



Q3 2023 review

Non-life insurance run-off deals

October 2023

This third quarter 2023 saw five publicly announced legacy deals involving five different acquirers across five different jurisdictions. Total liabilities transacted in the period were c\$0.6bn.

The market has remained comparatively quiet against previous periods for the second consecutive quarter after the record breaking activity seen in Q1 2023. Twelve months ago Q3 2022 saw 14 deals completed with \$2bn transacted.

In Q3 2023, five different acquirers (Enstar, Marco Capital, RiverStone International, DARAG and Premia) have all announced legacy acquisitions. These deals have been completed in five different jurisdictions involving four different deal structures, underlining the reach of the legacy sector and the flexibility at the market's disposal.

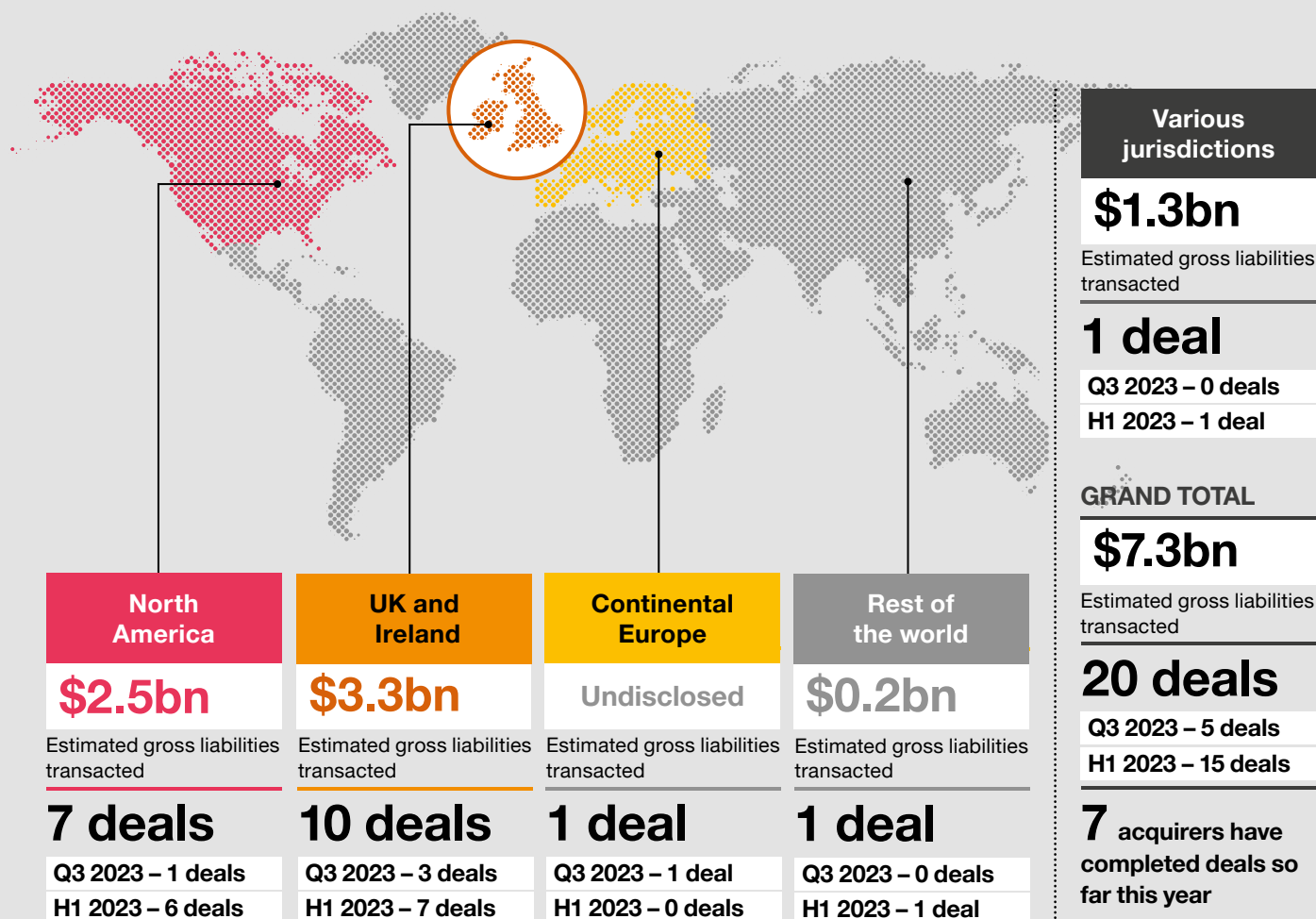
Whilst the number of legacy deals may not be at the levels seen historically, the legacy market is not out of kilter with the global insurance deals market where M&A activity has also been muted and considerably impacted by factors in the external macroeconomic environment. Inflation, high interest rates and political uncertainty continue to affect the risk appetite for transactions of buyers and sellers alike. However, out of any challenging economic landscape, opportunities arise, and the legacy market is in prime position to benefit from active insurers looking to optimise their balance sheets and seek capital relief, fuelling the selling of non-core legacy liabilities. These opportunities are further enhanced as new and hungry capital continues to flow into the legacy market.

The non-life legacy acquirer landscape has continued to evolve and over the course of the past twelve months we have seen an established acquirer in Catalina adjusting its principal focus to the life sector, Axa LM exiting the third party acquisition market and other players including DARAG, Carrick and R&Q seeking to refinance or restructure their businesses. We have also seen some new entrants beginning to engage with the market and perhaps the array of corporate activity explains the comparative lull in the numbers of M&A transactions in the middle part of the year. There however remains significant optimism that the overriding live hard market conditions will continue in the near term and deliver a long and sustained pipeline of legacy deal activity that many legacy players will be well placed to take advantage of.

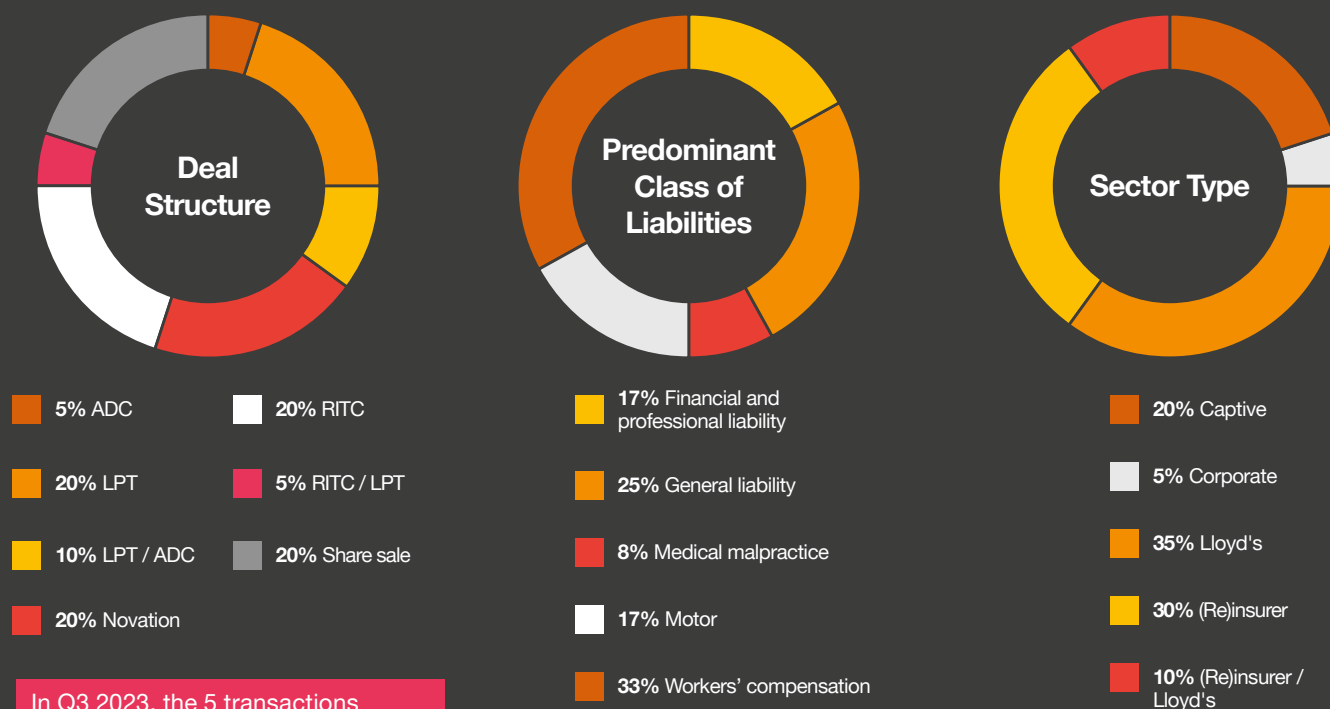
Continuing with market themes, PwC recently announced its 2023 Banana Skins report, which highlighted the key concerns and risks across the (re)insurance sector. The top four risks, and no real surprises here, were cyber crime, climate change, regulator complexity and technological disruption. All of these risks are seen as highly interconnected and interdependent, evermore requiring (re)insurers to bring a holistic and proactive approach to their business focus and risk management.

Opportunities for the legacy sector will arise as the market addresses and adapts to these risks but it is not immune to needing to embrace technology and ESG change itself. We are seeing increased investment for the future in many areas, for example in AI and automation, in claims handling and underwriting support, but more is needed and legacy players therefore need to react just as fast as the live market to maintain a competitive advantage to continue to deliver desired returns.

Deal Activity by Region – YTD 2023



Transactions by volume: YTD 2023



In Q3 2023, the 5 transactions publicly announced comprised of 2 share sales, 1 novation, 1 ADC and 1 LPT.

Deals in Q3 2023

Acquirer group	Seller/cedent	Country	Predominant territory	Type of deal	(Re)insurer/ Lloyd's/Captive/ Corporate	Lines of business transacted
DARAG	Undisclosed European captive insurance company	Benelux	Continental Europe	Novation	Captive	General third party
Enstar	AIG	USA	North America	ADC	(Re)insurer	Undisclosed
Marco	Kelvin Re	Guernsey	UK & Ireland	Share sale	(Re)insurer	Undisclosed
Premia	Undisclosed	UK	UK & Ireland	LPT	Lloyd's	General liability
RiverStone International	Catalina	Ireland	UK & Ireland	Share sale	(Re)insurer	Medical malpractice and motor

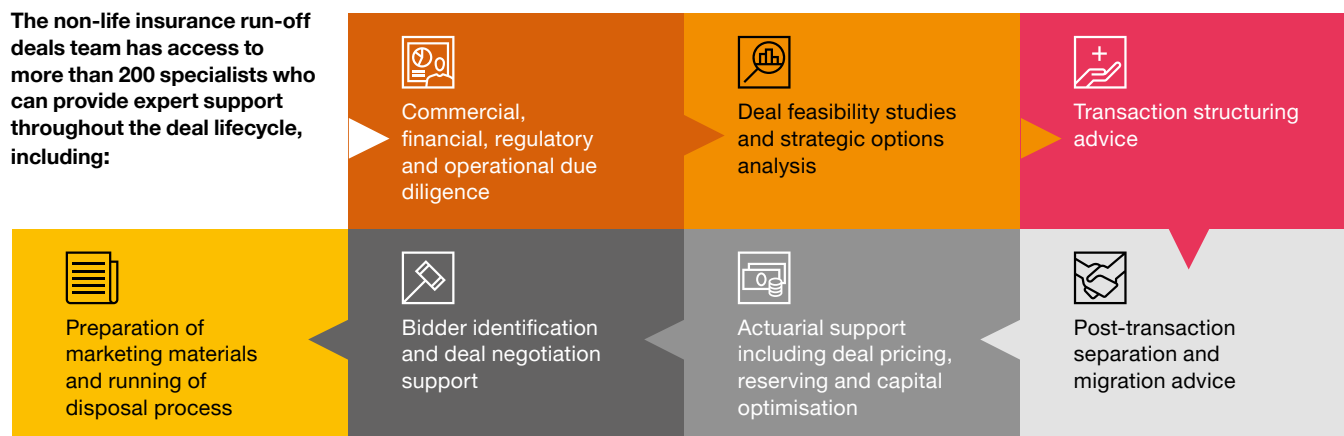
Deals in H1 2023

Acquirer group	Seller/cedent	Country	Predominant territory	Type of deal	(Re)insurer/ Lloyd's/Captive/ Corporate	Lines of business transacted
Compre	SiriusPoint	Undisclosed	Undisclosed	LPT	(Re)insurer / Lloyd's	Undisclosed
Compre	SUNZ Insurance Company	Bermuda	North America	LPT	(Re)insurer	Workers' compensation
DARAG	Undisclosed Cayman-based captive company	Cayman	North America	Novation	Captive	Workers' compensation, general liability and auto liability
DARAG	Undisclosed North American captive insurance company	USA	North America	Novation	Captive	Workers' compensation and auto liability
DARAG	Undisclosed North American captive insurance company	USA	North America	Novation	Captive	Workers' compensation
Enstar	QBE	USA	North America	LPT / ADC	(Re)insurer / Lloyd's	International financial lines business, US discontinued programs and inwards reinsurance business
Enstar	RACQ Insurance Limited	Australia	Rest of World	LPT / ADC	(Re)insurer	Motor
Marco	The Hartford	UK	UK & Ireland	Share sale	(Re)insurer	Property & casual, marine and professional liability insurance
Marco	Markel	UK	UK & Ireland	LPT	Lloyd's	Motor
R&Q and Obra Capital Joint Venture	MSA Safety Incorporated	USA	North America	Share sale	Corporate	APH product liabilities
RiverStone International	MS Amlin	UK	UK & Ireland	RITC / LPT	Lloyd's	Undisclosed
RiverStone International	Undisclosed	UK	UK & Ireland	RITC	Lloyd's	Undisclosed
RiverStone International	Undisclosed	UK	UK & Ireland	RITC	Lloyd's	Undisclosed
RiverStone International	Undisclosed	UK	UK & Ireland	RITC	Lloyd's	Undisclosed
RiverStone International	Undisclosed	UK	UK & Ireland	RITC	Lloyd's	Undisclosed

Total number of different acquirers **7**

How we can support our clients

The non-life insurance run-off deals team has access to more than 200 specialists who can provide expert support throughout the deal lifecycle, including:



Further information on the non-life run-off insurance market on pwc.com



[Non-life insurance run-off deals Q2 2023](#)



[Non-life insurance run-off deals Q1 2023](#)



[Non-life insurance run-off deals 2022 in review](#)



[Global Insurance Run-off Survey 2022](#)

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