

Non-life insurance run-off deals

February 2025

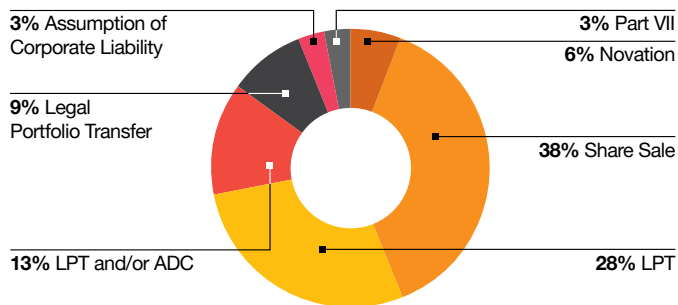


The final quarter of 2024 saw 9 publicly announced deals, transferring approximately \$2.4bn in disclosed liabilities, capping off a significantly more active second half of the year for the legacy insurance market.

In the round, 33 deals were publicly announced in 2024, up slightly from 2023. Of these, only 15 deals (45%) had disclosed transferred liabilities figures, which combined, totalled c.\$6.6bn. In contrast, 58% of deals in 2023 had disclosed values, where combined, c.\$8.1bn of liabilities was transferred. Overall, we consider it likely that the total liabilities transferred in 2024 was only marginally lower than that in 2023.

During 2024, we continued to see further deal size trifurcation with different groups of market participants taking part in processes and announcing deals at the \$1bn+, \$100m to \$500m and sub-\$100m marks. Q4's deal flow activity exemplifies this trend, where notably, Enstar's \$2.3bn loss portfolio transfer (LPT) with AXIS Capital occurred alongside a number of smaller transactions, spanning adverse development covers (ADCs), LPTs, novations, Part VII transfers and share sales. Earlier in the year, despite some discrete challenges and shifts in the strategic focus experienced by some participants traditionally focused on the "middle-tier" deals, there was still a significant number of multi-hundred million dollar deals taking place.

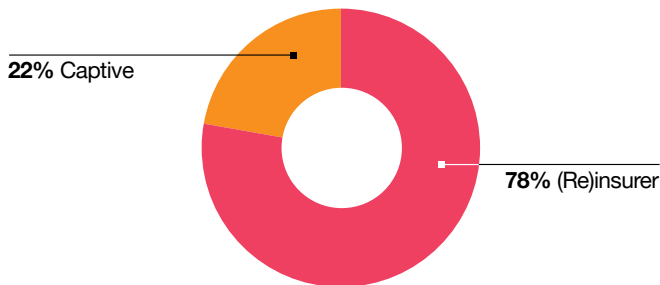
Deal Structure FY24



In the UK, we have seen several run-off entity share sales in 2024 and the pipeline of future deal activity indicates that Part VII transfers which provide legal finality remain a viable and attractive option for sellers. Meanwhile in North America, economic finality solutions, such as LPTs continue to dominate activity, with very limited uptake of insurance business transfers (IBTs).

Market participants may still be cautious about the IBT regulatory framework, particularly for larger transactions. Legal finality deals including captive disposals accounted for more than half of all deals in 2024, potentially driven by a softening insurance market (in some lines) and broader economic pressures prompting companies to wholly divest non-core operations and portfolios.

Sector Type FY24



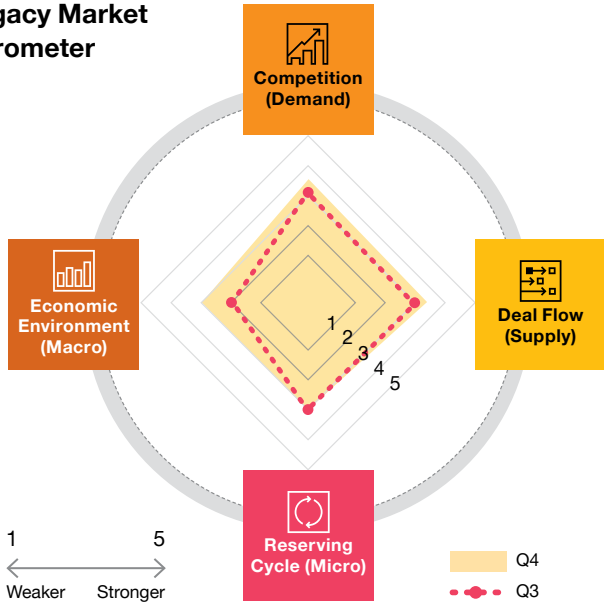
Looking ahead to 2025, we may see some RITC's announced ahead of the Lloyd's Q4 2024 QMA reporting deadline later this month. We expect new Lloyd's legacy review and approval requirements, introduced on the 1st January to have a larger impact later in the year and the burden to fall largely to the acquirer in terms of satisfying Lloyd's. Generally, we anticipate an uptick in RITC deal activity in the next 12 months, propelled by cyclical reserve-building following the relatively fallow period we have seen recently regarding legacy deal activity at Lloyd's. We believe the PRA's finalisation of solvent exit planning rules for insurers expected to come into force in 2026 could further boost market activity, underscoring the legacy market's crucial role in capital optimisation for (re)insurers worldwide. While some deals continue to take longer than counterparties might like, often due to expectation gaps between parties or the need for higher quality data, we have seen some deals previously shelved resurfacing, supported by increased transparency, strengthened reserves and improved operational resilience. We may see more such deals re-emerge during the course of 2025.

The legacy market continues to innovate, highlighted by the insurance-linked securities (ILS) related transactions announced by Enstar in the second half of 2024. The intersection between traditional legacy and ILS could be a source of future deal flow in 2025. Maintaining a spotlight on the benefits of the legacy insurance market remains pivotal, helping the broader insurance market appreciate its wide range of solutions, from capital relief to enhanced pricing opportunities and volatility protection.

PwC is hosting its Annual Non-life Run-off Insurance event on **Wednesday 26th March 2025**. Please get in touch with Rebecca Wilkinson if you would like an invitation.



Legacy Market Barometer



Micro

Despite the underwriting cycle showing signs of softening, certain lines continue to achieve positive rates. We expect capital relief-driven transactions to remain common as underwriters look to free up capital for new business, and we anticipate reserve prudence from the hard markets to carry over into the soft cycle. However, buyers should be aware of the shift towards a softer market to understand the potential profitability in each line of business and reduce the risk of acquiring portfolios that could resemble the deterioration of soft market US casualty portfolios underwritten in the 2010s.

As the cycle continues, US casualty exposure, which sellers have previously struggled to find appetite for, may become more attractive. While acquirers are still cautious, this may occur where remedial actions have been taken to strengthen reserves from the softer market years and greater confidence is shown in the more profitable business written in the recent hard market years. We continue to see a steady supply of US casualty books testing the legacy market's appetite, alongside "greener" portfolios and lines of business previously considered less traditional for the legacy market.

Demand

A significant number of ADCs were brought to market in 2024, but few successfully executed. Some market participants perceive ADCs as vehicles primarily used to transfer unfavorable risks to buyers, often presenting greater downside than upside. Opinions remain divided on whether reinsurance deals will remain more common or if legal finality deals are starting to regain popularity. From a buyer's perspective, reinsurance deals are often preferred as they are quicker and more cost-effective to execute, a factor increasingly relevant as the average time to complete a transaction rises.

Transactions under \$200m continue to be commonplace, often offering more attractive opportunities given their shorter timelines and lower execution risk. However, the gradual increase in the median disclosed deal size over the past three years, suggests that larger portfolios are coming to market and transacting.

While some innovative ILS solutions are emerging, appetite remains limited due to the current length of investment horizons and challenging risk-return profiles.

Legacy players are increasingly exploring AI and analytics to streamline due diligence and claims integration. Although adoption is still in its early stages, tools such as data room summarisation and AI-driven triaging are being developed to improve efficiency and provide a competitive edge for buyers.

Macro

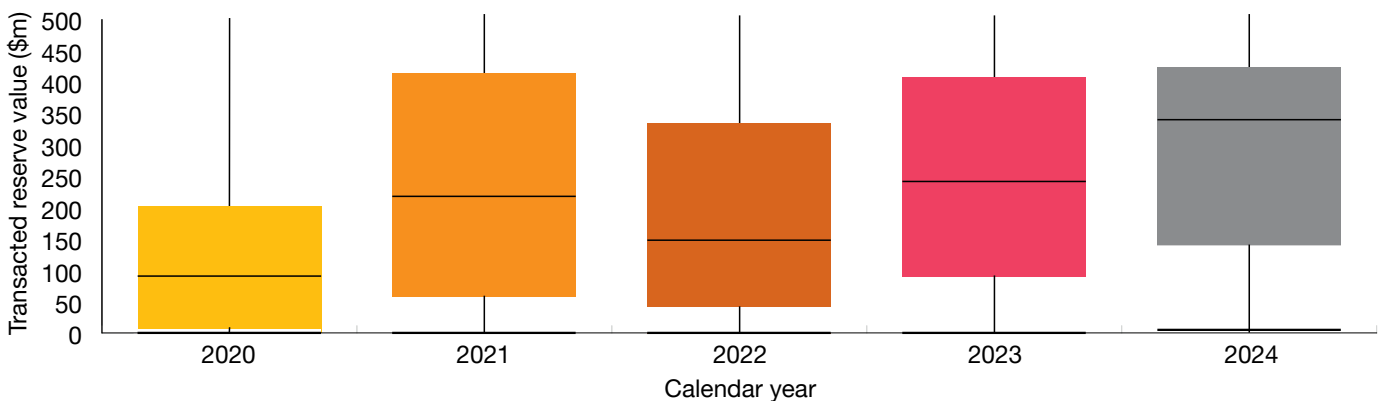
GDP growth in the UK for 2024 is projected at approximately 1%, making it the fourth-highest growth rate among G7 nations, behind the US, Canada, and France. Inflation in the UK dropped to 2% in the second half of 2024, meeting the Bank of England's target, before ending the year slightly higher at 2.5%.

For countries using the Euro, the inflation rate in December was 2.4%, while the US experienced a rise to 2.9% by the end of the year. Uncertainty persists in the US following economic and political change, alongside the impact of recent natural catastrophes. Heightened global uncertainty could put upwards pressure on inflation and, in turn, interest rates, potentially boosting investment returns on legacy transactions.

Supply

As we enter 2025, market participants are carrying strong pipelines and a sense of optimism. While demand remains strong in North America—particularly for U.S. Workers' Compensation and Property Cat portfolios—interest is also growing in Europe. Educating sellers in Continental Europe about the benefits of legacy transactions and streamlining regulatory processes remain key challenges.

Spread of reserve size (\$m) transacted per transaction by calendar year



Note: In order to provide meaningful insight into the reserve spread, the y-axis has been truncated at \$500m. We acknowledge that larger deals have been completed. This graph focuses on activity around the median transaction by reserve volume.

2024 deal activity by region

North America again dominated with 58% of disclosed transactions in 2024, followed by the UK & Ireland at 27%. Continental Europe was relatively quiet until Q4, when 2 deals were announced. The Rest of the World (RoW) saw limited but growing interest, particularly in the Asia-Pacific region.

2024 grand total

\$6.6bn

Estimated gross liabilities transacted

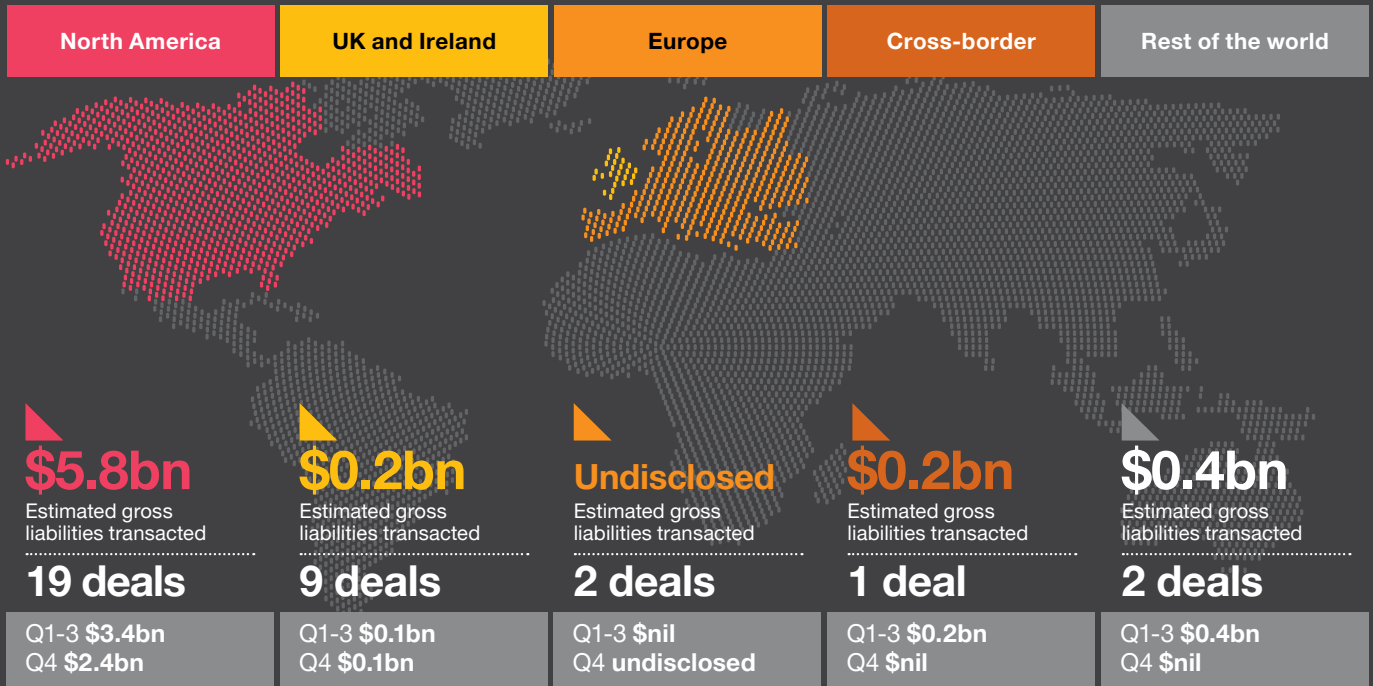
33 deals

14 acquirers have publicly announced deals this year

2023 grand total

\$8.1bn

31 deals



Deals in Q4 2024

Acquirer group	Seller/cedant	Country	Predominant territory	Type of deal	(Re)insurer/ Lloyd's/Captive/ Corporate	Predominant class of liabilities
Acumen Legacy	Undisclosed	Undisclosed	Europe	Share Sale	Captive	Energy
Carrick Holdings	Undisclosed	UK	UK & Ireland	Undisclosed	Undisclosed	Undisclosed
Enstar	Axis Capital	Bermuda	North America	LPT	(Re)insurer	Casualty Lines
Enstar	James River	USA	North America	ADC	(Re)insurer	Excess and surplus lines
Enstar	Undisclosed	Bermuda	North America	Share Sale	(Re)insurer	Property ILS
Enstar	Undisclosed	Bermuda	North America	Novation/Forward Exit Solution	(Re)insurer	Casualty ILS
Marco Capital	UK Corporate	UK	UK & Ireland	Assumption of Corporate Liability	(Re)insurer	UK PI
RiverStone International	Zurich	France	Europe	LPT and ADC	(Re)insurer	Motor and Architects & Engineers PI
RiverStone International	Undisclosed	UK	UK & Ireland	Part VII	(Re)insurer	Motor and Architects & Engineers PI

Deals in Q1 – Q3 2024

Acquirer group	Seller/cedant	Country	Predominant territory	Type of deal	(Re)insurer/ Lloyd's/Captive/ Corporate	Predominant class of liabilities	Qtr
Ashbrooke	Canal & River Trust (UK Charity)	Republic of Ireland	UK & Ireland	Share Sale	Captive	Property/Motor/ Public Liability	Q3
Carrick Holdings	Health Care Casualty Insurance Limited	Cayman Islands	North America	Share Sale	(Re)insurer	General liability and medical malpractice	Q3
Carrick Holdings	Bristol-Myers Squibb Company	Ireland	UK & Ireland	Share Sale	Captive	Undisclosed	Q3
Carrick Holdings	Bristol-Myers Squibb Company	Ireland	UK & Ireland	Share Sale	Captive	Undisclosed	Q3
Compre	Accelerant	Bermuda	North America	LPT	(Re)insurer	US and European property & casualty liabilities	Q3
DARAG	Undisclosed	Cayman Islands	North America	Share Sale	Captive	UK Employers' Liability	Q1
Enstar	Siriuspoint	Bermuda	North America	LPT	(Re)insurer	Workers' Compensation	Q2
Enstar	IAG	Australia	Rest of the World	ADC	(Re)insurer	Workers' Compensation and various other third party risks	Q2
Enstar	Accredited	USA, UK and Europe	Cross-border	LPT	(Re)insurer	Workers' Compensation and various other third party risks	Q2
Enstar	QBE	USA	North America	LPT	(Re)insurer	US commercial liability and workers' compensation	Q3
Enstar	Undisclosed	USA	North America	LPT	(Re)insurer	Property catastrophe and COVID-19	Q3
Marco Capital	Inceptum	UK	UK & Ireland	Share Sale	(Re)insurer	UK Employers' Liability	Q2
Oaktree Capital Management	Ambac Assurance Corporation	USA	North America	Share Sale	(Re)insurer	Financial Lines	Q2
Quest Group	Guernsey Captive	Guernsey	UK & Ireland	Share Sale	Captive	Financial Lines	Q3
RiverStone Group	DARAG	USA and Bermuda	North America	Share Sale	(Re)insurer	Undisclosed	Q3
RiverStone International	Undisclosed	Bermuda	North America	Novation	(Re)insurer	Undisclosed	Q1
RiverStone International	Electric Insurance Company	USA	North America	Share Sale	Captive	Personal Lines	Q2
RiverStone International	QBE	Bermuda	North America	LPT	(Re)insurer	Undisclosed	Q3
State National	James River	Bermuda	North America	LPT and ADC	(Re)insurer	Excess and surplus lines	Q3
Swiss Re	Confidential	UK	UK & Ireland	LPT	(Re)insurer	Undisclosed	Q3
Swiss Re	Confidential	Hong Kong	Rest of the World	Legal Portfolio Transfer	(Re)insurer	Employees' Compensation	Q3
Swiss Re	County of Los Angeles	USA	North America	Legal Portfolio Transfer	(Re)insurer	Workers' Compensation	Q3
Swiss Re	County of LA	USA	North America	Legal Portfolio Transfer	(Re)insurer	Workers' Compensation	Q3
Undisclosed	JPA	USA	North America	LPT	(Re)insurer	Californian Workers' Compensation	Q3

How we can support our clients

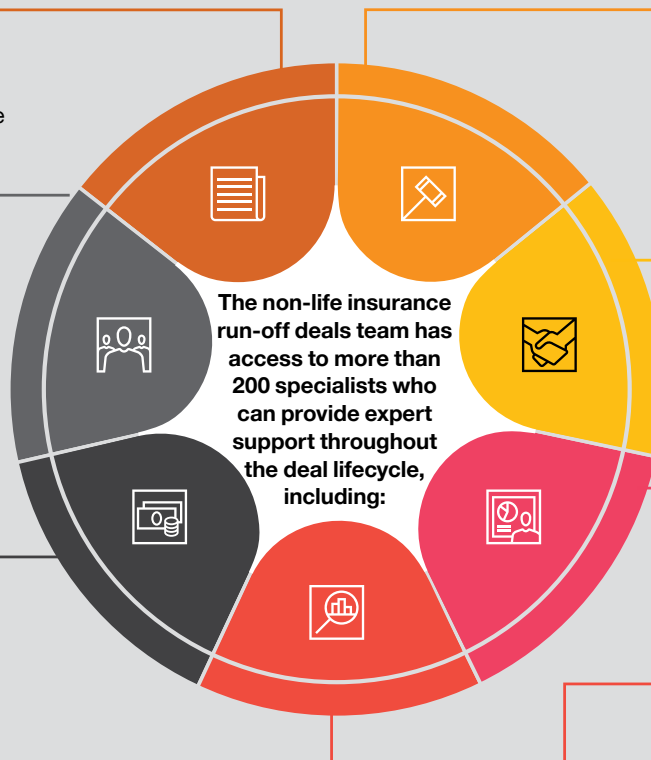
PwC offers solutions across the lifecycle of a legacy transaction. We have a strong track record in all types of transactions, both simple and complex, successfully completing deals to the full satisfaction of our clients.

We deliver our services through a multi-disciplined, dedicated and integrated team of professionals and experts with decades of experience and are able to manage complex projects within tight timeframes and execute transactions in line with all stakeholders' needs.

Strategic options analysis and deal feasibility studies – utilising our global network and outreach and transactions service capabilities

Transaction structuring advice – through our specialist market knowledge and wealth of experience, we know what acquirers want to see and how they interpret data, allowing us to pre-empt questions to provide a smooth transaction process

Actuarial support pre-deal and throughout the deal including pre-deal analysis and pricing, reserving and capital optimisation and negotiation support throughout the deal



Bidder identification and running of sales processes – we have detailed project management methodology to run tightly controlled and efficient disposal transactions to the satisfaction of all stakeholders

Commercial, financial, regulatory and tax due diligence – we bring unrivalled technical expertise to the transactions process and can leverage this every step of the way to add value to deals

Financial & Tax structuring – we can integrate specialist services into our offering to support both the transaction and how it best fits into the business and operations

Post-transaction support – supporting migration and separation post deal, we also offer managed service and outsourcing options to our clients

Contact the team

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About the data

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