



## Portfolio transfer

- > The ceding insurer transfers all policies including outstanding and expected claims to a specialist insurer. With this solution, the technical insurance provisions as well as IBNR reserves and the covering assets are transferred from the ceding insurer to the acquiring insurer. Transfers within the EU are governed by analogous legal framework throughout the union. This is the only instrument that delivers full legal and financial finality to the ceding insurer, when an outright sale of the legal entity is not desirable.

## Sale of companies

- > If a legal entity (e.g. a subsidiary) is in run-off, the entire entity including its inactive business can be transferred through a sale. In this case, technical insurance (run-off) provisions are automatically transferred.





## Retrospective reinsurance

- > A loss portfolio transfer is a reinsurance transaction in which a portfolio transfer is simulated through a reinsurance contract. The gross reserves of the ceding insurer are fully reinsured retrospectively and thus “netted” out. In an adverse development cover, all risks in excess of loss reserves are covered. A combination of LPT and ADC deliver the same result in economic terms as a portfolio transfer.

## Structured solutions

- > Depending on requirements, the run-off instruments can be combined to create an optimal solution for the ceding insurer. For example, through a retrospective reinsurance, a portfolio can be transferred before the sale of a company is completed if the seller needs economic finality to facilitate sale.

## Overview of instruments

	 Portfolio Transfer	 Sale of companies	 Reinsurance	 Structured solutions
Economic finality	yes	yes	yes	<ul style="list-style-type: none"> <li>&gt; Run-off instruments can be combined to create an optimal solution for the ceding insurer</li> <li>&gt; The assets and liabilities can also be transferred into a dedicated run-off vehicle (cell in Malta)</li> <li>&gt; A transfer of assets and liabilities can be part of a contribution in kind</li> </ul>
Legal finality	yes	yes	no	
Risk reduction	after approval	after approval	after signing	
Capital release	after approval	after approval	after signing	
Applicability	direct and reinsurance	direct and reinsurance	direct and reinsurance	
Administrative expense	not relevant	not relevant	relevant	
Default risk	non-existent	non-existent	to be considered	
Reputational risk	depends on assuming risk carrier	depends on acquirer	not relevant	
Regulator approval required?	Yes	Yes	No	