In conjunction with:

Global Insurance Run-Off Survey

September 2025

Contents

For more information about PwC's Global Insurance Run-Off Survey and other PwC UK non-life run-off insurance publications, please visit our website by scanning the QR code.

Foreword

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Corporate Liability Restructuring
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Welcome to the sixteenth edition of PwC's Global Insurance Run-Off Survey, once again published in association with IRLA and AIRROC.

We launched our first Survey in 2008 and over the past 17 years, our Surveys have traced the evolution of the legacy market through a number of cycles. We have seen fresh capital entering the market to support new acquirers and bolster the firepower of established players, a number of varied exits and key developments like Solvency II and Lloyd's' Decile 10 review, all of which have driven significant deal activity involving the transfer of tens of billions of dollars. The results of this year's Survey suggest that the legacy sector is continuing to play a vital role in the wider insurance value chain.

Overall, Survey respondents are optimistic about the sector and the opportunities it presents, from what has been a stable base over the past 12 months. In responding to the opening question on summing up the sector in a single word (Figure 1), popular responses included 'stable', 'evolving' and 'dynamic', capturing the tone of a sector that is actively responding to macroeconomic conditions, capital dynamics and emerging risks. As the live insurance market shows signs of softening, the legacy sector continues to demonstrate its flexibility and, as captured in some of our Survey articles, is a sector for all seasons.

As well as our traditional Survey findings and an estimate of the size of the market, our Survey this year also includes analysis of key publicly available metrics for five of the largest legacy players, a fascinating summary of a roundtable featuring some of the sector's key talent, as well as PwC's own views of key hot topics in legacy deals and a spotlight on legacy in a number of global territories.

We are also extremely grateful to Rachel Turk, Lloyd's of London's Chief of Market Performance for taking the time to discuss the role of legacy in the Lloyd's market with us.

The Survey also gives us the opportunity this year to profile Hugh Man who joined PwC UK as a Corporate Finance Partner in April 2025. Hugh has co-authored an article with Ed Johns, a Partner from PwC UK's Deals practice, which examines how investment dynamics in the legacy sector are shifting and where the appetite for future investment may come from. We are really excited to have Hugh in the firm where his extensive investor network will be of huge value to our insurance clients.

Furthermore, we are hugely grateful to our respondents across the legacy market who have shared their views and to all of our contributors. Your insights have helped shape what we hope is a thorough and candid picture of the market. This edition seeks to provide not just an analysis of where we are, but a framework to consider how this evolving market continues its journey – we hope you enjoy the read!

Figure 1: In one word, describe the current status of the non-life run-off market.

Key findings

This year's Survey responses generally reflect a stable market with cautious optimism for growth. Regional shifts, changing transaction structures, emerging technologies and new risks are shaping a more complex landscape as the legacy sector continues to mature.

Our Survey estimates global non-life run-off liabilities at US$1,129billion.

Global deal activity

While most respondents expect UK and Ireland deal activity to remain fairly flat over the next 18 months,

over 90% expect increased or similar levels of activity in North America, Continental Europe and the Rest of the World.

Capital dynamics

87% of respondents anticipate new capital inflows into the run-off market over the next three years. Where scepticism exists, it is driven by concerns over uncertain returns on equity and challenging exit conditions in a more mature market.

Technology and GenAI

Technology and Generative AI is expected to play an increasing role in the legacy market, particularly in deal due diligence and post-deal value creation with

over 80% of respondents anticipating a moderate to significant impact in these areas.

Transaction landscape

There is a widely anticipated uptick in live market carrier M&A activity and associated strategic restructurings of live market players.

Nearly 70% of respondents expect this to lead to greater legacy deal flow.

Deal sizes and IRRs

47% of respondents think that the greatest opportunity, with respect to deal size (by estimated gross liabilities), in the next 18 months is in the **US$250million to US$1billion** range.

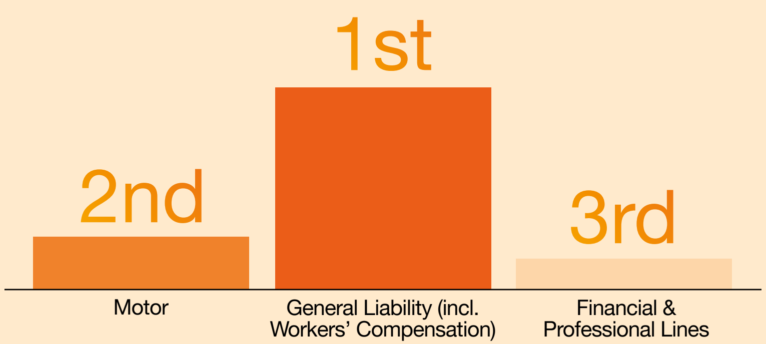
The average target IRR that respondents see consolidators pricing run-off deals at remains around 14%.

Liability appetite

General Liability remains the line of business where respondents overwhelmingly expect the most deal activity, followed by Motor and Financial & Professional Lines (Figure 2). The majority of future deals are

expected to be LPTs with 88% of respondents selecting this as the most likely transaction type over the next 18 months, with ADCs, IBTs / other legal finality portfolio transfers and RITCs also featuring in a significant number of responses.

Figure 2: Respondents' views of the lines of business that will attract the most transaction interest over the next 18 months (two responses were requested).



Market size

Hannah Vaughan
AI & Modelling
Partner
PwC UK

Nick Watford
AI & Modelling
Partner
PwC UK

Global insurance run-off market

We estimate that global non-life run-off reserves are US$1,129billion (Figure 3), representing an increase of 11% since our 2024 Global Insurance Run-Off Survey report. This estimate is based on data as at year-end 2024, compared with data as at year-end 2022 in the previous edition.

Premiums have continued to grow across most lines of business. Some classes, such as Motor, experienced a slowdown during the pandemic period due to mobility restrictions and widespread rebates, although recent data indicates a return to pre-Covid growth trends. Other lines, particularly Property, have experienced significant premium increases in response to changing risk factors, including higher levels of catastrophe activity. While most of this new Property business is unlikely to enter the legacy market, Motor and other longer-tailed liability business present a growing opportunity for legacy acquirers and capital providers as that business enters into run-off.

The hard market cycle continues to influence legacy reserving, with post-2020 business generally outperforming the previous five years. Insurers are increasingly using legacy solutions as a capital management tool in relation to recent years of underwriting and this means better performing business is being transacted. However, trends vary across business lines: while most segments show reserve redundancy, Casualty is seeing reserve deterioration, leading to higher run-off reserves. The overall rise in estimated global run-off reserves is driven by both the new business entering run-off exceeding existing run-off reserve settlements and by current run-off reserves being increased.

Casualty reserving and legacy deal appetite

Casualty reserves have been strengthened across the market on account of adverse experience, especially from the 2013-2019 soft market underwriting years. Insurers now face a tougher claims environment, shaped by expanded liability definitions, emerging risks such as PFAS (see page 17 for further details) and more complex cases.

These issues are more acute in the US, as Lloyd's flagged in its November 2024 'Dear Chief Actuaries' letter, highlighting the following reserving concerns:

- lengthening development patterns, with claims emerging later than expected;
- an over-reliance on traditional actuarial techniques, unsupported by adequate judgemental overlay; and
- inconsistent recognition of social inflation, despite clear evidence of rising claim severity.

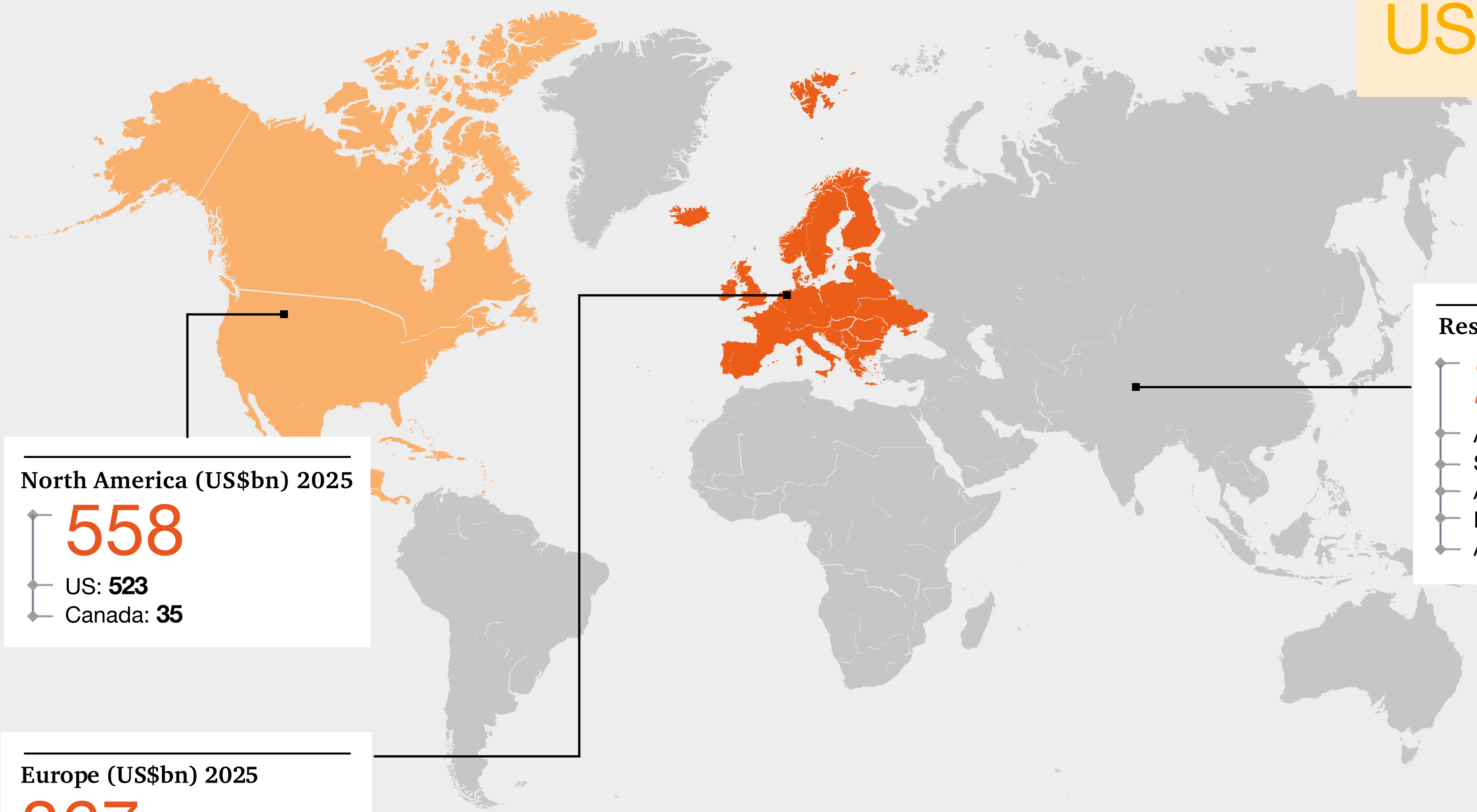
Despite these headwinds, Casualty remains the most actively traded line of business in the run-off space, and our Survey respondents consistently identified it as a high priority for future transactions. Respondents were asked to identify which lines of business are expected to attract the most interest over the next 18 months, of which Casualty featured in 92% of responses.

> Across many classes, cedent and reinsurer assessments of prior year reserving adequacy are converging again. Although there remains uncertainty in the broader macroeconomic environment, insurers may find organic growth impacted by rate softening and investment yield reduction (over the short to mid term). Recent innovation in the retrospective and legacy market has broadened the range of solutions available to support capital optimisation and redeployment. Collectively these developments should help stimulate deal flow over the coming 12-24 months after a period of more challenging market conditions.
>
> **James Dickerson**
> Head of Retrospective Resinsurance and Legacy Solutions, Lockton Re

Figure 3: The geographical breakdown of our estimate of global non-life run-off reserves.

Estimated global non-life run-off reserves 2025

US$1,129bn



North America (US$bn) 2025

558

- US: **523**
- Canada: **35**

Rest of World (US$bn) 2025

204

- Asia: **128**
- South America: **34**
- Australasia: **22**
- Middle East: **16**
- Africa: **4**

Europe (US$bn) 2025

367

- Germany and Switzerland **143**
- UK and Ireland **81**
- France and Benelux countries **70**
- Other western Europe **40**
- Nordic region **18**
- Eastern Europe **15**

Transactions comprising Casualty business continue to progress, sustained by a clear rationale for both sellers and buyers. For insurers, legacy solutions offer capital relief and mitigate reserve volatility. For acquirers, Casualty portfolios can be attractive due to:

- their long duration, giving rise to the ability to generate investment returns over long periods;
- the potential for claims-led value creation, enhanced by specialist expertise; and
- the ability to structure deals creatively, e.g. adverse development covers, to balance upside and risk.

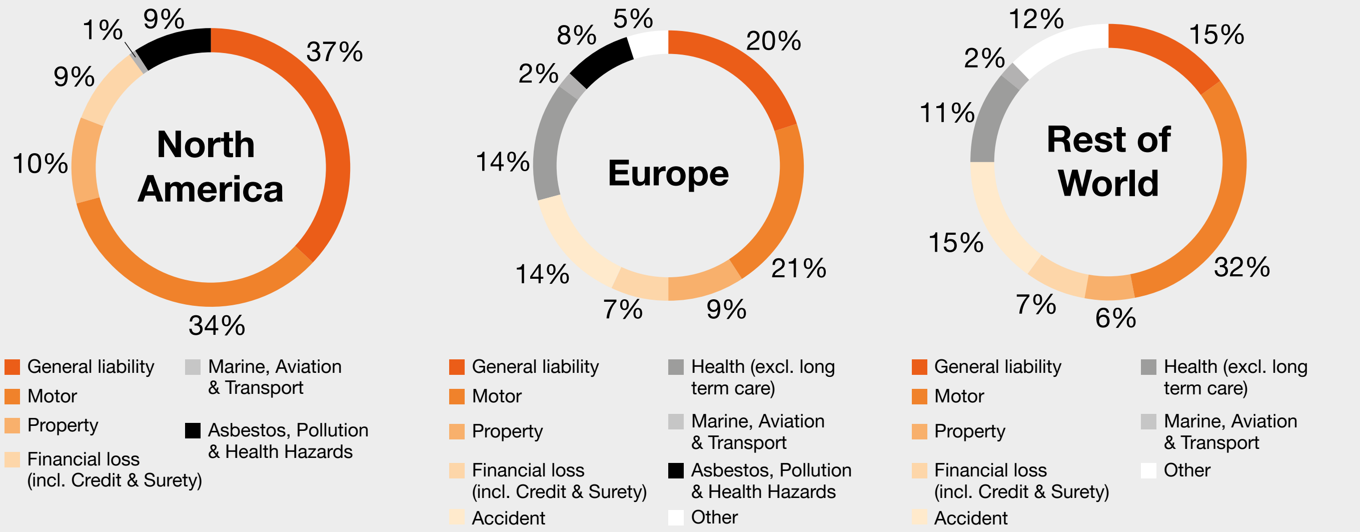
However, there remains the significant caveat that the legacy market remains cautious on US Casualty, especially on greener underwriting years, and reserves need to be robust in order for sensible deals to be struck with cedants.

Nearly a quarter of respondents also highlighted Motor in the top two selections. We have seen an uptick in Motor run-off deal activity, particularly in Gibraltar where a material proportion of the UK's Motor business is now underwritten and we expect that trend to continue.

Legacy reserve profile by line of business

The prominence of Casualty in legacy activity is also reflected in the composition of global run-off reserves (Figure 4). Based on our latest analysis, General Liability and Motor account for the largest shares across most regions, driven by historical premium volumes and long claims tails. However, there are notable regional distinctions.

Figure 4: Reserves split by line of business for North America, Europe and Rest of World.



The lines of business presented here are based on our reserving data, which differ slightly from the categorisation of our Survey response options selected for simplicity.

North America

APH exposure remains a significant legacy feature, particularly in insurance portfolios originating from the industrial sector. Such exposure also features on the balance sheets of corporates, with our global corporate liability estimate based on year-end 2024 data standing at US$70bn, reflecting a reduction from our previous estimate of US$73bn based on year-end 2022 data. Large transactions still occur and tightening environmental standards may increase interest in transferring these risks.

Europe

The overall reserve mix is more balanced, formed by the distinct insurance histories of each local market. Differences in underwriting and claims handling practices contribute to variation in reserving behaviour and influence how legacy opportunities are pursued across the region.

Rest of World

The share of non-Motor business is increasing, as market maturity brings a wider range of opportunities into scope. Many of these markets are developing rapidly, creating a shifting landscape where traditional assumptions about data and regulation may not hold.

The shifting distribution of run-off reserves, from legacy APH exposures in North America to emerging portfolios in other developing insurance markets, highlights the importance of tailoring approaches by geography and line of business. Acquirers that succeed will combine technical knowledge in areas like long-tailed Casualty with the flexibility to navigate diverse reserving practices, regulatory frameworks and data quality across regions.

Legacy deals landscape

Robbie Kerr
Corporate Liability Restructuring
Senior Manager
PwC UK

Louis Isaacson
Corporate Liability Restructuring
Manager
PwC UK

In 2024, a total of 33 publicly disclosed non-life run-off transactions were announced, with an estimated US$6.6billion in estimated gross liabilities transferred to legacy market participants.

From January 2025 to August 2025, 25 deals have been publicly announced, involving the transfer of an estimated US$1.1billion in gross reserves (Figure 6).

In recent years, the legacy market has exhibited a general trend towards fewer publicly disclosed transactions when compared with the number of deals publicly announced in the late 2010s and early 2020s. During that time however, the estimated gross liabilities transacted year on year has not materially varied. Whilst there have been outliers at either end of the deal size spectrum and the volume of reserves is sometimes left undisclosed, this suggests that average deal sizes have broadly been on the up. This is a trend which has reversed since Q4 2024 and through 2025 to date where most deal activity has been at the mid-sized or smaller end of the market.

In considering where the greatest opportunity for deals will be in the next 18 months, nearly 50% of respondents identified US$250million to US$1billion as the most likely deal size range (by estimated gross liabilities) (Figure 5).

This raises two questions – firstly, does the run-off market have the requisite capital available to fund a significantly increased flow of deals of a quarter of a billion dollar plus? Secondly, what is the volume of these deals that the market can reasonably accommodate from an operational bandwidth perspective?

These questions are open to debate, but our view is that there is sufficient committed capital in place to handle a material uptick in transaction sizes.

Given the contraction in the number of mid to large market players in recent times (Catalina exiting P&C, R&Q's insolvency and Fortitude Re's focus on legacy life deals), it is more challenging perhaps to see the market having the bandwidth to accommodate a very significant increase in the volume of larger deals. If our Survey respondents are correct, and if the market is to make the most of this opportunity, we might expect operating models to be adapted and technology to be leveraged increasingly to keep pace with accelerated deal origination.

Figure 5: Respondents' views on where the greatest opportunity, with respect to deal size, is for the market in the next 18 months.

> Creating bespoke solutions that go beyond solving for the immediate capital need is key for our clients. Transaction structures are increasingly including an element of renewal or future exit as we become the trusted capital partner with appetite for long tail reserve risk.
>
> **Connie Tregidga**
> Group M&A Director, Compre Group

Figure 6: Disclosed run-off deal activity by region (January 2024 – August 2025).

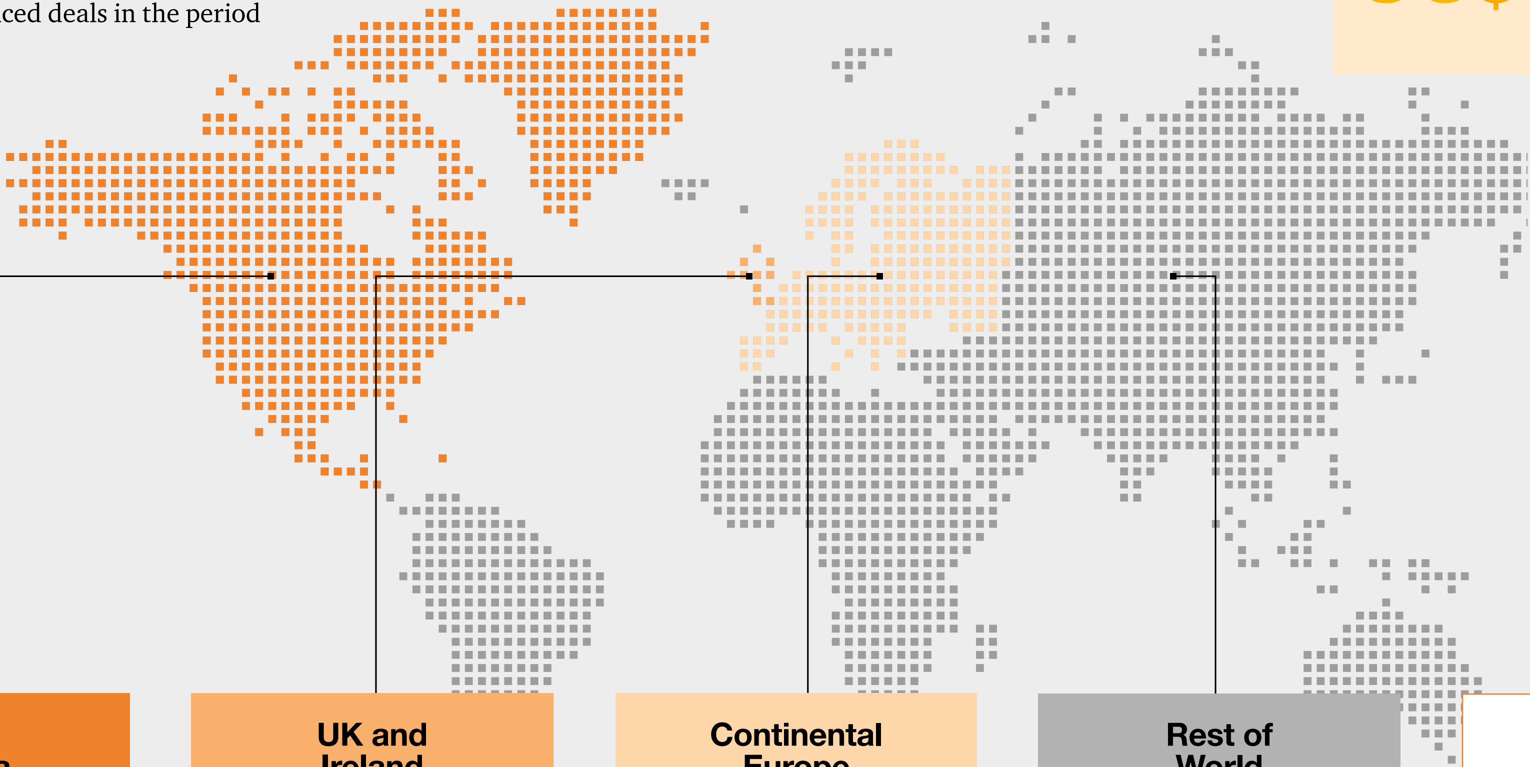
58 deals

17 acquirers announced deals in the period

Grand total

Estimated gross liabilities transacted:

US$7.7bn



North America	UK and Ireland	Continental Europe	Rest of World	Cross-Border
Estimated gross liabilities transacted:	Estimated gross liabilities transacted:	Estimated gross liabilities transacted:	Estimated gross liabilities transacted:	Estimated gross liabilities transacted:
27 deals	**21 deals**	**6 deals**	**3 deals**	**1 deal**
US$6.1bn	**US$0.8bn**	**US$0.2bn**	**US$0.4bn**	**US$0.2bn**
2025: **8 deals** — US$0.3bn	2025: **12 deals** — US$0.6bn	2025: **4 deals** — US$0.2bn	2025: **1 deal** — Undisclosed	2025: **0 deals** — US$N/A
2024: **19 deals** — US$5.8bn	2024: **9 deals** — US$0.2bn	2024: **2 deals** — Undisclosed	2024: **2 deals** — US$0.4bn	2024: **1 deal** — US$0.2bn

Note: 2025 deals data disclosed to August

Market segmentation and competition

The acquirer landscape has become more segmented than it was perhaps five years ago. A small cohort of players are capable of executing the very large, typically capital relief driven transactions. The middle tier operates largely in the US$50million to US$250million range, and the relatively smaller participants target sub-US$50million deals where motivations from the sell side are more often driven by operational finality or relieving the administrative burden in relation to a non-core portfolio.

That is not to say that the lines never blur – we continue to observe that where there is a strategic motivation for a larger acquirer to look at smaller deals, they will do so, which can lead to challenges for those only competing at the smaller deal size end of the market. So where does this leave the competitive landscape in legacy?

Despite there having been a net outflow of market participants in the last few years, approximately 50% of our Survey respondents, which included representatives from sellers, brokers, lawyers and other intermediaries as well as run-off consolidators, described the current level of competition in the market as "limited room for new acquirers to enter the market" with a further 30% suggesting that demand and supply are well balanced and just 20% answering with "ample room for new acquirers" (Figure 7).

We tend to agree with those who consider that the market is currently well proportioned. Whilst the size of the market and the potential for increased deal flow would suggest that there may be room for new entrants, there remains a relatively high bar to entry with capital providers demanding vastly experienced management teams and clear, achievable pipelines before backing new platforms.

Furthermore, whilst it remains competitive from a deal perspective, we see a continually maturing market where acquirers are typically being more selective, focusing on strategic fit and alignment with risk appetite.

Geographical deal perspectives (Figure 8)

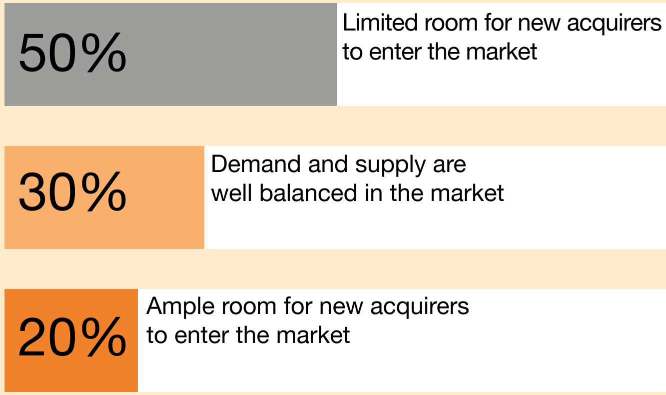
UK and Ireland

2024 was a slightly quieter year for non-life run-off deals in the UK&I, with nine deals publicly announced, four deals short of the 13 announced in 2023. However, 2025 started strongly with nine deals announced in Q1, partly driven by an uptick in Lloyd's legacy activity which saw somewhat of a resurgence earlier this year after a fallow period in 2024.

Amongst others, notable UK&I deals in 2025 have included Enstar's LPT with Atrium Syndicate 609, Swiss Re's LPT with Ageas UK and Marco Capital's acquisition of R&Q Gamma. PwC UK also supported Soteria Insurance Limited and Telent Limited with disposals of legacy liabilities to DARAG and Hampden Group respectively.

These are good examples of the smaller "clean up" deals that have been a strong feature of the market in the past 12 months.

Figure 7: Respondents' views on the current level of competition within the run-off market.



> We are seeing security as an increasingly important issue for clients, especially for long-tail books. Marco is one of a limited number of legacy consolidators with a rating. Price remains the determinant factor for selection of a legacy partner, however some carriers have indicated a willingness to take a broader view in selection and recognise validation by a leading rating agency as a comfort factor which protects their brand and franchise.

Simon Minshall
CEO & Founder, Marco Capital

The UK&I market is consistently viewed as mature, with 62% of respondents expecting a similar number of deals over the next 18 months when compared with recent levels of activity, whilst a further 30% expect fewer deals and only 8% expecting a greater number of deals. We tend to agree with the majority here in that a relatively stable number of deals can be expected, with a continued volume of deals emanating from Lloyd's as well as the company market.

North America

In our last Survey publication, we reported a surprising fall in publicly disclosed legacy deal numbers in North America in 2023 vs 2022. In a return to form, 2024 saw a reversal of that trend with a c. 50% increase on 2023 deal numbers, to 19 deals, which included the RiverStone International / QBE and Enstar / AXIS Capital US$1billion+ deals, meaning most reserves transacted last year were North American.

Whilst there has been some activity in 2025 including RiverStone International's LPT with Pacific Valley Insurance Company (a subsidiary of Lyft), 2025 has so far been relatively quiet again for deals in the region.

44% of Survey respondents see this changing over the next 18 months and expect a greater number of deals in that period with 47% expecting similar levels to recent activity leaving 9% with a more pessimistic outlook.

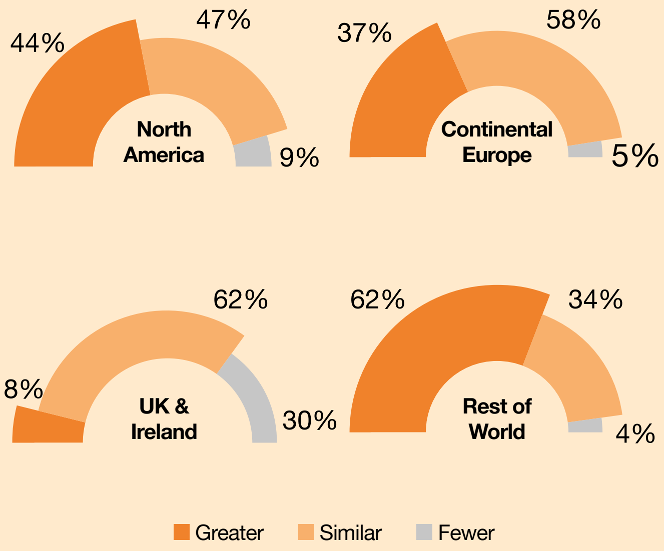
The varied nature of state-by-state regulation is one contributing factor to the relative immaturity of this region compared to the UK&I when it comes to more traditional legacy solutions, however given the huge scale of the North American market and increasing awareness of capital optimisation solutions amongst live carriers in the region, we agree that it is likely there will be a sustained level of significant activity there.

Continental Europe and the Rest of the World

Continental Europe saw just two publicly announced deals in 2024, following three in 2023, but it seems the tide may be turning from a deal flow perspective in the region with four deals already disclosed in 2025 and others rumoured to be in the pipeline this year. Against a low bar, it is not a surprise to see respondents expecting a similar (58%) or greater (37%) volume of deals in the region in the coming months. Education remains pivotal and IRLA's recent collaboration with Hannover Re to deliver legacy market training to continental European colleagues in London was an excellent example of positive steps being taken in this regard.

Across the Rest of the World, deal flow in recent years has again been limited, so again, we agree with 62% of respondents that there will be more volume here in the next 18 months than we have seen recently. In particular, we expect Australia and Singapore to see legacy deal activity in the next 12 months.

Figure 8: Respondents' views on the future deal numbers by region.



Legacy at Lloyd's

Rachel Turk
Chief of Market Performance
Lloyd's of London

We sat down with Rachel Turk, Chief of Market Performance at Lloyd's of London, to discuss the role of legacy syndicates at Lloyd's and what the future looks like for the legacy sector in the Lloyd's market.

PwC: How does Lloyd's view legacy syndicates?

Rachel Turk: Lloyd's is supportive of legacy syndicates and understands that legacy is core to the lifecycle of the London Market and is well placed to facilitate the recycling of capital. The reality is that there has been very little new capital into the Lloyd's market in recent years, and the majority has been from reinvested profit, or capital releases from portfolio transfers.

Legacy syndicates can only take on liabilities from within Lloyd's. This is critical because the reserves are already within the market, so we will have overseen the live portfolio at the time and already have a familiarity with the underlying business.

Negative sentiment remains in some corners of the market that any form of legacy transaction results in poorer outcomes for the client. This isn't backed up by the data that we have, or the experience that we see. The legacy providers have significant claims teams and fast resolution of matters is in their interest.

Additionally, in many instances the claims team of the originating syndicate maintains some involvement, especially where that syndicate continues to trade and thus doesn't want to negatively impact their ongoing reputation.

PwC: What is your view on legacy deals at Lloyd's including deal frequency and types of deals, and what might the future look like for these deals?

Rachel Turk: When we talk about legacy deals, I am drawing a distinction between the "normal" RITC process after three years and instead focusing on portfolio transfers. There will always be a place for legacy deals in the Lloyd's market, however we may see these occurring in a more cyclical pattern where softening markets trigger even more emphasis on portfolio optimisation by the live syndicates and may trigger decisions to exit from particular lines of business.

There are several triggers for considering a legacy transaction including underperformance in a line of business and needing to exit, a shift in management attention, a strategy from a new owner and so on. So, while triggers from underperformance tend to be more cyclical in nature (but note that our oversight tools are now greatly enhanced than they were leading up to market wide remediation such that we don't believe such broad-brush activity will be warranted again), other triggers can be less cyclical.

With a number of PE backers in the market with an average holding time horizon of 3-5 years, we may see subtle shifts in strategy when new owners take over and require the management team to critically assess their portfolio and where they are putting their own capital to work for the best return.

> The new rules are not intended to suggest Lloyd's is anti-legacy deals. The driver behind the new rules was to provide Lloyd's with the assurance and oversight of what liabilities are flowing around the market.
>
> **Rachel Turk**
> Chief of Market Performance
> Lloyd's of London

PwC: This year saw the introduction of new rules for legacy deals at Lloyd's. What do these rules mean in practice for legacy syndicates?

Rachel Turk: Firstly, Lloyd's applies principles-based oversight to all syndicates including legacy syndicates, and thus we are risk based in our approach to legacy syndicates. We are strengthening our oversight and principles where we deem necessary to ensure the sustainability of the legacy providers. Capability of legacy providers is very important – which includes not only deal selection and pricing, as well as ongoing claims handling.

The new rules are not intended to suggest Lloyd's is anti-legacy deals. The driver behind the new rules was to provide Lloyd's with the assurance and oversight of what liabilities are flowing around the market. It frontloads a lot of the oversight that we traditionally did after the transaction and it is far more prudent for the market stability overall for the review to be done in advance, rather than after the transaction has already been completed.

We did prevent a release of profit on day one, and instead profit can only be released once there has been an SAO, or after 365 days. This was deliberate to ensure that reserves are not being undermined. Lloyd's must pre-approve all legacy transactions (other than the normal three-year RITC transactions) and we use third parties to supplement our own team to ensure we have the bandwidth to act at the speed that is required.

The impact is on both the legacy syndicate, but more importantly on the live syndicate. Their requirement is to bring Lloyd's into the deal at the appropriate time to allow us to do our oversight prior to the deal closing. This does take a shift in mentality to remember this additional step. We have dedicated people at Lloyd's who engage with the legacy syndicates and so this requirement is also reinforced through that relationship.

Emerging risks

Hatty Sharp
AI & Modelling
Associate Director
PwC UK

Emily Love
AI & Modelling
Manager
PwC UK

Emerging risks include hazards that arise from societal, technological or environmental change, often with harm only recognised after long delays. Asbestos is a well-known example, with serious health effects only apparent decades after widespread use. Asbestos has been perhaps the single most prominent risk in the evolution of the run-off market. Other exposures have the potential to have a similar impact on the insurance industry as we consider below.

Categorising emerging latent-style liabilities (Figure 9)

To assess latent exposures, four factors are typically considered:

- disease classification – a medically recognised illness must be linked to exposure;
- medical evidence – sufficient scientific support must exist to substantiate claims;
- coverage periods – understanding the years of insurance coverage relevant to the exposure; and
- coverage triggers – determining the event that activates coverage.

> Since 2014, mass torts in the United States have been initiated with increasing frequency, including PFAS, talc, glyphosate, social media, heavy metals in baby food, hair relaxers and more. The increased exposure to complex multi-defendant litigation has significantly extended the long tail of liability. In this environment, a robust legacy market is an increasingly vital resource for insurer risk management.
>
> **Robert Reville**
> Head of Casualty Market Development, Moody's

Figure 9: Table categorising the key elements that are required to make a claim successful.

	Asbestos	Deafness	Lead paint	PFAS	Head injuries
Disease classification	Well established	Well established	Well established	Requires more time to determine	Requires more time to determine
Medical evidence	Well established	Well established but can be difficult to prove	Well established but can be difficult to prove	Requires more time to determine	Requires more time to determine
Coverage periods	Well established	Well established	Well established but can be difficult to prove	Requires more time to determine	Requires more time to determine
Coverage triggers	Well established	Well established	Well established but can be difficult to prove	Requires more time to determine	Requires more time to determine

Well established | Well established but can be difficult to prove | Requires more time to determine

Processes for asbestos and deafness claims are now well established, however proving causation for the latter can still be difficult, given the gradual onset and multiple causes of hearing loss. There is additional complexity associated with lead paint claims regarding the application of insurance coverage, as exposure often occurs across multiple locations over a long time. Overall, PFAS and sports-related head injury claims present the greatest uncertainty of the above as they are in their infancy. The following sections explore their developments.

Emerging risk 1 – PFAS

Per- and polyfluoroalkyl substances (PFAS) are synthetic chemicals found in a wide range of products, from firefighting foams to non-stick cookware, and have become a growing concern. Known for their resistance to heat and water, PFAS have been linked to environmental contamination and adverse human health effects.

Legal actions and industry accountability

There have been multiple lawsuits, primarily in the US, where claimants allege harm from PFAS exposure caused by manufacturers or users of the substance. These cases seek compensation for clean-up costs, health damages and regulatory breaches. Regulatory frameworks are also tightening; for example, from 2025, the Drinking Water Inspectorate will enforce PFAS monitoring in drinking water in England and Wales, and the US will require compliance with new PFAS standards by 2029.

Implications for the insurance market

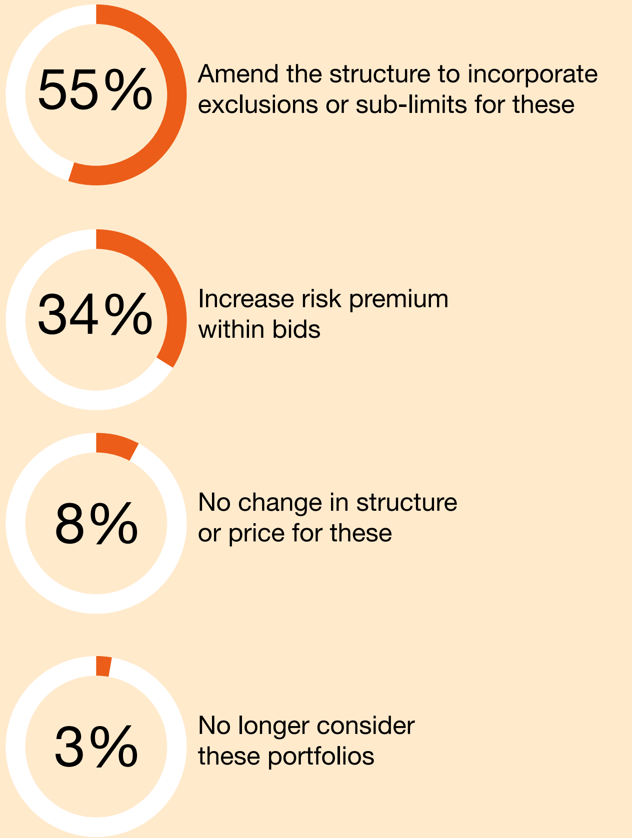
- **Classes of business –** Claims are emerging across multiple lines including general liability, environmental, product and employers' liability.

- **Transaction impact –** Unknown PFAS liabilities may delay deals or affect pricing. According to our Survey, respondents believe that portfolios including PFAS liabilities are still transactable but 55% expect consolidators to amend deal structures through exclusions or sub-limits, while 34% expect them to increase risk premiums (Figure 10).

- **Data requirements –** Assessing PFAS exposure depends on gathering clean, complete data. Understanding historical product use, site exposure and insurance coverage is essential.

- **Innovation –** Specialised reserving techniques and models are being developed to support PFAS analysis.

Figure 10: Respondents' views on how run-off consolidators will treat exposures arising due to emerging risks, such as PFAS and sports-related head injury claims within the portfolio of a potential legacy transaction.



Emerging risk 2 – Head injuries

In recent years, the risks linked to repeated head injuries in contact sports have drawn increasing attention. Lawsuits have been launched in the US and Europe, with sports bodies under pressure to improve concussion protocols and player safety in football, rugby and American football.

Legal actions and industry accountability

In the US, The National Football League paid around US$1billion to 4,500 former players who alleged they were inadequately warned about the risks of repeated head injuries.

In the UK, similar concerns have emerged, with former players pursuing claims against football and rugby authorities. There have been no landmark settlements reached to date and legal proceedings are ongoing. As a result there remains a large amount of uncertainty and consolidators will have differing risk appetites to this exposure.

Implications for the insurance market

Transaction dynamics and innovation needs are broadly similar to those that relate to PFAS. Regarding the specific data required for head injuries, we understand that insurers are assessing exposure to governing bodies such as the Rugby Football Union in England.

We also note insurance claims falling under public and employers' liability policies, which are core lines of business for legacy transactions.

Conclusion

The impact of emerging risks on the legacy market will depend on how these exposures evolve and are clarified through regulation, litigation and data analysis. High quality information is critical, not only for insurers and legal advisors, but also for the industrial manufacturers and sports bodies at the heart of these risks. Legal standards maturing and coverage positions crystallising will be key, but these risks are still in their early stages.

Frequency / severity models are likely to be employed and while frequency can be estimated through appropriate exposure analysis, the potential cost of claims drives the uncertainty. Comparisons to asbestos and abuse claims are emerging, but outcomes remain uncertain. It took decades for the market to gain comfort over asbestos risks – PFAS and head injuries may follow suit, though better data and modelling could speed up that journey.

Hot topics in legacy deals

Subject Matter Experts from across PwC's insurance practice outline views on key areas of focus relating to legacy deals

Michael Cook
Claims Advisory Leader
Partner
PwC UK

Daniel Silverman
Claims Advisory
Director
PwC UK

Claims

Claims management expertise has long been one of the legacy sector's USPs. Managing complex claims portfolios efficiently and cost effectively both in terms of indemnity and expense has been critical to delivering returns for legacy acquirers. As the sector has developed to offer solutions for portfolios covering many different liability types and not just traditional long tail claims, the challenges and opportunities for effective claims management have grown.

These involve:

1. conducting due diligence to select the right portfolios at the right price and identifying value creation opportunities;
2. managing the transition after a deal to capture quick wins and integrate the portfolio effectively; and
3. continuously improving the portfolio using data, and technology, including artificial intelligence (AI).

1

Pre-deal – Getting claims due diligence right

Rigorous claims due diligence is essential. Combining experienced claims specialists with data driven analysis helps validate reserves and identify hidden exposures. Reviewing loss runs, policy wordings and using AI tools to scan claims files and contracts reveals patterns such as dormant claims or emerging risks. Close collaboration with actuarial experts leads to more accurate pricing and faster, better deal decisions.

Our Claims Due Diligence asset, which includes a Portfolio Dashboard and a Generative AI (GenAI) Application, accelerates this process by providing a holistic portfolio overview and automating contract analysis, reducing manual effort and improving insight.

2

Immediately post-deal – Effective integration and quick wins

After finalising a deal, immediate priorities are operational improvements, including integrating or upskilling claims teams, standardising processes and establishing strong governance e.g. authority limits, reserving philosophy, and key performance and risk indicators. Quick wins should also be executed such as automating claims triage/data entry, tightening leakage controls and fast-tracking straightforward claims and recoveries to boost efficiency. These can also strengthen controls and drive portfolio performance transformation.

3

Ongoing post-deal – Technology and continuous improvement

Sustainable success in run-off claims management relies on continuous improvement through technology, such as using advanced analytics and AI to track trends, predict outcomes and automatically summarising notes. Regular reviews and a commitment to innovation enables workflow refinement and new automation which can aid efficient and compliant claims handling, allowing technical staff to focus on achieving the best outcomes.

This is especially true in the legacy world, where new portfolios are continually being onboarded and ingested and the only way to remain competitive is to adopt this approach. This has always been the case, but the advancement of technology and AI presents a significant opportunity for the sector to improve efficiency and drive savings to the expense base.

Nick Pattison
Deals Advisory
Partner
PwC UK

Data

Data and system migration can be a challenging aspect of most run-off transactions – and often isn't thought about until after deal completion. Acquirers can mitigate cost and risk by considering data and system migration implications earlier in the deal lifecycle.

Many legacy insurance businesses operate a collection of independent aging systems, spreadsheets and repositories of unstructured data which present obvious challenges for migration. During due diligence, it's important to understand the completeness and quality of data (including unstructured data sources, for example, policy documents and claims correspondence) as well as evaluating any transferring systems (including reliability and obsolescence risk). Acquirers should involve their migration team in the due diligence process to form an early view of cost, effort and timeline.

At deal execution, acquirers should ensure that the transaction documents include the right obligations for the counterparty, as well as ensuring provision of sufficient data to manage claims and meet regulatory requirements (e.g. Solvency II capital obligations, conduct & complaints history, data traceability). It is important that rights and obligations relating to migration activities are clearly defined, for example, data extraction and mapping responsibilities, and transitional access to systems and IT subject matter experts.

Post completion, acquirers should actively explore using newer technologies to expedite migration, for example, using AI to accelerate mapping of legacy data structures to their own data model, extracting structured data from large volumes of policy documents and using automated data reconciliation tooling to validate migration outputs.

Avoiding unforeseen migration costs and delays allows management to focus on their core business of managing claims effectively. Efficient delivery of a rationalised IT systems estate also enables consistent reporting of standardised KPIs, to track successful value creation across an acquirer's portfolio.

> One of the biggest friction points when acquiring a run-off book remains data quality and system integration. Legacy systems are often outdated and fragmented, with poor documentation and inconsistent knowledge transfer from previous owners. This makes it difficult to establish a clear understanding of the liabilities at the outset and it hampers the speed and efficiency of any onboarding process. What has proven most effective in overcoming this friction is ensuring the right personnel are all involved as early in the process as possible and establish a structured but dynamic integration plan. This involves early engagement with the current team handling the book, robust data triage, thorough systems and protocol mapping, and creating a central team to coordinate operations. The smoother you can make the acquisition stage, the more control you get over the portfolio long term.
>
> **Rebecca Hafner**
> Director, Quest Group

Peter Thomas
Risk and Regulation
Director
PwC UK

Dan Langbridge
Risk and Regulation
Senior Manager
PwC UK

Regulatory

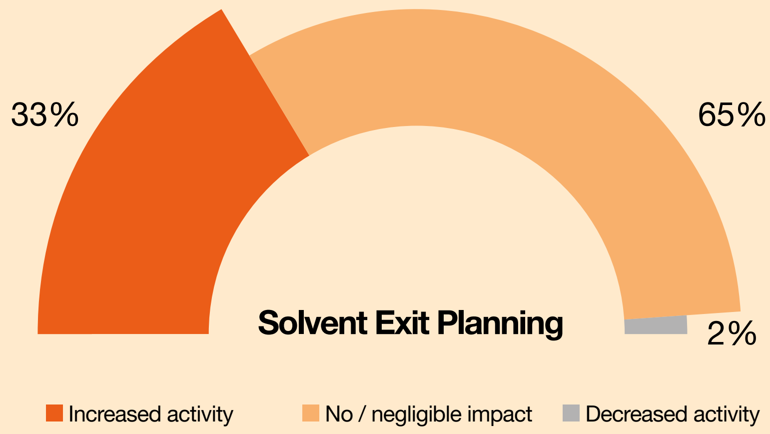
Across the insurance industry, firms are seeing first-hand how regulation is evolving. Around the world, regulators are being asked to balance financial resilience with objectives like market competitiveness and growth. In practice, that looks different from one jurisdiction to the next. It can be about the rules themselves, but it is also often about the speed and pragmatism shown by regulators responding when deals are on the table.

Another noticeable shift is in the balance of regulatory focus. Where prudential issues once dominated, conduct risk is now just as prominent. In the UK, for example, the FCA's Consumer Duty and product governance requirements have both raised the bar in conduct risk management, whilst also providing principles-based rules which allow the FCA to intervene where they believe firms may not be delivering good customer outcomes. Scrutiny over claims handling practices, third-party arrangements and the control and oversight of new technologies are key topic areas.

Regulators are also stepping in earlier and utilising their supervisory toolkit, both at the market (e.g. market studies, thematic reviews) and firm level (skilled person reviews, required attestations). These reviews bring cost, findings and management attention, so understanding how a firm is supervised, and where it sits in the regulator's framework, is increasingly essential.

From a prudential perspective, the regulatory landscape has felt more stable in recent years. Reforms to Solvency II have been well trailed and are largely evolution rather than revolution. The other area of notable development is around recovery and resolution planning with the requirements for Solvent Exit Planning being phased in across the UK and Gibraltar. Whether this drives more deal activity is to be determined, with 33% of our Survey respondents believing that there will be increased activity and 65% believing it will have no or negligible impact (Figure 11). However, it shines a light on the important role of insurance run-off solutions to the market as a whole.

Figure 11: Respondents' views on the impact of the PRA's new solvent exit planning rules on the level of deals activity over the next 18 months.



Andrew Rosam
Deals Tax
Partner
PwC UK

Sarah Robinson
Deals Tax
Director
PwC UK

Tax

Tax considerations across the legacy deal lifecycle

The OECD's Global Anti-Base Erosion Model Rules (Pillar Two) establishes a global minimum effective tax rate of 15% for large multinational groups, those with consolidated revenues exceeding €750million (including premiums and investment income) in at least two of the four preceding fiscal years. This particularly affects groups which have used traditionally low tax territories such as Bermuda.

While conventional corporate tax considerations remain relevant in this space, acquirers must now monitor whether acquisitions push total group revenues over the €750million Pillar Two threshold, triggering a changed tax landscape – higher tax rates, as well as local and global Pillar Two reporting requirements. The recent G7 deal exempts US-parented groups from key Pillar Two rules, but local implementation details and the impacts this may have on other territories adopting these rules are still unclear. US groups remain exposed to Qualified Domestic Minimum Top-up Tax in other jurisdictions. This means cross-border deal planning has become even more complex especially when there is a US tax nexus.

For consolidators, early engagement and strategic scenario planning are essential to navigate the shifting global tax landscape.

US Expansion: BEAT and structuring implications

Related party reinsurance poses a potential risk for insurers under the One Big Beautiful Bill Act, primarily because it may trigger the Base Erosion and Anti-Abuse Tax (BEAT) when liabilities are ceded to non-US related parties, such as those based in the UK or Bermuda.

Legacy insurers may use related party reinsurance to manage long-tail liabilities efficiently; however, under the revised BEAT rules, premiums ceded to non-US related parties are treated as base erosion payments. If these payments exceed certain levels for larger groups, the effective tax rate of a group is likely to increase.

This BEAT exposure is not confined to legacy liabilities; it extends to current and future transactions, making it a key structural consideration for all insurers that rely on affiliate reinsurance to manage either acquired or newly underwritten portfolios. As for Pillar Two, early engagement and planning are key.

Mumith Khan
Corporate Liability Restructuring
Senior Manager
PwC UK

John Baker
Corporate Liability Restructuring
Senior Manager
PwC UK

Find out how PwC is working with AI.

GenAI

The legacy insurance sector has a significant opportunity to capitalise on the rapid advancements in GenAI and Agentic AI. While rates of adoption vary across the industry, the potential for these technologies to reshape legacy operations is becoming increasingly clear.

82% **of our Survey respondents expect AI to play a major role in post-deal value creation.**

Two primary concerns with AI adoption emerged from the Survey, with 32% of respondents citing data privacy/security concerns and 21% citing hallucinations as the primary challenge or obstacle their organisations have faced implementing GenAI.

However, the legacy sector can take confidence by what is being achieved in the wider insurance market and other industries, and has the opportunity to rapidly close the gap.

Advances in AI have the potential to accelerate the streamlining of key processes across the legacy deal lifecycle. In the pre-deal phase, AI can be used in deal triaging and due diligence by efficiently analysing large volumes of unstructured data, such as policy documents and claims files. This enables faster, more accurate insights, supporting better pricing, decision-making and risk assessment.

In deal execution, AI can facilitate smoother operational integration and accelerate access to value. Automated solutions can summarise complex claims files, boost productivity, and enable workflow automation, leading to significant efficiency gains. For example, Agentic AI claims solutions are significantly increasing investigation stage productivity, while voice-based risk assessment tools can deliver faster settlements and improved resource allocation.

What's clear is that applying AI across the legacy market isn't a matter for the distant future. The art of the possible is here, evidenced by tangible use cases and successful implementations. The question is how quickly the industry moves from cautious interest to confident execution, and what can be done to accelerate adoption. As legacy deal activity continues to grow, it is the legacy acquirers rather than the live market who will be the ones to champion AI adoption especially in claims handling. We are currently working on a number of innovative tools including:

- Deals AI Assistant – Streamlining the deal process from end to end;
- AI Powered Claims Due Diligence – Enabling us to unlock rapid and deeper insights; and
- AI Powered Fraud Analytics – Use of cutting edge technology including voice and digital attachment analytics to detect fraud.

Look out for our more in depth update at how we are implementing GenAI and the above tools in our Q3 2025 non-life insurance run-off deals report.

A view from IRLA

Kevin Gill
Chairman
IRLA

Nicole Law
YPG Chair
IRLA

The mood at IRLA's[1] Annual Congress in May was one of definite optimism. We were buoyed by the energy, enthusiasm and expertise on show over the week in a (mostly) sunny Brighton, and feel, as a sector, we stand at an important inflection point.

The legacy market is rapidly growing with enormous opportunities for providing capital solutions to the insurance market, whilst still offering exit solutions for all shapes and sizes of portfolio. All of this is underpinned by a broadening skill base of talent, with liability management remaining at the core of what this market does.

Legacy players have evolved to seize opportunities and face competition, making the sector more relevant and connected to the live market than ever before. One such area of recent prevalence is retrospective solutions that offer tailored reinsurance to help live carriers strategically refocus their capital, manage reserve risk, exit lines of business, or fuel growth through capital relief.

The critical role of credit risk

Credit risk is critical to the legacy sector as it becomes a highly trusted long-term counterparty to its client base that is building confidence, credibility and the respect of (re)insurers, investors and stakeholders more broadly. As some of the legacy players have become rated and others may look to follow suit, this is indicative of the underlying capital strength, business model quality, claims expertise and the emerging maturity of the sector.

Though now a US$1.1trillion market, the legacy space is still relatively young and comparatively small when compared to the live market, which means the scope for growth is enormous. Deal volume and value has grown to a consistent level over the last decade underlining the continued demand from the live market for the solutions offered by the legacy industry.

The anticipated consolidation across the non-life insurance sector, arising from the low growth environment that should lead to the inorganic growth, will generate demand for retrospective solutions or offloading of business as enlarged groups reshape their go-forward business.

Talent and technology

The legacy sector is also investing in talent and technology to remain resilient and relevant to the live insurance market.

Investment in technology is now a central focus for the legacy sector, with companies embracing data-driven approaches, automation, and AI to modernise operations, enhance efficiency, and secure a competitive edge. This is crucial for nimble portfolio management and achieving early synergies through seamless data transfer and integration.

IRLA is proud of the role it has played in helping the sector develop talent in the market across its Young Professionals Group (YPG) and Future Leaders initiatives. The range and breadth of highly skilled people, across different fields of expertise is truly impressive, which includes risk, claims, actuarial, investment management, legal, technology and integration. Investment is going into the development of talent across all grades of staff, with many professionals achieving and building a successful career within the legacy insurance market.

The industry is also critically focused on effective succession planning, emphasising the evolution to and attraction of senior talent to the market. The combination of all this means that the talent pool is better positioned than ever before to lead the sector forward and innovate.

These themes are borne out in this year's Survey and IRLA thanks PwC for another insightful view of our market.

[1] IRLA – The Insurance and Reinsurance Legacy Association, a UK based trade body for the insurance and reinsurance legacy sector

A view from AIRROC

Katie Reynolds
Executive Director
AIRROC

AIRROC[2] turns 20 this year. That is a huge milestone for an organisation that, at its founding, was not expected to be needed two decades later. My colleagues like to joke that nothing ever changes in legacy. After all, how many of us are still dealing with the same asbestos losses from the 1980s? But as much as we enjoy that quip, the truth is that a lot has changed in the legacy space since AIRROC's founding.

The legacy market has never been static. From its early role of cleaning up long-tail liabilities to its current function as a sophisticated capital and risk management tool, this corner of the insurance world has always adapted to what the industry needs it to be. That is part of what makes legacy so compelling but also challenging.

Today, legacy sits at the intersection of innovation and necessity. Companies are under increasing pressure to free up capital, simplify operations and gain certainty around reserves. Legacy solutions help meet those goals, but as the market matures, the work does not get easier. Expectations are higher, stakeholders more varied and increasingly nuanced. What was once a reactive, back-office function has become a strategic lever. Legacy acquirers are now expected to deliver not just clean exits, but operational efficiency, technical expertise and long-term stewardship.

This shift also underscores a growing need for specialisation. Whether structuring an LPT, navigating regulatory frameworks, or managing post-transaction claims, the expertise required has deepened. While that is a positive sign for the market's development, it also reveals a potential problem: we need strong talent pipelines to meet our future needs.

Even in my almost ten-year career in legacy, I have seen how much more technical and multifaceted the work has become. While risk management and insurance programs have grown across US universities, many graduates still are not finding their way into the legacy space. To help address this gap, AIRROC launched the NextGen Council, an initiative focused on outreach, education, and mentorship, in 2020. The group's engagement with the next generation of insurance and reinsurance professionals has only accelerated in recent years. We have hosted intern events, produced career-focused podcasts and connected with new university audiences to raise awareness of legacy as a career path. Our goal is to bridge the gap between seasoned professionals and emerging talent, and to ensure that institutional knowledge is passed forward, not lost.

This focus on cultivating talent is just one example of how AIRROC has evolved to support the market beyond transactions and technical discussions. We do not drive the market, but we support the people who do. By creating space for dialogue, education and networking, AIRROC helps the legacy community keep pace with a constantly evolving industry. We are proud to play a supporting role in that ongoing evolution.

As we mark AIRROC's 20th anniversary, I have been reflecting on how far the market has come. Legacy is no longer an afterthought or a cleanup crew. It is a tool. One that insurers, reinsurers and increasingly other industries are learning to use with purpose. The road ahead will bring new challenges, but if the past two decades have taught us anything, it is that this market knows how to adapt, and AIRROC will be there to support it.

[2] AIRROC – Association of Insurance & Reinsurance Run-Off Companies, the U.S. runoff industry's association dedicated to promoting the interests of the legacy community

Views from the market

Continuing a theme from previous Surveys we asked a number of key market participants for their thoughts on the legacy market

The legacy sector's ability to provide global solutions continues to cement the reputation of the industry as a core part of the international reinsurance market. RiverStone International's drive to expand beyond our core UK markets has been predicated on a desire to ensure we are able to diversify our own balance sheet but also to position ourselves optimally to provide solutions to our clients who are frequently global in scale. Having expertise across jurisdictions enables us to enhance our value and offering, working closely with our clients to understand their aims and objectives which can vary materially by location. We continue to see opportunities for expansion, including into Australasia, where specialist legacy consolidator markets have to date been limited. A broad international presence allows us to access and select risk diligently and we are positive about deal flow across all regions.

Back in the UK, Lloyd's remains a key market for us, providing access to diversified risk and supported by efficient capital structures. We welcome Lloyd's legacy reinsurance transaction guidelines, which help support the professionalisation of our sector, and with the Lloyd's market demonstrating strong premium growth, we expect the legacy market to be a crucial part of supporting the run-off of new liabilities and recycling of capital in the near-term.

Andrew Creed
UK CEO and Group CFO, RiverStone International

The divestiture of our US/Bermuda business to Riverstone Group has allowed DARAG to refocus on its European legacy core as well as expand into the UK/Guernsey. The Group has a greatly simplified structure post sale with a more streamlined and efficient functional structure. The sale proceeds have given DARAG record high solvency ratios to support new business flows. We have been delighted with progress in 2025 to date with a number of good sized deals closed and a highly encouraging pipeline for the remainder of the year. Our strategy is to be the market of choice for small to mid-sized PTAs, acquisitions and LPTs in Continental Europe and the UK, for carriers and captives alike.

Tom Booth
Group CEO, DARAG Group

We continue to see a wide variety of opportunities brought to market, both in terms of the lines of business and deal structures as legacy specialists become increasingly comfortable with the breadth and depth of (re)insurance portfolios coming to market and the bespoke solutions sought by clients. We have seen some portfolios being brought to market that were clearly weaker from a reserving adequacy standpoint and for the good of the market as a whole these deals were not executed; the legacy specialists showed the kind of pricing discipline that will be critical for this market to continue to grow and offer long-term solutions to the wider (re)insurance market as a whole. Where portfolios in respect of some of the more challenging lines of business have come to market, the successful deals have seen them paired with other lines of business that offer significant potential upside to balance the portfolio as a whole; this is one of the reasons why we are continuing to see growth in deal sizes.

Barry Gale
Head of Legacy, Aon

We are thrilled to have now completed the Sixth Street transaction, which we view as further validation of the robust opportunities ahead for Enstar and for the legacy market. The legacy sector continues to play an essential and increasingly established role within the broader insurance industry, providing insurers and reinsurers with effective solutions to address their risk, capital, and strategic objectives. Enstar remains committed as a long-term partner to our clients and we are approaching opportunities with the same mix of discipline, speed and ingenuity. With our 'A' financial strength ratings, we have also opened an increasing range of opportunities that allow us to diversify the solutions we can provide. Our outlook remains positive, and we are excited to engage in the significant opportunities that lie ahead.

David Ni
Chief Strategy Officer, Enstar

Following a very quiet 2023 and 2024 for Part VII transfers, we have seen an uptick in 2025. In many cases, firms are looking to use the process to consolidate subsidiaries to achieve operational and capital efficiencies, but there are also some third party transfers in the pipeline with firms preferring legal finality over a reinsurance solution which gives only economic finality.

2025 has seen a couple of small corporate liabilities transactions in the UK, providing solutions for non-insurer corporates looking to remove long tail liabilities from their balance sheets. These types of deals have been more common in the US, but UK corporates now seem to be waking up to the availability of solutions from the legacy market, which is ideally placed to understand and manage these kinds of exposures.

Geraldine Quirk
Partner, Bryan Cave Leighton Paisner LLP

Carrick will continue to grow over the next two years, typically completing deals of less than US$75million net reserves in size, though it is noteworthy that we are now being approached for larger deals. If one of these deals is appealing, we see a trajectory that could involve unique syndication structures with partners who share our philosophy and principles.

Phil Hernon
COO and Head of Distributions, Carrick Holding

Xitus believes that the IBT process has not been fully utilised by the US insurance market and we are working hard to create a US IBT platform to develop this area of our business. This, together with our UK platform, means we will be well positioned to provide an efficient legacy solution through equity acquisition and consolidation into our existing platforms.

Andrew Lewis
CEO and Founder, Xitus

The market has moved away from pure discontinued lines and run-off portfolios into a product that improves business performance and ROE by transferring reserves and assets on back or prior underwriting years. The product's benefits include releasing capital, removing volatility from results whilst retaining profit and simplification of operating model. A new developing area for the product is supporting investors with exit options on new ILS underwriting structures.

Steve Ryland
Group Head of Retrospective Solutions, Acrisure Re

Deals are getting more complex as buyers / reinsurers look to differentiate themselves not only with competitive pricing but also unique structures and deal terms. This includes looking at various structures which lock in flow or hybrid flow arrangements with cedants.

Tim Baumgartner
Partner, Willkie Farr & Gallagher LLP

Over the last 2 years, the market experienced a drop in the number of legacy transactions in Continental Europe. We believe less deals have closed due to material pricing gaps between buyers and sellers, extended periods to execute transactions alongside regulatory challenges. While LPTs have recently been the structure of choice by legacy players, we continue to see the need for full finality solutions and expect portfolio transfers and share deals to remain an important risk transfer mechanism for the legacy market. While recently there has been more activity in the US and UK&I, we expect to see more legacy transactions across Continental Europe in the years to come, as a result of M&A, restructuring, shifting priorities and capital optimisation.

Jennifer Lejeune
CEO, AXA Liabilities Managers

Roundtable: shaping the future of legacy

Robbie Kerr
Corporate Liability Restructuring
Senior Manager
PwC UK

Tanvi Patel
Senior Vice President M&A
Enstar

Vicki Njor
Head of P&C Structured Solutions UK&I
Swiss Re

Carl Hotton
Partner
DLA Piper

Chirag Shah
Chief Restructuring Officer
Zurich Legacy Solutions

Victor Nelligan
Legacy Reinsurance Broker
Aon

Introduction

To explore the legacy market's evolution and future direction, **Robbie Kerr** led a roundtable with some of the key talent in the sector, each offering unique insights from across the legacy value chain. Their collective experience highlights the opportunities, challenges and emerging trends shaping the run-off sector's next phase.

Has legacy truly come of age?

Robbie Kerr: The legacy market was once viewed as a niche segment focused on finality for distressed portfolios. Today, it's increasingly perceived as a strategic partner in capital and risk management for live insurers. Is that perception matched by reality?

Carl Hotton observed that the legacy market has certainly matured citing how live carriers are now actively engaging the legacy segment as part of capital and portfolio management strategy; "It's moved from being at the corner table to now having a seat at the top table where live carriers are discussing how to refresh capital as part of mainstream strategic business plans".

Victor Nelligan noted that the market has evolved from its more niche roots to what it is today as counterparties have got more comfortable with doing long-term reinsurance deals with non-rated parties where collateral arrangements support the deals. He also cited whilst acceptance of what legacy solutions can do has grown, they are not yet default tools for all carriers: "Most people we speak to have a good understanding of the term LPT, particularly where an executive has perhaps moved around the market and done such a deal at a previous workplace. So, it's certainly well-known but we are not at the point where LPTs are bought as routinely as excess-of-loss covers".

Tanvi Patel added that from the buy-side, she sees seller motivations being increasingly varied: "If I look back at Enstar's transactions over the last 12 to 18 months we've seen deals driven by distressed situations, deals where we supported live M&A, some that were just pure volatility covers or a combination of volatility and capital relief, and some more traditional solutions with regards to discontinued / non-core lines".

Tanvi also noted pure capital relief deals where unlocking trapped capital for investors are a focus for Enstar as highlighted by the solutions provided to ILS investors last year: "We've been able to provide forward exit options to third-party capital providers to be able to offer certainty of an exit and we see solutions growing in that space".

Vicki Njor cited that she has seen an increase in innovative and bespoke solutions: "We have seen some exits combining prospective and retrospective solutions, often built on long-term client relationships. The focus is on capital management and achieving tail protections".

Commenting on Continental Europe, Vicki highlighted the ongoing challenge with legacy solutions: "Capital relief isn't really a primary concern for very well capitalised European carriers but where there is some need for protection against some systemic risk or relief from administering non-core business, this is where we see legacy deals. One issue however is that clients will often favour a prospective solution over a retrospective one, especially where legacy isn't well understood".

Chirag Shah agreed, noting that as a regular seller, Zurich Legacy Solutions is "focused on managing internal portfolios of legacy business or non-core to the Zurich business, which could be causing some sort of strain that could be operational as well as financial and identifying solutions to relieve those strains for the wider Zurich business. If we can release some capital, that's an added bonus, however, often this is limited given how well diversified Zurich is".

On preparing portfolios for sale, he was clear: "It takes time to do it properly. We routinely spend up to two years reconciling data, stress-testing reserving and reshaping portfolios before going to market. That rigour pays off".

A shifting buyer and deals landscape?

Robbie: Do you feel there are enough buyers to meet the varying demands of the live market or is there room for new entrants here, and how do you think the landscape of buyers is evolving in terms of the solutions provided?

Chirag reflected: "We would always welcome new entrants, competition is good, but they need to demonstrate longevity, commitment to this market and claims handling credibility which takes time. Even with well-established legacy reinsurers, they still have to show operational resilience and an ability to do right by our customers to be selected as our partner".

Carl agreed, adding: "It's not just about capital, it's about knowing the claims will be handled right".

Tanvi noted the recent shifts in the buyer market, the effects of which are still playing out: "We recognise the need for a robust, competitive legacy market. There have been some challenges in recent years, and we appreciate that the market's survival depends on sellers having confidence in the acquirers. There are sophisticated players at each segment which you need to sustain a thriving marketplace. There's space for new capital but it's important to recognise that transitioning from small deals to US$1billion+ is tough and focusing on sweet spots is critical".

Building on that point, Chirag noted that the greater focus being shown by legacy participants on their sweet spots was beneficial: "Buyers have been finding their niches again, be it certain jurisdictions, lines of business or deal sizes and that's a great thing. It gives you more certainty and trust that they are experts in what they do".

Victor commented that in general a more segmented market has been formed but that acquirers have to remain innovative and open to new opportunities: "Even if a buyer wants to define a sweet spot for when and what they can acquire, the reality is that every deal we're currently looking at, or exploring with clients, is different. The liabilities involved, geographic focus and transaction structures can vary significantly. For buyers, striking a balance between a clear focus and not limiting themselves is important".

He added that the notion of deal structures becoming more complicated isn't really what is holding some deals up: "There are some complex deals out there but a number of features of these deals are not inherently complicated, they naturally evolve or get added in as the deal progresses through the diligence phase and both parties gain fuller clarity on the exact shape of the deal.

It's more that legacy deals are by their nature highly bespoke contracts that take time to work through and are likely to be informed by what may have gone well (or not) in the last deal each counterparty had entered into".

Carl noted: "I don't think deal documents are getting more complex. They have always been bespoke for each transaction but deals probably are taking longer and that is more down to newer structures being created, like the ILS deals mentioned, and it takes a bit of time for people to understand these. I think the additional time being spent on diligence, perhaps influenced by the sophisticated capital that has come in to back some of the legacy participants, also affects this".

Vicki mentioned that variable bid-ask spreads also have a bearing on deal timelines / completions: "There's a bit of a price mismatch still around in the market, so it can take time to land on the commercial terms. That has been particularly evident where the reserving in the softer market years hadn't been strong enough. Data quality can be an issue as well. Finally, it's also important to spend time engaging with regulators to ensure they understand deal structures too".

On the topic of the formation of strategic partnerships between buyers and sellers, Tanvi gave a balanced view: "I don't think you'll find a seller who is going to agree up front to do the next five transactions with the same party but building long term relationships is at the heart of what we do. Take QBE for example, they've transacted with the legacy market several times including with Enstar and RiverStone last year, both of whom QBE had transacted with before which helped to make the deal achievable".

Vicki added: "The same way live carriers view prospective partnerships; they are starting to view the legacy market in that way". Victor noted: "It can make sense to deal with someone you've dealt with before if it's the following years of the same portfolio, for example, or if you are building a strategic partnership. Still, even with a strategic partnership, there may be valid reasons for a client to re-engage with the wider market on a new deal".

Future deal flow: where next?

Robbie: Where are we going to see deals in 2026 and beyond – geographically and structurally? Also, is a rise in corporate liability deals going to be a prominent trend in the coming years?

Victor struck a balanced tone, building on earlier sentiments: "We think we will continue to see the majority of larger deals from similar sources, in the London Market and North America; in continental Europe, where the volume of deals has been much smaller, the profile of the legacy market is lesser and the client need for the product is still currently less pressing. In Lloyd's there has certainly not been as much activity in the last year or so as there was in the preceding period, but we fully expect an uptick again in the near future as the market softens and M&A activity is expected to rise".

Taking a slightly different tack on Lloyd's, Tanvi noted: "Lloyd's legacy activity is an interesting one, I think there is opportunity around London Bridge Two, which ties in with the ILS discussion, in that it will lend itself to investors wanting exits, and legacy syndicates have a clear role to play here. A softening market may lead to more live carrier consolidation and a focus on portfolio optimisation, which could also spark more Lloyd's legacy deal activity".

Vicki noted that Part VII activity had been picking up after a more fallow period and this was set to continue: "Brexit and some court decisions had caused a slowdown in Part VII's but they seem to be back as a focus for some carriers which increases deal flow numbers and is indicative of wider engagement with finality solutions".

Picking up on corporate liabilities deals, Carl noted sustained engagement: "We are seeing continued interest from both legacy acquirers and financial sponsor backed vehicles in this space. Buyers provide non-insurance solutions so there are far fewer regulatory hoops to contend with, but these can be complex transactions, and the nature of the claims means the legacy market certainly has a role to play in being a long-term steward in respect of these exposures".

Tanvi added: "Legacy market insurers are a natural home for these long-tailed liabilities given the well-established platforms and claims handling capabilities."

Talent and opportunity

Robbie: There is clearly a lot going on in this market, so what excites you all to continue a career in legacy and what advice would you give to other future leaders of the industry?

Vicki noted the sheer variety of opportunities: “There are a lot of different angles. You have corporate finance skills, actuarial modelling, data analytics as well as broader corporate strategic thinking as well. You get to really look under the hood of individual businesses and see how they truly work”.

Chirag added: “The industry is evolving and the period of change we’re in is exciting, there are consistently fresh opportunities developing. Also, if you look at the senior leadership of firms across the legacy market value chain, it’s clear there will be opportunities for relatively younger people to step into leadership roles in the coming years. Finally, we are problem-solvers and this market is innovative – we might not be calling it legacy in 15 years, but I think this group of talent will still be around solving problems whatever they may be”.

Tanvi built on the variety point: “I only came to legacy five years ago having been a live market actuary before then. My role has evolved from a traditional actuarial role into a broader deal structuring corporate finance role and that’s exciting as I get to use my skills much more widely and strategically”.

Commenting on being a deal maker, Victor noted: “It’s an incredibly rewarding place to be. You’re solving problems and bringing buyers and sellers together in a flexible environment”. Finally, Carl also mentioned: “No book of business or company is the same and with evolving deal structures, there is plenty of innovation in this sector and ways for creative young people to bring fresh ideas to the table”.

PwC would like to extend its sincere thanks to all the attendees for their time and engagement with this roundtable.

Global spotlights

Tim Braasch
Partner
PwC Germany

Continental Europe

The Continental European non-life legacy market is entering a new chapter. While historically less active than its UK counterpart, recent developments suggest that activity will pick up, driven by a mix of strategic and regulatory motivations. We are seeing a more pronounced appetite among Continental carriers to explore legacy solutions, not only to manage capital but also to focus operational attention on core segments.

Regional momentum and key players

Germany and Scandinavia, in particular, have seen increased deal activity in 2024 and 2025. DARAG has continued its expansion through:

- completing an LPT with a European carrier with a PTA to follow; and
- completing a Danish workers' compensation PTA.

Additionally, Compre have completed the transfer of European Motor and Casualty liabilities from Belgium's third-largest insurer (Q2). These deals underline growing regulatory comfort and a recognition among insurers that legacy transactions can play a strategic role in capital and claims management.

Germany's maturing reserving culture and progressive supervision by the Federal Financial Supervisory Authority (BaFin) are helping create a more conducive environment for structured transactions. In the Nordic region, increasing focus on efficiency in claims handling is prompting insurers to consider LPTs and ADCs for long-tail lines, particularly in Denmark and Sweden.

The rise of live-legacy hybrids

One of the more intriguing developments is the emergence of hybrid transactions that blur the lines between traditional run-off and active underwriting. Helvetia's acquisition of Baloise's non-life business in Liechtenstein, announced in December 2023, is a recent example. Although structured as a live deal, the portfolio contains segments, notably personal accident and accident & health (A&H), with characteristics suitable for the run-off market in the medium term.

These transactions may increasingly include carve-outs of mature or non-core portfolios (motor, liability, or A&H), that are ripe for legacy treatment. There is clear potential for legacy acquirers to engage as post-deal partners, absorbing back books and freeing up acquirers' operational capacity and solvency.

Regulatory tailwinds and cultural shift

The regulatory backdrop across Europe is also becoming more favourable. Regulators in Germany, France and the Netherlands have all taken steps in recent years to clarify the conditions for portfolio transfers and strengthen governance frameworks. BaFin's guidance on LPTs (2022) and the ACPR in France's openness to legacy structures reflect a broader European trend toward pragmatism.

More broadly, there is a cultural shift under way. Legacy is no longer seen solely as a tool for distressed exits but as a legitimate, proactive capital management strategy. Insurers are increasingly considering run-off solutions for portfolios that are non-strategic, poorly digitised, or disproportionately resource intensive.

Challenges remain

That said, several structural hurdles remain. Valuation expectation gaps between buyers and sellers, reputational concerns and long decision cycles among continental carriers continue to constrain deal volume. The intricate regulatory environment, especially for cross-border transfers, also adds friction.

Nevertheless, the medium-term outlook is optimistic. As Continental European insurers face ongoing pressure to optimise capital, streamline operations and sharpen their strategic focus, legacy transactions are poised to play a more central role in the M&A and capital management toolkit.

Damian Cooper
Partner
PwC Bermuda

Bermuda

Bermuda has firmly established itself as a pivotal hub in the global reinsurance landscape, including within the non-life run-off sector. The island's stable legal and regulatory environment, robust risk-based capital framework and deep pool of industry expertise continue to attract significant capital inflows. These strengths have positioned Bermuda as both a global consolidator of risk and a key platform for the substantial North American legacy market, underpinning its prospects for sustained growth.

Sustained focus amid market dynamics

The Bermuda non-life run-off sector remains resilient and adaptable, even as it navigates through a period of significant change. Recent market dynamics have included legacy acquirers exiting the market, shifts in ownership and strategic reorganisations of these firms. These developments underscore the sector's ability to evolve in response to a rapidly changing landscape. Notably, many organisations are sharpening their focus on North American opportunities, leveraging Bermuda's capital efficiency and expertise to serve this market.

The sector continues to see a healthy pipeline of deals across all size categories, from the US$2.3billion Enstar deal with AXIS to the US$150million Compre deal with Accelerant. The market remains active, with new entrants such as Xitus competing in the sub-US$50million deal space, further diversifying the competitive landscape.

Addressing challenges and investor sentiment

A significant recent event was R&Q entering into provisional liquidation in June 2024. This raised understandable concerns amongst other market participants, investors and the regulator. Whilst widely considered an isolated case, this development further highlighted the importance of robust risk management in the sector. In response, PwC UK and PwC Bermuda collaborated with R&Q (Re) Bermuda Ltd to design and implement a contingent scheme of arrangement.

This innovative scheme of arrangement, the first of its kind in Bermuda, is structured to protect creditors from the disruption, delays and significant costs associated with an insolvency process.

Bermuda's flexible and responsive regulatory regime also continues to foster innovation in the legacy space, most recently demonstrated by Enstar's Forward Exit Option.

Bermuda remains a key territory for the legacy sector and as we see from the continuing innovation and the market's ability to adapt to evolving challenges, it continues to play a critical role within the global legacy ecosystem.

Keith Palmer
Risk Modelling Services
Partner
PwC USA

USA

US Casualty deterioration and deal flow outlook

The discussions in the US P&C market coming out of 2024 results largely mirrored those of 12 months earlier, with the exception of a greater distinction between results for personal lines vs. commercial lines exposures. Reserve development and profitability for the 2024 accident year were significantly improved compared to 2023 for personal lines businesses, but the same could not be said in commercial lines, save for continued good news being recognised for legacy workers compensation blocks.

Carriers continued to stress the difficulties emerging from US Casualty exposures – adverse development recorded for 2016 through 2019 years was even greater in 2024 than that which was recorded in 2023 on the same prior years. While there were indications of potential deterioration during 2023 for the more recent accident years of 2021 and 2022, that concern became more of a reality in 2024, as reserves on liability lines were also significantly increased for 2021 through 2023 years, a signal that significant rate increases may not have been sufficient to mitigate the loss trends.

The debate and analysis will continue through 2025 (and beyond) to gauge whether the early recognition of adverse development for recent years is truly that, an early recognition, or whether the underlying trends reflecting the lengthening of the settlement timeline, increases in litigated claims and attorney representation, and increased frequency of severity are here for the longer haul.

In addition, US carriers, particularly those with geographic concentration and monoline or less diversified portfolios (often with a greater weight to property covers), are also struggling with pressure emerging on profitability and capital measures, as 2024 was similar to 2023 in that a greater proportion of secondary perils losses were retained by primary carriers versus being ceded to reinsurance carriers via higher attaching excess and per-risk covers. Increasingly, management distractions and performance challenges for primary carriers have been associated with certain legacy risks.

These challenges are heightened by the lengthening of the settlement horizon due to external economic factors. An opportunity clearly exists in the US market for more carriers to explore legacy deals. For these to flourish, buyers and sellers need to work through commercial terms and mitigating risk measures to deliver deals that work for both sides. It is clear that our Survey respondents see LPTs as being the most likely transaction structure for legacy deals as US IBT activity remains in its comparative early stages.

The legacy market will further its potential in allowing live underwriters to focus on their core products and allow well-diversified balance sheets to weather continued uncertainties from reserve deterioration.

> IBT legislation continues to be an attractive alternative to address legacy business, however carriers are reluctant to engage because of regulatory uncertainties. Delaware, a key insurance jurisdiction, is reviewing and likely will soon be introducing an IBT law. The Delaware IBT will play a leading role in transforming the US insurance industry that is deeply in need of development and restructuring as it has fallen behind the general US industrial environment in many ways including modernisation, restructuring, technology and business applications. In large part this is due to the complex 50 state based regulatory environment that makes it difficult to effect a change in control and/or restructuring in the US. The continuing increase in troubled insurance situations exemplifies the need for the US insurance industry to evolve if it is to prosper in the future.
>
> **Luann Petrellis**
> Independent Consultant

Risk transfer work – models, assumptions, and challenges

In a market where the vast majority of legacy transactions are structured as LPTs, achieving meaningful risk transfer remains central to deal execution – yet shifting macroeconomic conditions and evolving portfolio characteristics are making this increasingly complex.

When evaluating the terms and conditions of deals, parties are finding that recent market dynamics have added new layers of complexity to the risk transfer evaluation supporting conclusions around insurance accounting. For example, higher interest rates have shifted the calculus in pricing and risk transfer evaluation.

Deals that may have comfortably satisfied risk transfer thresholds five years ago may now come "closer to the sun" as investment return effects may compress a reinsurer's downside exposure. As such, Funds Withheld structures may be more common, with specified crediting rates that may be incorporated either through explicit discounting or detailed cash flow modelling

Further, reflecting the uncertainty rising on long tail Casualty classes, carriers have begun explicitly modelling variability in inflation or ENID, which can materially alter the tail risk dynamics. While modelling ENIDs is leading practice under some accounting regimes, this is done less explicitly in the US.

Given these factors, a growing proportion of contracts may incorporate additional contract structures, including risk-limiting features such as multi-tiered deals, wide loss corridors, low aggregate caps, or unusual commutation clauses. While these features may have more commonly been seen in prospective reinsurance, we may identify more legacy deals incorporating certain of these features.

These unique and bespoke considerations demand heightened scrutiny, as they may shift economic risk back to the cedant in subtle but material ways.

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Cayman Islands

Recently, the Cayman Islands has become an increasingly popular location for various run-off deals, such as LPTs and sidecars, often set up as segregated portfolio companies, as well as alternative capacity sources, such as ILS solutions. There has been an active exploratory focus on sidecar structures, with run-off insurance and reinsurance companies utilising these structures in offshore jurisdictions to raise additional capital, increase their transaction capacity and transfer risk without straining their own capital strength.

Approximately 90% of the risks covered by the Cayman Islands originate in North America[3], which is a key geographical target for acquirers of run-off portfolios. The prominence of the Cayman Islands in this space can be partly attributed to its regulatory framework, which is considered descriptive in its standards, offering a risk-based approach to regulation in respect of each individual insurer based on their own risk and business profile, compared to more prescriptive regimes such as Solvency II. This allows for optimisation of capital and asset deployment. Structuring and reporting can be tailored to be more aligned with US expectations and practices, so there can be greater ease of doing business for US sponsors and reinsurers in the Cayman Islands.

There is optionality in deal structures where complex transactions can find an optimised fit in accounting basis, reserving and capital frameworks, and investment options, while still being subject to robust regulatory supervision which aligns with international standards. Certain insurance license classifications also permit local insurance managers to serve as the licensee's physical presence in the Cayman Islands, further highlighting the flexibility around organisational structuring and operational start-up cost-efficiency.

Finally, the Cayman Islands continues to be a tax neutral jurisdiction, enabling companies to structure their operations tax efficiently. This tax neutrality allows businesses to optimise their organisational structure and operational costs, making it a potentially attractive location for setting up and managing operations.

> Approximately 90% of the risks covered by the Cayman Islands originate in North America, which is a key geographical target for acquirers of run-off portfolios.

[3] Cayman Islands Monetary Authority (CIMA), Insurance Company by Risk Location Q1 2025 statistics, www.cima.ky/insurance-statistics

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Yaseer Malik
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Middle East

The Middle East insurance sector is at a pivotal stage, marked by rapid economic growth and evolving regulatory landscapes in the GCC Region (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE).

Two markets in particular dominate the region, with Saudi Arabia and the UAE accounting for the majority of the market and overall GWP. Despite their economic strength, insurance coverage makes up a small part of the GDP of these countries, highlighting both the early stage of market development and limited consumer engagement.

The non-life insurance market in the region is dominated by a handful of large players, with the top two Saudi insurers (Tawuniya and Bupa Arabia) generating c. US$5billion GWP each. Product offerings are relatively simple, with health insurance accounting for approximately 60% of the market, followed by P&C and Motor. The absence of consumer tax incentives for insurance purchases has contributed to the limited uptake of more sophisticated products.

Growth prospects in the region are promising, particularly in P&C, as government led infrastructure projects and greater project financing are increasing the demand for insurance solutions. The rise in catastrophe risks is forcing premiums and insurance to flow into the market and therefore solutions for P&C carriers will be required and will be expected to follow, including legacy and capital management solutions in due course. Currently the market remains fragmented, with minimal merger and acquisition activity and a lack of mature, diversified businesses.

A persistent challenge is the shortage of skilled professionals across the insurance value chain, from regulators to insurers and consultants. While governments are aware of this gap, progress in talent development has been slow, limiting innovation and restricting market advancement.

Macroeconomic stability, despite significant geopolitical volatility in the region, underpins the sector's expansion. It is primarily driven by government investment and infrastructure spending. Consulting services are in high demand, as insurers navigate regulatory changes and adapt to new market realities. The push towards privatisation of pensions and savings products is gaining momentum, with governments introducing private pension schemes to address unfunded "end of service" liabilities and ensure long term financial security.

As the region's expatriate population grows and regulatory mandates evolve such as the UAE's group savings schemes, insurers must continue to innovate to meet the needs of a more diverse and permanent population. The sector also faces rising exposure to natural disasters, highlighting the need for enhanced risk management and reinsurance solutions.

The Middle East insurance market is on the verge of transformation. Insurers that prioritise scale, modernisation, and product innovation will be well positioned to capitalise on the region's growth opportunities and address its emerging risks.

Brendan Ayre
Deals Advisory
Director
PwC Australia

Asia-Pacific (APAC)

Australia

The Australian non-life run-off market remains subdued relative to other developed global markets, albeit there has been a notable increase in activity, largely centred around strategic M&A.

Other factors which may impact legacy markets are the impact of a transition to a softening commercial lines market, and ongoing challenges with pricing, limits and availability of natural perils reinsurance.

In June 2024, Insurance Australia Group Limited (IAG) announced that it had entered into two significant transactions:

- an ADC agreement with Enstar, under which Enstar provided AU$650 million of excess cover over AU$2.5billion of reserves across long-tail lines such as Product and Public Liability, Compulsory third party motor, Professional Risks, and Workers' Compensation for losses incurred up to June 2023, and
- a five-year, AU$2.8 billion natural perils reinsurance agreement with National Indemnity Company (Berkshire Hathaway) and Canada Life Reinsurance.

These transactions were well received by the market, with IAG's share price rising c. 7% on announcement, highlighting the strategic value of such transactions in enhancing capital efficiency and earnings resilience. The deals were also entered into against the backdrop of IAG acquiring RACQ Insurance for AU$850million (announced November 2024) and RAC WA for AU$1.35billion (announced May 2025). Interestingly the IAG / RACQ deal was initially mooted in 2022, RACQ then entered into an AU$360million legacy LPT with Enstar in 2023, before signing a deal with IAG in 2024.

This suggests RACQ used the LPT to de-risk its balance sheet ahead of the acquisition, which in turn improved deal attractiveness, aided negotiations and signalled strong risk management.

Looking ahead, we would anticipate further transactions to take place, if recent media reports are accurate.

Asia

In Asia, legacy transaction activity has been relatively sparse with one publicly announced deal since our last Survey report in March 2024; Swiss Re's completion of a legacy portfolio transfer in Hong Kong in Q3 2024. Other key markets such as Singapore and Japan have seen no publicised activity in the legacy space but we think that has the potential to change in the next 12-24 months as we see increased interest in Asia from acquirers and strategic re-organisations and exits by domestic and international players respectively driving some, albeit, limited deal activity. Japanese insurers, flush with capital, are widely expected to pursue international acquisitions, potentially including in Australia and it will be interesting to see whether these deals provide opportunities for run-off players to support through the acquisition of portfolios that may be surplus to requirements and what this could mean for the global non-life run-off market.

Overall across APAC, the market is showing increasing signs of activity. The potential entry of an additional legacy consolidator could drive further market activity, motivated by maintaining scale. The coming year should provide further clarity on whether the current impetus can build and gain sustained traction, and whether new entrants will reshape the market's competitive dynamics.

Legacy: a sector for all seasons

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The non-life run-off market has matured into a core part of the insurance value chain. It is relied upon not just for capital relief, but as a tool for strategic transformation as well as continuing to provide an outlet for non-core and underperforming business lines. Amid rate shifts, regulatory developments and macroeconomic uncertainty, it continues to prove itself as a sector for all seasons: resilient, adaptable, and investable.

The ongoing rise in live P&C M&A activity, fuelled by capital efficiency, digitalisation, and diversification strategies, is a key tailwind for legacy. Run-off platforms are now central to both pre- and post-deal execution: tail liabilities are shed ahead of sale to ease execution risk, while acquired reserves are carved out post-deal to reduce capital drag and sharpen focus. As a result, legacy deals are becoming more sophisticated, often involving cross-border, multi-line and structurally complex transactions – favouring scaled, agile platforms.

Private equity has played a defining role in this evolution. Our 2022 Global Insurance Run-Off Survey cited over US$10billiion of capital entering the legacy market in five years, underwriting the rise of specialist consolidators and enabling structured, capital-efficient solutions. Many PE-backed platforms have achieved strong returns, drawing on financial engineering, operational leverage and pricing discipline.

But capital appetite is shifting. Select platforms are reportedly preparing for sale, while others (such as Sixth Street's acquisition of Enstar) demonstrate ongoing confidence and long-term commitment to the sector. These moves point to sustained appetite from alternative asset managers to deploy capital in legacy, underscoring the sector's appeal as a strategic, long-duration play, even as some public investors may struggle to grasp its valuation nuances.

Nonetheless, recent exit activity may have underwhelmed in terms of trading multiples, sparking debate around whether the sector's risk-adjusted return profile is fully appreciated by the public markets.

87%

of respondents expect significant new capital to enter the run-off market within the next three years. 45% believe that there will be capital to support new market entrants and/or replace existing capital, while 35% expect it to replace existing capital only, and 7% believe the capital will exclusively support new market entrants.

Among those who do not expect new capital to enter the market, several common concerns were raised. A key theme is that some respondents believe that many private equity investors are nearing the end of their investment cycles and are now believed to be more focused on exiting existing positions rather than committing further capital. Additionally, some argued that more attractive return opportunities exist elsewhere, making the run-off market comparatively less appealing.

When it comes to interest from the asset management sector in legacy consolidators, the investment dynamics of the non-life run-off sector, notably long duration, capital efficiency and high predictability, have parallels to the life reinsurance space, where investors have already gained traction. For players looking to deploy capital into longer-tail, cash-flow generative assets, these platforms may fit the bill, and they are operating at increasing scale and sophistication. The sector could offer an opportunity to both drive value, and meet yield and capital objectives, particularly in an environment where private credit and illiquid alternatives are in high demand.

Against this backdrop, market dynamics have introduced more caution. The prolonged hard market has created pricing pressure on both sides: sellers are reluctant to part with valuable reserves, while acquirers face increased competition from other markets and a thinner margin for error. Meanwhile, private capital now has a broader range of deployment opportunities – from MGA platforms to fronting carriers and Cyber underwriting – prompting sharper scrutiny over legacy's relative returns.

At the same time, competition is intensifying. Traditional reinsurers and alternative capital vehicles are encroaching on the legacy space, bringing reinsurance-backed efficiency and broader market access. In response, the most successful legacy platforms are investing in claims technology, actuarial tooling and cross-border execution capability.

They are not only competing on price but also demonstrating strategic value to cedants and counterparties. Scale alone is no longer sufficient, particularly as traditional reinsurers and alternative capital providers blur the competitive lines with legacy-adjacent solutions.

Crucially, the sector continues to adapt. In soft markets, sellers seek cost reduction; in hard markets they prioritise capital release. Legacy providers have responded by offering structured LPTs, forward-flow arrangements and multi-line carve-outs. This flexibility has preserved deal flow and created value through different market cycles.

In summary, non-life run-off continues to offer value, with the investment case now more focused than ever on specialism and returns. Success is less about access to capital and more about the ability to deploy it effectively. The platforms that evolve with the market, combining capital strength with operational agility, will be the ones to thrive. For them, the legacy sector remains one that can deliver strong, steady returns, no matter the weather.

Consolidator key metrics

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As the global non-life run-off market continues to grow there is increasing interest in understanding how consolidators operate and perform. To explore this, we analysed the publicly disclosed financial statements of five of the largest active run-off consolidators by liabilities under management (LUM).

This analysis draws on up to six years of data (where available) for each consolidator, offering insight into investment returns, profitability, expense ratios and capital strength. While there are more consolidators within the legacy space than those considered by this analysis, these results offer insight into understanding the trends shaping the broader non-life run-off market.

We recognise that, given the unique nature of the legacy market and acquirer business models, performance is often assessed using metrics that may differ from those applied in more traditional accounting / insurance contexts. However, for the purposes of this analysis – and to ensure consistency and comparability across the selected consolidators – we have focused on a set of more conventional financial indicators commonly used to assess business performance and displayed these as averages.

Liabilities & market share

At YE2023, the five consolidators held a combined US$23billion in LUM (Figure 12) – representing just 2% of PwC's estimated global non-life run-off reserves.

The US$23billion quoted captures most liabilities held by active run-off consolidators whilst the majority of global run-off reserves remain on the balance sheets of live insurers.

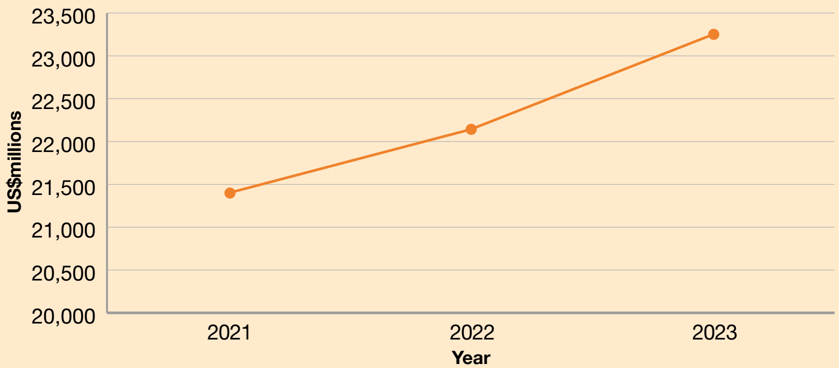
Although we recognise that a significant proportion of the estimated global non-life run-off reserves will not be readily transactable, this is representative of the significant opportunity for acquirers to deploy additional capital within the broader market and for sellers to realise strategic and capital efficiency benefits through legacy solutions.

Investment income

Investment income (excluding realised/unrealised gains/losses on investments and the cost of debt) has shown a clear upward trajectory since 2021 (Figure 13), consistent with macroeconomic movements in interest rates and yield curves. The simple average of net investment income as a percentage of LUM has increased steadily across all five consolidators.

While differences in accounting treatment may exist across entities, the underlying trend reflects improved income generation on legacy portfolios, aided by a more favourable investment environment. As interest rates stabilise or decline, sustaining this uplift may require careful asset allocation and risk-adjusted returns management.

Figure 12: Total liabilities under management held by the top five consolidators in the market.



Profitability

Across the past six years, the average profit (or loss) after tax (as a percentage of LUM) has been positive in five out of six years, underscoring the legacy market's ability to deliver sustained income over the long-term (Figure 13).

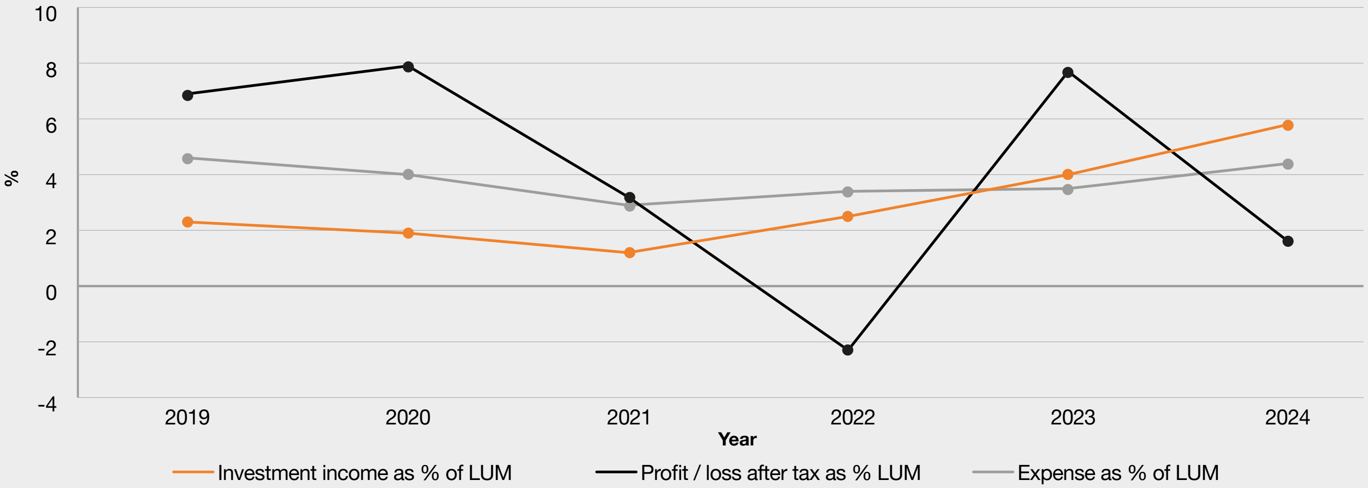
However, 2022 stands out as an exception, with all consolidators experiencing more adverse performance – attributed to a combination of:

- investment losses from rising interest rates;
- high inflation, which drove claims inflation and reserve strengthening; and
- adverse reserve movements, particularly on long-tailed Liability classes.

These pressures were particularly impactful for legacy players, whose reserves are predominantly long-term liabilities and are not supported by ongoing premium income from live underwriting. Their investment portfolios are typically weighted towards fixed income assets, meaning rising interest rates led to declining bond valuations and unrealised investment losses, impacting financial performance.

While reviewing profitability on a single accounting year can be informative, a more meaningful assessment considers performance over multiple years – particularly given the long-tailed nature of insurance and legacy liabilities in particular. This better reflects the time horizon over which private capital seeks returns and more accurately measures the sector's ability to deliver value.

Figure 13: Key financial metrics as a percentage of LUM



Expense ratios

Operating expenses as a percentage of LUM have ranged between 3% and 4.5% (Figure 13). The decreasing trend from 2019 to 2021 followed by the increasing trend back to the same point in 2024 reflects the cyclical nature of the industry. Expense ratios decrease as legacy portfolios are consolidated and cleaned up, before initially increasing typically when there is reinvestment in new business.

Consolidators with larger LUMs consistently report lower expense ratios, highlighting the benefits of scale in managing fixed costs and operational infrastructure. The ability to achieve scale through acquisition whilst streamlining a cost base, coupled with the capital optimisation potential of mature portfolios, makes the legacy sector an attractive proposition for private equity investors seeking uncorrelated returns over a long-term period.

Solvency ratios

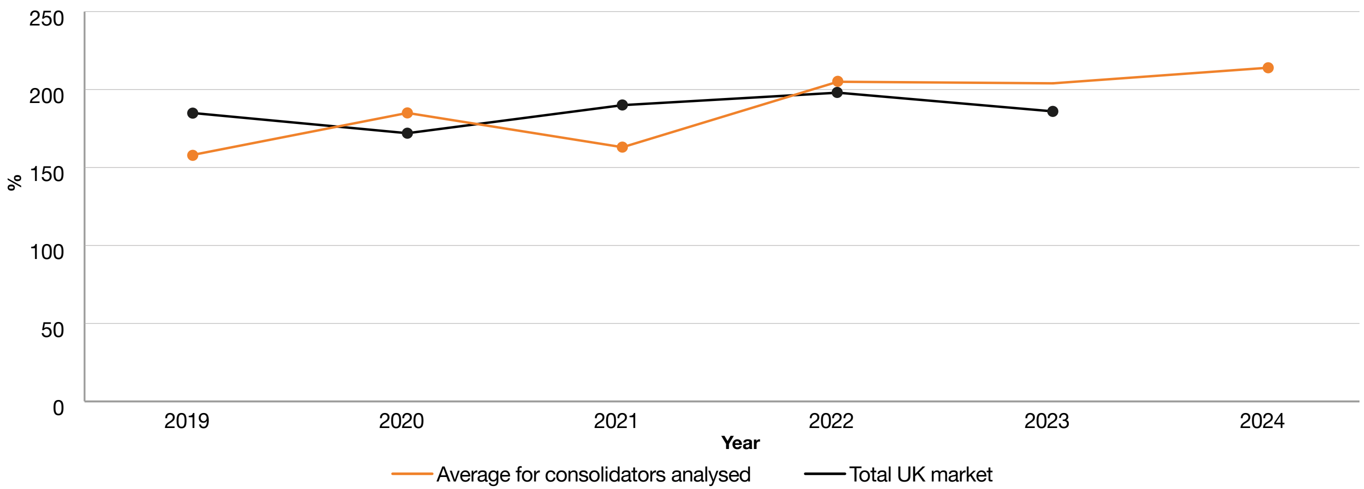
Solvency ratios (Figure 14) – defined here as the ratio of Own Funds to Solvency Capital Requirement – have shown a positive trend, averaging above 200% from 2022-2024 across the consolidators reviewed. This reflects strong capital strength within the legacy space.

These levels of solvency ratios are in line with the total UK non-life insurance market as sourced from AM Best data and help reinforce the view of consolidators as financially robust counterparts capable of supporting long-term liabilities.

It's important to note that several of the consolidators in this analysis are headquartered outside of the UK, where solvency regimes and regulatory expectations will differ. In addition, legacy acquirers adopt varying capital strategies depending on their business model.

While some have pursued financial strength ratings and maintain higher solvency ratios to meet rating agency thresholds, others may remain unrated and operate at thinner capital buffers. As such, care should be taken when making direct comparisons between consolidators across regulatory frameworks and business models.

Figure 14: Solvency ratios



Looking ahead

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This year's Survey reflects a legacy market that is stable and increasingly defined by segmentation and selectivity.

As in 2024, deal volumes remain steady, but acquirers are clearly being more deliberate. We've observed that a number of transactions have not completed in the past 12–18 months. This is not a sign of market weakness, but rather one of discipline. Acquirers are more focused than ever on strategic fit and long-term economics. In today's market, not doing a deal can be a mark of prudence, not a missed opportunity.

The outlook remains positive, with the majority of our Survey respondents feeling optimistic about the prospects for the market over the next 18 months. In terms of anticipated transaction types in this period, the overwhelming expectation is that LPTs will dominate with 88% of respondents prioritising this selection. We have seen more Lloyd's RITC activity of late and that is expected to continue through 2026. Views on the new Lloyd's requirements were generally supportive with the majority suggesting they will have little impact on Lloyd's legacy deal flow – a view that is shared by Rachel Turk (Chief of Market Performance, Lloyd's) on page 14, who remains very much supportive of the role of legacy syndicates within Lloyd's.

In the UK, Part VII transfers appear to be well and truly back in favour with several examples in train that relate to internal group restructuring as well as providing the legal finality wrapper to legacy portfolio deals. US IBT progress remains limited however, although a further transaction is underway in Oklahoma and other states, including Delaware, are understood to be considering their own IBT legislation.

Looking ahead, we asked Survey respondents to consider whether some current market themes or changes in rules / regulations would have an impact on the level of deals activity in the next 18 months:

68% of respondents considered that more live carrier M&A will lead to more legacy opportunities through pre and post-transaction carve-outs of non-core portfolios as sellers and buyers refine target perimeters.

42% considered that changing strategic priorities of legacy players would boost activity through secondary legacy market transactions.

Our closing question asked respondents to predict what will have the biggest impact on the non-life insurance run-off market in the next 18 months. The wordcloud (Figure 15) lays out a summary of the themes of the responses we received. Wider regulatory developments, macroeconomic and geopolitical developments are all expected to influence the sector. In particular, a number of respondents also called out the potential for further disruption amongst legacy acquirers whether that be through consolidation, new entrants or exits. This links closely to the continued role PE plays in the sector.

Our respondents continue to see the sector driving mid teen returns for acquirers and their investors and it will be interesting to see if the deal flow being produced over the next few years provides an opportunity for the sector to reap greater rewards.

On the one hand, there may be some optimism that reserve strengthening in some business lines could lead to greater profitability in legacy deals, or on the other hand is this simply going to be offset by lower investment income as interest rates continue to fall? One thing that is certain with the variety of opinions that our Survey saw is that respondents still see significant opportunities for the legacy sector.

That is something we agree with; after a stable past 12 months, market conditions seem conducive to the legacy sector seeing further growth in the next couple of years and we look forward to supporting sellers and buyers in this market concluding many successful transactions and creating value on both sides of the deal.

We would like to thank all of our Survey participants once again for their invaluable contributions, and our colleagues Yanek Patel and Freya Mainee for all of their hard work in compiling the Survey report. Please don't hesitate to reach out to our team if you would like to discuss any of the themes raised in this year's report.

Figure 15: Respondents' views on what will have the biggest impact on the non-life insurance run-off market in the next 18 months.

Glossary of terms

Term	Definition
A&H	Accident & Health
ACPR	Autorité de Contrôle Prudentiel et de Résolution
ADC	Adverse Development Cover
AI	Artificial Intelligence
AIRROC	Association of Insurance & Reinsurance Run-Off Companies
APH	Asbestos, Pollution & Health Hazards
BaFin	Federal Financial Supervisory Authority
BEAT	Base Erosion and Anti-Abuse Tax
Benelux	Belgium, the Netherlands, and Luxembourg
Brexit	The withdrawal of the United Kingdom from the European Union
Decile 10	An initiative to address any deteriorating underwriting performance
ENID	Events Not In Data
FCA	Financial Conduct Authority
Forward Exit Option	A method of providing ILS investors with an optional, pre-defined, contractual exit route
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GWP	Gross Written Premiums
IBT	Insurance Business Transfer
ILS	Insurance-Linked Securities
IRLA	Insurance & Reinsurance Legacy Association
IRR	Internal Rate of Return
Lloyd’s	Lloyd’s of London

Term	Definition
London Bridge Two	A protected cell company that provides investors with a vehicle to invest capital into Lloyd’s syndicates
LPT	Loss Portfolio Transfer
LUM	Liabilities Under Management
MGA	Managing General Agent
Nordic Region	Denmark, Finland, Iceland, Norway, and Sweden
OECD	Organisation for Economic Cooperation and Development
P&C	Property & Casualty
Part VII	An IBT in the UK, under Part VII of the Financial Services and Markets Act 2000
PE	Private Equity
PFAS	Per – and Polyfluoroalkyl Substances
Pillar Two	Global minimum tax regime which will apply to both public and privately held multinational groups with consolidated revenue over €750m
PRA	Prudential Regulation Authority
PTA	Portfolio Transfer Agreement
RITC	Reinsurance to close
ROE	Return on Equity
SAO	Statement of Actuarial Opinion
SCR	Solvency Capital Requirement
Sidecar	A financial structure which allows investors to share in the premiums and losses of policies underwritten by an insurance company
Solvency II	The prudential regime for re/insurance undertakings in the European Union
UK&I	UK and Ireland

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The Corporate Liability Restructuring team has access to more than 200 specialists focusing on providing restructuring and operational consulting services to companies in the re/insurance industry with run-off business. Issues being faced by operations around the world where the team is able to provide advice, support and assistance include:

- Releasing capital from run-off
- Bringing finality to run-off and extinguishing liabilities for underwriters and brokers
- Restructuring through sale or IBT
- Project managing complex transactions and securing key stakeholder buy-in
- Rationalising operations to achieve efficiency
- Proactively managing outsourced run-off, including the development of a robust outsourcing contract
- Benchmarking the claims and reinsurance functions to assess their effectiveness
- Providing transactional support ranging from due diligence, claims reserving, debt provisioning and tax considerations.