



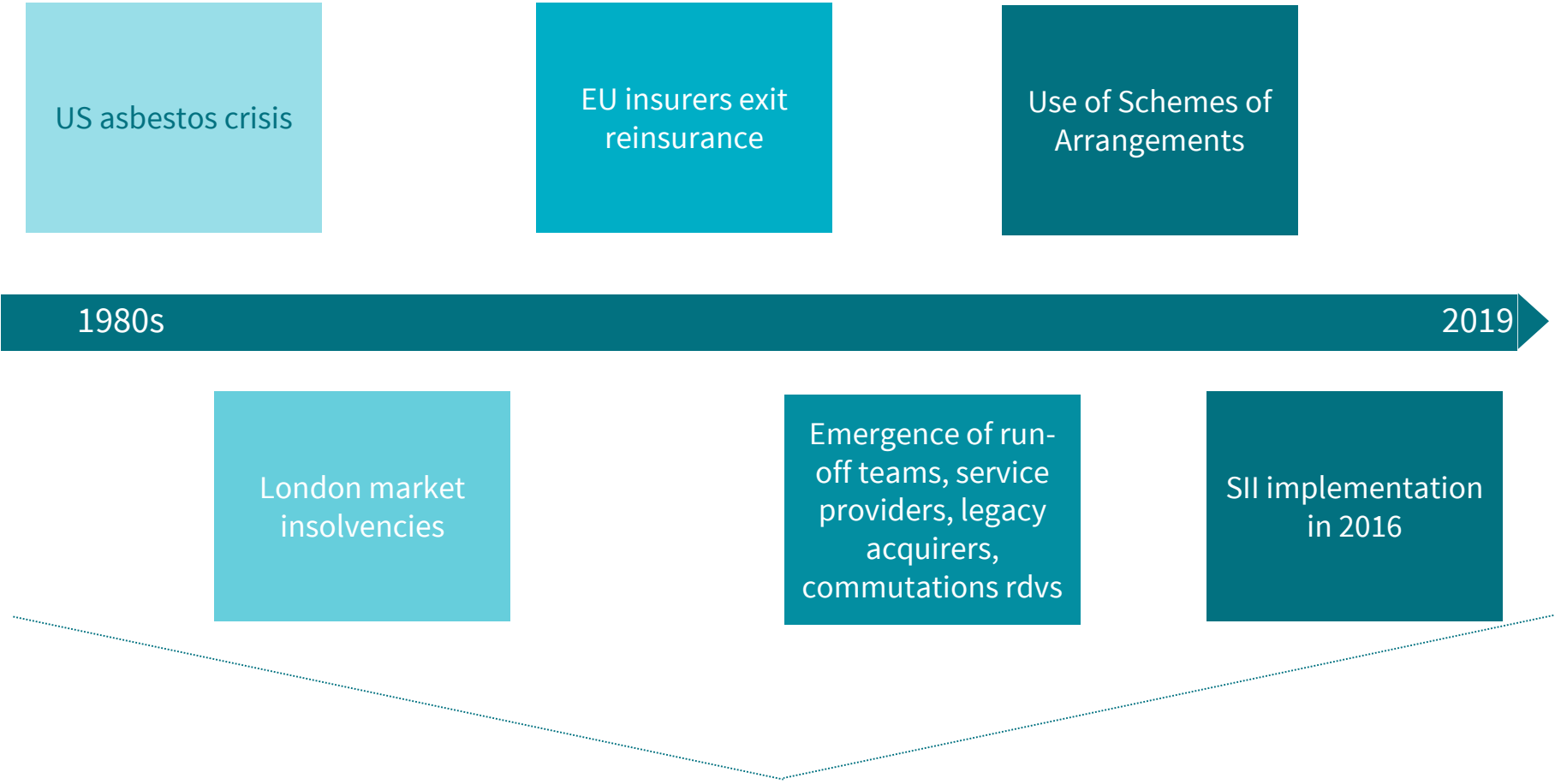
# Run-off – A responsible approach?

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AXA Liabilities Managers

29 March 2019 - Cologne

# Trends in P&C legacy



US asbestos crisis

EU insurers exit reinsurance

Use of Schemes of Arrangements

1980s

2019

London market insolvencies

Emergence of run-off teams, service providers, legacy acquirers, commutations rdvs

SII implementation in 2016

...Difficulty to get claims paid...Image issues for legacy players...Increased regulation around TCF...



# Run-off classification in the words of “AXA LM”

A progressive definition

## 1 Green run-off

- Recently placed into run off
- Emphasis on premium collection
- High claims activity and new claims being reported
- Little commutation activity

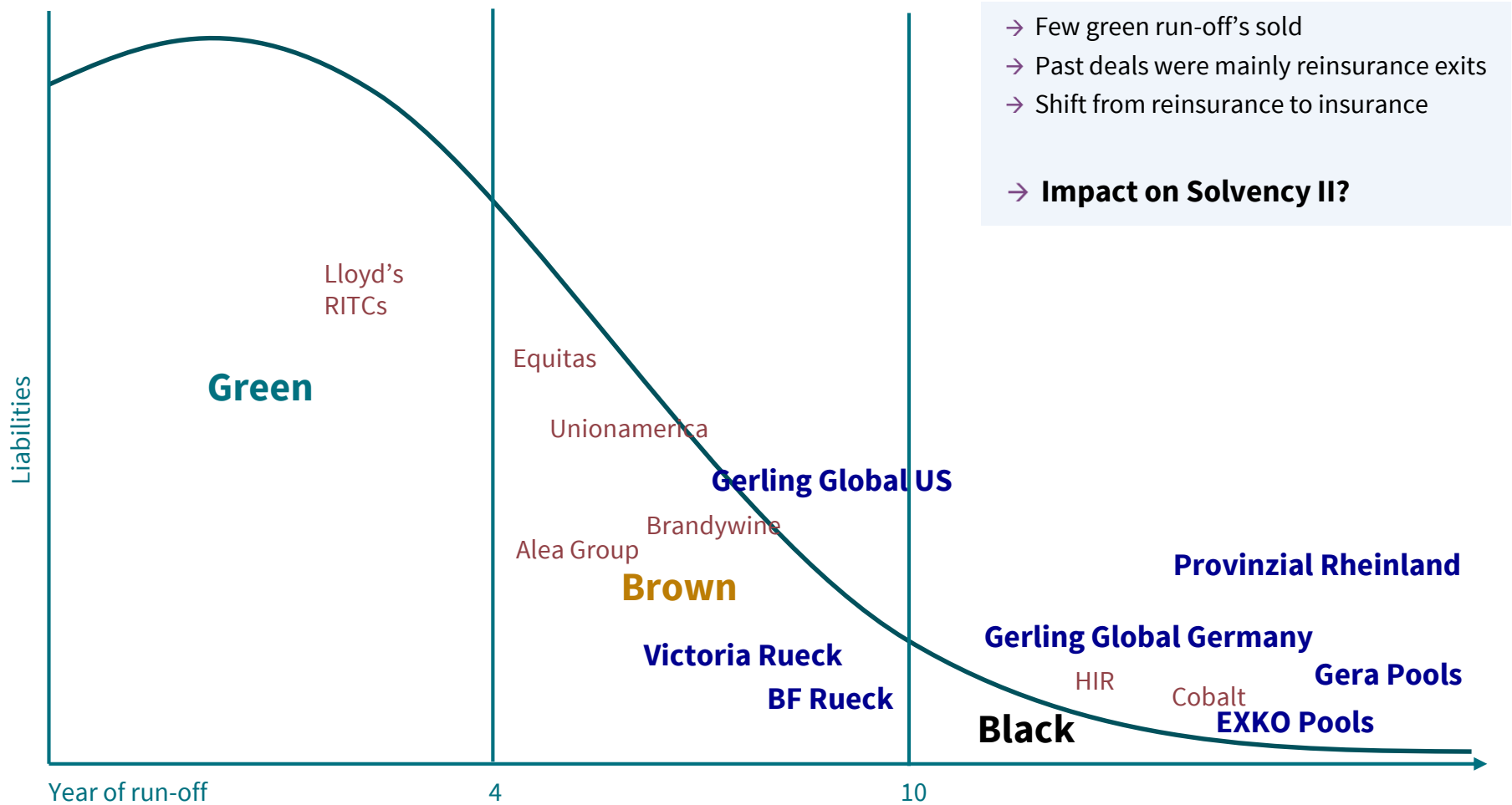
## 2 Brown run-off

- New claims notifications drop off
- Managing a stock of claims
- Moving towards a commutation approach

## 3 Black run-off

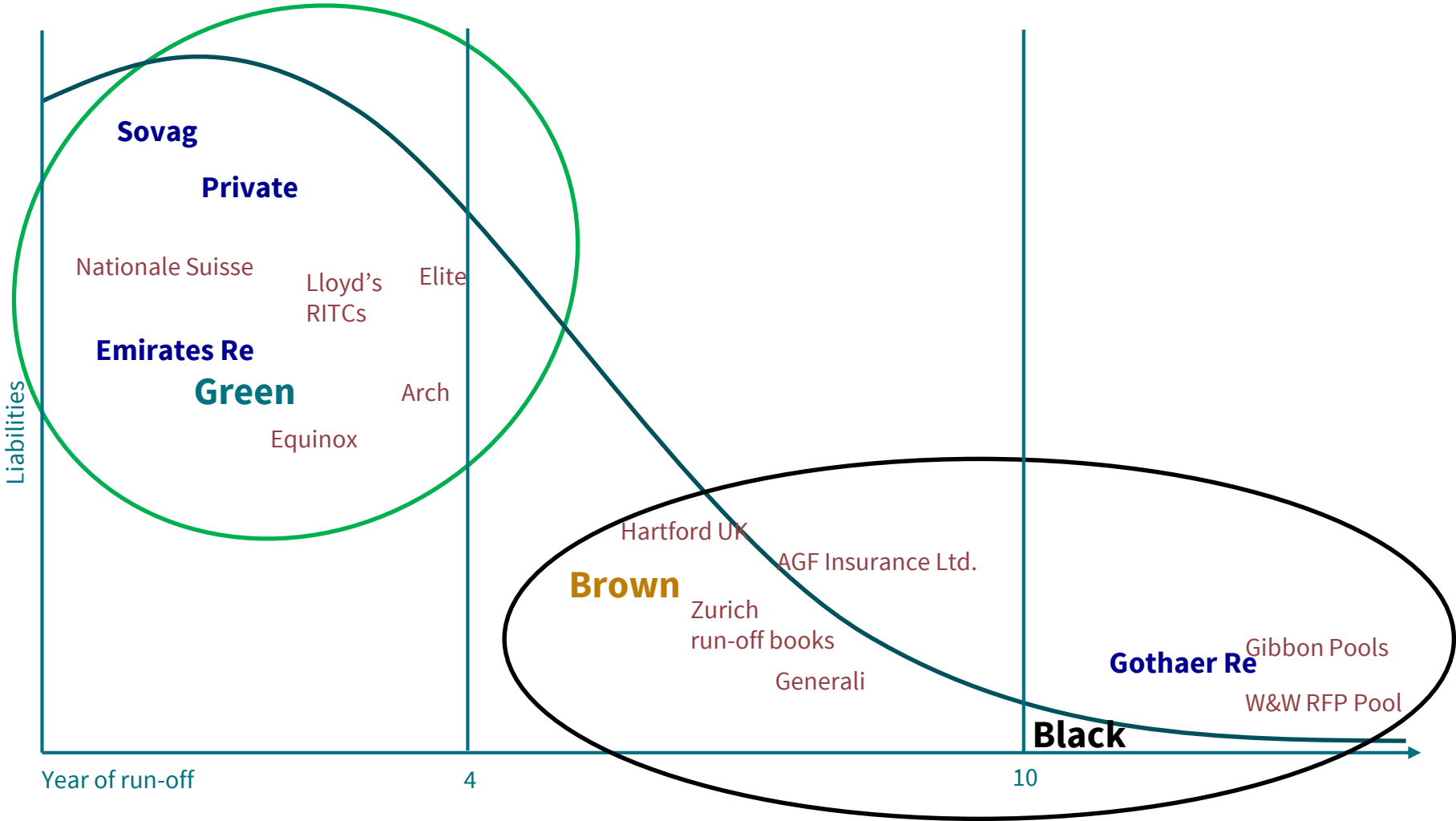
- Commutation activity exhausted
- Claims in litigation
- More emphasis on technical accounting

# Life cycle of run-off in the past - pre 2016



AXA LM transactions  
External transactions

# Shift in the run-off Life cycle (2016 – 2019)



# A responsible approach?

## Conduct Rules



## Stakeholder Focus

- Lloyd's minimum standards
- Treating Customers Fairly
- German Insurance Supervision Act
- ORSA
- AXA Standards
- Growing use of TPAs
  - Do not distinguish between active & legacy business – same standards apply

- Employees
- Customers
- Regulators

**The same standards apply to active and legacy companies**

# Overview AXA LM

## Overview

- AXA Group company
- Specialised in non-life (re)insurance legacy transactions
- Assumed business totaling 9.3bn since its creation in 2001
- More than 20 portfolios integrated in 9 different countries
- Dedicated M&A team to support local team on acquisitions



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