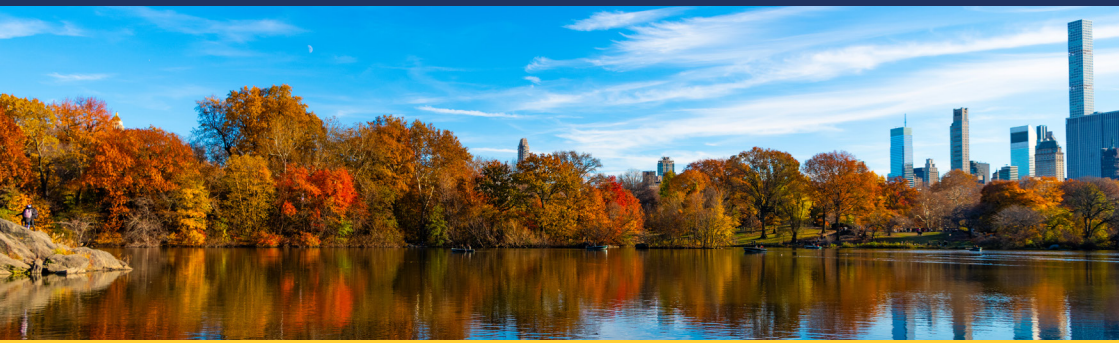
Reinsurance News

Reinsurance News Legacy Market Roundtable New York City

2026



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FOREWORD

Welcome to the fourth Reinsurance News Legacy Market Roundtable, and our first to be held in New York City. In partnership with global acquirer and reinsurer of legacy business, RiverStone International, the event took place in Manhattan on October 21, around the annual AIRROC conference.

Eight experts from across the legacy market, representing acquirers, brokers, advisory and legal, gathered at Mayer Brown's New York office for a discussion on the evolution of the retrospective market and how changing client needs are shaping its next phase.

The conversation opened with an exploration of how client expectations of legacy solutions have evolved, before turning to what defines a successful legacy partnership today. Key themes included trust and transparency, alignment and data quality, the value of repeat business, and the ongoing need for market education as solutions become increasingly tailored to diverse client needs.

The group also examined innovations in the market, including forward exit options and solutions that combine retrospective and prospective elements. Alongside these developments, the need to attract talent and encourage the next generation of legacy market professionals featured prominently.

With the US representing a significant growth opportunity for the legacy market, the country's fragmented regulatory landscape also came under scrutiny, and participants voiced frustration at the lack of progress on IBTs.

The evolving role of brokers was another key talking point. Representatives from two global broking groups emphasised the importance of education, managing expectations, and effective translation between parties to ensure alignment as clients become increasingly sophisticated.

Technology and artificial intelligence (AI) also featured in the discussion, with participants highlighting the potential to streamline due diligence, support analysis and help identify new opportunities across the market.

Finally, the roundtable looked to the future, considering what the next wave of legacy transactions might look like and where participants see the greatest opportunities for legacy solutions.

Luke Gallin
Production Editor, Reinsurance News



TOP ROW (left to right)
Vikram Sidhu, Mayer Brown LLP
Victor Nelligan, Aon
Stewart Richmond, AIRROC
Brent Hoffman, Enstar
Marty Rosemann, Swiss Re

BOTTOM ROW (left to right)
Angela Sampson, Marsh Re
Luke Gallin, Reinsurance News
Eli Edson, RiverStone International
Ryan Heyrana, Brown & Brown

Reinsurance News

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Stewart Richmond, Vice Chair – **AIRROC (The RiverStone Group)**

Ryan Heyrana, Senior Vice President of Legacy Solutions – **Brown & Brown**

Vikram Sidhu, Corporate Insurance & Regulatory Partner – **Mayer Brown LLP**

Special thanks to Mayer Brown LLP for kindly providing their boardroom for this event.



LUKE GALLIN

ELI EDSON

Let's begin with clients' expectations of legacy solutions. How have these changed over the past five years or so?

It fits into two categories. If I think about this year and where we've been successful, we've had three material transactions announced in the public space, and those transactions supported cedents that are repeat sellers in the legacy market. We've been fortunate to establish relationships with these sellers, and they continue to be mostly broker-led transactions. We do have the benefit of having a strong working relationship with these cedents. So, regarding their expectations, they know what legacy is, and they very much use it as a strategic tool. We talk a lot about strategy. These are very clear cases where they have a need, they see legacy as a natural part of the insurance cycle. So, they expect a fair process, they expect a fair price, and they expect a continuation of the trust that we've been able to establish, which is great.

And then the second category is around new entrants to the legacy space, clients that have not necessarily transacted before. The broker community does a great job of identifying an opportunity. There's a need. There are expectations that are set related to the various reinsurers in play, but you have to really work hard to foster trust throughout the process and be transparent. There's the actual deal element, there's executing a contract, but then there's a lot that comes after that and just making sure that the client understands the process and they understand the expectations, so you can give clear elements that you know they need to hear and see in order to feel comfortable moving forward.





BRENT HOFFMAN

The legacy market was previously more reactive. People were looking at distressed and discontinued books. I think it's fair to say that in the last five years, there's been more change in terms of client expectations. It's been pretty significant the last three to five years, with clients looking at us more as a strategic partner and building us into the planning cycle. Although there is still work to be done.

Brent Hoffman – **The most important thing is that we remain relevant with key leaders in the industry**

Fortunately, at Enstar, we do have repeat clients, and we really value those relationships. But of course, we want to buildout in the broader reinsurance and insurance market. One example that often gets cited is the work in the ILS front. It's something that's changed quite a bit, and is a little more forward-looking. Obviously, we've been very keen to develop those relationships, and that will continue.

But probably the most important thing is that we remain relevant with key leaders in the industry, and get more embedded into their overall business strategy as opposed to being thought of as pure legacy and distressed transactions.

MARTY ROSEMANN

I echo that statement because, although the legacy market has come light years from where it began, there still is a predominantly problem-solving motivation to people seeking legacy solutions rather than being part of their strategic discussions. That's one of the messages that we continue to try

to drive throughout our organization. When you're having discussions with clients, when you're hearing what their strategic needs are, bring legacy and the legacy products to the forefront. So, before they have a problem, we're starting to talk about how they can strategically refocus their business, their balance sheet, the liabilities on their balance sheet, and use legacy as a proactive solution instead of a reactive solution.

ANGELA SAMPSON

There's still a lot of fear among clients, especially for those less active in the legacy space such as mutuals, that it's going to do some signalling. This isn't unique to clients either. There are still some regulators who see legacy as a solution to a problem rather than a strategic tool. So, it really comes down to promoting the capital aspect and educating stakeholders on how legacy solutions can fit into their overall strategy and their capital stack. Maybe the onus is on us when it comes to promoting more transactions that have that focus, which can help shift the industry over time. We've made huge leaps, but there's still a way to go.

VICTOR NELLIGAN

If you think about this from how the expectations have changed in the last five years, they've gotten way broader. Every single time there's a quirky thing, we get a question saying, "Hey, a RiverStone or Enstar could do this, right?" The expectations are way broader. My point is, legacy players are seen as problem solvers, and when you're building even deeper relationships with the

Angela Sampson – **We've made huge leaps, but there's still a way to go**



broking teams across the network, then they start throwing stuff at you. It becomes, can legacy solve this or that? And the clients think that legacy can do everything, which is actually really refreshing.

STEWART RICHMOND

From an AIRROC perspective, our focus is on increasing the profile of the legacy industry. We're really trying to show that legacy is not just palliative care for ailing insurers/reinsurers, instead it can be a creative financial tool. On behalf of our member companies and partners, AIRROC seeks to create a forum for all the players in the market – the buyers, the sellers, the brokers, the regulators, and the service providers – to meet, network and share ideas. We just had our signature event in Jersey City with a full day of education and day of networking and business meetings.

RYAN HEYRANA

Over the past five years, I've straddled market and also the brokering side. When I was in the market, I focused specifically on corporate legacy transactions. That's an area that I think is still underserved and still undereducated.

One of the big changes that I've seen, is probably five years ago the vast majority of large U.S. corporates, mid-sized corporates, had no idea what legacy was. The retail broker only spoke to them about placing the risk. What is that going to look like? What does the future look like? Once liabilities were on their balance sheet, they didn't look back to fix the capital constraints, the operational constraints, the volatility associated with the liabilities. That was primarily why I moved to the brokering space, to find out why these corporate transactions weren't making it to the legacy market before the house was



on fire, before there was some sort of need, whether driven by M&A, capital considerations, or another strategic event. After three years of knocking on doors, trying to educate corporate clients and retail brokers, I think we've made some steps. Clients are increasingly using legacy as a strategic lever, asking not just how it impacts the risk management team, but also legal, finance, and treasury. That's an important shift in mindset. They're viewing legacy strategically, not simply as a way to offload risk, but as a tool that can impact financial flexibility and capital across the organization.

VIKRAM SIDHU

As legal counsel in this room, what I find really interesting is that we spend a lot of time in the same areas, in the same places, with the same folks. The challenge is convincing those who are not yet participating in legacy transactions. We do a lot of ongoing work for repeat players, and that certainly functions very well; there are established players that go to market every year or so. But with newcomers, it has been surprising to us, as legal counsel, that the market hasn't taken off as much as we expected and hoped.

For our part, we certainly engage with clients to talk about potential solutions, but there may be regulatory concerns, or concerns about how these deals are perceived. At the more absurd end, I've sometimes joked that maybe we need to rebrand and move away from terms like loss portfolio transfer or adverse development cover. But all joking aside, we continue to struggle with this even as legal counsel, because clients often ask us, as strategic advisors, what they can be doing. We're in the boardrooms, we're in with the executives, but there's still that hurdle we always face. It's been interesting, because we would have expected many more repeat players in the market by now.

LUKE GALLIN

As expectations shift, are clients approaching legacy differently than we've seen in previous years?

BRENT HOFFMAN

It's what Victor said very succinctly, which is the market is just more diverse now. There are pure capital relief structures, earnings volatility projections, some of the ILS solutions, and trying to be a little more forward-looking.

We've been trying to do some transactions where you take on a portfolio and you add over time. So, they're looking at it differently. On the other hand, given my background in claims and legal, we still can't lose sight of the bread and butter when it comes to LPTs, ADCs, and frankly executing appropriately. We take a lot of pride not only in claims but just operationally, on how we can deliver value to the client. As we know, these transactions can be complicated, and they do have operational aspects that maybe the ceding companies don't fully appreciate. So, it probably goes back to that education point. But I think execution is still key, and it's just being responsive to the broader needs of the market.

ANGELA SAMPSON

That's a really important point on keeping the focus on the operational excellence, and also setting those expectations from the outset. Naturally, as clients turn to this as an alternative tool for capital efficiency, they're comparing it to other options, such as traditional reinsurance, surplus notes, capital injections, etc. Setting the stage for how the process is going to differ from those other options goes a long way. Otherwise, you could be many months or even years in, and the clients aren't necessarily prepared for what will be asked of them. Whereas we may take it for granted because we see these deals all the time, so it's not a surprise for us.

LUKE GALLIN

While the market has progressed there is clearly still work to be done and a continuous need to educate clients and build relationships. But what does a successful legacy partnership look like today?

ELI EDSON

It is built on trust. There are different elements of partnership, but at the cedent level, it's establishing a very clear understanding of what the transaction looks like pre and post close. And from there, it's really about living up to our end of the bargain.

Traditional legacy players have the ability to drive value operationally. They have the ability to drive value by managing liabilities to finality: living up to the promises that are made, paying claims on time, protecting the reputation of the cedent, and then executing on those promises over time. Continuing to show up to honour those liabilities and those obligations, which can span over 10 years, is fundamental.

So, establishing that trust and that partnership is huge. It takes years, and we're very mindful that trust can be lost quite quickly. So, it's pivotal to continue to protect what has been built as new opportunities come through related to that specific partnership. Continuing to provide value, continuing to demonstrate that you don't take that partnership for granted, and you want to continue to deliver economic value on both sides. It's a difficult needle to thread, but that is the business.

ANGELA SAMPSON

There are partnerships with clients and partnerships between the brokers/markets; we have an interesting dynamic having both. On the client side, our partnership really focuses on education and knowledge sharing, as well as setting those previously discussed expectations and delivering on what we promise. With the markets, as Eli mentioned, it's all about transparency and collaboration. I've never seen a deal look the same at close as it did when we brought it to market; it's always going to pivot and evolve. Having partners on the market side who are open to those discussions, who are willing to say "here's where we see the deficiencies, this is the gap. How can we address that?" That's what ultimately leads to closed transactions at the end of the day.



ELI EDSON

I completely agree. These are complicated transactions and the broker community is fundamental for us. We must have good relationships, transparent and honest conversations. Otherwise, these deals will not get done.

Eli Edson – **We must have good relationships, transparent and honest conversations**

MARTY ROSEMANN

One of the ways that we tried to establish a good legacy relationship, is to find problems or find issues that the client may not have realized existed. We had one portfolio that we examined where the client had a really poorly performing inuring reinsurance portfolio. The asset wasn't paying out as it should, and we were able to bring solutions. And I think that's what a lot of the market does because we are problem solvers by nature. We like to get in and geek-out on some of these things to find the issues and offer solutions. And I think the more we do that, the more we try to problem solve for the client, that's what's building the trust and the relationship.

VIKRAM SIDHU

I want to pick up on what a lot of folks have said about trust and relationships. When you see that translated into legal documents and negotiations, it becomes very clear.

With repeat players, there's a sense of, okay, we negotiated hard before on X, Y, and Z, but now we know these folks, so we can move on and make things a lot more efficient. Frankly, even when you're doing deals with new counterparties, the reputation and trust that the broker community, and legal counsel too, can lend plays into it, because we can handhold new players and say these folks are known and they handle claims appropriately. That goes a long way in this marketplace.

For me, that's very interesting. When I entered the insurance and reinsurance industry 25 years ago, folks were reminiscing about 10 or 20 years before that, when reinsurance was done on a napkin and a handshake. Funny enough, even though we now have hundreds of pages of legal documents, it still comes down to that handshake, that trust, and everything you've been saying. It makes such a big difference, and, as you know, it can be lost quickly.

BRENT HOFFMAN

I would echo that on the relationship piece, and all the points about trust. That's why it's key that we communicate properly with broking partners, and they get to know us and our approach.

Related to claims, what we've found is that being aligned with the client is really important too. From a claims philosophical point of view and how we're going to go about claims handling, as opposed to some of the perceptions of legacy and run-off long ago. And so, we spend quite a bit of time trying to get to know the client's claims team and if we're going to take on claims handling or whether we're going to have oversight, just being on the same page is so important. At the end of the day, how you interact literally day-by-day on these detailed claims issues is very important. So, being aligned and making sure that our clients understand how we go about things is important to them.

RYAN HEYRANA

For the U.S. corporates, that's huge because when they pass off claims to a third party, there's reputational risk involved, and that's always the question that comes along. Why would I do this? Do they have my employees' best interest in mind if it's workers comp'? Or do they have my company's interest in mind if it's general liability?

One thing, even more granular, that drives really good legacy relationships is the underlying data. Consistent and high quality data. I don't think a deal can get done without it, and I don't think you can properly evaluate an outcome afterward without it. I'm not suggesting it's always available, but when it is, it improves not only the transaction process, but the quality of the relationship itself.

The way that I've tried to go to market now with our corporate clients is by first understanding the objectives and then allowing market flexibility to structure around these objectives. A good legacy transaction is when both parties leave thinking they've solved a problem, not just executed a transaction. I see the key pieces to cultivating a good relationship going forward being: quality data, understanding of objectives, and strong post-acquisition claim handling.

LUKE GALLIN

Repeat business has been mentioned a few times already, what do people think are the main drivers?

VICTOR NELLIGAN

It's large multinational organisations that are usually the repeat buyers. It's usually when someone has come into a new a role, whether that be a new CUO or CEO, and sometimes that's just at the international level rather than at the Group, and then they don't really want to be judged by what someone else did. Or, in some cases, a client's view is, we are great at underwriting, but we're not fully optimising our investment strategy. So, if we can pass it over to someone that's going to be more proactive to get a bit more yield, and we can have a good partnership on the claims where everyone's learning from each other. Then yes, for them it just makes sense to keep on doing these transactions to continue to benefit as additional reserve risk is built up year on year.

ANGELA SAMPSON

There are two tranches of repeat customers that we see. One is exactly what Victor described: they completed a transaction successfully, it achieved the desired KPIs, and now they want to execute on another transaction, either for the same portfolio or a different one. The other group are those clients that really integrate it into the nature of the transaction with a cancel rewrite feature, for example, or by rolling in new accident years. These features start to mimic the renewal nature of prospective reinsurance and the legacy transactions become integral to their broader capital management strategy.

LUKE GALLIN

How is the legacy market adapting and responding as client needs become increasingly diverse?

BRENT HOFFMAN

In terms of the diverse needs, we still look to do significant LPTs, ADCs, and RITCs. But we do think, when it comes to capital relief, we can do more, and so we've tried to be innovative in that space with the ILS and the forward exit options. There's been tremendous demand for that product, and I've already seen that we're being more creative in how we can structure those, either with sidecars or other vehicles. My perspective, given some of the dynamics in the market, is that the demand for that new product will only continue.

And then the other thing, in terms of diverse client needs, is we look at books of different shapes and sizes, different lines of business, different geographies. But on some of the larger transactions where it's much more diverse, and you're almost underwriting or protecting the larger market, for larger multinational clients, that's going to continue to be a need. And on some of those, you need to be flexible in how you go about structuring those transactions.



Victor Nelligan – Forward exit options are helping to give investors that certainty

VICTOR NELLIGAN

Different capital is coming into the re/insurance market that has different expectations, and it feels like this drives a lot of the changing needs. Whether you talk about an ILS investor who is concerned about a longer than expected tail to a property catastrophe book, or the new capital that's coming into Lloyd's on reshare sidecars, it's not their first question, but eventual path to exit is certainly on the list of things they want to consider.

Forward exit options are helping to give investors that certainty, even if they don't ultimately exercise the option. But that's a very different need from your standard client who's just looking to do a deal on a distinct block of historic underwriting.

ELI EDSON

Adding to that from the acquirer side, one thing RiverStone International has really made a concerted effort to do has been to transition away from a predominantly Lloyd's heavy reinsurance play. Over the last five years, we've built up a presence in Bermuda, in the United States, and we recently established a branch in Australia. That's really about meeting the clients where they are.

Taking a step back and thinking about the last two years in the US space, it's been a dramatic improvement in the RiverStone International story and the recognition that it gets when I participate in projects, when I go to events. It's a clear path forward, and it's allowed for flexibility, so we can place complex transactions in a variety of balance sheets to meet capital and regulatory requirements. That's been a big piece of our story, and it's going well.

LUKE GALLIN

Alongside forward exit options, what other innovations have people seen or expect to see in the near future?

ANGELA SAMPSON

There are always structural innovations. When the goal is to make these transactions as capital efficient as possible while still achieving some earnings protection, the design shifts pretty dramatically, specifically in the ADC space. With an LPT, there isn't as much room to innovate. So, it's not necessarily new types of transactions, but more about tweaks and twists we're building in that weren't there previously.

VICTOR NELLIGAN

The forward exit option is probably the most recent innovation in the market, but ultimately, it's not massively different. It's pre-agreeing a price enabling certainty of investment duration, but at the end of the day, it ends with an LPT.

BRENT HOFFMAN

With the forward exit options, you're exactly right. It is essentially complementary to our business. It took some time to come up with that product, and from an Enstar point of view, get investors to buy into it, given that ILS has been out there for some time. But the comment I was going to make from a complementary point of view is that we can take over the claims handling and take the liabilities off of the reinsurer at the time that the investors get their capital out. So, it's a twofold solution. Our M&A team really highlight the capital benefits. I would tout that we're taking the liabilities at that point and providing claims expertise when investors exit the investment.

ANGELA SAMPSON

I also think the forward exit option has put a spotlight on transactions that didn't have that feature built in five years ago. We'll start to see more of those come to market now that investors are more aware that there's an option, a solution for when they want to get their money out.





Marty Rosemann – **I see us increasingly offering different combinations of products to solve the client's problems**

MARTY ROSEMANN

Maybe not new products, but I see us increasingly offering different combinations of products to solve the client's problems. Maybe it's a prospective and a retrospective solution – not just a legacy solution. I know some of the other legacy players also are getting more into writing structured prospective to go along with their retrospective offering. The industry has evolved so that you can offer a broader range of solutions being packaged together.

RYAN HEYRANA

In an ideal scenario, as our retail brokers discuss total cost of risk with our clients and place prospective programs, the legacy discussion is happening at the same time, even before the risk is created. That's one area where the forward exit option can be applicable, obviously on a much smaller scale for individual corporates. But it should be something that our retail teams should be putting in front of our clients on day one. I'm not suggesting that's where the market is today, but in an ideal scenario that would be the case.

From a market adaption perspective, over the past 10 years, the underwriting discipline of the legacy markets has tightened, for a good reason. One thing that has surprised me recently with a few deals that I brought to market, is willingness to syndicate if there's something that falls outside of risk appetite. Or at least willing to explore the options of syndication, which typically wasn't something that I had seen previously.

BRENT HOFFMAN

Ryan is exactly right, syndication is out there and it has come up in some transactions. How it looks longer term is more difficult to say.

I did also want to echo Ryan's point about the corporate liabilities. While we've been more focused on the traditional relationships we have with insurers and reinsurers, Enstar has done some corporate liability transactions. And, it's not really being innovative, but it's maybe being more deliberate in approaching that market because, I think, with corporate risk managers and others in those companies, we offer a solution that maybe they're not really considering in a meaningful way.

RYAN HEYRANA

From an adoption standpoint on the corporate side, a common question I get is, what other corporates have done this? One of the challenges is that in the corporate space, a lot of the transactions are done silently, so they're not announced. It's not like an insurance or reinsurance transaction where there is a big publicly announced splash. As a result, it can be difficult for companies to benchmark their decision-making process. Many corporates don't want to be first movers, and that can slow adoption. When there are publicly announced corporate transactions, however, it often helps ease concerns for organizations that haven't previously explored legacy solutions.

LUKE GALLIN

Moving on, what role will claims and operational expertise have in the next phase of market development?

BRENT HOFFMAN

During my career, I've worked for and led some relatively large claims shops, and our philosophy towards claims and being proactive in terms of shutting down liabilities and mitigating downside risk, particularly in U.S. casualty in the current environment, is spot-on consistent with the rest of the broader market. Now, it's easy to say that. So, when we talk about the next phase, it's that execution piece and being consistent. And where I would transition to is that talent in the claims world is pretty challenging to find, both in the US and London market. There's concerns about a talent gap and how we fill that. And that's just so important when you're talking about making sure we have a trusting relationship where clients see that we're doing the right thing and managing the claims appropriately on their behalf. It's all about execution and having that credibility from a claims point of view.

MARTY ROSEMANN

It's interesting with AI because it is creating problems that carriers never thought that they had, especially with latent exposures. If you think about the hair relaxer litigation that's becoming bigger. You think about PFAS. If you think about sexual molestation reviver statutes. We see people using AI to determine the carrier of record with regard to losses that happened in the 70s, 80s, and 90s. These losses are, at times, landing with carriers that don't have the expertise in managing these types of exposures. With respect to claims like sexual molestation and sex trafficking claims, many carriers don't have that stable of investigators that really know how to investigate these claims. You have environmental exposures, whether it be AFFF or the hair relaxers, and you don't have the defense counsel who have expertise in these matters, all the coverage issues that go along with them, and everything else that goes into managing these claims.



Stewart Richmond – **There is a big focus on education, and providing leadership opportunities for the next generation**

I think that's going to be a place where the legacy market can really help, not just from an economic perspective because sometimes it's very difficult to help from an economic perspective. But we've got the expertise to manage these types of latent claims and the stable of third parties that you need to use to do it effectively.

VIKRAM SIDHU

On the claims side, and I'm not a disputes lawyer myself, my colleagues who work on litigation and disputes say they're waiting for a wave of plaintiff lawyers using AI to soup up their litigation. They may not have the resources of a large law firm, but even a solo practitioner could have a lot of firepower at their fingertips. So, I'm curious whether that's already starting to filter into what you're seeing in the marketplace, or not yet.

MARTY ROSEMANN

Absolutely, and it started even before AI. You had this burgeoning industry of insurance archaeologists, and these people were really good at going backwards and finding coverage that existed. And as they got more and more matters, they got bigger and bigger databases, and they knew where to find the insurance coverage with insurers that didn't even know that they had coverage. Or the carriers acquired the coverage through acquisition. And now their work has gotten exponentially easier with AI because you've got things that are in public record that are being digitized, and they can go back over long periods of times and find out, "oh, XYZ Ins did a Part VII with ABC Ins, and now they have the liabilities." And sometimes it's acquisition upon acquisition, so on and so forth, there's three, four layers, and with AI, they're finding that a lot easier.

STEWART RICHMOND

Picking up on the comment around talent, from an AIRROC standpoint, the greying of talent in the legacy space, it is an emerging issue. There are more retirements than new people coming into the legacy space these days.

To address this issue, in 2022, AIRROC started an initiative by creating a NextGen Council made up of "new to the industry" associates of member companies. This initiative is aimed at bringing new people into the industry from our member partners and introducing them to the industry by networking and meeting both similarly situated people and more experienced folks. There is a big focus on education, and providing leadership opportunities for the next generation. AIRROC also has The Trish Getty Scholarship that's given to a college student who is pursuing a career in insurance. I would note our winner of the scholarship from last year is employed in the industry and currently serves on the Council. I think that's important for all our member companies, partners and especially all the people around this table to really help develop that next generation, the young professionals that will keep this business moving forward.

ANGELA SAMPSON

It's incredibly important to focus on the next generation. But it's also important to target people at that middle level of experience who have some really relevant claims, actuarial, or accounting experience, to teach them more about the legacy space and raise awareness. Their experience allows them to be effective right away and bring a new perspective to the legacy space.

MARTY ROSEMANN

Legacy experts, especially legacy claim handlers, increasingly have gotten to be expensive resources to hire in the open market because of simple supply and demand. As we get more and more retirements in these latent claim handling areas, it becomes even more and more expensive because there is more demand to hire these people. So, really developing these types of skills with younger people and bringing them along is so vitally important.

ELI EDSON

I think there's a big draw in the legacy space, specifically because of the ability to work across different types of liabilities. These are complex transactions, and it's a selling point for claims professionals to be able to get this significant workload that's going to vary from day-to-day over the course of their career. It is a selling point, and I've actually seen it firsthand. When my previous company was acquired by RiverStone, we had adjusters, claims professionals that for years had been specific to workers' comp, general liability, and then as they were onboarded, there's a natural life cycle to those liabilities that they've been assigned to. But, you bring in new opportunities, new projects, different lines of business, you identify skillsets of people that are capable of cross training, and they've been reinvigorated. It's nice to see, and I do think it is a selling point for the industry as a whole.

VICTOR NELLIGAN

It's interesting as well that it's not just claims handling anymore. So many of these things are oversight and portfolio management, or you have to have a different lens looking at it. You can't just have the senior people doing it. That's the tricky bit as well.

BRENT HOFFMAN

Those are very good points. We've had people come on board with us who have really appreciated the breadth of the work, coming from a live carrier where they were much more siloed. And then going to Victor's point about being flexible for clients, it is a different skill set to have somebody who looks at it more from a portfolio point of view. I'd liken it to being more in the reinsurance space, with a focus on identifying claims trends and insights.

LUKE GALLIN

Do people actively seek opportunities within the legacy space, or is it more about going out and identifying the right talent?

ANGELA SAMPSON

You need to go and find them. If we just sit back and wait, then we're going to still be having this conversation in five years about the talent gap in the industry. It's easy to identify the problem, but taking a proactive approach is something that we need to get better at as an industry.

STEWART RICHMOND

We need to create the talent, too. Find people who have a certain skillset, not necessarily experience, and then we teach and train them.

ELI EDSON

Often, deals do have an element potentially of employees transferring over to the reinsurer as well. That is actually a very good way to absorb a group of people that may have had their work put into run-off. Yes, there's retention risk there, but if they can come into an organization that appreciates that skillset and can foster development, and they actually see, "okay, this line is in run-off, but I'm part of a bigger story here." It is an effective way to step up and accommodate.

LUKE GALLIN

Critical to the advancement and expansion of the market globally is the regulatory approach. How is the US regulatory landscape evolving?

VIKRAM SIDHU

Folks in this room know very well that the NAIC has yet again issued a white paper on restructuring mechanisms, following on what it published in 1997, 2010 or so. It then followed that up with best practices for the review of IBTs and corporate divisions.

Where we are, I think, is that our 50-state regulatory system has not yet allowed for meaningful change on the regulatory front, because there is a significant divide among the states. Some want to offer more opportunities for innovation; Oklahoma is a good example, but there are others as well. Meanwhile, half or more of the states remain very skeptical of any tools that would allow for meaningful IBT and corporate division transactions. Given that, and with no further shift in perspective, we seem to be stuck in place.

Now, for those who really dug into the white paper and the best practices document, there was a perception that they may even take us a step backwards. Some of the best practices and white paper suggestions seem to call for even more scrutiny of IBTs and corporate divisions than exists today.

As a professional in this space, I think the dust has yet to settle on whether that will actually take us a step back. From what we're seeing, it leaves us in no different place than we were a few years ago.

As for the excitement over IBTs that we all felt a few years ago, we are certainly asked as legal counsel to advise on these transactions, and we're working on several at different stages. But it hasn't been the sea change we had all hoped for, especially when we look across the pond at Part VII transfers. We've come nowhere close to that, and, unfortunately, there's no expectation that we will in the next few years.

Part of the problem is that we have elected commissioners, appointed commissioners, and so on. And because we have 50 different jurisdictions, or 56 really, interests that oppose these tools, including those who believe they're protecting policyholders, get multiple bites at the apple. They can make their case to, and try to convince, different regulators.

MARTY ROSEMANN

When regulators have a problem, they seemingly welcome the legacy solution. If they've got a company in liquidation or they've got a company in rehab, they can use broad powers through the bankruptcy mechanisms or through receivership mechanisms to do an assumption transaction, or do what is effectively an IBT. Why not do that proactively?

What frustrated me about the lack of movement with IBTs, is that discounted a proactive aspect to solving problems before you get into a liquidation setting.

And with the IBTs, I always thought that you needed one of the big three states like California, Illinois, or New York to get things going, and I know Illinois got close and, I believe, passed IBT legislation in the House but got stuck in the Senate, but it never got signed. And so, it would be interesting to hear your thoughts on this, Vikram.

VIKRAM SIDHU

Part of it, too, is that regulators have so many other fish to fry and so much on their agendas that this never seems to rise to the level of attracting enough interest and political support, unfortunately.

LUKE GALLIN

Next, let's explore the role of brokers and how that is changing as clients become increasingly sophisticated.

ANGELA SAMPSON

We've touched on this, but again, it really comes down to education. As brokers, we need to dig into all possible options and make sure the clients understand the pros and cons of each. We're not just selling legacy solutions; we're having conversations with senior management about their entire business. Legacy may be a part of that discussion, but we need to take a broad approach to understand what their pain points are. Only then are we able to understand where legacy can help, where a prospective solution makes sense, where rating agency advice or surplus notes fit into the discussion, and ultimately what will actually solve the client's problem.

VICTOR NELLIGAN

In terms of our roles as brokers, before, it might have been that you're going in and trying to sell one product, and that's it. Especially if you think about some of the old asbestos books. It's very clear. You're trying to go in, trying to get the client to do that and advise them on that. Whereas now, you need to bring a lot of options to them. They might know about the various different options, but you actually have to help them step through what does each one mean, which one actually makes most sense for them. It really depends on what the client is actually thinking about. If they're focussed on their combined ratio result first and foremost, or they're reliant on outperforming on investment income, it's going to be a different solution.

ANGELA SAMPSON

I'm sure others have seen this over the past year as well: with all the press around sidecars, forward exit options, and the like, every client wants to discuss it. But not every client is a good candidate and it is our responsibility to convey why that may be the case.

MARTY ROSEMANN

Over the last five to seven years, what brokers have done extremely well is managing the client expectations. It's not only what will solve their problems; it's also what the market will be willing to bear. You can't always do a transaction for 10% less than book value, and so on and so forth. I think there's much clearer expectations coming to the market.

ANGELA SAMPSON

It's about managing expectations, but it's also our job to push the boundaries and see what the market will bear and where we might get a little more protection into the deal. We also need to help cultivate new market entrants for transactions that might not necessarily be in scope for some of our larger partners.

VICTOR NELLIGAN

It's also about checking homework on deal metrics. So, yes, the clients are more sophisticated, especially the big multinationals. They'll have a team who can explain how legacy pricing works, and then they'll build their own model and look at it. But they want someone there to help challenge and make sure that they're thinking about it in the right way, even if they are sophisticated. So, we do a lot of that.

RYAN HEYRANA

Legacy is definitely not top of mind in the corporate space. I'm still working to change that. The first critical piece is education. Retail broker education is as important as client education. Unfortunately, I can't be in every room for every renewal conversation, so brokers need to be comfortable enough to identify a potential opportunity at a high level and then have the initial conversation before bringing in a legacy specialist to help guide the process.

The second critical piece is alignment. Especially within large organizations, there needs to be aligned incentives between retail brokers and legacy teams to encourage genuine collaboration. I know collaboration is a buzzword across many industries, but it is critical to getting these solutions in front of clients at the right time. Incentive alignment allows legacy specialists to participate in renewal discussions when clients are evaluating total cost of risk, bringing the legacy conversation into the broader risk financing discussion. Too often, legacy isn't brought into the conversation until an event such as an M&A transaction, capital constraint, or another strategic trigger creates urgency.

VIKRAM SIDHU

It was interesting hearing how focused you are on the role you play in putting transactions together, innovating, and so on. What we also see is the important role you play in getting to actual execution. That handholding matters most with newcomers and less sophisticated players, but even with sophisticated players, it can be very helpful in getting everyone to sign on the dotted line.

ANGELA SAMPSON

Because we live in this space, I think we take for granted that we're all speaking the same language, but we often aren't with clients. So, a big part of our job as brokers is to translate. It may seem like clients and markets are coming from opposite sides, but as was mentioned earlier, if the goal is the same and we can align on it, we're able to work through those issues much more effectively.

VICTOR NELLIGAN

If you think about the changing role, for a lot of brokers, the standard idea is we're full service so we should be doing the legals as well. Part of the evolution has been educating internally and helping to say what we can and should absolutely be doing and advising on, and what we should not be. And the legals is certainly an area where it's important to have lawyers involved given the bespoke nature of each deal.



Ryan Heyrana – **Retail broker education is as important as client education**

ELI EDSON

It's interesting to hear all of the commentary. From my side, just a deep appreciation for the amount of work that goes into pre-screening opportunities, and then properly vetting and preparing submissions before we even see them. It's a tremendous amount of work. But having accurate data, having coherent expectations that you know are reasonable is really so important. It doesn't always happen, but that effort does not go unnoticed. And in order to keep a timeline on track, that prep is vital. And then it's all hands on deck once it gets to the legal process.

I've been surprised how often I need to get in the middle of the legal documentation and try to find a commercial perspective or a solution that involves direct engagement with the counterparty. But it is important. It's not just about aligning on price, getting an offer together. It's about the intense work that's required to go from that point in time to actually signing a transaction. It requires everyone, so keep up the good work.

LUKE GALLIN

One thing that's been touched on today is the potential role of technology and AI in the legacy space. Where do people see the most tangible opportunities for advanced technology to improve the market?

BRENT HOFFMAN

On the technology points, specifically AI and some other just pure data analytics, predictive analytic type work, that's something we've explored. It can potentially help with the analysis and improve some of the decision making. I don't think it removes some of the other barriers, which is just the necessary discipline around the legal process, and any regulatory signoffs that are needed. So, on the one hand, AI should improve the analysis and potentially speed up the process, but you still have the complexity that is just the reality of these transactions.

ANGELA SAMPSON

These transactions are so non-standard. I always say, "if you've seen one legacy transaction, you've seen one legacy transaction." There definitely are efficiencies to be gained from technology. That being said, so much of the work that goes into a deal, especially before it goes to market, is about identifying qualitatively what is impacting the underlying portfolio, what concerns the markets may have and how those need to be addressed throughout the process. That aspect isn't going away.

VICTOR NELLIGAN

There's also the stakeholder management side of things. Forget about the data. It's about, "okay, well, that poor actuary that we've tasked with internally pulling the data has also got to do Q3 reserving or something else." You can't even really just go and get another person, because we can't extract that stuff. And so, maybe technology can help clients to extract some of that information a bit more efficiently, so there's less of a resource burden. But then ultimately, you're still having to get the right people and the client comfortable that you should even do step one. And that's half of the prep work, you do a lot of it, and then maybe there's a no-go decision because it doesn't look right or priorities shift.

MARTY ROSEMANN

I have seen advantages in the due diligence process. To be able to synthesize data quickly. For example, you've got your 250-page actuarial report. There are some things that we're going to be worried about in each and every portfolio, and to quickly tell ChatGPT that this is what I'm looking for, can you tell me where this report references these different factors? And now, instead of reading 250 pages, you're quickly onto the meat of what you're trying to get at. Using agents to write the approval reports and the due diligence reports, that you're doing in the same format each and every time. Let AI do things like that, instead of writing it out by hand.

So, we are seeing some improvements in the efficiency and how we can process the information that you get into due diligence.

On the downside, and maybe this is larger than the legacy space, increasingly we are seeing people like to use AI in their own business, but they don't necessarily like somebody else using AI on their data. And getting that properly ring fenced so that you can use it for the purposes of the transaction, but not for larger, bigger scale AI projects and getting the right mix and agreement with the client. That seems to be an emerging challenge in the industry as a whole, not just in legacy.

RYAN HEYRANA

One interesting area for AI is identifying actual opportunities with publicly available information. So, scanning the Edgar database, reading the annual reports, things that we would have to typically do manually. Even scanning news outlets for M&A activity. Those triggers, I think, are quite key and a pretty easy use for AI to constantly have eyes and tentacles out in the market to look for those opportunities.

LUKE GALLIN

Considering everything we've talked about today, what will the next generation of legacy transactions look like, and where do people see the biggest opportunities in the space?

ELI EDSON

This year there has been a tremendous uptick in opportunities, and there's not a clear driver. Motivations are across the board, which is encouraging. It's not necessarily a problem happening, it's just a confluence of events have contributed to a very busy year. So, I think, that means these transactions are at the forefront. There's an enhanced knowledge of what's going on in the legacy space that I hope will be conducive to continued growth. I hope this year is a building block for years to come, that there's a recognition for legacy and the value it can provide. We have had a great collective year in the marketplace, and we can build on it. Transactions are going to continue to get more complicated. Multiple jurisdictions, greener accident years, elements of prospective underwriting.

BRENT HOFFMAN

It is building on some of the successes we've had as an industry over the last few years, which is being more flexible in some of the solutions and the

innovation we've done. I would echo what Eli says: this year it's been very active. You'd like to think that we can continue to build the value add and our reputation in the broader market, that we should be front and center in strategic planning.

The other thing I expect we're going to see is changes in the pricing cycle, where you see softening in certain lines, you see casualty continuing to be challenging in the U.S. and other places, is going back to the backbone of our business and being able to take over difficult liabilities that require expertise. I think we will see a strong pipeline in the next one to three years. And that's good for the industry, but it can be particularly challenging for some of our clients. That's where we're going to need to be flexible in the solutions we come up with, given some of the challenges that are out there right now.

VIKRAM SIDHU

I think there will be a lot of opportunities from the changing nature of insurance ownership. When you zoom out from legacy and look at who has come to own insurance businesses, and I don't have to tell the folks in this room, you see the role of private equity and asset management players. Where I'm headed with that is legacy as a more active tool in M&A transactions. When more M&A was done between strategics, the perspective was, "okay, well, you've got to take the whole thing." PE buyers and sellers, by contrast, are more likely to slice and dice. So, a PE seller three years from now who says, "I want to exit, I want to sell," is more likely to say, "okay, the next PE buyer is only going to want this piece, so I need to do a legacy transaction for the rest."

So, it seems to me there's an opportunity for legacy to grow by leaps and bounds on that side.



Vikram Sidhu – **There will be a lot of opportunities from the changing nature of insurance ownership**

MARTY ROSEMANN

That's what I was thinking too. Not just in the M&A context, but as we get to the next generation, there's going to be less stigma around it. It's not going to be this, "I did a legacy transaction; therefore, I must have a problem," especially with the Midwest mutuals and companies like that. We've come so far in the last 15 years, and 15 years from now, I would expect that it's just a regular part of the management tools that you try to access in order to manage your capital like a prospective quota share is today.

ANGELA SAMPSON

I do feel the same. It's obviously been a very active year for us as well, which is part of why it's been active for you, and I don't see it slowing down. Echoing what Eli said, there are a lot of different motivations behind these transactions; it's not just one thing driving the activity over the last year. We're seeing several different pockets of activity at the moment, and while not all of them will stay continuously active, different ones will pick up at different times. Since the legacy market tackles a variety of issues, we'll be a bit more insulated from the cycle as changing market dynamics will keep legacy relevant at different parts of the cycle for different reasons.

RYAN HEYRANA

The next generation really will piggyback on that idea of the convergence of prospective and legacy. It's happening across the insurance and reinsurance industry and the corporate space. The more times we can get into those initial planning meetings, the more successful and more opportunity we'll have at this table.

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