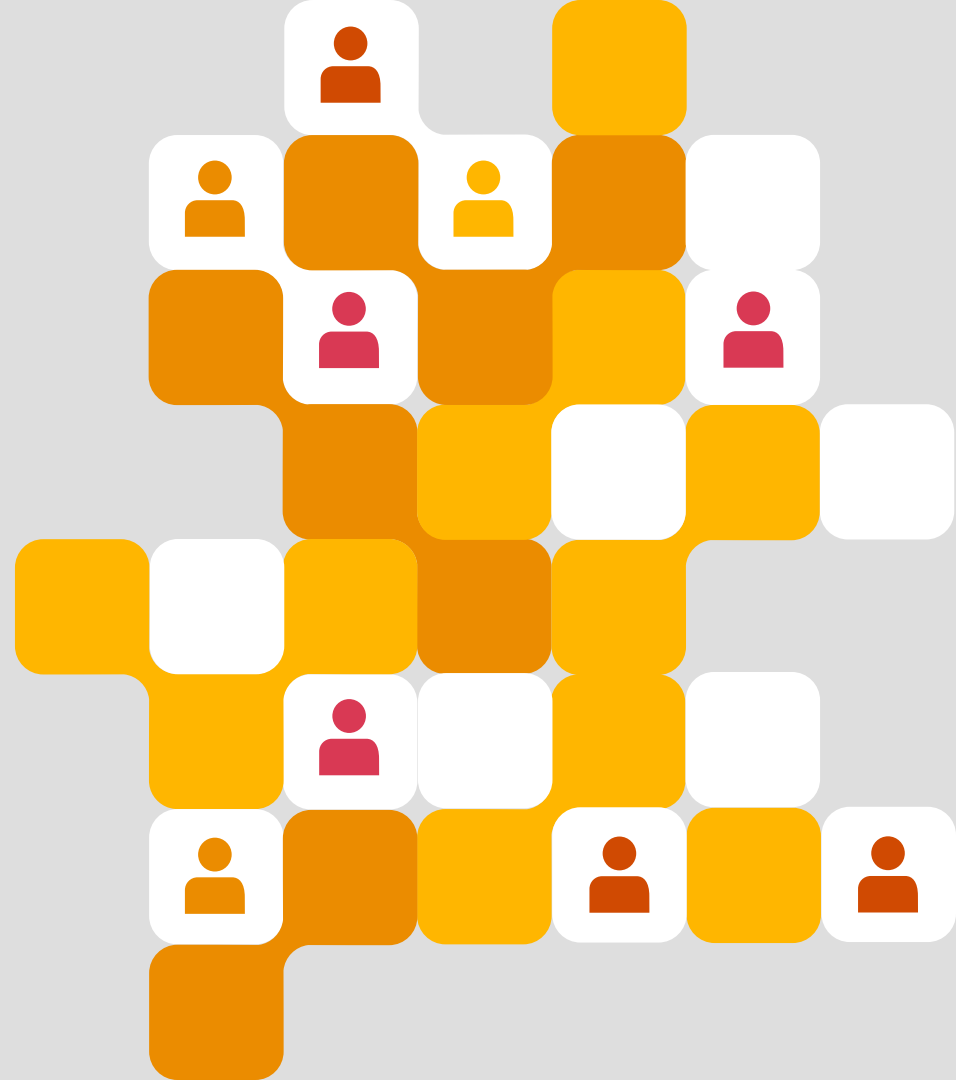


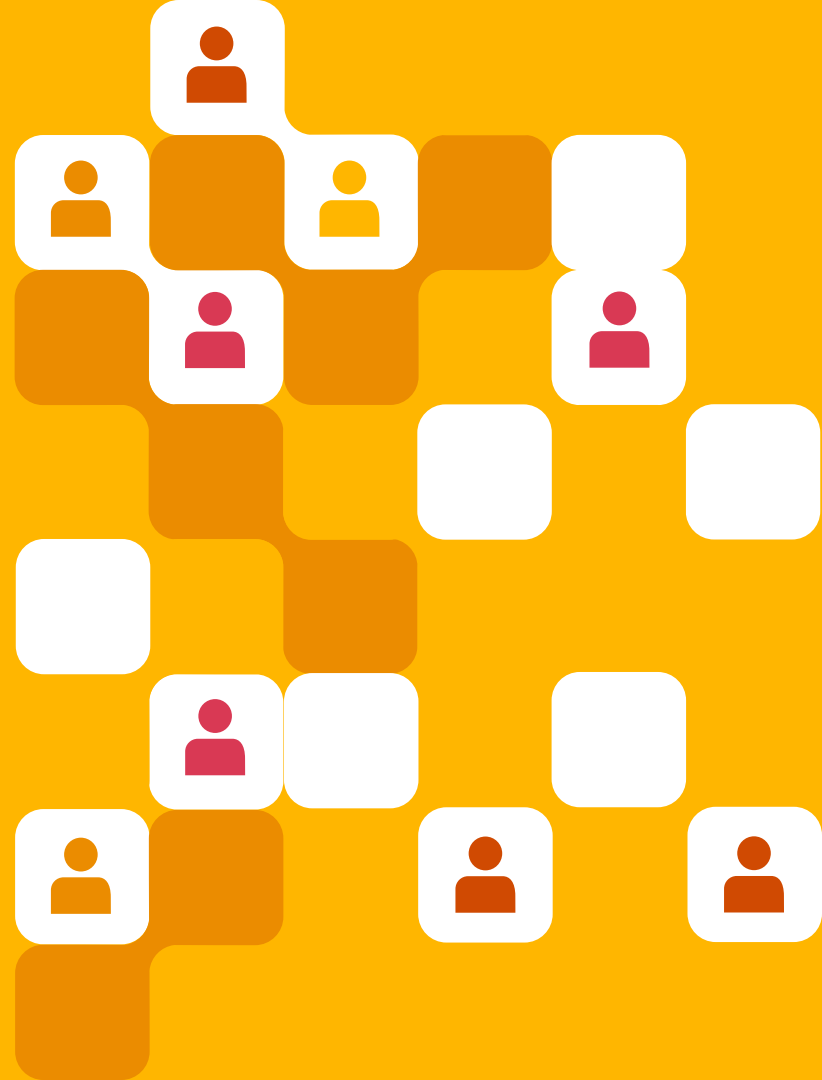
# Legacy market: Current and future reflections

September 2024



# 1

Brief review of the  
market: FY23  
and YTD 24 highlights



# How big is the market?

The geographical breakdown of our estimate of global non-life run-off reserves



Global non-life run-off reserves are estimated to be more than

**US\$1tn**

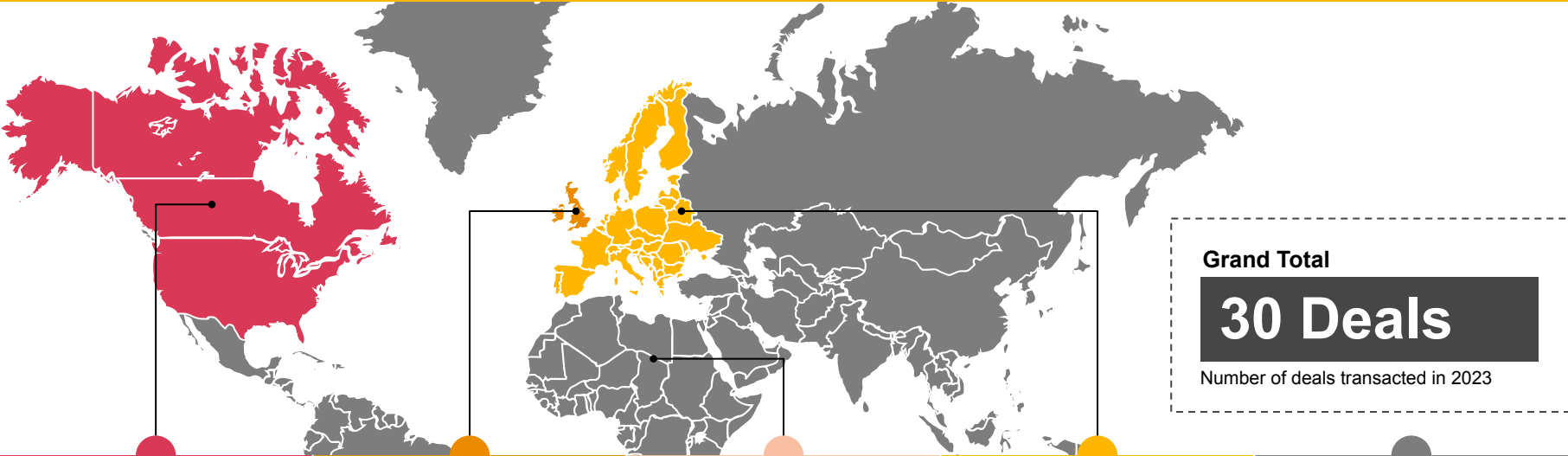


Global corporate run-off liabilities are estimated to be

**US\$73bn**

# Publicly disclosed non-life run-off deal activity - FY23

## 2023 deal activity by region

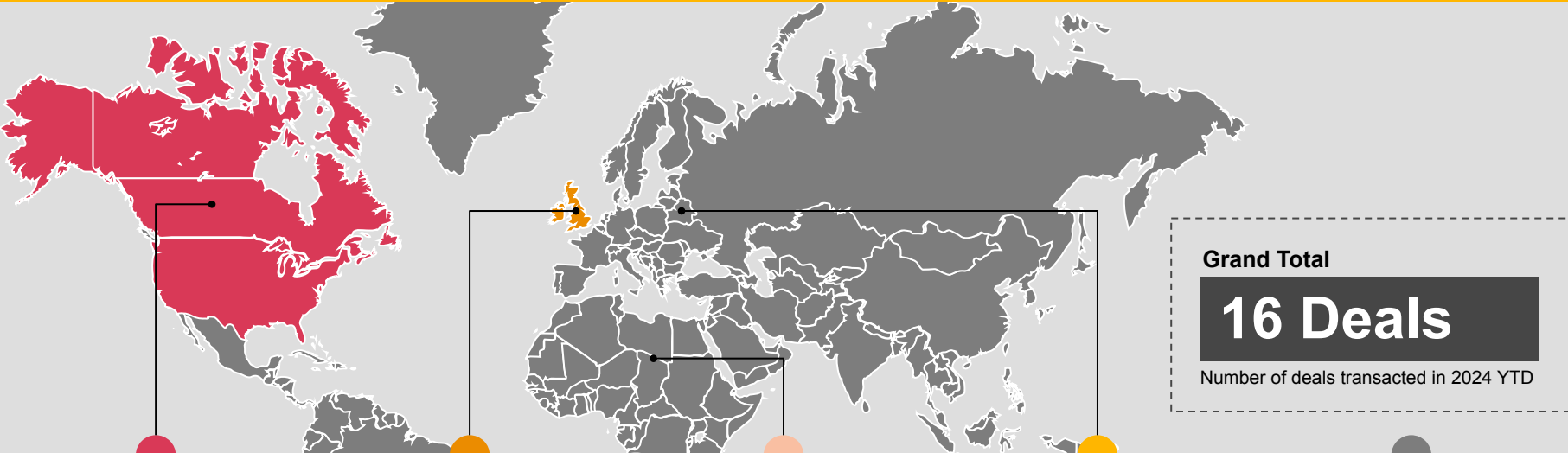


North America	UK and Ireland	Cross Border	Continental Europe	Rest of the World
<b>\$3.0bn</b>	<b>\$3.4bn</b>	<b>\$1.3bn</b>	<b>\$0.2bn</b>	<b>\$0.2bn</b>
Estimated gross liabilities transacted	Estimated gross liabilities transacted	Estimated gross liabilities transacted	Estimated gross liabilities transacted	Estimated gross liabilities transacted
<b>12 deals</b>	<b>13 deals</b>	<b>1 deal</b>	<b>3 deals</b>	<b>1 deal</b>

Source: PwC deals database  
Legacy market: Current and future reflections

# Publicly disclosed non-life run-off deal activity - YTD 2024

## 2024 YTD deal activity by region

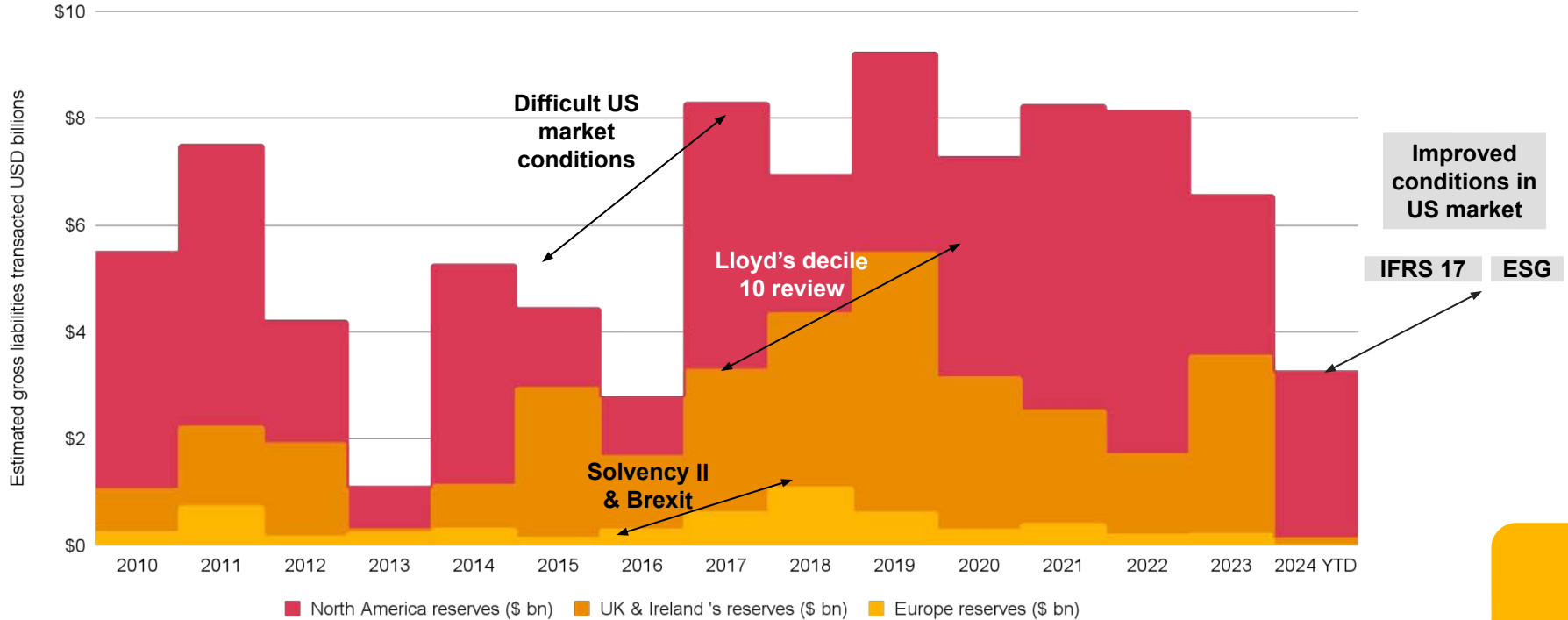


North America	UK and Ireland	Cross Border	Continental Europe	Rest of the World
<b>\$3.3bn</b>	<b>\$0.1bn</b>	<b>\$0.2bn</b>	<b>\$0bn</b>	<b>\$0.4bn</b>
Estimated gross liabilities transacted	Estimated gross liabilities transacted	Estimated gross liabilities transacted	Estimated gross liabilities transacted	Estimated gross liabilities transacted
<b>13 deals</b>	<b>1 deal</b>	<b>1 deal</b>	<b>0 deal</b>	<b>1 deal</b>

Source: PwC deals database  
 Legacy market: Current and future reflections

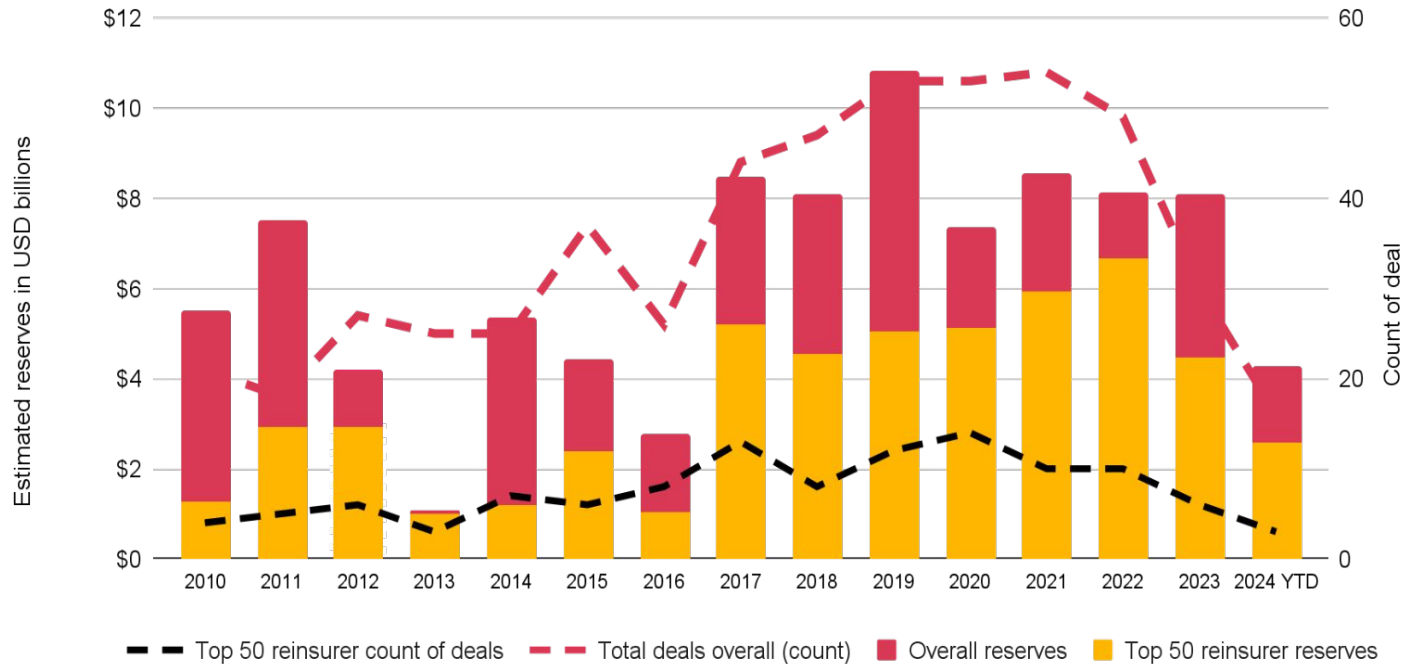
# Impact of events on legacy deals

## Impact of drivers on Lloyd's, Europe and North America deals



# Top 50 (re)insurer analysis into the legacy market

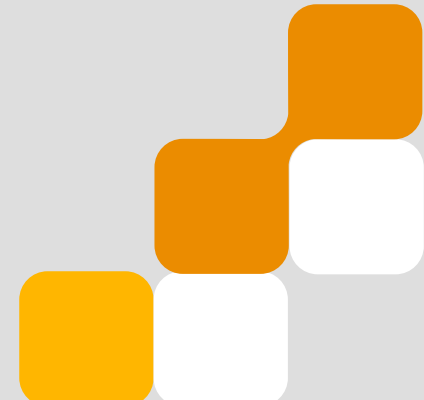
Trend of deal activity by top 50 (re)insurers for non-life legacy activity



Source: AM Best “Top 50 Reinsurance Groups” and S&P “World’s Largest P&C Insurers - 2023”. A top 50 list was compiled on the basis on total gross written premium of non-life insurance and reinsurance. PwC Deals database  
 Legacy market: Current and future reflections

# 52%

of the top 50 P&C non-life (re)insurers by GWP have participated in publicly disclosed non-life legacy market transactions since 2010.



# 2

## International Perspectives





# Bermuda



**Impact of Bermuda's adoption of a corporate income tax regime**



**BMA's regulatory focus and agenda**



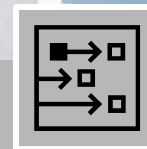
**Innovation and evolving deal motivations**



**The US relationship and the US casualty market remain key**



**Transformation, capital and M&A**



**Confluence of conditions influencing deal flow**

# Emerging trends - US vs Europe

1

Solvency

2

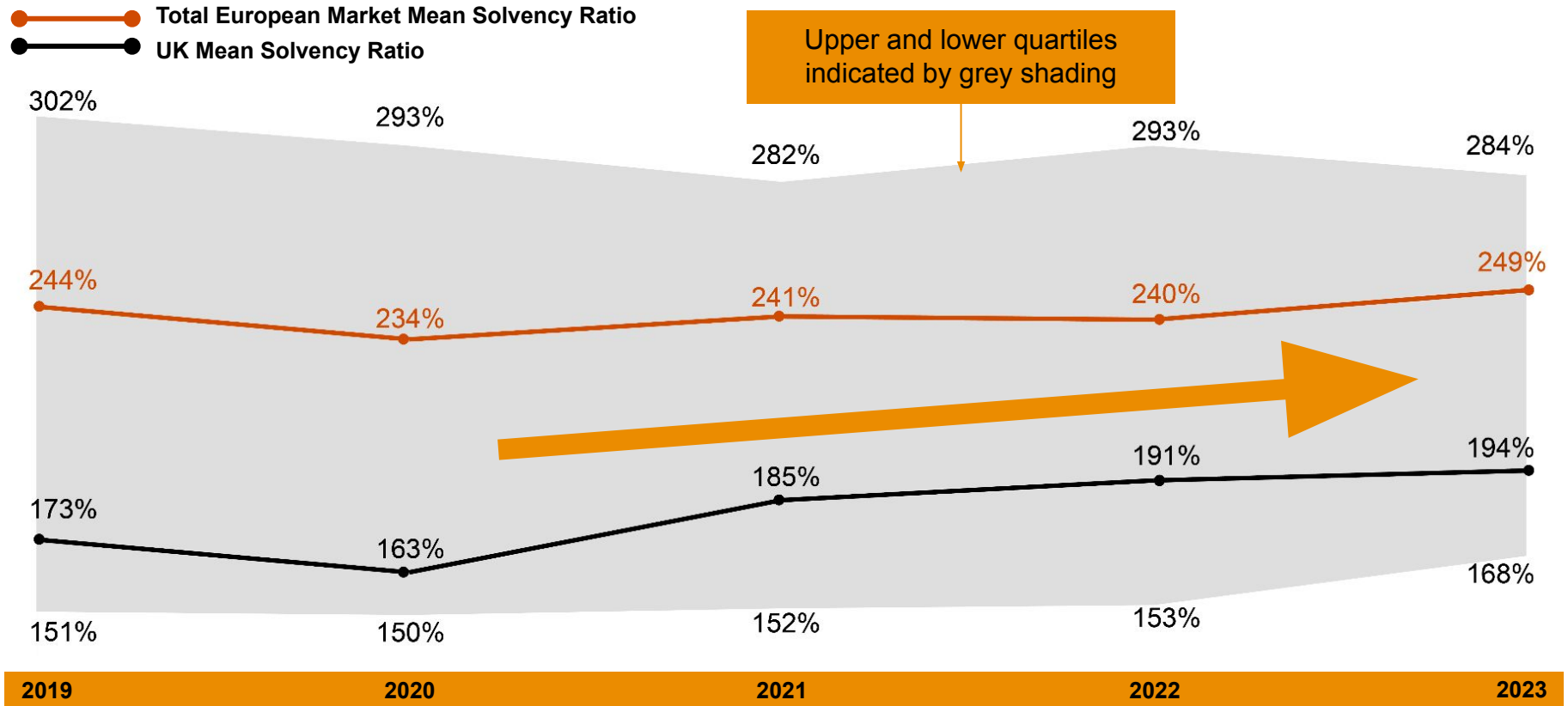
Loss Ratios

3

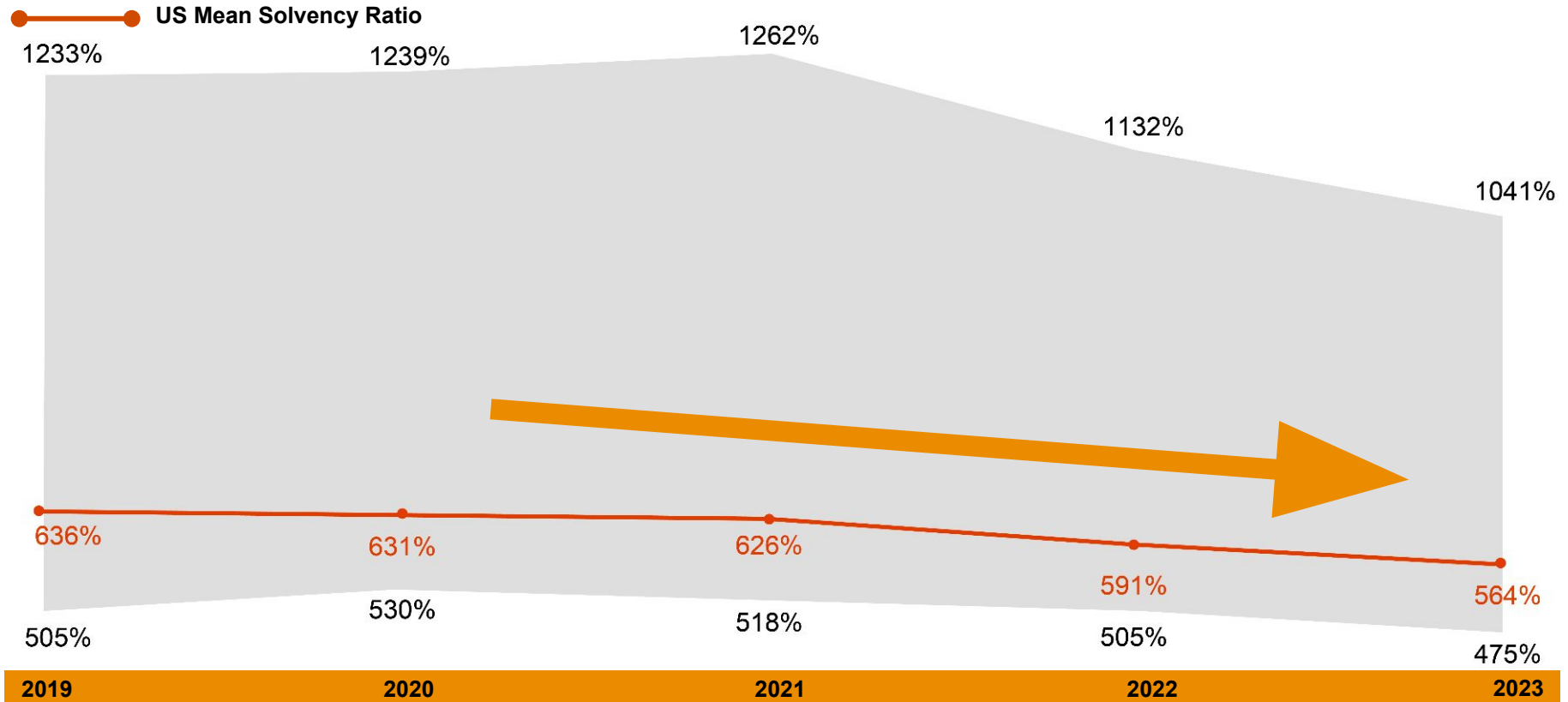
Reserve strength



# Solvency Ratios - European Solvency Ratios

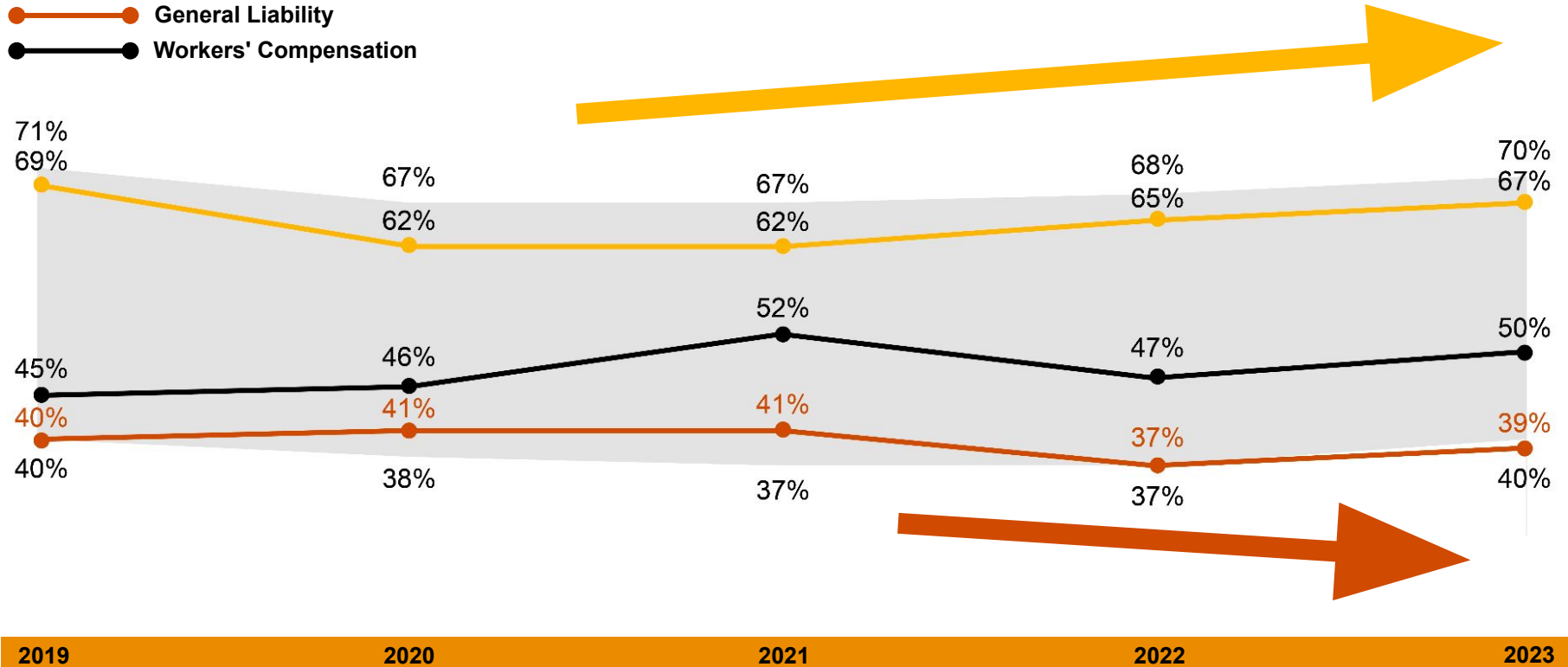


# Solvency Ratios - US Solvency Ratios (risk-based capital)

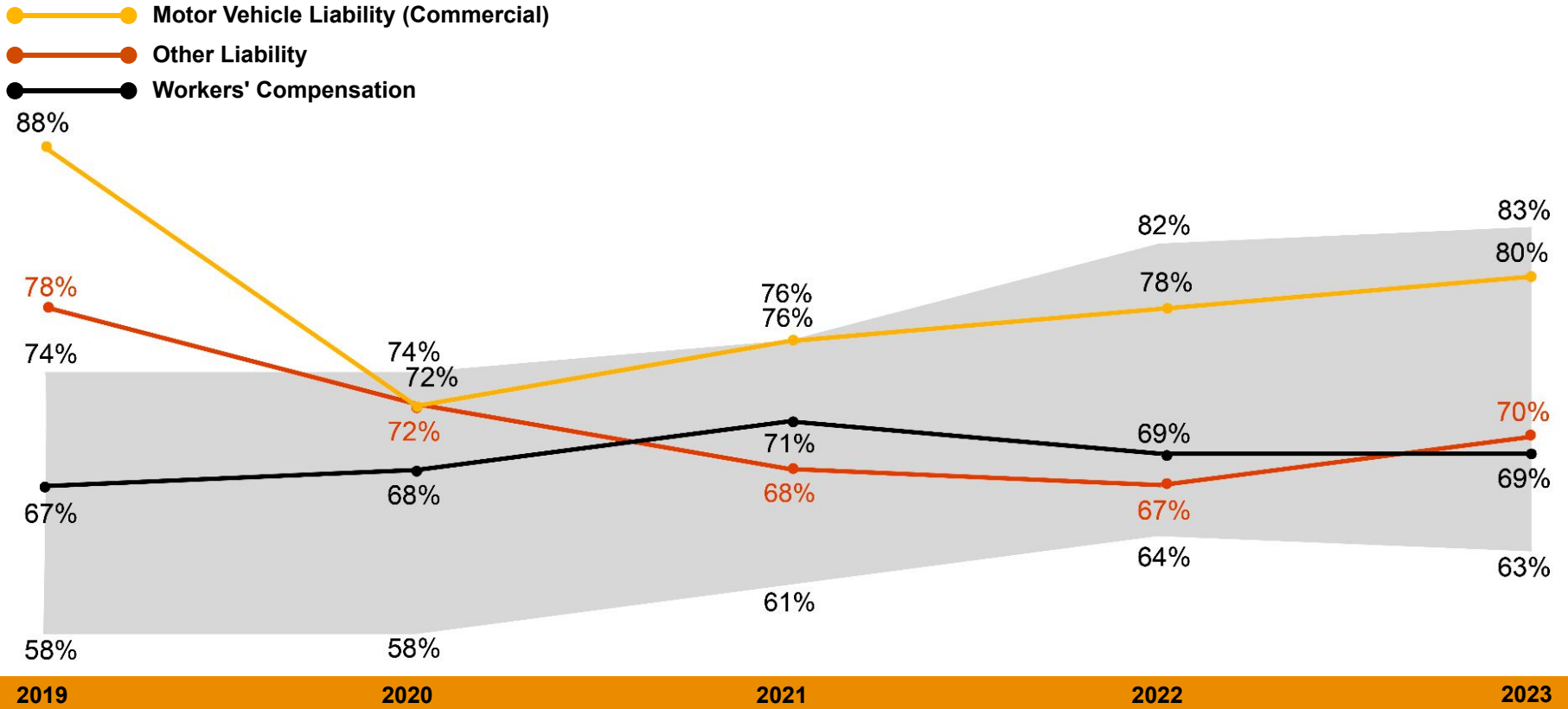


# Combined Ratios - European Loss Ratios

- Motor Vehicle Liability
- General Liability
- Workers' Compensation



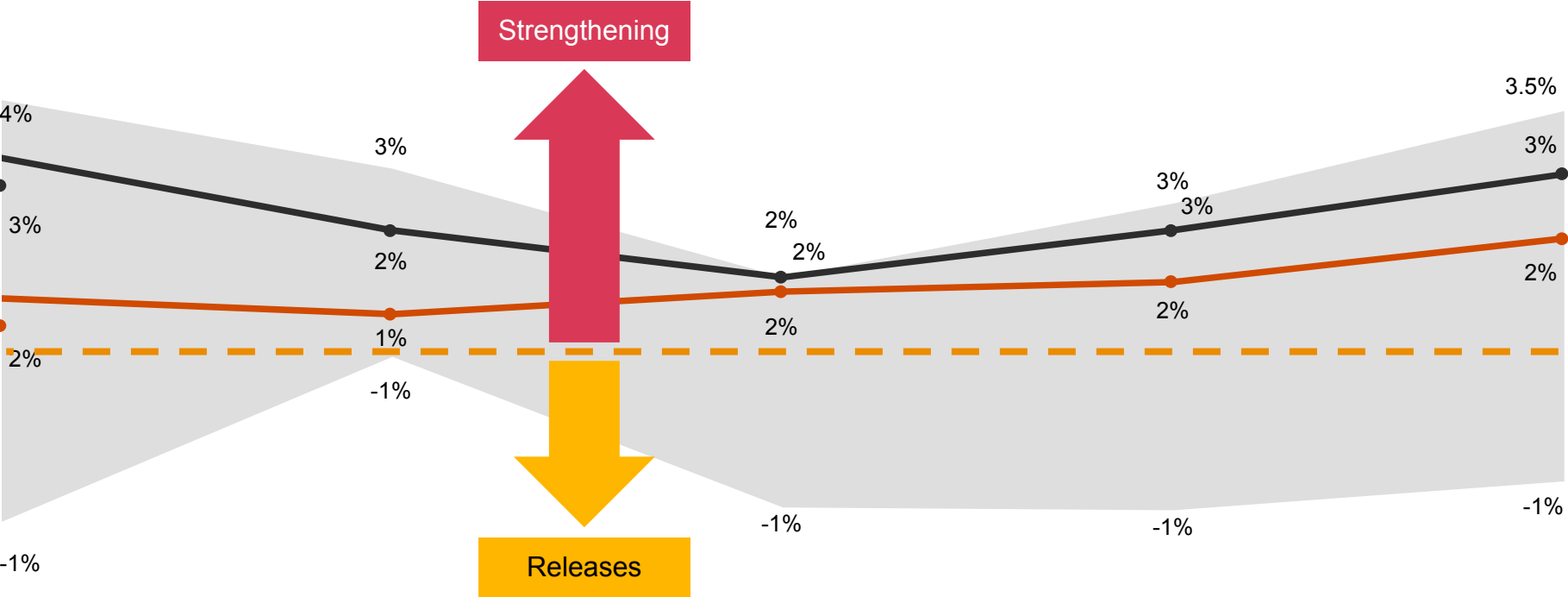
# Loss Ratios - US Loss Ratios - Accident Year



Source: SNL, Individual Company Statutory Statements, 2023. Analysis by PwC.  
Legacy market: Current and future reflections

# Reserve Development - European reserve strength

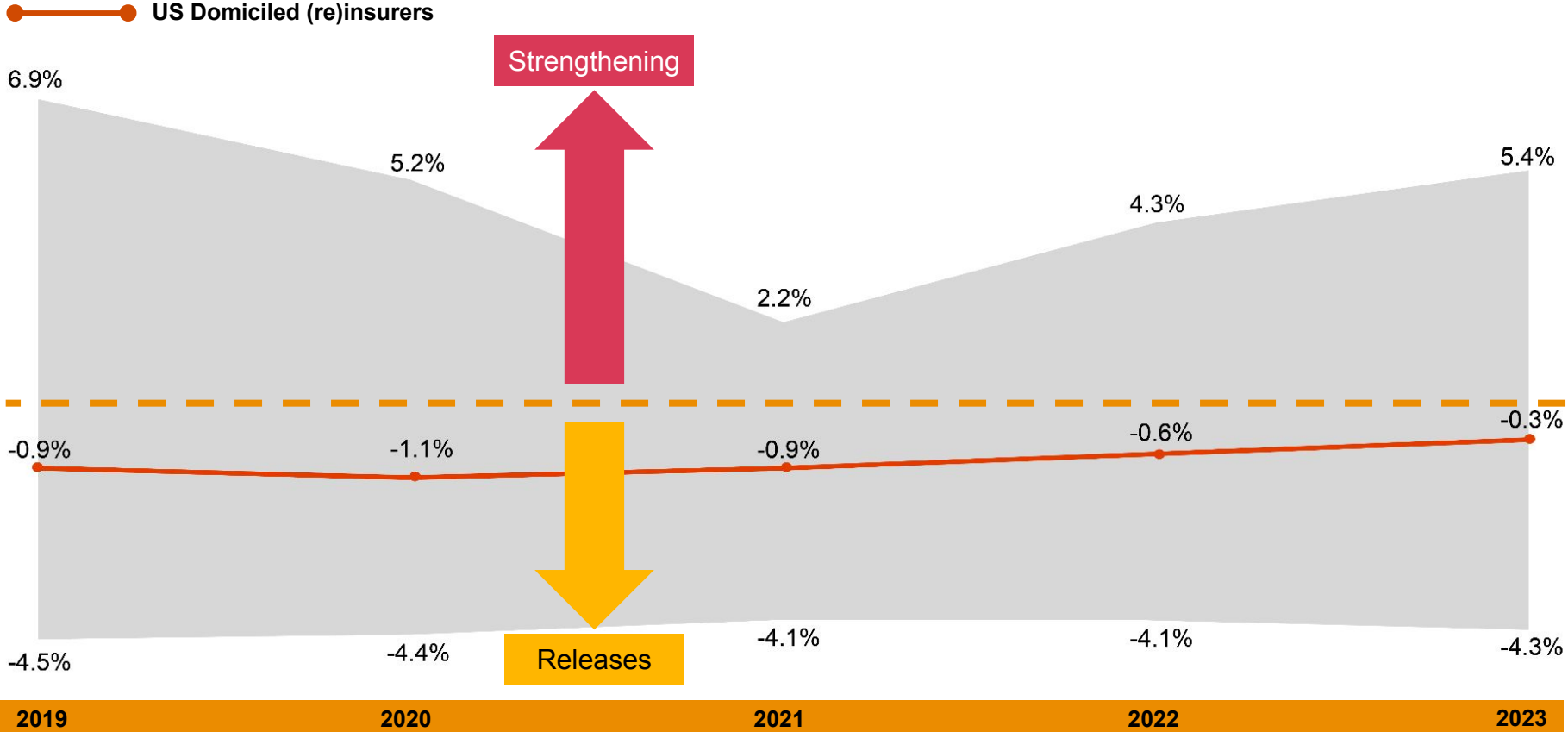
- UK Domiciled (re)insurers
- Total European Market



2019 2020 2021 2022 2023

Source: © A.M. Best Europe - Information Services Ltd. – Best’s Financial Suite – Solvency II — used by permission. Analysis by PwC.  
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# Reserve Development - US reserve strength



Source: SNL, Individual Company Statutory Statements, 2023. Analysis by PwC.  
Legacy market: Current and future reflections



# Key takeaways

1

## Solvency

- Increasing capital strength across Europe - demand for release via legacy?
- Gradual reduction in average strength in the US
- Significant underlying variation - plenty of opportunity for capital relief

2

## Loss Ratios

- EU - GL stable, clear worsening in motor
- Particularly wide variation in performance of UK motor market books
- US - general liability improving, but WC worsening
- Market conditions can change quickly - creating opportunity

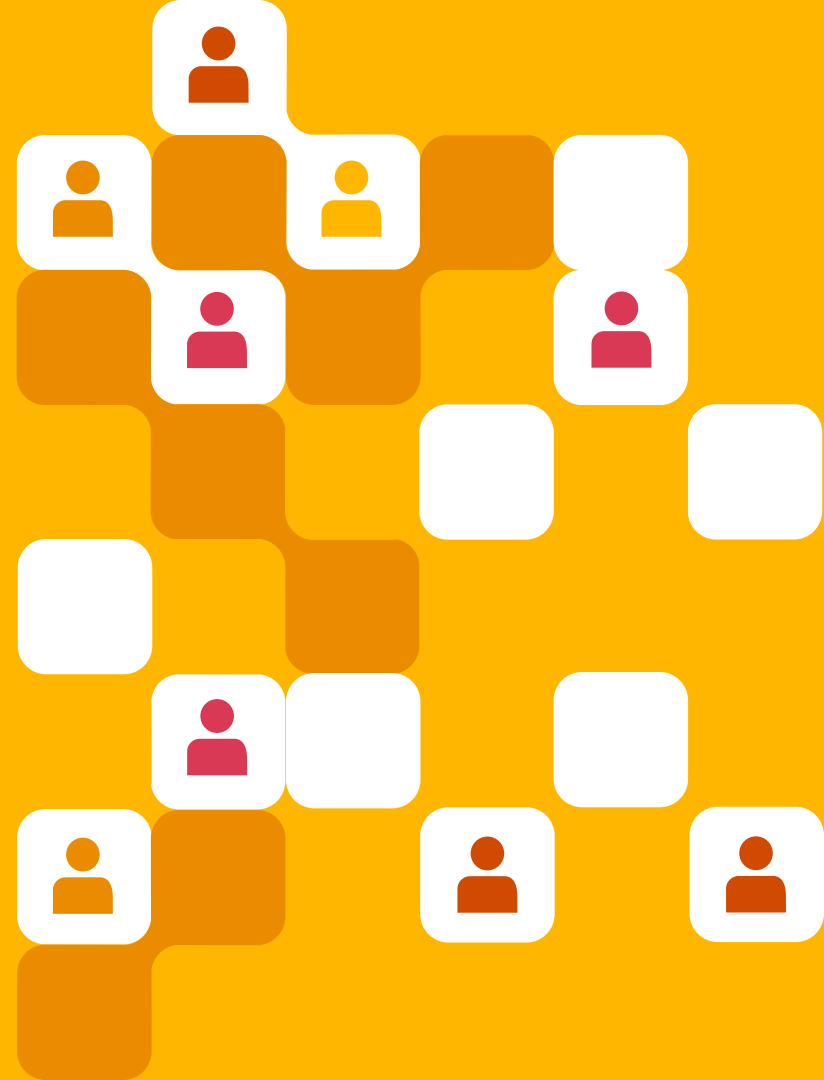
3

## Reserve strength

- EU - consistent small strengthening, UK included
- Still seeing deteriorations from years 2016-2020
- US - consistent small releases
- Be wary of poorly performing years, but hard market may signal future releases

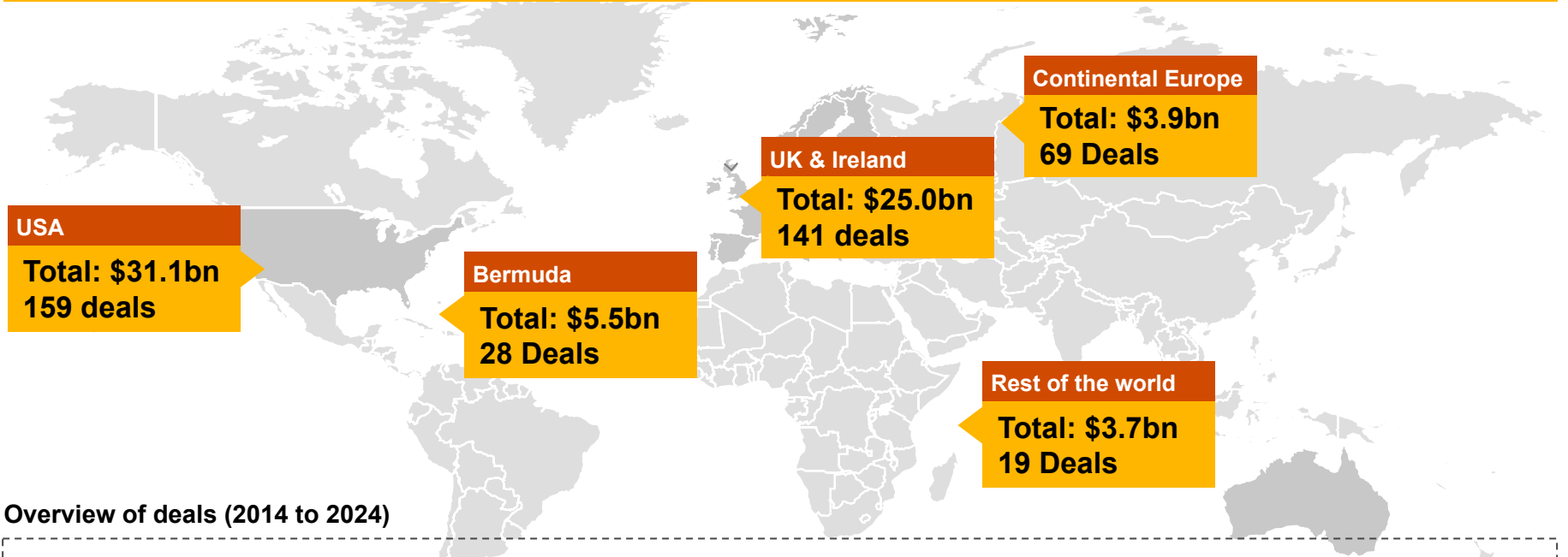
# 3

## The future: Key themes



# Overview of legacy deal landscape

Deal flow over the last 10 years (2014 - 2024)



## Overview of deals (2014 to 2024)




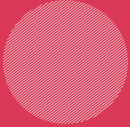
Source: PwC deals database. \* We have excluded the Berkshire Hathaway and AIG mega-deal in 2017, where \$34bn reserves were transacted in the USA  
Legacy market: Current and future reflections

# Look forward themes

## Future Deal Flow



## Regulation

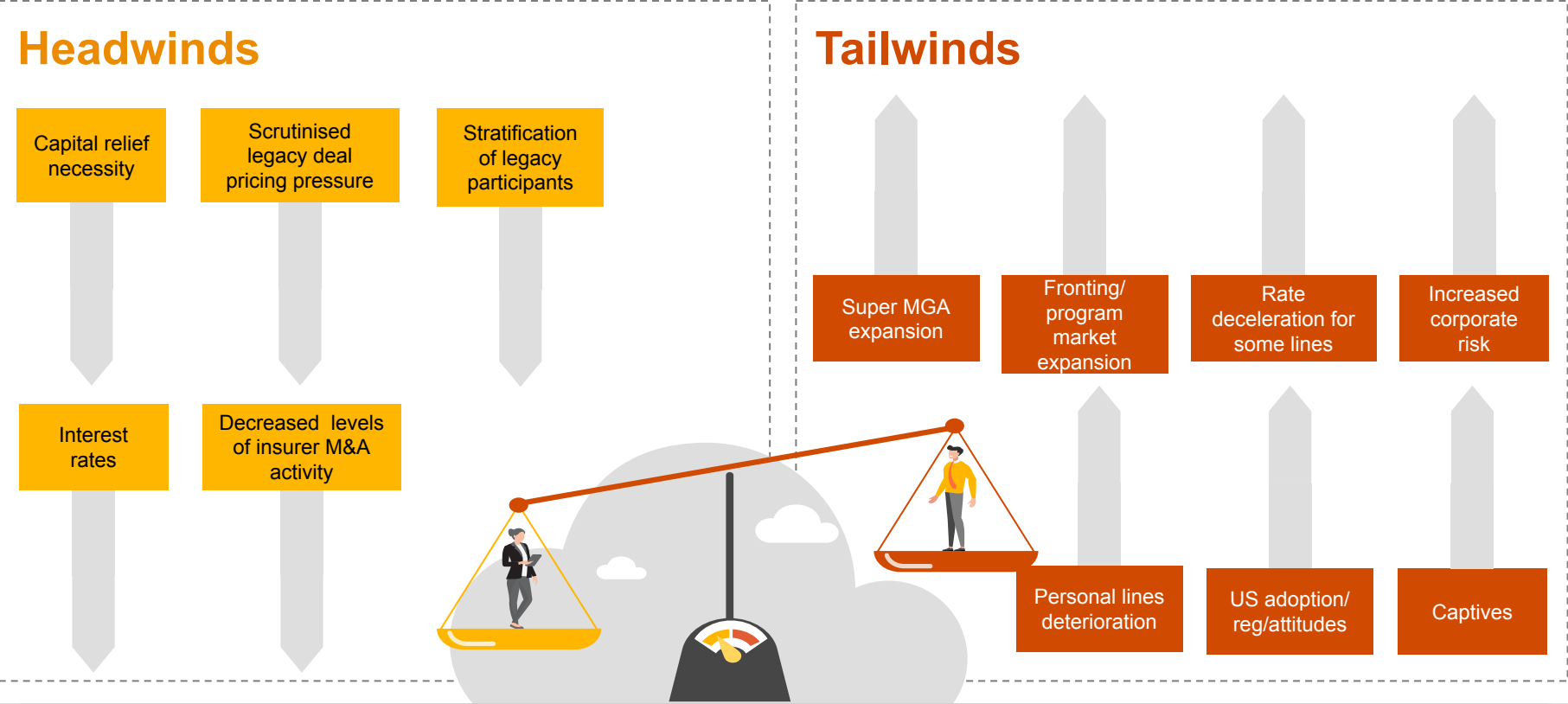


## Talent



## Technology

# Future deal flow



# Regulatory focus areas - 2024

## Key themes



# Talent

Key themes emerging from the PwC UK Workforce Hopes and Fears 2024 Survey\*



# 49%

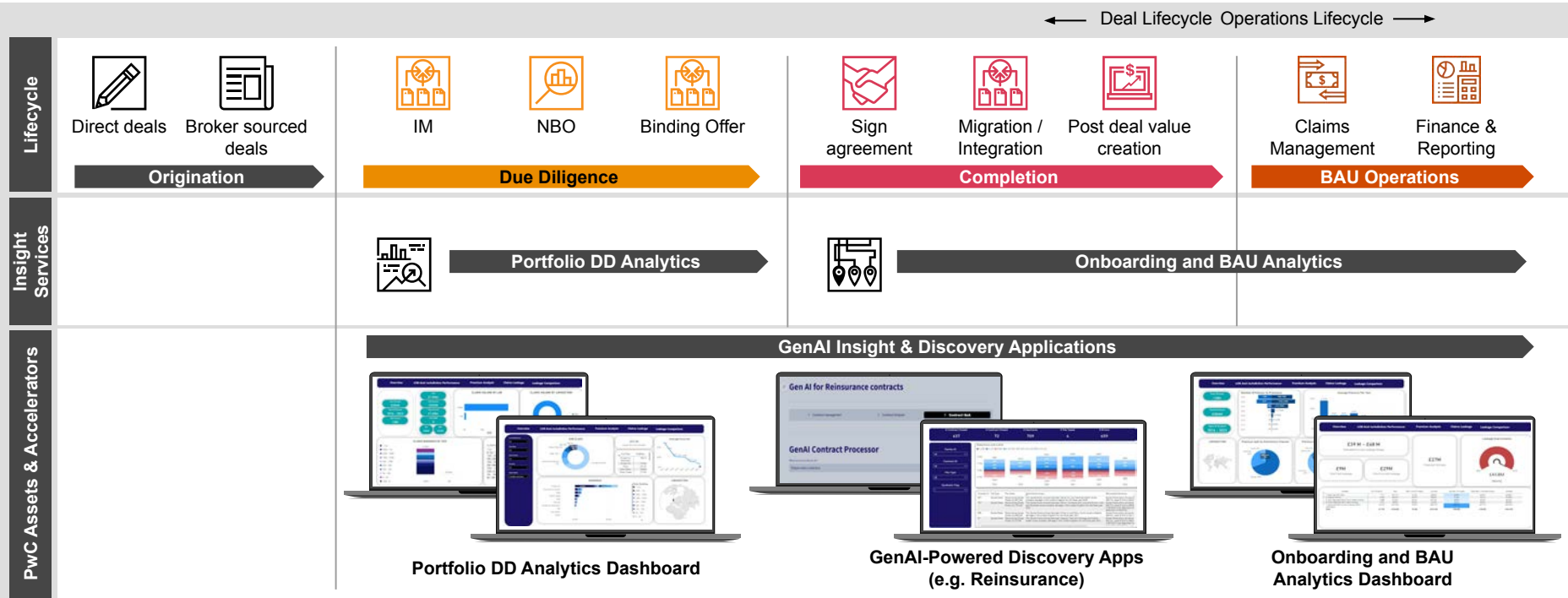
of workers report never using GenAI in the past 12 months

# 78%

of leaders report some extent of skills shortage within their organisation

# Optimised Due Diligence

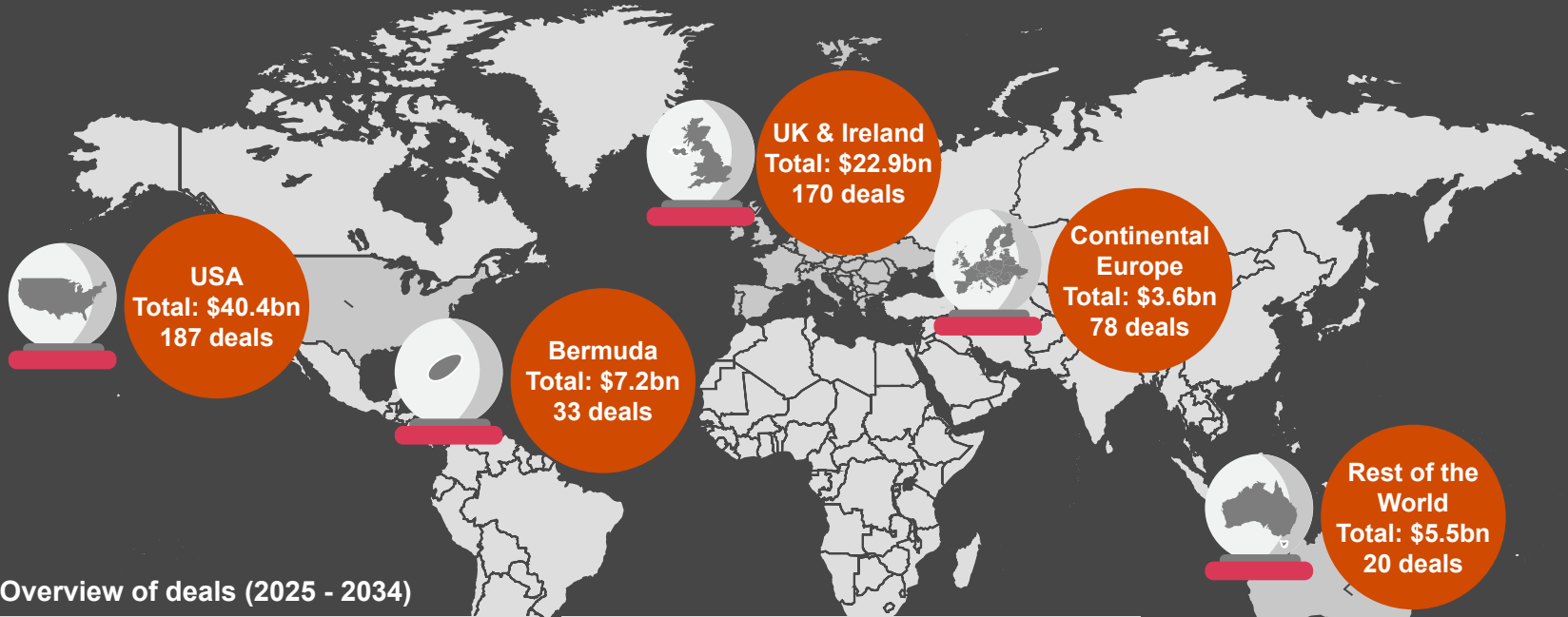
The Consolidator of the Future will infuse data analytics and AI into the end-to-end lifecycle to capture more value from each stage





# What's in store.....

Our predictions on regional deal flow for the next 10 years (2025 - 2034)



## Overview of deals (2025 - 2034)

Total number of deals  
(2025 - 2034)

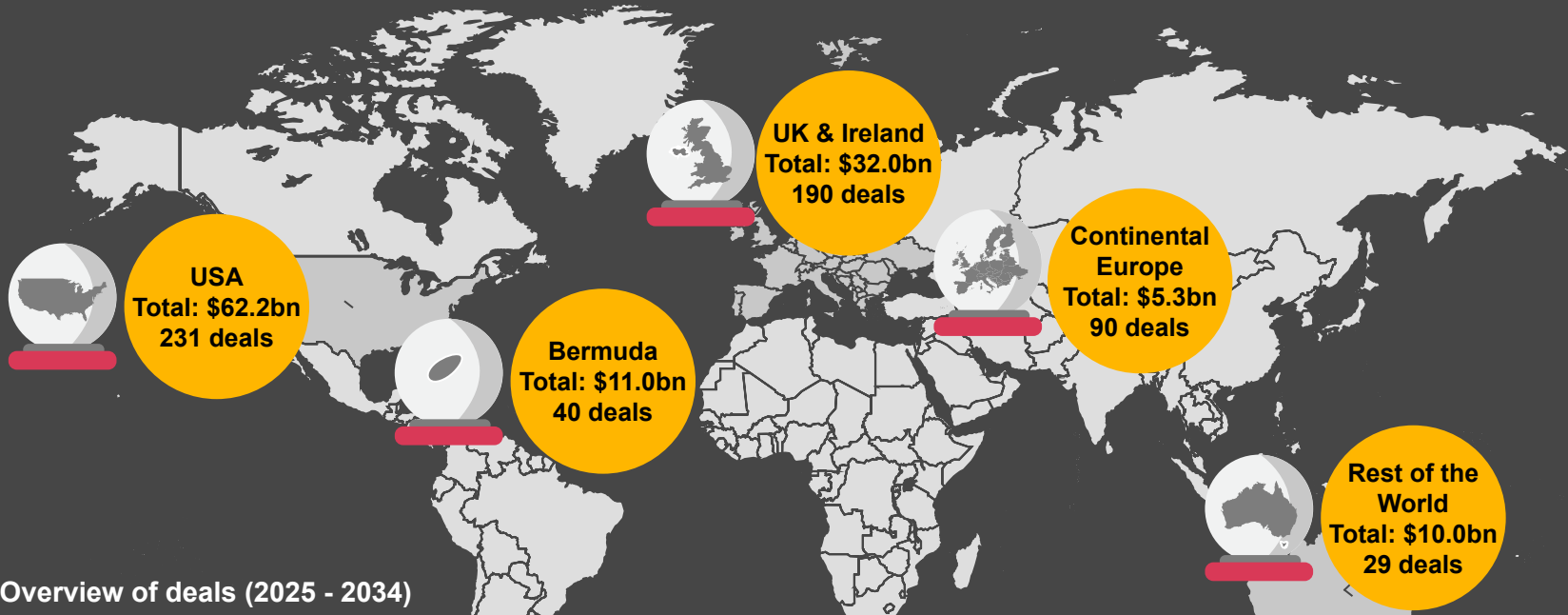
**488**

Total reserves transacted  
(2025- 2034):

**\$79.6bn**

# Going for Gold!

Our 'go for Gold' predictions on regional deal flow for the next 10 years (2025 - 2034)



## Overview of deals (2025 - 2034)

Total number of deals  
(2025 - 2034)

**580**

Total reserves transacted  
(2025-2034):

**\$120.5bn**

# Thank you

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