



**AIRROC**

**ANNUAL 2023**

# Gaining Altitude

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## AIRROC Annual 2023

**Believe you can and  
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Theodore Roosevelt



Welcome to the *AIRROC Annual 2023* featuring the highlights of another strong year. Our recent Transactions & Networking Forum – our largest since the pandemic – was themed “Legacy Rising.” In that same spirit, we chose “Gaining Altitude” as the theme for this publication. In every aspect – legacy and AIRROC continue to take flight.

In the quarterly magazine that AIRROC published previously before transitioning to an *Annual*, for each of my columns I chose an animal as the inspiration to tell my story. Our wonderful illustrator, Rafael Edwards, would create a beautiful illustration to accompany the article. Both the animal and illustration made the message more memorable and meaningful, and readers enjoyed them. Thus, when we began to publish the *Annual*, it only seemed fitting that I carried on the tradition of choosing an animal as an inspiration to my story. The animal I’ve chosen to symbolize our theme for this issue is the Snow Leopard. Snow Leopards can live at elevations as high as 18,000 feet. To put this in perspective, only about 2% of the world’s human population lives above 8,200 feet. At their altitude, this species truly embodies the theme of our *2023 Annual*.

AIRROC had a busy year in 2023 of continuing regularly scheduled events and adding a few new ones. We returned to Chicago for the first time post-pandemic and also hosted a very well attended reception at the Monte Carlo Rendez-Vous de Septembre. We made big improvements to the Certified Legacy Professional designation and updated the Dispute Resolution Procedure. All these upgrades are in service to our growing legacy sector.

AIRROC remains a driving force behind so many of our professional – and sometimes personal – relationships, connections, and industry colleagues.

None of this would happen without the hard work and support of the Board of Directors, the Advisory Council, and the NextGen Council. Quite simply, our

*...like a Snow Leopard, we continue to climb to new heights together as we move into our 20th year as the voice of the U.S. legacy sector.*

success would not be possible without their time and talent. One of the most rewarding aspects of my job is working with each of them, and I sincerely thank them for entrusting me with such an important job that I enjoy so much!

Within these pages you will find original articles, perspectives, photos, and more – each piece a celebration of who we are: AIRROC, a legacy community of members and partners, and many exceptional people who support our initiatives.

Make sure you read the introduction by Dawn Ballin and Brendan McQuiggan, board members and chairs of the Digital Content Committee. Enjoy articles featuring the highlights of our year such as the presentation of our first NextGen Leadership award, our Person of the Year, and our scholarship winner. Within these pages you will also find valuable articles on the legacy market, negotiation tips and insights into how we accomplish what we do at AIRROC.

We even included a 4-page color photo montage of attendees gathered at the 19th Annual Legacy Transactions &

Networking Forum in Jersey City, New Jersey. We were back to pre-pandemic attendance numbers in addition to a record number of members who logged in virtually to catch the exceptional education content.

And, like a Snow Leopard, we continue to climb to new heights together as we move into our 20th year as the voice of the U.S. legacy sector. We persisted through the disruptions of COVID, the economy and every day challenges. We’re still gaining altitude – always stronger and better! ●

With Warmest Regards,

A handwritten signature in black ink that reads "Carolyn W. Fahey". The signature is fluid and cursive.

Carolyn Fahey  
Executive Director



Carolyn Fahey has been the Executive Director of AIRROC for twelve years. In that role she is the voice of AIRROC and the U.S. runoff industry. She works with the AIRROC Board of Directors to set and execute the overall strategy and operations for the association. She is a frequent speaker, author and educator on the legacy sector. Ph: 703-740-7527. carolyn@airroc.org



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# AIRROC

## ANNUAL 2023



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Carolyn Fahey

**Design & Illustration**  
Myers Creative Services  
Nicole Myers  
nicole@myerscreative.net  
illustration Rafael Edwards

**Copy Editing**  
Gina Pirozzi  
gina@pirozzi.com

**Photography**  
Jean-Marc Grambert  
marc.grambert@gmail.com

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# Blue Skies Ahead

## The AIRROC Annual Trilogy

*Welcome to the 2023 edition of the AIRROC Annual! This magazine is our opportunity to showcase accomplishments from the past year, recap the October flagship event, highlight our award winners and scholarship recipients, emphasize some of our most popular content from the digital newsletter, and even publish original work. If you think that seems ambitious for a single issue, you're absolutely right.*

But as your humble Digital Content Committee Co-Chairs, we felt a responsibility to put together a publication that matched the enthusiasm and excitement we have been feeling within the organization. If you attended the October conference, we think you will know what we mean. Attendance was up, the education sessions were

fast paced and interesting, and the meeting room was buzzing with year-end collaborations and negotiations. The buzz carried into the new pre-dinner award ceremony and then across the street to restaurant Battello for the Gala Dinner. We hope some of that energy comes across in these pages.

The energy we felt at the October event helped us choose the theme for this issue: "Gaining Altitude." With much of the uncertainty of the past few years behind us, our organization has truly risen to new heights. New member companies and corporate partners have brought fresh ideas. We welcomed five additional members to the Advisory Council to share their talents in service to the organization's mission and vision. Our committees refreshed and revitalized the Certified Legacy Professional designation and the Dispute Resolution Process. We rolled out a Leadership award celebrating contributions to the NextGen Council.

Last year, with the pandemic seemingly in the rear view mirror we asked if we were "Out of the Woods?" This year, the organization responded in the affirmative.

We are very excited to share this issue with our members. We have a significant amount of original content including Connie O'Mara's interesting feature highlighting AIRROC's person of the year, Paul Brockman. In the article, Paul comments on the important role AIRROC will play in the future to educate carriers, brokers, regulators and potential investors on runoff. He provides insights on his career and how to succeed in insurance. Carolyn Fahey has contributed an exciting article highlighting AIRROC's participation at the 2023 Rendez-Vous de Septembre – the annual gathering of the reinsurance market in Monte Carlo. Peter Scarpato dazzles us with "Avoiding Four Common Mistakes in Negotiations." He takes us on a journey through common errors,

## AIRROC 2023 Accomplishments by the Numbers

- **Hosted 9 events** (in person, hybrid and webinars) with a total of 27 different education sessions.
- **Made some key updates** to the qualifications for the Certified Legacy Professional (CLP) designation. Five individuals were conferred with the CLP in 2023.
- **The Regulatory Committee submitted comments** to the NAIC Restructuring Working Group and the Bermuda Monetary Authority. The committee is made up of members who work collectively to educate on legacy at the NAIC, state insurance departments and other regulatory bodies.
- **Continued to add content to AIRROC On Demand.** There are 86 video sessions in our growing library that can be accessed at any time by AIRROC members. We added 23 new modules in 2023 and there are nearly 20 different searchable subject categories. All great resources for our members!
- **Added 4 new individuals to our NextGen Council,** a group of young professionals tasked with helping to connect and engage the next generation of legacy leaders.
- **Welcomed 8 new members:** Illinois Department of Insurance, Quest, Sedgwick, Chaffetz Lindsay, Evolution IQ, Hogan Lovells, Simpson Thacher, Vertex.

and ends by stressing how crucial it is to adopt a collaborative approach and find common ground. Lastly, Leah Spivey imparts her wisdom regarding her career and thoughts on runoff in "Live After Runoff."

*If you like our content and are interested in connecting with others in the runoff industry, please consider joining our committee.*

The Digital Content Committee's work is a labor of love. We don't work alone. We have a great committee behind us. Maryann Taylor is great at keeping us organized and on track

and comes up with the best quotes to sum up our issues. Peter Scarpatto is in the know on all new topics and creates the best original content. Connie O'Mara's contacts and terrific ideas drive content as well. Carolyn Fahey supports our committee with great ideas as well as bringing a historical aspect to the committee due to her knowledge of runoff and the past issues of *AIRROC Matters* and the *Annual*.

If you like our content and are interested in connecting with others in the runoff industry, please consider joining our committee. We need new members who bring fresh ideas and exciting content that we can use. ●



Dawn Ballin, Senior Vice President, Head of Claims, Enstar (US). Enstar is a leading global insurance group that delivers innovative insurance solutions through a network of group companies.



Brendan McQuiggan, Senior Vice President for Reinsurance at Brandywine Holdings (a division of Chubb Insurance Company). The Brandywine Reinsurance Group is responsible for all aspects of reinsurance in connection with Chubb's legacy portfolio.

With this issue, the Digital Content Committee bids a fond farewell to Co-Chair Dawn Ballin, who is moving on (and moving up) within the organization to the position Co-Vice Chair of the Board of Directors. We are extremely grateful for Dawn's hard work and dedication over the past three years, especially her work supporting this publication.



- **"The Legacy Life" podcast has continued to gain traction** with listeners and has been active for two years. We have 3,600 downloads and 26 episodes available.
- **Published 82 new articles in AIRROC Update** with the website being accessed more than 6,000 times. We produced 8 *AIRROC Update* e-newsletters and the 2022 *AIRROC Annual* in both a hard copy and an electronic version.
- **Registered a total of 1,100 participants** for AIRROC's 2023 programs with a consistent level of at least 80% of our registrants from our members!
- **Added 4 new members to the Advisory Council.** The Council serves as a critical community and industry champion of AIRROC. Members of the Advisory Council share their talents in service to our mission and vision.
- **The October Transactions Forum was a huge success** with more than 230 attendees in person and 60 virtually. Survey results show that 22% of the delegates met with 7 or more companies and 22% with 10 or more. In total, 66% of our delegates met with multiple companies all while they were in NJ. AIRROC's importance as a business platform continues to shine!

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# Getting to Know Paul Brockman

AIRROC 2023 Person of the Year

Connie O'Mara



illustration / Rafael Edwards

*AIRROC is proud to announce that it has chosen Paul Brockman, Enstar Group Chief Operating Officer and Chief Claims Officer, as its Person of the Year. This honor is bestowed annually on an individual or team that has made a significant contribution to the run-off industry and who has demonstrated the vision and creativity that make our work a vital part of the insurance industry.*

Carolyn Fahey described Paul's career and achievements when presenting the award at the Annual Legacy Transactions Forum in Jersey City on October 16, and Paul accepted with heartfelt thanks to those who support AIRROC. In addition, he expressed particular gratitude to the key people who fostered his early career at Equitas, including Mark Hallam and Karen Amos. Paul also thanked the Enstar leadership team, including Dominic Silvester, Paul O'Shea and Orla Gregory as well as a number of his current and past Enstar colleagues.

We were delighted to have an opportunity to get to know Paul better by asking him some questions that give us both an overview of his career as well as his insight into how AIRROC can continue to support its membership.

**Connie O'Mara ("Connie"):** Please tell us about a critical turning point in your career that brought you to your current position.

**Paul Brockman ("Paul"):** I would probably say that there have been two key turning points in my career: my time at Equitas and more recently, Enstar. I joined Equitas when I was 24 years old and worked there for 16 years.

*The ensuing growth challenges from a personal and corporate perspective have been massive but it has been an exhilarating and ultimately successful time for the Group over the past 11 years.*

During that time, I had the opportunity to work with leading professionals on the Executive and Senior Management teams. I was lucky enough to be given great opportunities and I was guided and encouraged by really talented and experienced leaders. Joining Enstar in 2012 was the second key turning point in my career. The foundation for further success and growth had already been laid by the Enstar team, led by Dominic Silvester. The ensuing growth challenges from a personal and corporate perspective have been massive but it has

been an exhilarating and ultimately successful time for the Group over the past 11 years.

**Connie:** What are the current challenges that are critical to your company? In other words, what keeps you up at night?

**Paul:** Our business model at Enstar is fairly simple. We continuously acquire and source run-off business. Once acquired, we apply our claims management and investment strategies to generate returns and redeploy capital into the business for future opportunities. The overall challenge is no different from the rest of the (re)insurance market in that we have to select the right risks at the right price and manage the assets and liabilities professionally and efficiently to achieve the best outcomes for our clients, policyholders and shareholders. It comes down to having a world-class team of experts, a durable business model designed to succeed across multiple insurance cycles, and constantly trying to outperform the market. Our ability to acquire, integrate, and manage legacy business is our differentiating factor in the industry. Finding sustainable ways of maintaining that superior performance is what keeps me up at night.

**Connie:** What do you think are the most important attributes for someone who wishes to excel in the insurance business?



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Carolyn Fahey and Paul Brockman

**Paul:** Being passionate, hardworking and a collaborative team player are all essential. In the insurance industry, macro issues and market conditions can lead to significant change, so staying ahead of the curve requires a flexible mindset and the ability to adapt to change. And finally, you need to focus on execution. Companies spend significant time and resources developing and marketing their strategy, sometimes to the detriment of focusing on execution. From my time in the industry, it's the high execution that makes the difference. In fact, I'd say a company can have an average strategy and still achieve good results with high execution (but not the other way around).

**Connie: Do you have any advice for anyone working in the run-off sector?**

**Paul:** The run-off sector, and in fact the (re)insurance market in general is a lot more interesting and exciting than people think.

Run-off is like (re)insurance on steroids. Underwriting is on much larger aggregate risks through an LPT or acquisition and is highly specialized. It calls for innovative deal structures at times to achieve what counter parties need in a mutually acceptable way. Managing the liabilities and assets is almost more critical than on the live underwriting side, as these can be key differentiators to getting it right. So, two key pieces of advice I would give

to people in the sector would be: be a student and learn every day as the sector potentially covers all classes of business and always act with honesty, integrity, and consistency.

**Connie: What important functions do you see for AIRROC in the near term? Five years from now?**

**Paul:** The most important thing for AIRROC is to keep selling the legacy sector across the board. The legacy sector has what I would call some "all weather" tools that can provide solutions for capital efficiency, reserve pressure, operational efficiency, and general restructuring. We have now established ourselves as a credible, mainstream part of the (re)insurance ecosystem, but we need to get out there more. This means greater education among carriers, brokers, regulators, and potential investors. We also need to attract new talent coming into the industry and continually develop the skills of the professionals that we have. AIRROC has a vital role to play in all of this.

**Connie: And now some slightly more personal questions: What is your favorite book?**

**Paul:** That is a tough one because I am a bit boring these days and spend most of my reading time on news/current affairs and insurance matters. The last book I read was *The Snowball* about Warren Buffett which I enjoyed a lot.

**Paul Brockman (continued)**

**Connie: What is your favorite quote?**

**Paul:** A few years ago, one of my colleagues put me onto a quote by Amy Poehler that I love:

"Find a group of people who challenge and inspire you, spend a lot of time with them, and it will change your life."

**Connie: What is your favorite leadership manual/book?**

**Paul:** There are too many to list, but I will let you know about a podcast that I really like called "The High-Performance Podcast."

**Connie: What might our readers be surprised to know about you?**

**Paul:** I get sick with nerves any time that I have to speak in public or to groups – to the point that I'm not sure if the words will come out. It is rather strange because I'm normally OK once I get started and I do enjoy trying to communicate wider messages, but I get terribly nervous.

While we may not be able to have Amy Poehler as a guest speaker at one of our conferences, perhaps AIRROC should consider her quote as our secondary Vision Statement: "To be the most valued (re)insurance educator and network provider for issue resolution and creation of optimal exits strategies" could be subtitled "to be a group of people who challenge and inspire each other." Paul Brockman has done that for our membership, and we are delighted to acknowledge him with this award. ●



Connie O'Mara is a member of the AIRROC Advisory Council, a AAA neutral, ARIAS certified Arbitrator, and an expert witness on coverage issues arising from run-off insurance and reinsurance matters. She can be reached at 609-502-8607, [connie@cdomaraconsulting.com](mailto:connie@cdomaraconsulting.com).

# AIRROC Unveils New Leadership Award

Carolyn Fahey

## NextGen Professionals Recognized



Carolyn Fahey and Katie Reynolds

*A well-kept secret was revealed at the 2023 AIRROC Legacy Transactions & Networking Forum in October. AIRROC established a new award that was announced for the first time, the AIRROC NextGen Leadership Award. This award acknowledges and celebrates the accomplishments and exemplary leadership of one of the NextGen members that has really made an impact over the course of the year.*

The winner and first recipient of the AIRROC NextGen Leadership Award is Katie Reynolds. Katie is a Reinsurance Specialist with The Hartford, handling legacy assumed reinsurance claims. A subcommittee of the Board of Directors selected Katie as someone who has stood out as a leader and made significant and demonstrable contributions to the NextGen Council. Katie exemplifies the quality and character of the Council, volunteering endless hours and displaying impressive talents to advance the initiatives of this group.

When the NextGen group was originally formed, Katie took the initiative to be an AIRROC ambassador to younger professionals employed by our member companies. She worked diligently to attract new members to the committee and fosters an inclusive atmosphere to all who have joined. She is the host and voice of “The Legacy Life” podcast and has played an instrumental role in the structure and growth of the group. With the growing success of her Legacy Life podcast, she has highlighted AIRROC and our membership to the entire reinsurance community. Simply put, AIRROC benefits from her leadership.

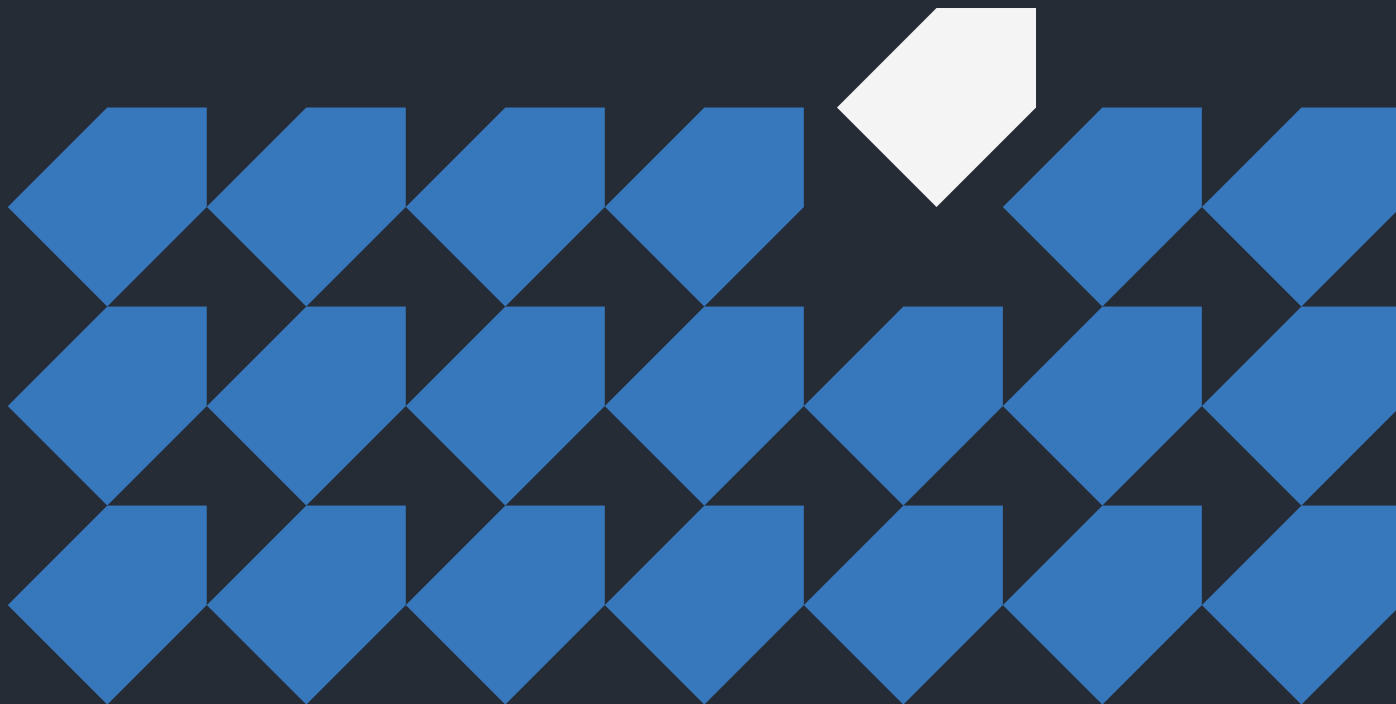
A little bit of history on the NextGen Council: the AIRROC Board created the NextGen Task Force in early 2020 to focus on attracting younger professionals into our midst and to help mentor the next generation of leaders who will eventually be the future of legacy, sitting on the AIRROC Board and steering the association. The initial plan of how the newly formed NextGen group would get underway changed when COVID hit. Nonetheless, it spurred innovation among the NextGen members as they shifted to new digital habits. The first task was to describe and compose a mission statement: The NextGen Council is a group of young professionals in the (re)insurance industry working to create educational, networking and leadership opportunities for other young professionals in the legacy space. They also came up with a host of fantastic, creative ideas, made great strides in executing them and have had a tremendous impact in achieving their mission. “The Legacy Life” podcast, basics of legacy training, a new social media presence, expanding our scholarship applications to universities across the country, and launching the #WhatIsLegacy series on LinkedIn are just some examples of the important work they have done. The Task Force was transformed to a Council in 2022. As a Council, it advises and supports the governance work of the AIRROC Board to help advance the broader organizational mission.

The intent behind the creation of the AIRROC NextGen Leadership Award is to recognize the exemplary leadership of outstanding individuals on the NextGen Council and celebrate the positive impact they have had on others. The honoree will receive a \$3,750 stipend for professional development purposes of their choice, such as earning an advanced degree or professional designation, attending industry conferences, executive coaching – whatever they choose to continue to grow in their career.

*The NextGen Council is a group of young professionals in the (re)insurance industry working to create educational, networking and leadership opportunities for other young professionals in the legacy space.*

Funding for the award was made possible with generous support from Carrick Holdings and supplemented by AIRROC. The award is established in memory and honor of Terry Kelaher, who was a founding AIRROC Board member. Terry was with Allstate for many years where he served as Vice President and General Manager of the company’s Specialty Operations Division, responsible for Allstate’s domestic and international reinsurance activities. He was also Chairman and CEO of Allstate Insurance Company of Canada and Allstate Life Insurance Company of Canada. Terry was a true leader in our space and it is only fitting that an award named in his honor to recognize a rising star in the legacy industry be his legacy. Many thanks to Phil Hernon who was instrumental in coming up with the idea for the award!

AIRROC is honored to have the opportunity to recognize Katie for all of her accomplishments and is grateful for all that she has helped to create. Under Katie’s leadership, the structure to grow the AIRROC NextGen Council is in place and will no doubt continue to flourish. ●



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## Jacob Hayes Awarded the 2023 Trish Getty Scholarship



Jacob Hayes and Carolyn Fahey



(Left to right) Kristen Kish, Natalie Weedman, Jacob Hayes, Jessica Groenewegen, Juliana Toes

*AIRROC, in conjunction with the NextGen Council, was excited to present the 2023 Trish Getty Scholarship to actuarial student Jacob Hayes during the awards ceremony at the October Legacy Transactions & Networking Forum.*

Each year since 2012, a \$5,000 scholarship has been presented to an exceptional undergraduate student studying insurance, risk management or actuarial science. Students apply for the scholarship by submitting their resume and an essay, which is reviewed by a subcommittee of AIRROC board members who then selects the winner.

This year we made a concerted effort to broaden the geographic outreach of the scholarship applicants and we were not disappointed. Jacob stood out for his excellent academics, drive, and firsthand experience with the benefits of the insurance industry. We had an opportunity to get to know him at the Forum in Jersey City, where he was presented with the award.

Jacob is a sophomore at the University of St. Thomas in Saint Paul, Minnesota. He is pursuing a double major in actuarial science and statistics, along with a minor in mathematical statistics. He is a tutor at the University of St. Thomas' Math Resource Center, and already passed two actuarial exams which is no small feat. Jacob was exposed to the insurance industry in a circuitous way. A tree fell on his house, specifically his bedroom, during a thunderstorm. He was so impressed when it was fixed within a month, and often thought back to this event when thinking of potential career paths. He learned about actuarial science in his senior year of high school and thought it complimented his skill set nicely. After discovering the field was expanding and full of opportunity, Jacob chose to pursue the major. His commitment to insurance was validated after hearing nothing but positive things about the career throughout his first year of college. Jacob wanted a career that challenged him, but also allowed for time with his family. After speaking with several actuaries, he found that most of them had this balance, which further solidified his decision to pursue

actuarial science. Jacob is also excited by the global nature of the industry. He truly recognizes the opportunity within the world of insurance and will undoubtedly be an asset to our industry once he graduates from college.

*Jacob stood out for his excellent academics, drive, and firsthand experience with the benefits of the insurance industry.*

Jacob is active beyond just academics. He is a member of Gamma Iota Sigma, he is also a Golf Supervisor at Settlers' Mill Adventure Golf in Minocqua, Wisconsin, and he is taking the time to learn various programming languages. He is a well-rounded individual with a passion for the insurance industry.

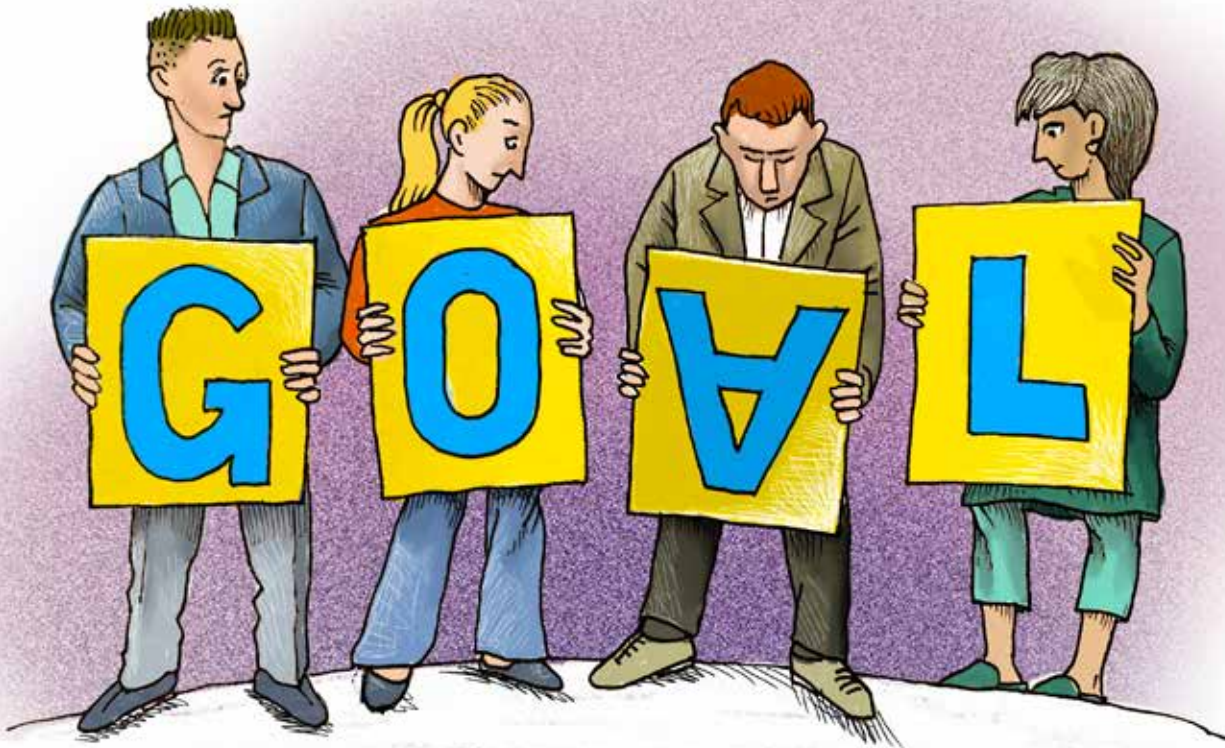
AIRROC is excited for Jacob and can't wait to see what he does in the insurance industry. ●

Jessica Groenewegen is a Legacy Broker at Howden Tiger and a member of both the AIRROC NextGen Council and Awards Committee.  
[jessica.groenewegen@howdentiger.com](mailto:jessica.groenewegen@howdentiger.com)

# Beware the “Quadri-goof”

## Avoiding Four Common Mistakes in Negotiations

Illustration / Rafael Edwards



### Negotiation Strategies: Tips for Establishing Connection and Optimizing Results

*We all negotiate, every day. It runs the gamut from the boardroom to the bedroom and everywhere in between. People try to win over their counterpart with reasoned arguments, pithy anecdotes, or just plain emotion. Career negotiators feel they do it fairly well, making fewer mistakes as they gain experience. But do they? For every bargaining session that turns out badly, do they conduct a postmortem to see what went wrong and why, or just continue to the next one, a little less cocky, a little humbler?*

What follows is a brief analysis of four common mistakes negotiators make – mistakes that often spell the difference between a heartbreak and a handshake. The list is (1) assuming the other party’s financial or substantive position; (2) dealing with tough, bullying negotiators; (3) wasting valuable time dueling with the other party on the merits; (4) ignoring the other side’s position, motives, and interests in your counteroffer.

### 1. “Never Assume Because It Makes...”

We all know the feeling (and the end of that phrase). You and your counterpart have been tossing arguments back and forth and have now decided to resolve your differences face-to-face. Depending upon your position, you are painfully aware that the other side is either offering too little or demanding too much. In fact, as part of their last offer, the other side states that they are “getting close to their limit, and cannot offer much more.” If you change your strategy and start demanding less, you run the risk of making the following errors:

### Inaccurate Assumptions and Missed Opportunities:

Assuming the other side’s financial limits may be based on incomplete or inaccurate information. If you assume the other side has a lower financial limit than they actually do, you might settle for a less advantageous deal. Conversely, if you assume their limit is higher, you might miss out on opportunities to reach a mutually beneficial agreement at a lower price.

*A more collaborative and flexible approach can lead to better outcomes for both parties.*

### Closed-mindedness and Reduced Creativity:

Assuming the other side’s financial limit can make your negotiation approach inflexible. You might present rigid, smaller demands, thinking you’re pushing the other side to their limits, while in reality, they have more room to maneuver. Also, the best negotiations involve finding creative solutions that go beyond mere financial limits. Assuming the other side’s limit might restrict your ability to explore innovative options valuable to both parties.



**Unforeseen Circumstances:** Financial situations can change quickly due to various factors, such as market fluctuations, new funding sources, or changes in priorities. Assuming a fixed financial limit might not account for these changes.

To avoid these errors, gather as much information as possible about the other side's financial condition and history of negotiating tactics from trusted people in the business. As always, be open and curious about their non-financial needs, interests, and priorities. A more collaborative and flexible approach can lead to better outcomes for both parties.

## 2. Toro, toro!

Dealing with bullying negotiators is challenging, but it's important to approach the problem with a clear strategy and a calm demeanor. Mistakes to avoid when dealing with bullying negotiators include:

**Reacting Emotionally and Engaging in Power Struggles:** Bullies use aggressive tactics to provoke an emotional response. If you react emotionally in anger, frustration, or fear, you will wind up on their playing field where they are the more experienced player. Don't give them an upper hand. Stay composed and focused on the issues. I often say, "let's be hard on the issues but not on the people." If tough negotiators try to assert dominance and engage you in power struggles, don't try to out-bully them. Focus on maintaining your own professionalism and communication skills.

**Taking Their Behavior Personally and Losing Sight of Objectives:** Taking their behavior personally will cloud your judgment and hinder your negotiation strategy. Don't get sidetracked by the bully's tactics and lose sight of your objectives. Clearly define your goals and stick to them, even if the bully tries to divert the conversation. Remember their bullying is not a reflection of your worth or capabilities.

**Being Defensive and Escalating the Conflict:** Bullying negotiators will try to put you on the defensive by attacking your ideas or proposals. Leave your defensiveness aside, responding instead with

well-reasoned arguments and evidence to support your position. Responding to aggression with aggression will escalate the conflict to an unproductive standoff. Be calm and respectful to prevent things from getting worse.

**Giving In Too Easily and Not Setting Boundaries:** Some people give in to bullies just to end the confrontation, often resulting in unfavorable outcomes. Stick to your principles and negotiate based on the merits. While doing so, establish boundaries for acceptable behavior during the negotiation. If the bully crosses those boundaries, address it assertively and professionally.

*Don't hesitate to seek advice or support from colleagues, mentors, or professionals who have experience with difficult negotiations or these particular negotiators.*

**Lack of Preparation and Isolating Yourself:** Facing a bullying negotiator, especially for the first time, without proper preparation might leave you vulnerable. Research the issues, anticipate their tactics, and prepare counterarguments to bolster your position. Don't hesitate to seek advice or support from colleagues, mentors, or professionals who have experience with difficult negotiations or these particular negotiators. Their insights will give you valuable strategies and perspectives.

**Ignoring Alternatives and Failing to Walk Away:** Bullying negotiators are often closed-minded or rigid. Be open to exploring alternative solutions or compromises, even if they seem inflexible. Sometimes, the best option is to walk away if the bullying continues. Your willingness to end negotiations shows your resolve and can lead to more respectful engagement in the future.

Remember, effective negotiation is about finding mutually beneficial solutions. While dealing with bullying negotiators can be tough, maintaining your professionalism and strategic approach will increase your chances of achieving a positive outcome.

## 3. Fighting A Losing Battle

Attempting to convince the other side that they are wrong on the merits is often a mistake for several reasons:

**Ego and Pride/ Resistance and Polarization:** People do not respond well to being told that they are wrong, especially in a negotiation. When negotiators focus on proving the other side wrong, it triggers defensiveness, hurts egos, and engenders hostility. Pushing the other side to admit they are wrong also leads to resistance and entrenchment. Remember, negotiations are about finding solutions, not proving one side right and the other wrong. If you don't accept this premise, the problems noted above will escalate the conflict and hinder productive communication and collaboration, making it harder to reach a mutually beneficial resolution.

**Loss of Trust and Rapport and Missed Opportunities:** Successful negotiations are built on trust and rapport between parties. If one side tries to prove the other wrong, it erodes trust and damages the relationship. Building a positive working relationship is crucial for effective negotiation, as it creates an environment where parties can openly discuss their needs and concerns. Instead, if you focus on proving the other side wrong, the parties will become narrow-minded, fixating on their positions rather than exploring underlying interests and potential solutions. The result will be missed opportunities for creative problem-solving and compromise that could benefit both parties.

**Time and Energy Wasted and Neglected Common Ground:** Spending time and energy trying to prove the other side wrong causes unproductive and circular arguments. Negotiations should focus on finding solutions, not getting caught up in debates over who is right or wrong. In effective negotiations, parties identify shared interests and common ground. When negotiators are preoccupied with proving the other side wrong, they overlook areas where both sides can collaborate and achieve mutually beneficial outcomes.

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In sum, successful negotiations require a cooperative and problem-solving approach rather than a confrontational one. Focusing on the merits of each party’s position rather than trying to prove one side wrong can lead to more productive and mutually beneficial outcomes.

## 4. Head in the Sand

Ignoring the other side’s position, motives, and interests in your counteroffer can cause several negative outcomes and make your negotiation ineffective:

**Missed Opportunities for Agreement and Relationship Strain:** Negotiations are a two-way street. Failing to understand the other side’s position and interests may hide potential areas of agreement and compromise. Being blind to their perspective may cause you to inadvertently miss an opportunity to reach a mutually beneficial deal. Also, effective negotiations involve building and maintaining a positive working relationship. Ignoring the other side’s motives and interests creates a sense of disrespect and mistrust, damaging any rapport you’ve established. A strained

relationship makes it harder to agree or collaborate in the future.

**Suboptimal Solutions and Ineffective Communications:** When you disregard the other side’s position and motives, your counteroffer doesn’t address their core concerns, leading to a suboptimal solution that fails to fully meet either party’s needs. Ignoring the other side’s perspective can hinder effective communication during the negotiation. To come to a resolution, both parties must clearly articulate their interests and listen to each other. Failing to acknowledge the other side’s position causes misunderstandings and breakdowns in communication.

**Long-Term Consequences including Lost Credibility:** Negotiations have long-term implications beyond the immediate deal. Ignoring the other side’s motives and interests could damage your reputation and credibility as a negotiator. Future negotiations may become more difficult, because parties are hesitant to engage in good faith since they perceive that their concerns are consistently disregarded. Negotiation is about building trust and

credibility. If you ignore the other side’s position and interests, you appear self-centered and unwilling to engage in a fair and balanced discussion.

In conclusion, remember to conduct effective negotiations. It is crucial to adopt a collaborative approach, actively listen to the other side, seek to understand their motives and interests, and find common ground. In this way, you make it more likely to reach a satisfactory agreement that meets both parties’ needs and fosters a positive working relationship. ●



Peter A. Scarpato,  
Arbitrator, Mediator,  
Negotiations Consultant;  
Ph: 215-378-8766;  
pscarpato@gmail.com;  
40 years experience  
in all forms of dispute  
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# The Inner Workings of AIRROC

## Shining a Light on How We Ascend Together

Carolyn Fahey



(Left to right) Eric Pince, Eleni Iacovides, Larry Greengrass, Leah Spivey, Betsy Mitchell, Brendan

*In last year's AIRROC Annual we had an amusing Q&A with our Board of Directors that showcased their unique and creative side in the article entitled, "Getting to Know You." The real intent was to express our gratitude to the Board and show that they are truly appreciated and valued. This year we decided to take a different tack. There is always something to be learned and increasing the dialogue about how we operate can only strengthen and broaden our collective experiences of how to better serve our membership. So, to understand what is going on in different parts of the AIRROC organization, we have decided to spotlight our committees.*

Our committees are all staples of AIRROC's organizational planning and productivity, tackling everything from daily operations, event organization, educational content, and new initiatives, to long-term strategies.

*There are many opportunities to share your talents and experience with varying levels of commitment...*

We are always looking for volunteers to assist AIRROC with our services to the industry. There are many opportunities to share your talents and experience with varying levels of commitment depending on the committee you select. It is a great way to get more involved with AIRROC and expand your professional network. Where do your talents and interests lie?

AIRROC operates with the following committees that are co-chaired by board members.

### **ADR/DRP**

Alternative Dispute Resolution/  
Dispute Resolution Process

**Board Co-Chairs: Bill Teich, The Hartford and Judy Harnadek, Resolute**

The group works on AIRROC's streamlined Dispute Resolution Process (DRP). They are tasked with keeping it updated and the arbitrators list current as well as staying abreast of relevant developments in the dispute resolution area. In 2023 they completed a major revamping of the procedures. The now streamlined DRP is up and running with revised forms, procedures, and a robust/growing list of experienced arbitrators and mediators, all linked to the AIRROC site.

For 2024 the committee plans to develop a DRP webinar to broaden awareness of the program. They are also engaging various arbitrators to contribute to DRP process improvement and marketing, as well as to generate ideas for other value-added dispute resolution services for the AIRROC membership.



McQuiggan, Mike Terelmes, Bill Teich, Sally Redd, Connie O'Mara, Marianne Petillo, Megan McHugh, Tom Mendralla, Dawn Ballin, Stewart Richmond, Dave Alberts

## CLP Designation Certified Legacy Professional

**Board Co-Chairs: Marianne Petillo, ROM Re; Sally Redd, Allstate; Mike Terelmes, Compré**

This committee implements and markets the CLP designation including identifying content for the readings and video requirements and monitoring the progress of applicants. The committee developed a new path to complete the CLP that includes more options for equivalent advanced education, adding On Demand modules as a completion option, updating the website and improving the application process. In 2023, five new individuals were conferred with the designation!

## Digital Content

**Board Co-Chairs: Brendan McQuiggan, Brandywine and Dawn Ballin, Enstar**

The Digital Content committee is responsible for *AIRROC Update*, the

monthly electronic newsletter, as well as the *AIRROC Annual*. They draft articles, typically summaries of education programming at our events and interviews of spotlight subjects. They also identify content, work to source original content, and solicit articles as well as conceptualize topics of interest to the membership. The committee is focused this year on making content more engaging for a digital-first audience by incorporating video and transitioning to greater short form content. This year, more than 80 new articles were added to the website which was accessed more than 6,000 times.

## Education

**Board Co-Chairs: Bill Teich, The Hartford; Mike Terelmes, Compré; Sally Redd, Allstate**

The Education committee plans and identifies relevant and timely topics and speakers for the educational component of our events – both virtual and in person. They also serve as liaisons for

assigned educational sessions. AIRROC hosted nine events (in person, hybrid and webinars) with a total of 27 different education sessions in 2023. Most of these were also added to the On-Demand platform. More than 1,100 individuals attended the programs in 2023.

*The Education committee plans and identifies relevant and timely topics and speakers for the educational component of our events – both virtual and in person.*

## International Outreach

**Board Chair: Ed Hochberg, Guy Carpenter**

The committee is responsible for making sure that AIRROC is represented at non-US based events. They review, coordinate, and develop international outreach initiatives designed to raise our awareness and stature as we seek

to expand reach and influence. In 2023 we hosted our first reception at the Rendez-Vous de Septembre, the annual gathering of the reinsurance market in Monte Carlo.

### October Event

**Board Chair: Leah Spivey, Munich Re US**

The committee supports the logistics for the NJ Commutations & Networking Forum and is responsible for the overall planning of the event, including the recruitment and soliciting of sponsors. They also review contracts, budgets and coordinate the flow of information among various committees. The 2023 October Transactions Forum was a huge success with more than 230 attendees in person and 60 virtually.

### Regulatory

**Board Chair: Chris Reichow, R&Q**

The Regulatory committee is made up of members who work collectively to educate on legacy at the NAIC, state insurance departments and other regulatory bodies. They are tasked with reviewing current and proposed legislation for impacts on the legacy and runoff sector and periodically provide feedback to legislators on current policy or regulatory issues. As a non-profit association, AIRROC and its board do not advocate for any specific position but instead provide resources and information. In 2023, the Regulatory committee submitted comments to an exposure draft by the NAIC

Restructuring Mechanisms (E) Working Group and the Bermuda Monetary Authority on Best Practices Procedures for IBT/Corporate Divisions.

*AIRROC also operates certain closed committees that are comprised of appointed or elected members due to board officer roles or by virtue of an application and appointment process.*

AIRROC also operates certain closed committees that are comprised of appointed or elected members due to board officer roles or by virtue of an application and appointment process. They include:

- **Executive Committee:** Comprised of the Chair and Vice Chairs of the AIRROC Board of Directors in addition to the Executive Director.
- **Finance:** Comprised of the AIRROC Officers, Treasurer and accountant.
- **Governance:** Establishes association policies and monitors proper implementation for the board, including mechanisms required to balance the powers of the board members and their primary duty of enhancing the influence and viability of AIRROC. This committee is made up of volunteer board members and is led by Stewart Richmond of RiverStone.

- **Advisory Council:** Chosen by the board via an application and appointment process, council members serve as critical community and industry champions of AIRROC. Members provide guidance and ideas to the board related to their expertise and influence areas. AIRROC added four new individuals to the council in 2023.
- **NextGen Council:** Chosen by the current members of the NextGen council via an application and appointment process. The NextGen group works in conjunction with both the AIRROC Board of Directors and Executive Director to explore ways to transfer knowledge about legacy, engage with and provide networking and educational opportunities for the next generation of legacy industry professionals, and association leaders. Three new members of the NextGen Council were added in 2023. They participate on various committees, manage a LinkedIn page, contribute a regular feature in the *AIRROC Update* newsletter, host social and educational events, and produce “The Legacy Life” podcast – which currently has 26 episodes that reached 3,600 downloads and a global audience.

We are extremely grateful and absolutely treasure our incredible, creative, and resourceful committee chairs. Thank you for volunteering your time and talent to help shape our industry’s future. ●

## A Bittersweet Farewell but not Goodbye...

AIRROC said farewell in 2023 to two long standing board members – Leah Spivey and Bill Teich – who both chose not to run for reelection after many years of service.

Leah was first elected in 2010. During her long tenure she served as both Vice Chair and then Chair of the Board. Leah



Leah Spivey



Bill Teich

was recently promoted to Chief Claims Officer, Munich Re US and with her new responsibilities felt it was time for a transition.

Bill joined the board in 2016. He also served as Vice Chair and then as Chair. It was during his chairmanship that the COVID pandemic turned our world upside down. His never wavering calm demeanor and thoughtful leadership helped AIRROC to adapt and continue to thrive through that turbulent time. Both Leah and Bill have left their mark on AIRROC and the entire legacy sector. We wish them the best of success in their next chapters. ●

## Take Flight in Your Career with the CLP

Often times it is believed that obtaining an advanced degree is crucial for career advancement and gaining specialized knowledge. At AIRROC, we believe that obtaining the Certified Legacy Professional (“CLP”) designation can do exactly that for our professionals. The CLP can be beneficial regarding:

- **Career Advancement** — Higher-level positions and increased earning potential,
- **Specialized Knowledge** — Expertise in a specific subject area,
- **Networking Opportunities** — Collaborating with professionals in the field; and
- **Personal Growth** — Intellectual challenges and skill development.

One of our CLP Professionals, Marcus Doran of AIG, commented, “Run-off/ legacy business involves the most difficult and persistent liabilities in the business. The CLP attests to your ability to take those liabilities head-on.” In speaking with several industry colleagues who hold the CLP, they agreed with Marcus and had additional insights.

Sarah Russell of Travelers stated, “As legacy business has become more and more important in the insurance space, the CLP designation confirms your commitment to this business and your ability to handle its challenges. It is not overly complicated to complete and gives you credit for similar coursework you may have already had.”

Stewart Richmond, Director and AVP of Assumed Reinsurance Claims at The Riverstone Group opined, “Run-off reinsurance claims are highly technical (claim within a claim) and require specialized knowledge to handle. The CLP offers an opportunity for specific training in this niche business. I asked my team to consider pursuing the CLP designation as part of their own professional development, so I thought I needed to attain it as well!”

As you can see, there seems to be a common theme. When I first joined AIRROC, I was excited to learn more about the AIRROC Dispute Resolution Process, which is part of the required material to obtain the CLP designation. Although I hold a JD, I felt it was important to attain the CLP and serve as a role model given I am a member of the AIRROC Advisory Council. I will be conferred at the March 2024 conference.

“AIRROC members should consider attaining the CLP. It not only offers valuable training but demonstrates that you have mastered the intricacies and issues of the legacy business,” said Frank DeMento, VP and Claims Manager at TransRe. Finally, Larry Lee of QBE North America, who changed roles from legacy back to live, reinforced, “The CLP designation and AIRROC have provided me with knowledge of new developments, solutions, and strategies to manage legacy books of business. It has also enabled me to proactively manage active portfolios to avoid or minimize many of the pitfalls commonly encountered with run off portfolios.”

So, have we convinced you to take the time to invest in yourself and obtain your CLP designation? I hope so! The requirements are on the AIRROC website as well as in the sidebar and you can apply today. Come join the 35 highflyers who have obtained their CLP wings. ●

## Congratulations to the 2023 CLP Recipients!

**Sally Redd**, Allstate Insurance Company

**Bridget Gould**, Allstate Insurance Company

**Marianne Petillo**, ROM Reinsurance Management Company

**Laura Fuesting**, Allstate Insurance Company

**Stewart Richmond**, The Riverstone Group



### AIRROC CLP Requirements

1. Completion of application approved by CLP committee.
2. Professional recommendation from an individual employed by an AIRROC member.
3. 2 or more years of experience in legacy positions.
4. Completion of AIRROC ADR online module.
5. Completion of 5 Readings or On-Demand videos from AIRROC.org.
6. Completion of two Insurance Institutes or equivalent courses. Insurance Institutes course alternatives:
  - Two courses requirement waived with CPCU, ARe, ACAS or FCAS designations or a Bachelor's degree in Risk Management.
  - One course waived for an MBA, CPA, JD or other CLP committee approved degree or course work.
  - One course waived with the completion of 25 readings/On Demand videos from AIRROC.org.
  - One course waived with 15+ years of legacy experience.

For more information, please contact AIRROC Executive Director, Carolyn Fahey at [carolyn@airroc.org](mailto:carolyn@airroc.org).



Caryn Siebert is a Vice President and Director of Carrier Engagement in Gallagher Bassett's Carrier Practice. She also serves on AIRROC's Advisory Council.

## Seeds Sown and Grown

*The legacy market's role in the insurance sector is constantly evolving and if we look back to the beginning and compare it to the role we play today, the evolution is dramatic. At the outset, we were the industry's liquidators. Now it is a dynamic pillar of the (re)insurance sector helping corporations deploy their capital with maximum efficiency. The legacy market fuels flexibility, profitability, and growth.*

In addition to providing finality to discontinued lines, earnings volatility protection or acquiring troubled businesses, clients now look to the legacy market to achieve their risk management, capital and strategic objectives. Over the past few years, we have structured and executed transactions which:

- provide risk management solutions, allowing insurers to manage reserve development and volatility;
- enable (re)insurers to recycle their capital to support organic growth;
- cleanse companies' balance sheets to facilitate M&A transactions;
- improve partners' pre-IPO profiles by resolving balance sheet uncertainties; and
- release capital, supporting the return of funds to investors.

The legacy sector has become a financial services partner to some of the world's largest and most successful insurers and industrial corporations. We have done so by evolving into specialist risk underwriters that deliver innovative solutions to partners worldwide.

### Moving on

The run-off industry was born in the 1990s to manage the legacy commitments of companies that either failed or were struggling due to

an overwhelming weight of asbestos exposures and a concentration of major catastrophe losses occurring in the same period. Three decades later, we remain excellent owners and managers of asbestos liabilities in particular. But these exposures are now more mature and much better understood by the (re)insurers that carry the risk on their books.

*At the outset, we were the industry's liquidators. Now it is a dynamic pillar of the (re)insurance sector helping corporations deploy their capital with maximum efficiency.*

Asbestos-driven legacy-market transactions have decreased in number, but many other opportunities in the market have since arisen. For example, Workers' Compensation is an area that has caused carriers considerable pressure in the 2000s, due to increasing claims costs as a result of escalating medical expenses, and social inflation against statutory restrictions on premium increases. Like many in the legacy sector, Enstar has covered exposures across many lines of business, with significant portfolios in Workers' Compensation and General Liability. The industry has and will continue to develop innovative solutions and products to service the market in new ways.

### Corporate liability runoff

In an effort to contain and manage their uninsured legacy asbestos and environmental liabilities, many industrial companies have created the equivalent of 'bad banks' to house them. Legacy carriers have completed eight such deals as of the writing of this article, and we expect to see more. These transactions deploy our expertise in asbestos and environmental exposure management

directly onto corporate entities, allowing them to get finality and focus on their core business. Competitors from outside the legacy market have recently entered the field through private equity vehicles. However, new entrants are typically at a competitive disadvantage with respect to the accumulated knowledge, longevity in the field and skills necessary to manage the liabilities as effectively in this complex market. A recent Consultation Paper from the BMA set out the 'rules of engagement' for such transactions, which will provide comfort and regulation to buyers and sellers alike.

### Claims control

The legacy industry has long been associated with the sale of troubled companies or troubled lines of business where the legacy player takes control of the claims. More recently, lead (re) insurers may hesitate to cede claims control as part of certain transactions, especially when they have ongoing client relationships. While Enstar focuses on high standards regarding claims management, we have responded creatively to offer bespoke claims oversight arrangements that support carriers' strategic goals and maintain these high standards. This adaptation has supported an increased flow of portfolios into the legacy market. Our experience suggests that flexible claims partnership models that rely on strong alignment between the parties can be extremely successful – and integrating and working in true collaboration with our partners is what we strive for.

### Old and new

We also see an increase in opportunities containing less mature businesses, sometimes including the most recent accident year. As insurance liabilities reduce over time as losses are paid, cedants gain the greatest capital-relief and protection benefits when they include recent years in a transfer





illustration / Rafael Edwards

transaction. Such years are inherently riskier, as claims have not yet seasoned. Legacy carriers are experts in the analysis of this risk and can utilise reinsurance structuring to align incentives and bridge differences. Pricing discipline and risk selection is imperative for the long-term viability of the space. However, the legacy market has shown willingness to adapt and is taking new risks in response to client needs.

### Strategic M&A

The legacy market is in increasing demand as the catalyst of strategic corporate transactions, particularly to facilitate insurance M&A and IPOs. Often, an acquirer of an insurance business will find undesirable books or uncertainty in reserves for which the legacy market can provide solutions. In some cases, the legacy market can cleanse the targets' balance sheet entirely, with the acquirer just purchasing the platform and putting into action a go-forward

*The legacy market is in increasing demand as the catalyst of strategic corporate transactions, particularly to facilitate insurance M&A and IPOs.*

business plan. The legacy market can be a great partner to acquirers and sellers alike – and Enstar has worked with both to achieve successful strategic objectives. The legacy market can also help public companies (or those preparing to go public) by providing solutions on books or concentration risks that are causing concern with public equity investors, particularly with the recent increasing focus on the impact of social inflation.

### Win-win

Legacy transactions are not a zero-sum game. When a deal is structured and priced correctly, both sides benefit, delivering additional value to the equation.

Blue-chip and large, global insurers that have become repeat users of the legacy market are the greatest possible endorsement of our service and role. Enstar remains focused on growing through building and strengthening new and existing partnerships. To sustain this positive momentum, we must continue to develop new solutions, expand our expertise, invest in new talent, embrace technology, and embed ourselves even deeper in the insurance market as strategic partners. ●



David Ni is the Chief Strategy Officer at Enstar. Prior to joining Enstar, Mr. Ni was an investment banker working in the U.S. and in Asia, serving as a Managing Director at Deutsche Bank and before that with Goldman Sachs for more than 10 years covering the financial services sector.

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# Legacy Transactions & Networking Forum

October 15 - 17, 2023



Legacy Rising



## Ascending Together

The 19th Annual Legacy Transactions & Networking Forum was a resounding success thanks to all who attended. “Legacy Rising” was the theme as the AIRROC community once again gathered against the backdrop of the Statute of Liberty and the beautiful Manhattan skyline to participate in the largest annual legacy industry conference in the nation. This year’s Forum had the highest attendance post-pandemic, with over 230 in-person delegates and about 60 attending the Education Sessions via live stream.

Face-to-face meetings with counterparties, reconnecting with colleagues, networking and building relationships have all proven to be the secret sauce that contributes to the popularity of the Forum. Such

interactions foster a strong culture, improve business efficiencies and make it simpler to form deeper bonds. Your presence and engagement helped to make this event shine as we celebrated notable achievements, shared insights, and took care of business.

The following pages showcase the special moments captured during the event.

Thank you to our sponsors without whom this amazing conference could not happen. Thank you to all of our speakers and presenters for sharing their insights and knowledge. Thanks to the AIRROC Board for their support and dedication in making this event successful year after year. And finally, special thanks to you! Your participation and support mean the world to us. ●









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## NextGen Council Corner: 2023 Year in Review



(Left to right) Jessica Groenewegen, Nate Zwick, Kristen Kish, Katie Reynolds, Natalie Weedman, Juliana Toes

*It is the time of year to reflect on what has happened, share proud moments and provide information on what the future has in store for the AIRROC NextGen Council. This is the group's first full operating year as a Council after being elevated from a Task Force. As a Council, we liaise with the board and we bring a different perspective and a more diverse voice to the table.*

The NextGen Council is grateful to the board for their comprehensive and thoughtful integration, as well as their open-minded and receptive attitude toward new ideas and contributions. We strive to have an impact on the organization and benefit greatly from the unique opportunity to learn from others who are more experienced. As a group of young professionals in the reinsurance industry, we work to create educational, networking and leadership opportunities for other young professionals in legacy.

Looking back on 2023, NextGen welcomed new Council members Kristen Kish, Layla Trummer, Juliana Toes and me, Natalie Weedman, and we expanded our committee representation to include social endeavors. The social committee is a desirable addition to our already-established education, digital content and awards committees, where we have been

steadily achieving new milestones within AIRROC and the legacy space.

Following are the achievements of the NextGen group, broken down by committee.

### Education

**Members:** Katie Reynolds, Nate Zwick, Dina Scheri, Bo DeBose, Mike George, Liz Miller, Abby Holmes, Andy Meerkins, Kristen Kish, Monika Siembida, Joel Ridd, Layla Trummer, and Juliana Toes.

The Education committee organized three events:

- The Basics of Legacy Transactions at the Deal Forum – presenters Juliana Toes and Layla Trummer (February 8).
- Own Your Own Career webinar with the Jacobson Group (April 19).
- Legacy Market Overview & the Nuts and Bolts of Legacy Transactions at the Chicago Regional Education Day – presenters Juliana Toes and Layla Trummer (May 24).

NextGen would like to thank AIRROC, our panelists, partners and hosts for making these events possible. Video replays are available in the On Demand

library. Stay tuned for more educational events coming up in 2024.

Additionally, “The Legacy Life” podcast that is hosted by Katie Reynolds successfully concluded its 4th season, reaching an amazing milestone of 3,600 downloads across 26 episodes. The episodes include interviews with a broad array of industry professionals who discuss their career paths, how they got their start in legacy, and insights on how to get more young professionals involved. Thank you for sharing your experiences.

*We strive to have an impact on the organization and benefit greatly from the unique opportunity to learn from others who are more experienced.*

**Episode 1:** Eric Haller, CEO at Fleming Insurance Holdings

**Episode 2:** Megan McHugh, AVP Assumed Reinsurance at Brandywine Group of Insurance & Reinsurance Companies

**Episode 3:** Natalie Weedman, Senior Portfolio Management Expert at Swiss Re

**Episode 4:** Sandra Santomenno, Senior Director at Willis Towers Watson and Eric Pince, Actuarial Director at Willis Towers Watson

**Episode 5:** Layla Trummer, Structurer at Munich Re Capital Partners



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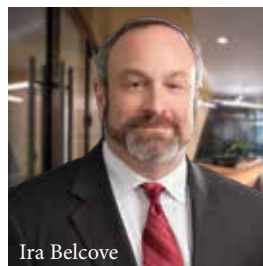
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**Episode 6:** Juliana Toes, Associate at Mayer Brown LLP

### Social

**Members:** Matt DiSanto, Kristen Kish, Layla Trummer, and Juliana Toes.

June 1 saw the kick-off of a Demystifying Legacy event in partnership with U.S. Reinsurance Under 40s Group and hosted by Dentons. The event discussed LPTs, ADCs, IBTs and how companies use runoff to strategically manage their portfolios. The sessions featured NextGen panelists Matthew DiSanto, Layla Trummer, Abby Holmes, and Juliana Toes, with a networking reception following.

### Digital Content/Social Media

**Members:** Natalie Weedman, Sunny Liu, Abby Holmes, and Liz Miller.

The NextGen Digital Content committee began the year with the goal to dramatically increase LinkedIn followers and boost online engagement through original content creation. We are de-

lighted to report that the LinkedIn presence has grown more than five times, with several initiatives completed in 2023. The first was the Where Are They Now series, where we conversed with past Trish Getty Scholarship recipients Samantha String (2017), Melissa Navrot (2019) and Ashley Martin (2020) to learn where their careers have taken them. In another series called #WhatsLegacy, we shared content to spread legacy awareness and the opportunity it offers young professionals. Additionally, NextGen contributed two articles to the NextGen Council Corner in the AIRROC newsletter. Look for more original content coming from the committee in 2024, including exclusive interviews with attendees from the NJ 2023 Transactions & Networking Forum.

### Awards

**Members:** Jessica Groenewegen, Kristen Kish, Liz Miller, Mandy Collins, Joel Ridd, and Elizabeth Brown.

2023 marked the 12th anniversary of the AIRROC Trish Getty Scholarship.

Once again we received a record breaking number of scholarship applications, and the winner was presented at AIRROC's October Transactions & Networking Forum. Read all about recipient Jacob Hayes in Jessica's article in this magazine and online.

We are always looking for new members. There are a variety of opportunities and varying levels of commitment, so please reach out and get involved. For more information, visit [airroc.org](http://airroc.org).



Natalie Weedman is a Senior Portfolio Management Expert at Swiss Re and a member of both the AIRROC NextGen Council and Digital Content Committee. [nextgentf.airroc@gmail.com](mailto:nextgentf.airroc@gmail.com).

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We are proud to be a Member of AIRROC and an Annual Corporate Partner. We look forward to our continued partnerships with both buyers and sellers in the legacy space where we focus on what matters most to their enterprise.

For more information and to meet at AIRROC, reach out to [Caryn\\_Siebert@gbtpa.com](mailto:Caryn_Siebert@gbtpa.com), [Chris\\_Hampshire@gbtpa.com](mailto:Chris_Hampshire@gbtpa.com), or [Bob\\_Morris@gbtpa.com](mailto:Bob_Morris@gbtpa.com)

# Live After Runoff

## What is New is Old Again



*In 2007, when sharing with my husband that I was taking a job as an account executive in the Munich Reinsurance America Inc. runoff department, he asked me if I was doing it voluntarily. Much to his surprise, my answer was yes.*

For the past 16 years, I have enjoyed every part of the then “cottage industry” within the larger insurance/reinsurance industry to the now booming runoff world. This journey has taken me from a casualty and legacy claims manager to an account executive and then runoff manager, within the world’s largest reinsurer.

In 2009, when I started to serve on the AIRROC board of directors, the estimated non-life runoff portfolio in the U.S. was \$240 billion out of an estimated \$550 billion worldwide. A decade later, the U.S. non-life runoff market grew to an estimated \$790 billion and in 2022 increased again to nearly \$1 trillion of non-life runoff liabilities. The runoff industry does not seem to be running out of legacy liabilities to be deemed runoff.

However, it was not until 2014 that U.S. jurisdictions started to enact legislation that, like the Part 7 transfers in the UK, would specifically allow companies to take a more systematic approach to organized exit solutions. In 2014, Vermont enacted the “Legacy Insurance Management Act” that specifically allowed companies to transfer closed books of commercial insurance business to a Vermont domiciled company. In 2016, Rhode Island followed suit with Insurance Based Transfers (IBTs) being allowed on all commercial business. Then in 2017, 2018, 2021, and 2023, Connecticut, Oklahoma, Arkansas, and Illinois, respectively, passed laws allowing IBTs on all lines with few restrictions for domiciled and new companies.

For the past 14 years, I had the honor of serving on the AIRROC board of directors, runoff’s premier industry association, holding its chair for three of those years. I am very proud of all of the growth and changes AIRROC has undergone over this past decade under the executive directorship of Carolyn Fahey. Carolyn grew the membership by including brokers, law firms, and

service providers. In addition, she enhanced the organization’s prowess by adding an Advisory Council made up of distinguished industry professionals. Most recently, the relevance of AIRROC was expanded by the establishment of the NextGen Council and Committee. I could not be happier to have been a small part of these many positive changes.

*Runoff itself has evolved from dealing mostly with older books of business laden with asbestos and pollution liabilities to now, including recent book transactions.*

Runoff itself has evolved from dealing mostly with older books of business laden with asbestos and pollution liabilities to now, including recent book transactions. And, of course, the tools its practitioners have had at their disposal have grown from simple commutation, novation, and loss portfolio transfers between reinsurers and ceding companies, to several states having

legislated IBTs. In addition, the runoff companies, once providing specialized services to older and failing books of business, are now an integral part of the insurance/reinsurance industry landscape. They accomplished this by purchasing and developing live books of business.

Some of the greatest achievements that I have been involved with as a runoff insurance/reinsurance professional were in the form of deals with past and present clients. These optimal exit solutions were mostly in the form of commutations, which were deemed to be a win-win for all parties involved. The client relationships gained and enhanced by the due diligence work, honest negotiations, and advanced payments on large looming legacy liabilities last well beyond when the deals are done. As companies and individuals reinvent themselves, new types of interactions and transactions are evident within these runoff-formed connections. Moreover, many legacy business relationships predated the parties managing runoff portfolios, as some of the individuals were also involved with placing and/or managing the same policies, contracts, and attendant liabilities.

Overall, the most valued asset of the runoff industry is its people. They are experienced insurance and reinsurance professionals of various disciplines, including, but not limited to, actuarial, law, accounting, claims, underwriting, and client management. These individuals are dedicated to multi-disciplined project management, resulting in transactions that have proven to be the most effective and beneficial processes to the continued well-being of the insurance/reinsurance framework to date. This has provided sustainability for the insurance/reinsurance model that enables commerce and promotes innovation, while at the same time, providing the best alternatives to inadequate capacity. Hence, a move from the runoff sector to the live business dealings of an

insurance or reinsurance company is not a stretch in terms of daily interactions and responsibilities. As a matter of fact, in some ways it is like going back home. Many runoff professionals began their career at insurance or reinsurance companies on the live side and client relationships have always been at the heart of both business models. The ability to join expert industry professionals to deliver products and services is essential. The relationships and skills acquired in both parts of the business are completely transferable.

*As companies and individuals reinvent themselves, new types of interactions and transactions are evident within these runoff-formed connections.*

I have been known to say what is new is old again because of the latent nature of many of the current emerging risks. Old exposures have been reinvented and are challenging our industry in new ways. Who, other than those managers, underwriters, settlers, sellers, or acquirers of so many of these risks in the past, is prepared to face them in the future? I am pleased to be able to address today's industry challenges and opportunities, equipped with career long professional relationships and know how, collaboratively honed by both new business and runoff experiences. I also encourage everyone from early to later career professionals to join me in crossing the bridge from new to old and back again.

Nothing has been more rewarding in my multi-decade career than my most recent role as Munich Re US, Chief Claims Officer for Reinsurance North America (CCO RI NA). The fact that client facing, project management, and leadership skills developed through working in the runoff industry qualified me for this important role within the Global Claim division of one of the

largest reinsurers in the world speaks volumes for the training I was fortunate to obtain. This training requires individuals (in what might be defined as a counter-party transaction) to treat each other with the same respect and service orientation as when they originally joined in a reinsurance partnership. This training also reinforces that insurance and reinsurance are still a relationship business despite the data that drives our decisions. It is clear that hard work, honesty, and hopefulness go further in continuing to support this noble industry than the trillions of dollars dedicated to it in the market.

I am extremely grateful for the opportunities to serve in various capacities in runoff. I am also very excited about the opportunity to succeed in my new role as Munich Re US, CCO RI NA. I am looking forward to building new bridges between the old and new. I plan to encourage more collaboration and share insights between these two essential parts of the runoff industry that enable commerce, innovation, and provide protection for us all. Let's continue to encourage educational exchanges and lessons learned between both aspects of our industry to enhance our collective expertise, improve ongoing business acumen, and best leverage our legacy liabilities. Thank you all in advance for your efforts toward the strengthening of the bond between live and runoff, so that movement between the two becomes as seamless as I have begun to make it! ●



Leah A. Spivey,  
Munich Re US, Chief  
Claims Officer for  
Reinsurance North  
America.

## Run off to Monaco



*I had a very busy few days at the 2023 Rendez-Vous de Septembre – the annual gathering of the reinsurance market in Monte Carlo now in its 65th year.*

I attended events organized by IRLA, PwC, Guy Carpenter, and Gallagher, just to name a few. I enjoyed meeting with a number of our members and of course sharing the benefit of AIRROC with those who are potential members. I also connected with several insurance trade associations including ABIR (Association of Bermuda Insurers and Reinsurers), the ICMIF (International Cooperative and Mutual Insurance Federation), and the Hellenic Association of Insurance Companies. So interesting to learn more about how they serve their memberships.

This is the second year that AIRROC has had a formal presence at the event and this year hosted, along with co-sponsoring members and corporate

partners, a reception on September 12th at Avenue 31. The venue was centrally located on the Avenue de Princesse Grace with amazing views of the Mediterranean Sea.

AIRROC is incredibly proud and thankful to our co-hosts for the success of our Avenue 31 reception. It was fantastic to see so many of our legacy colleagues, friends and familiar faces that dropped by to enjoy the food, drinks, and invigorating conversations. No question that part of the buzz surrounding the Rendez-Vous is the enhanced recognition of the legacy sector as an effective capital management tool, and the interest in legacy solutions is at an all-time high.

AIRROC is already looking ahead to the 2024 Monte Carlo Rendez-Vous de Septembre with fresh networking and connection ideas, and of course fun, in store. Thanks to all of our co-hosts and attendees. ●

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Mayer Brown AIRROC Contacts:

David Alberts (dalberts@mayerbrown.com, +1 212 506-2611)

Vikram Sidhu (vsidhu@mayerbrown.com, +1 212 506-2322)

Juliana Toes (jtoes@mayerbrown.com, +1 212 506-2301)

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