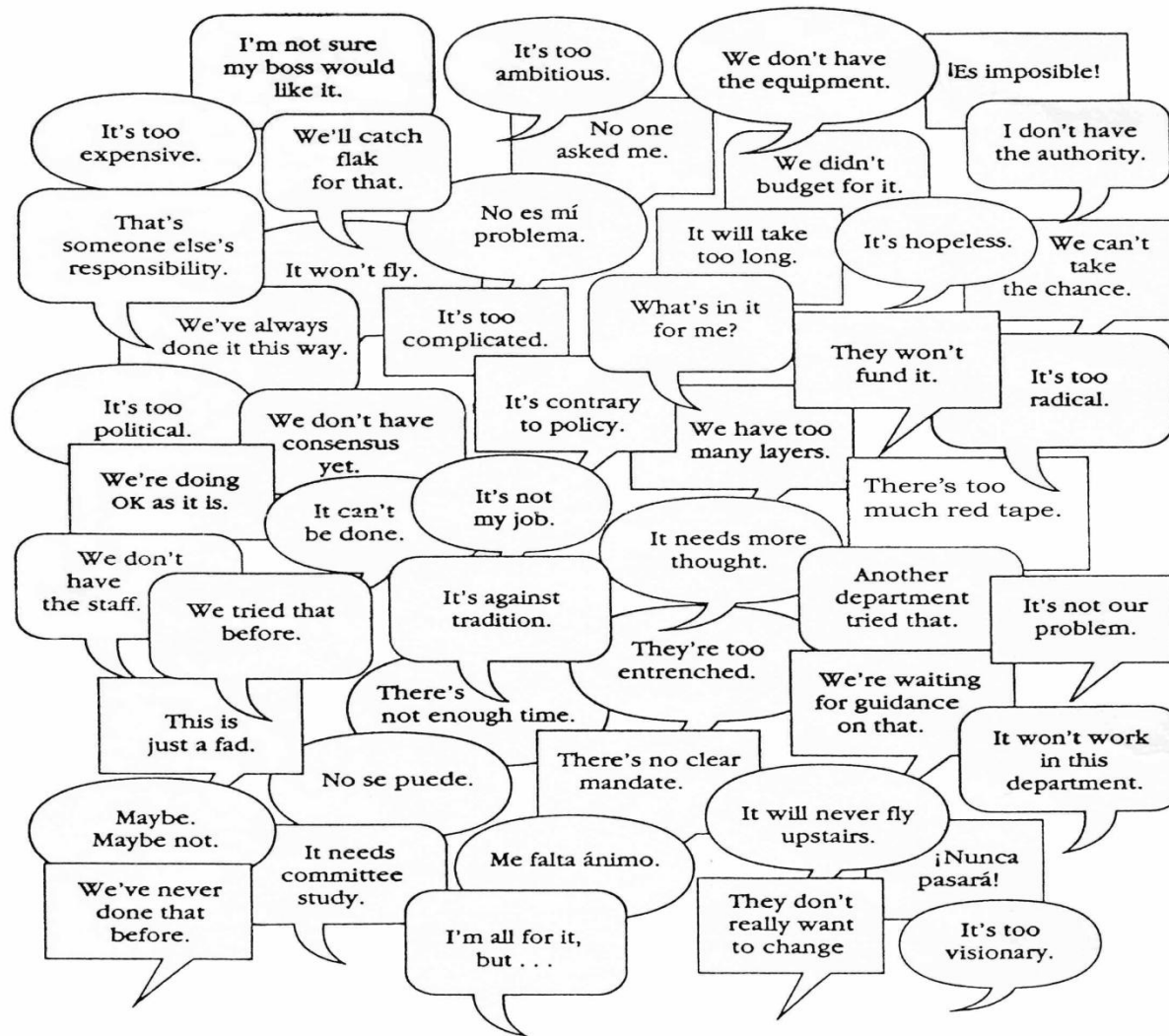


# What is change management?

- Change management is a structured approach to transitioning individuals, teams and organizations from a current state to a desired future state. Change management (or change control) is the process during which the changes of a system are implemented in a controlled manner by following a pre-defined framework/model with, to some extent, reasonable modifications.
- The field of change management grew from the recognition that organizations are comprised of people. And the behaviors of people make up the outputs of an organization.
- For an organization, change management means defining and implementing procedures and/or technologies to deal with changes in the business environment and to profit from changing opportunities.



# 50 Reasons Not To Change



# 11 reasons for changes

## Internal

- Commutations causing obsolete job tasks
- Gradual reduction of reserve volume and number of contracts
- Re-organization (Migration of departments)
- Migration of portfolios
- Unexpected staff fluctuation
- New IT-infrastructure

## External

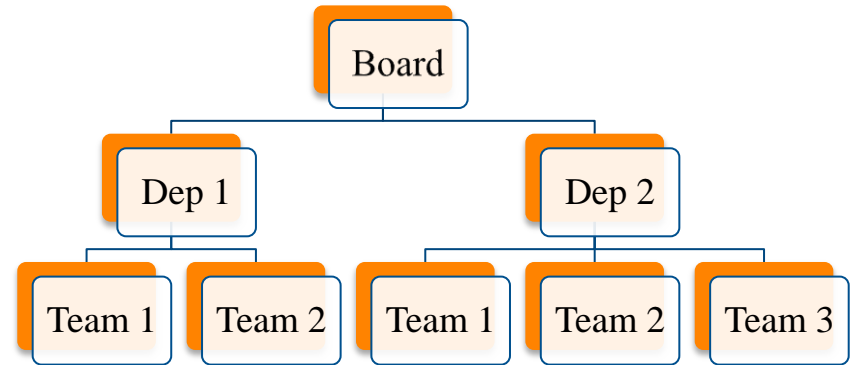
- Capital market (market value, liquidity availability)
- Changing regulation (i.e. Solvency II, Reinsurance Directive, Schemes, Taxes)
- Change of Ownership
- Contractual disputes with third parties
- Auditors

# Scope of Change Management

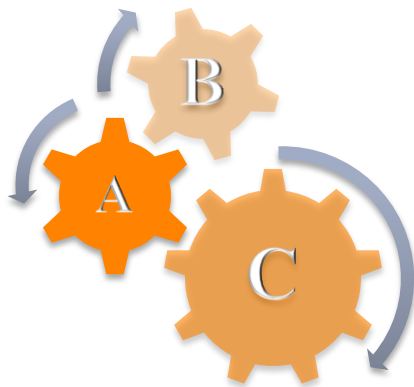
✓ Process:



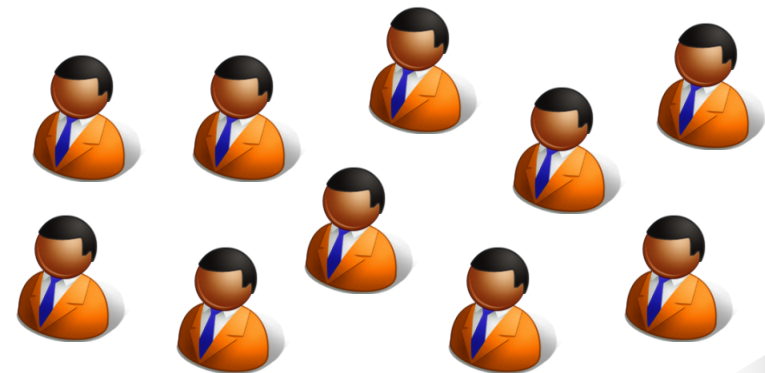
✓ Organisation:



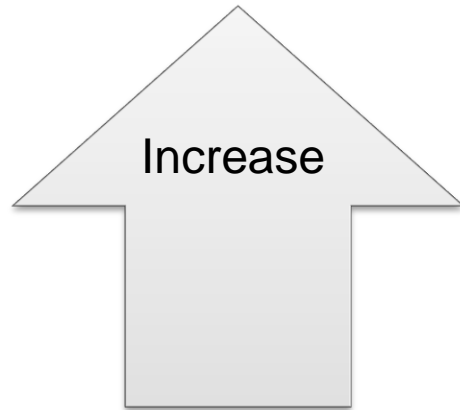
✓ Task:



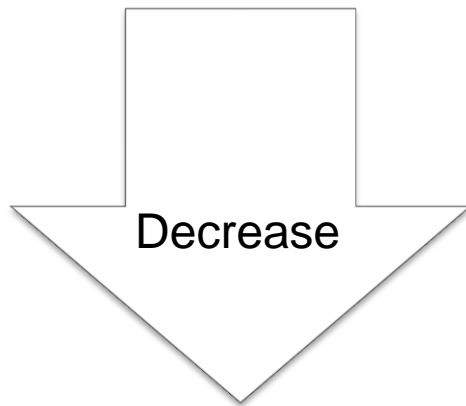
✓ Personnel:



# Concentration on new run-off core competences



- Accounting
- Asset Liability Management
- Asset Management
- Audits
- Cash Management / Retro Collection
- Claims Management
- Legal



- IT – Infrastructure
- Marketing
- Personnel
- Underwriting services



# Adapted Boston Consulting Group Matrix for run-off model



## *Question Marks*

- Evaluate alternative scenarios and select most attractive options

# Adapted Boston Consulting Group Matrix for run-off model



## *Question Marks*

- Evaluate alternative scenarios and select most attractive options



## *Stars*

- Positive market feedback
- Invest further in „high potentials“
- Profitable but need to reinvest

# Adapted Boston Consulting Group Matrix for run-off model



## *Question Marks*

- Evaluate alternative scenarios and select most attractive options



## *Stars*

- Positive market feedback
- Invest further in „high potentials“
- Profitable but need to reinvest



## *Cash Cows*

- „Enjoy the milk“
- Payback period
- Highly profitable
- Matured strategy, products

# Adapted Boston Consulting Group Matrix for run-off model



## *Question Marks*

- Evaluate alternative scenarios and select most attractive options



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## *Cash Cows*

- „Enjoy the milk“
- Payback period
- Highly profitable
- Matured strategy, products



## *Poor Dogs*

- Liquidate business
- EXIT-solution

# Relevance of Change Management in run-off phases



VERY HIGH RELEVANCE

Question Marks

- Going concern OR Run-off
- Active run-off management OR Passive run-off management
- Internal approach OR Outsourcing
- Complete Outsourcing OR Partial Outsourcing
- Concentrate on own portfolio OR Additional Third Party Services
- Central focus OR Decentral focus (network)

# Relevance of Change Management in run-off phases



## HIGH RELEVANCE

Stars

- Reviewing and evaluating already completed business cases
- Identifying „core“ products with future perspective:
  - Sufficient future volume
  - Availability of resources and knowledge
  - Economically more beneficial than third party service
- Further investments in chosen „core“ competences:
  - Continuous training of employees for senior level
  - Optimisation of processes / Fine tuning

# Relevance of Change Management in run-off phases



## LOW RELEVANCE

## Cash Cows

- Characteristics:
  - Experience in all matters
  - Good reputation
  - High profitability margin performed by business field
  - Stability
- Reduce uncertainty
- Minimal need for changes (change management)
- Slight competition (due to advanced knowledge)

# Relevance of Change Management in run-off phases



## VERY HIGH RELEVANCE

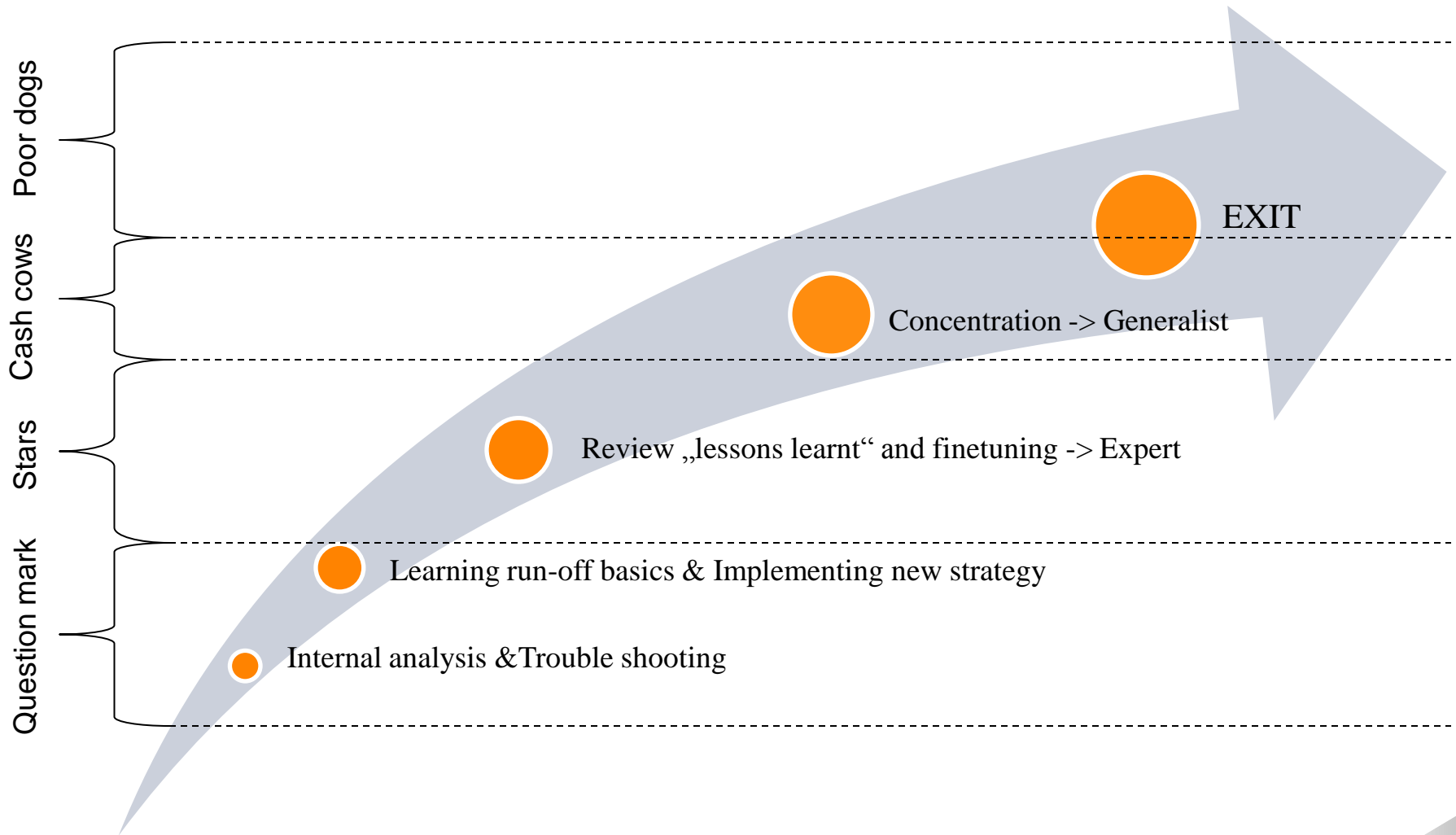
### Poor Dogs

- Reasons for ‚poor dogs‘ in run-off:
  - Experts no longer available (retirement, termination of employment)
  - Remaining volume too small
  - New regulatory environment interdicts further execution
  - Changing market attitude and need
- Treatment of ‚poor dogs‘:
  - Downsizing of internal activities in these business fields
  - Outsourcing
  - Replacement of staff
  - EXIT / Divestment

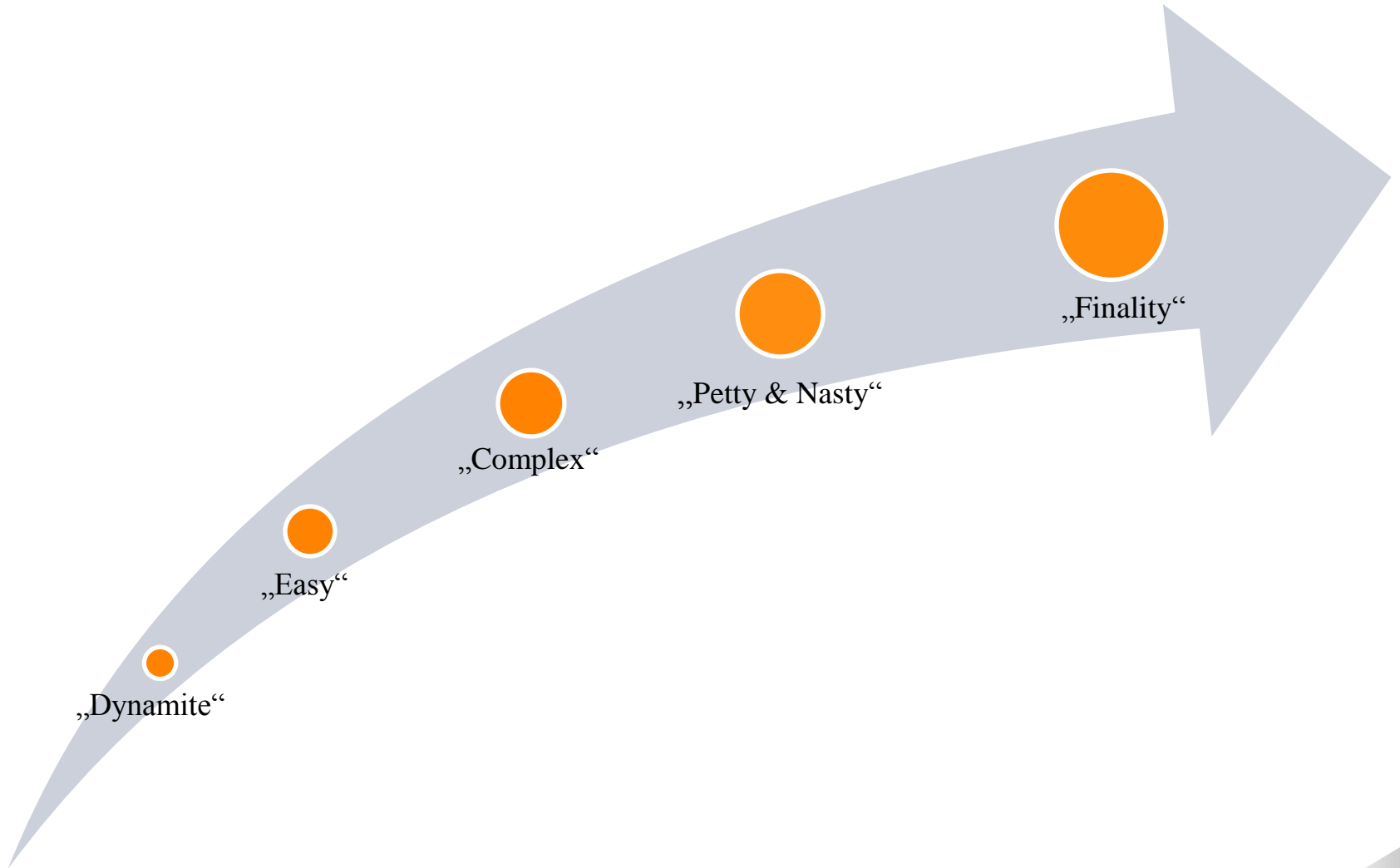
Another poor dog.....



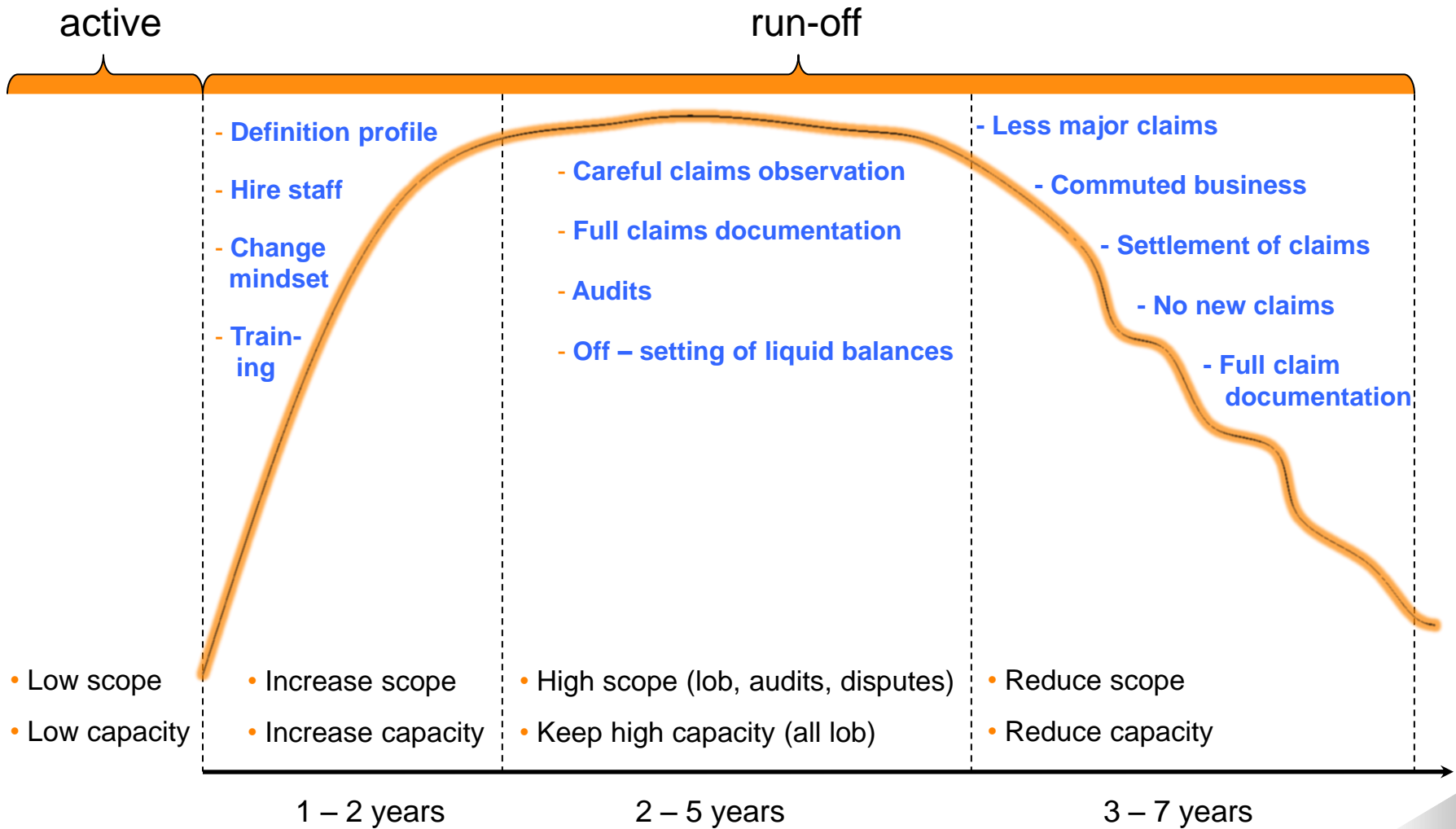
# 5 phases of run-off



# Change Management for Commutations



# Change management for Claims Management



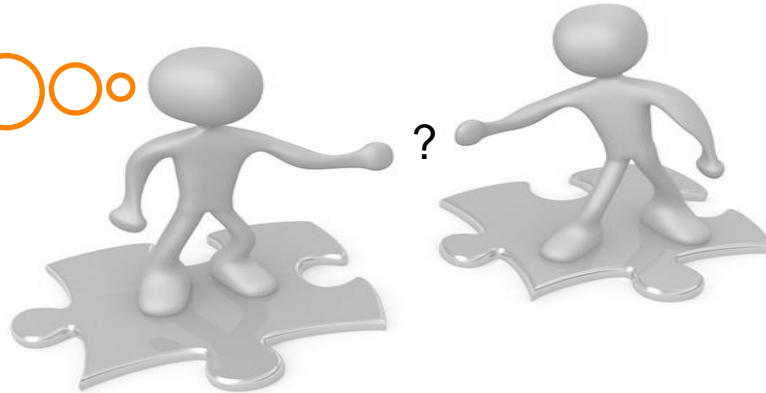
# Four questions to answer

Where are my areas with actual need for change management?

Am I willing and capable to assure a prompt and continuous change management by myself?

Can I succeed without continuous change management?

Could involvement of a run-off specialist be more beneficial?



# Thomas Willkoweit



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