

## AUSA is a Runoff Transaction Broker.

- *We are a market leader specializing in advising insurance and reinsurance companies on the management or divestment of their run-off liability exposures.*

### **INSURANCE/REINSURANCE; RUN-OFF OR LEGACY LIABILITY TRANSFER**

**Run-off liabilities are claims exposures which exist beyond the “tail” which was anticipated by the underwriter at inception. This phrase could also refer to claims liability which exists after the company has ceased writing this business.**

**At ApetropUSA, our goal is to work with you to:**

- 1) **Evaluate** your known and unknown liabilities.
- 2) **Decide** which option of managing your liabilities best fits with your philosophy.
- 3) **Identify and coordinate** the resources needed to achieve your objective.

**There are four basic ways in which you can manage liability or obtain full financial closure:**

- 1) **Keep the liability** and manage it yourself.
- 2) Keep the liability, but **outsource** the management of it.
- 3) Keep the liability, but **reinsure** it to the extent that meets your needs.
- 4) **Sell** the liability fully and obtain full closure.

**Contact us to arrange a non-binding, confidential conversation about your options and any other questions you may have.**

***We provide services, reinsurance and capital to meet your needs.***

**Your Options:**  
**What are they?**  
**What do they mean?**

**STATUS QUO:** This option offers no finality, but it costs nothing more than you are spending now and ensures your ability to monitor the activity.

**OUTSOURCING:** While there is no legal or financial finality, you will save costs, be able to allocate your staff and resources for your core business and have your portfolio managed by a firm which specializes in that area.

**REINSURANCE:** While this will give you financial closure, it will not provide legal finality. The liability will continue to appear on your financial reports, even though it will be offset by reinsurance.

**VERMONT—LIMA:** Enacted in 2014, Vermont’s Legacy Insurance Management Act enables complete legal and financial closure for many categories of insurance and reinsurance. In this legislation, runoff insurance and reinsurance business is defined as any business that is non-personal and is five years post-underwriting. The regulator in the domicile of the seller must confirm that it does not object to the transaction. An affected policyholder or reinsurance counterparty may opt out of the transfer by express notice. The acquirer may be domiciled anywhere but must set up a single-purpose acquiring company in Vermont. The terms of the portfolio transfer reviewed by the regulator include details related to capital surplus, claims management and financial reporting.

**RHODE ISLAND—REG. 68:** Rhode Island’s Insurance Regulation 68 was amended in 2015 to offer finality by novation on terms, and following procedures, that are similar to those under Vermont’s LIMA. Under Reg. 68, the acquirer must be a licensed insurer domiciled in Rhode Island. The transaction is subject to the review and approval of the Rhode Island insurance regulator, the transferring company’s home jurisdiction regulator and Rhode Island courts. There is no provision for opt-out by affected policyholders or reinsurance counterparties, but the multiple levels of review and approval by authorities provide dissenting affected parties several venues for comment, objection and opposition.