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## Would the Last Insured Please Turn Out the Lights?

### Exit Strategies for Insurers and Reinsurers

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### The situation

- An insurer ceases to accept any new business
- Or wants to exit part(s) of its portfolio
- So all or part of its business is in run off
- Why is it important to deal with the run off?
- How can the insurer deal with the run off?



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### The main options

- Run off to exhaustion
- Sale
- Commutation
- Part VII transfer
- Scheme of arrangement



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## Ground to cover



- What does each option involve?
- The advantages and disadvantages of each option
- The situations in which they are appropriate
- Actuarial involvement
- Recent developments

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## The past and the future

- Originally, virtually all insurers used run off to exhaustion
- Then, other options began to emerge
- But are these options still relevant today?



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## Run off to exhaustion

- What is it?
- Advantages
- Disadvantages
- Actuarial involvement
- When to use it



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## Sale

- What is it?
- Advantages
- Disadvantages
- Actuarial involvement
- When to use it



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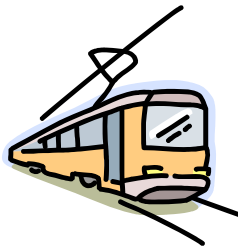
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## Commutation

- What is it?
- Process
- Areas to consider
- Advantages
- Disadvantages
- Actuarial involvement
- When to use it



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## Part VII transfer

- What is it?
- Process
- Actuarial involvement
- Areas for actuary to consider
- Advantages
- Disadvantages
- When to use it



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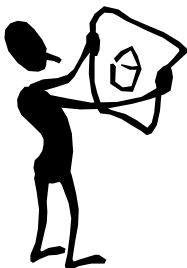
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## Scheme of arrangement

- What is it?
- Process
- Actuarial involvement
  - Scheme actuary
  - Independent actuarial adjudicator
  - Advising creditors
- Advantages
- Disadvantages
- When to use it



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## Recent developments - Schemes of arrangement

- FSA guidelines
- Scottish Lion



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## Recent developments - Part VII transfers

- Amendments to rules implemented in summer 2008
- Part VII transfers at Lloyd's
- Equitas



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## Questions and discussion



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