

# November Topical Issues

2 November 2021



# Climate Change

Regulatory update and key industry challenges

Claire Booth  
Amy Nicholson

NOVEMBER 2021



# Agenda

1

Regulatory updates

2

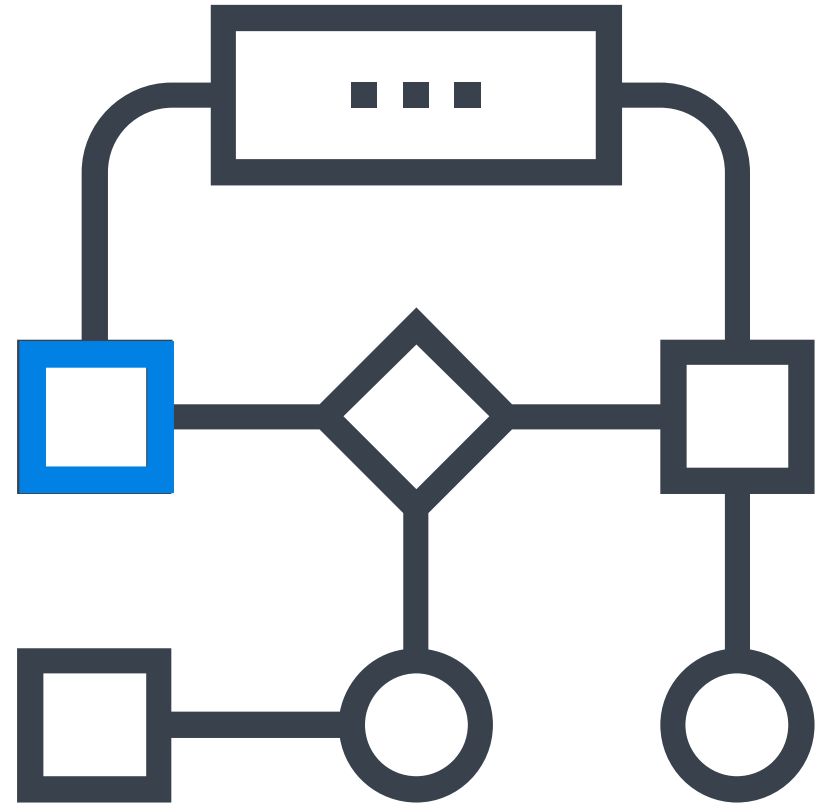
Key industry challenges

3

How to approach scenario analysis

# Regulatory Updates

The Financial Risks from Climate Change



# Climate Biennial Exploratory Scenarios ("CBES")

Exploring the resilience of the largest UK insurers to physical and transition risks

Size the financial exposures of participants and the financial system to climate-related risks.

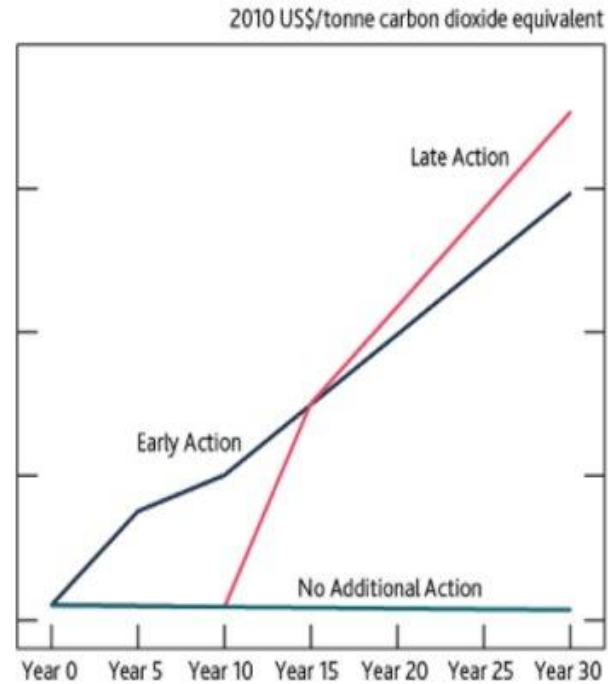
Understand the challenges presented by climate-related risks to firms' business models and provision of services.

Assist firms in developing their management of climate-related risks.

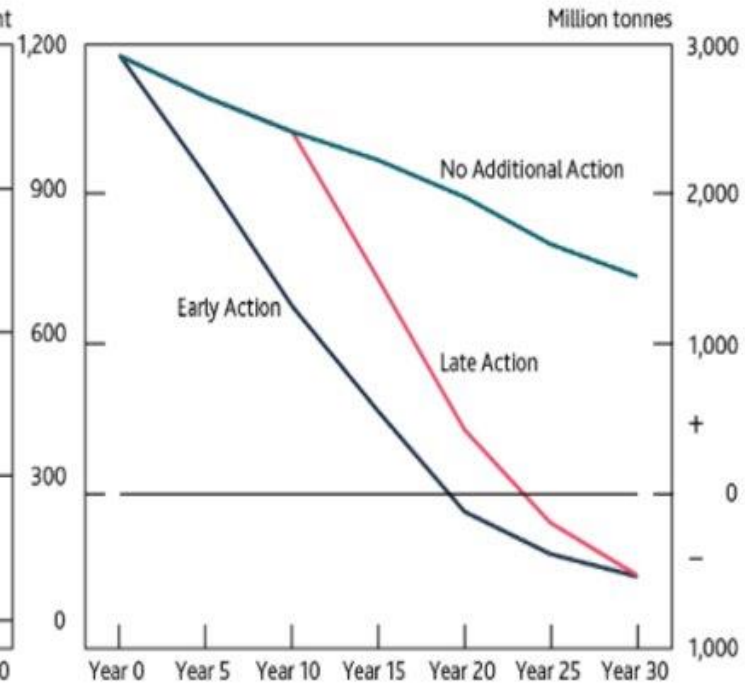
# Climate Biennial Exploratory Scenarios ("CBES")

Chart 3.1: In the Early and Late Action scenarios, stringent climate policies are associated with a fall in carbon emissions to net zero in the UK and the EU; but in the No Additional Action scenario emissions fall only moderately <sup>(a)</sup><sub>(b)</sub>

UK and EU carbon prices



Combined UK and EU net carbon dioxide emissions



Sources: Network for Greening the Financial System and Bank calculations.

# Climate Biennial Exploratory Scenarios ("CBES")

## Variable Paths



### Physical

- Temperatures
- Wind speed
- Precipitation rate
- Land area exposed to wildfire



### Financial

- Equity Prices
- Bond yields
- Bond spreads
- Swap rates



### Transition

- Carbon prices
- Energy demand
- Producer price of coal / gas / oil
- New vehicle registrations



### Macro

- GDP
- Unemployment rate
- Household income
- Residential and commercial property price indices

# Climate Biennial Exploratory Scenarios ("CBES")

Takeaways for non-participant firms



Assess impact of climate-related risks on existing key risks to generate meaningful scenarios



Emphasis on exploring how you need to change your business model as climate risks emerge



Emphasis on counterparty analysis



Emphasis on exploring management actions



# FCA Disclosure requirements

CP21/17: Enhancing climate-related disclosures by asset managers, life insurers, and FCA-regulated pension providers



**Entity level disclosures:**  
an entity level TCFD report

## **Product or portfolio level disclosures**

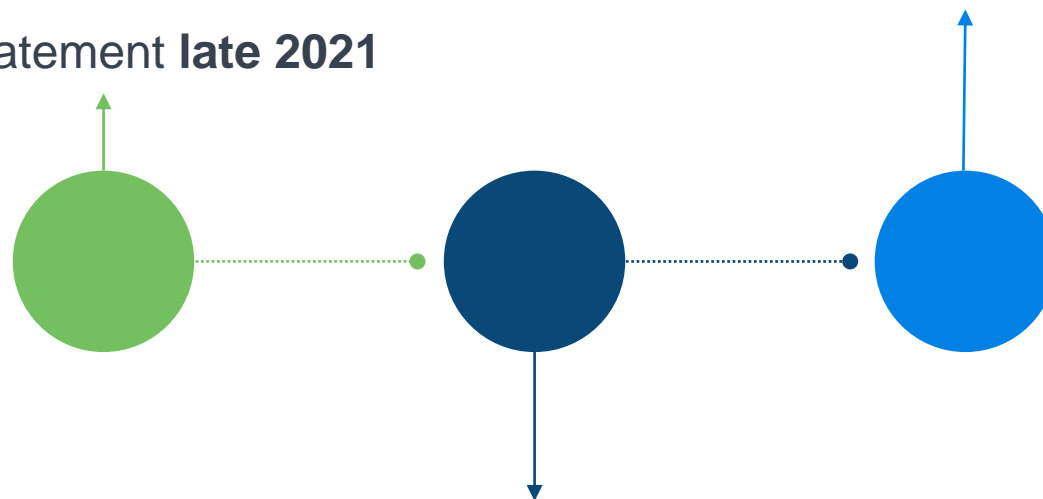
Published annually  
Core metrics on carbon emissions  
and carbon intensity.



# FCA Disclosure requirements

CP21/17

FCA aiming to publish a  
policy statement **late 2021**



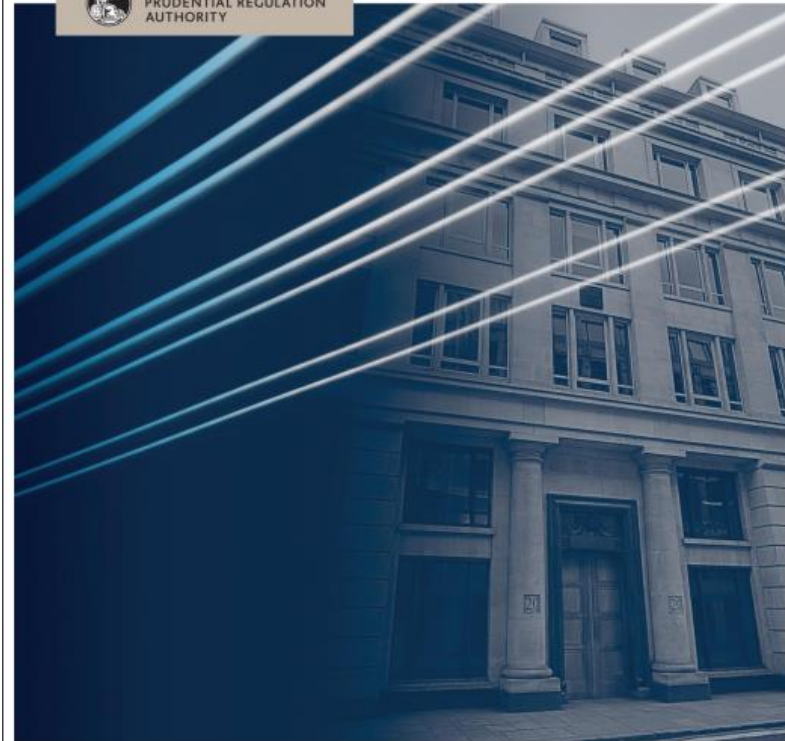
- Firms with assets under management of £5 billion or more to comply from the **1 January 2023**
- First disclosures to be made by **30 June 2024**

- Firms with at least £25 billion in assets under management to comply with the rules from the **1 January 2022**
- First disclosures to be made by **30 June 2023**

# SS3/19: Embedding Climate Risks

Supervisory Statement | SS3/19  
Enhancing banks' and insurers'  
approaches to managing the  
financial risks from climate change

April 2019



# Governance

Challenges



***“The PRA expects firms to address the financial risks from climate change through their existing risk management frameworks, in line with their board-approved risk appetite.”***

— PRA, SS3/19



***“The PRA expects firms to consider a range of quantitative and qualitative tools and metrics to monitor their exposure to financial risks from climate change.”***

— PRA, SS3/19



# Disclosures

**1**

**Minimum existing requirements**

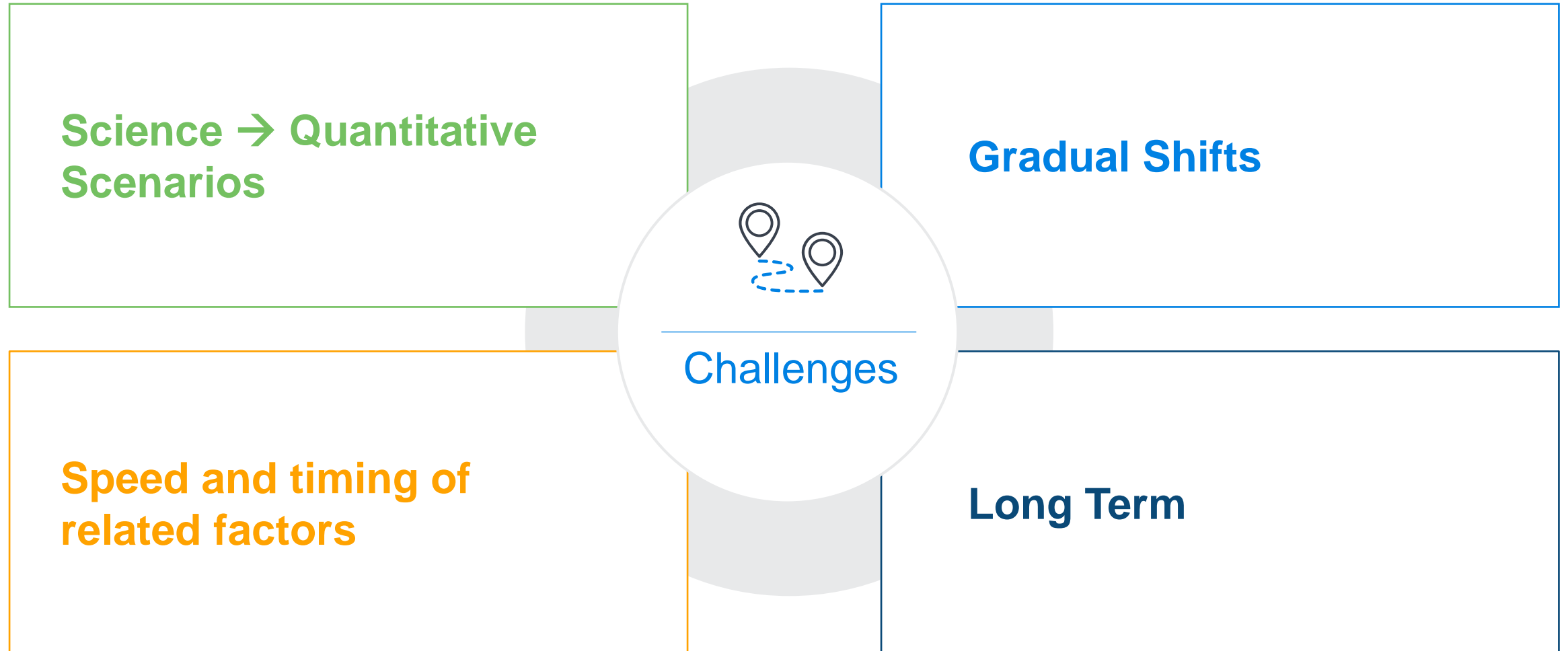
**2**

**TCFD report**

**3**

**Further disclosures to enhance transparency?**

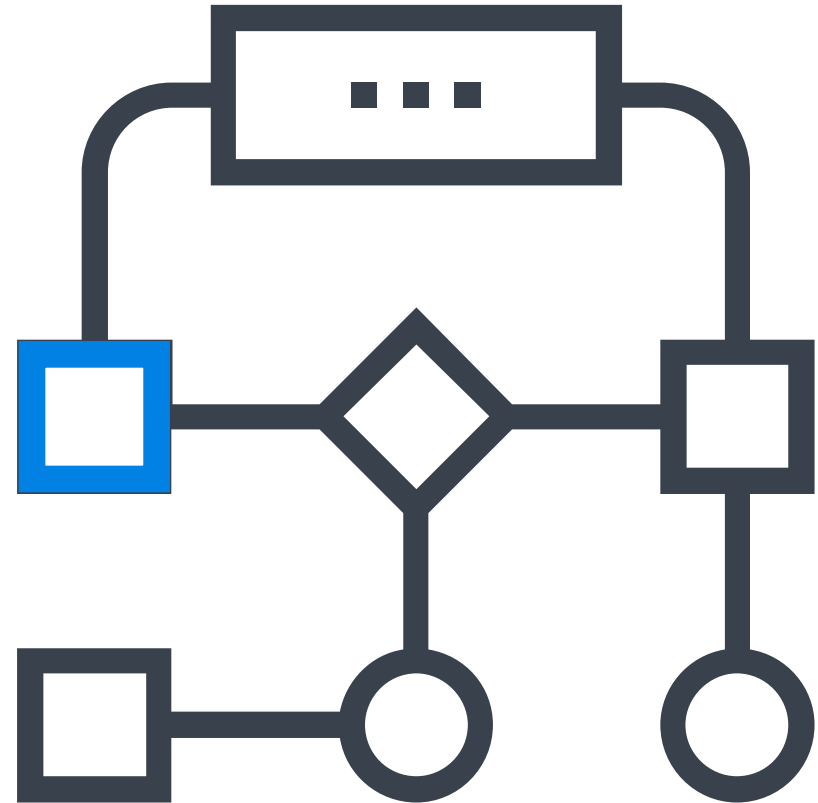
# Scenario Analysis





# Scenario Analysis

Two potential approaches



# Approach 1

Getting started

# Scenario Analysis

## Case Study 1: Multi-Variate Stress Testing

Establishing multi-variate climate risk stress tests based on key risk exposures for inclusion in the ORSA



### Areas for further development

- Assessing impact on liquidity as well as solvency
- Considering the continued appropriateness of existing management actions
- Identifying mitigating actions
- Consider longer-term assessment of climate risk

# Approach 2

A more in-depth analysis

# Thinking about risk

## The theory

At a base level, a risk is simply an **event** characterised by a causal chain involving:

- The event itself;
- Another **consequent** event;
- One or more **initiating** events;
- One or more **control** events which may prevent the initiating events from causing the risk event; and
- One or more **mitigating** events that help avoid or reduce the consequent event.

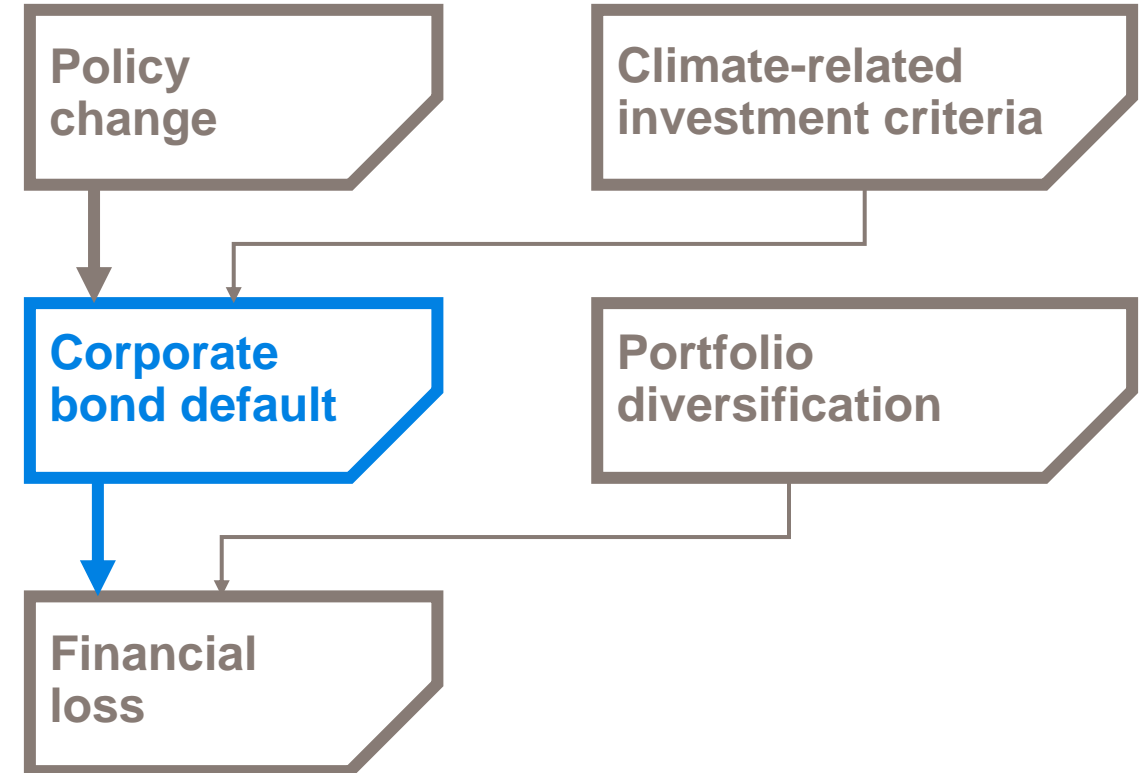


# Thinking about risk

In practice

For example:

- **Risk** event: Corporate bond default;
- **Consequent** event: Financial loss;
- **Initiating** event: Policy change;
- **Control** event: Climate-related investment criteria; and
- **Mitigating** event: Diversification of investment portfolio.

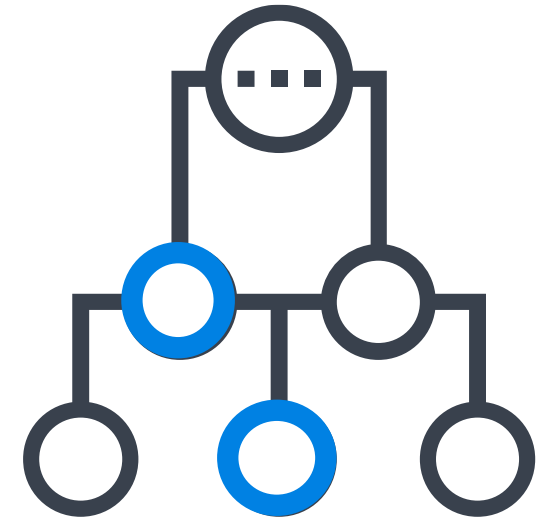


# Causal models in risk assessment

## Process overview

Broadly, establishing a causal modelling framework for risk assessment involves:

1. Drawing out the structure of the system driving risk events;
2. Identifying critical drivers within this system;
3. Determining appropriate states for each driver;
4. Defining causal relationships between drivers and outcomes;
5. Aggregating risk events;
6. Sense-checks and use.



# Causal models in risk assessment

Why use them?



Clear and intuitive



Directly capture what is being modelled



Situated in the language of the business



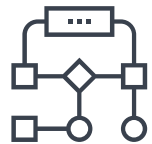
Less likelihood of “underreporting” risks



# Transition risk scenario analysis

Using a causal modelling approach

A causal modelling approach can capture the key complexities associated with transition risk:



Large number of highly interconnected underlying factors



Difficulty in monitoring drivers of change



Qualitative and intangible nature of transition risk



Inability to use the past to inform the future

# Transition risk scenario analysis

Case Study 2: Assessing the impact of transition risk on a corporate bond using a causal model

## 1. Risk workshop

- Discuss the key drivers of bond default, and how these drivers may be impacted by transition risk
- For example:

Shift in sentiment to low carbon



Fall in demand



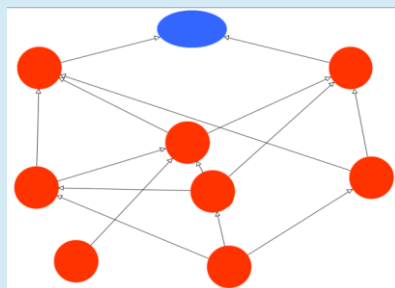
Fall in revenue



Reduced ability to service debt

## 2. Develop causal model

- Draw out the structure of the risk drivers, capturing the relationships between drivers.
- Create a causal model by identifying critical drivers to form a minimally complex view.



## 3. Calibrate model

- Determine appropriate states
- Source data to populate parent nodes
- Calibrate non-parent nodes
- Incorporate unstructured data to gain further insight.

## 4. Analysis

- Once calibrated and validated, scenario analysis and reverse stress testing can be performed, e.g.:
  - *What is the expected impact of worsening climate projections and a shift in market sentiment?*
  - *What drivers are most likely to cause a downgrade in credit rating?*
- This enables a deeper understanding of how transition risk could impact a corporate bond portfolio.

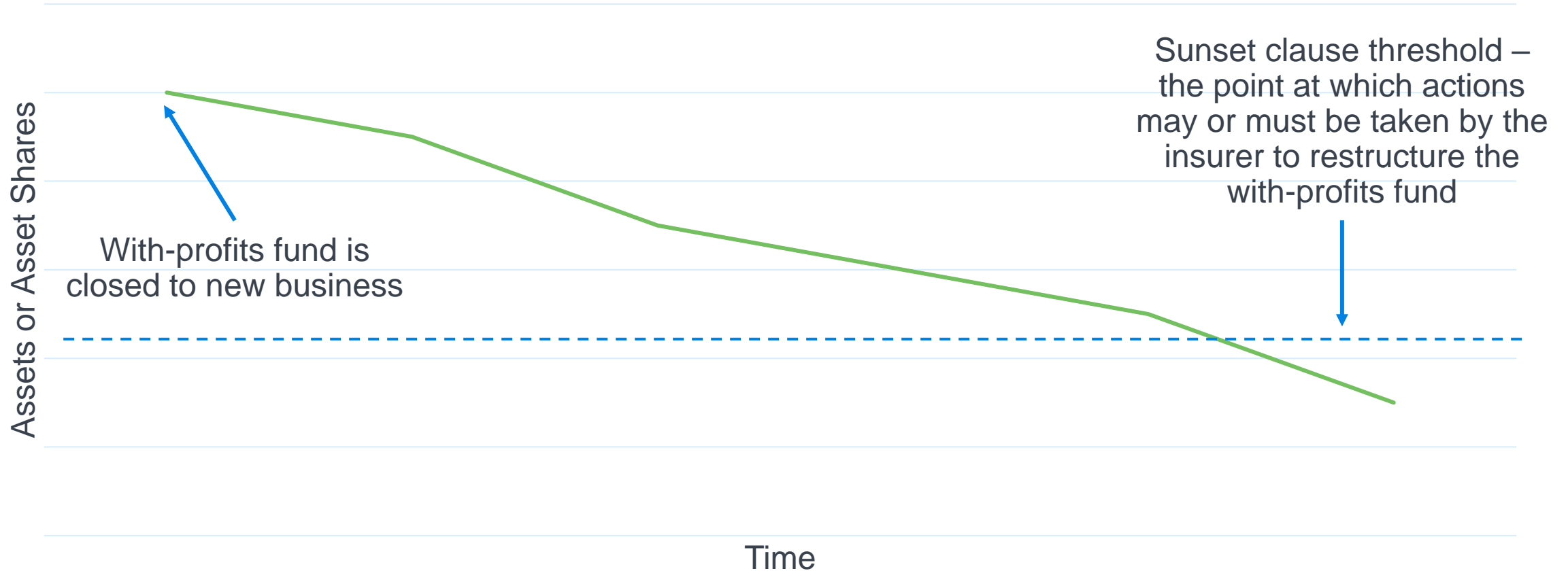
# With-Profits Restructuring

**Sarah Walker**  
**Jen van der Ree**

 **Milliman**

# **1. Background and Recent Restructuring**

# Introduction



TR19/3 – “There is a risk of customer harm if a fund is restructured too early or too late”

# Amendments to an Existing Scheme

## When?

- Most sunset clauses were established under provisions of previous, court approved, schemes.
- An amendment is only possible where an existing provision permits such a change.

## How?

- The governance process will be specified in the scheme and will be scheme specific.
- It is possible, depending on the materiality of the change, that additional governance is requested by the FCA or the With-Profits Committee.

# Schemes of Arrangements

## When?

- Where the terms of an existing scheme do not permit a change it will be necessary to gain court approval to restructure a with-profits fund ahead of any existing sunset clause.
- If there is no existing scheme, the restructure of the with-profits fund, at any point, will require the approval of the court.

## How?

- A Scheme of Arrangement is a formal, statutory process, with three main steps:
  1. Convening hearing – a court order is requested to convene a meeting of policyholders.
  2. Policyholder meeting – policyholders vote on the offer.
  3. Sanction hearing – the court is asked to sanction the scheme of arrangement

# Real-world examples – amendments to existing schemes

Prudential Assurance Company Limited (Prudential) merger of the Scottish Amicable Insurance Fund (SAIF) with its With-Profits Sub Fund (WPSF)	Royal London Mutual Insurance Society merger of the Refuge Assurance Industrial Branch Sub-Fund (RAIB Sub-Fund) with the Royal London Open Fund (RL Open Fund)
It was projected the sunset clause would be reached in 2024.	It was projected the sunset clause would be reached in 2025.
It was felt that an early merger would be beneficial to SAIF with-profits policyholders.	It was felt that the early merger was beneficial for the with-profits policyholders of RAIB.
Changes were made to the scheme to allow the early merger and clarify the terms of the merger.	The only change to the scheme was the sunset clause threshold.
A report by an Independent Actuary was required, but was only required to consider the SALAS policyholders.	A report by an Independent Expert was produced, although this was not a requirement of the scheme.

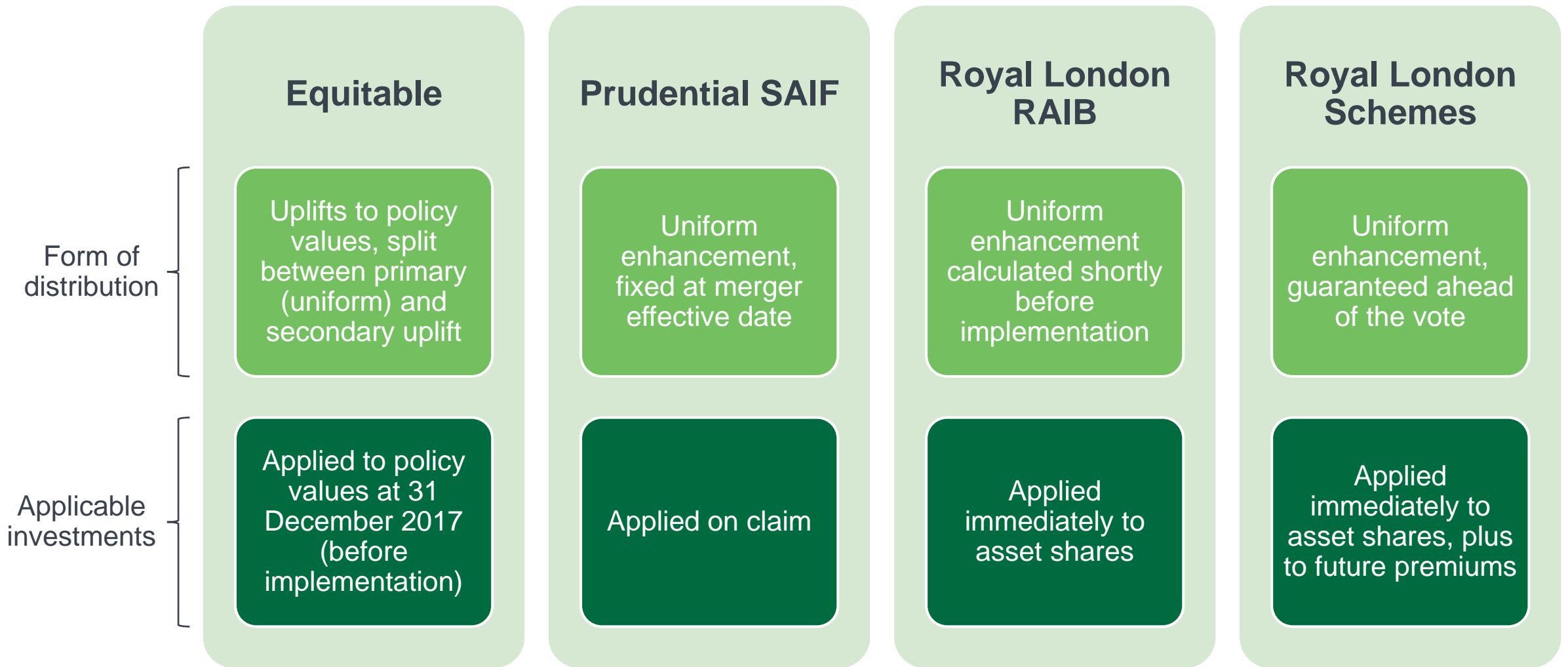


# Real-world examples – Schemes of Arrangement

Equitable Life Assurance Society (Equitable) Scheme of Arrangement to convert the UK and Irish with-profit policies into unit-linked	Royal London Mutual Insurance Society Simplification Programme
<p>The ability to distribute assets fairly and quickly was being constrained by the need to meet statutory capital requirements.</p>	<p>Allowed the earlier realisation of benefits, including tontine smoothing and the spreading of project costs.</p>
<p>An uplift to policy values was made in exchange for policyholder giving up their right to a claim on the with-profits assets, and also for the residual value of guarantees.</p>	<p>An uplift was applied to asset shares, and will be applied to the percentage of regular contractual premiums that are allocated to asset share.</p>
<p>A report on the Scheme of Arrangement was produced by an Independent Expert, with a separate report on the Part VII transfer, produced by another Independent Expert.</p>	<p>A report was produced by an Independent Expert.</p>

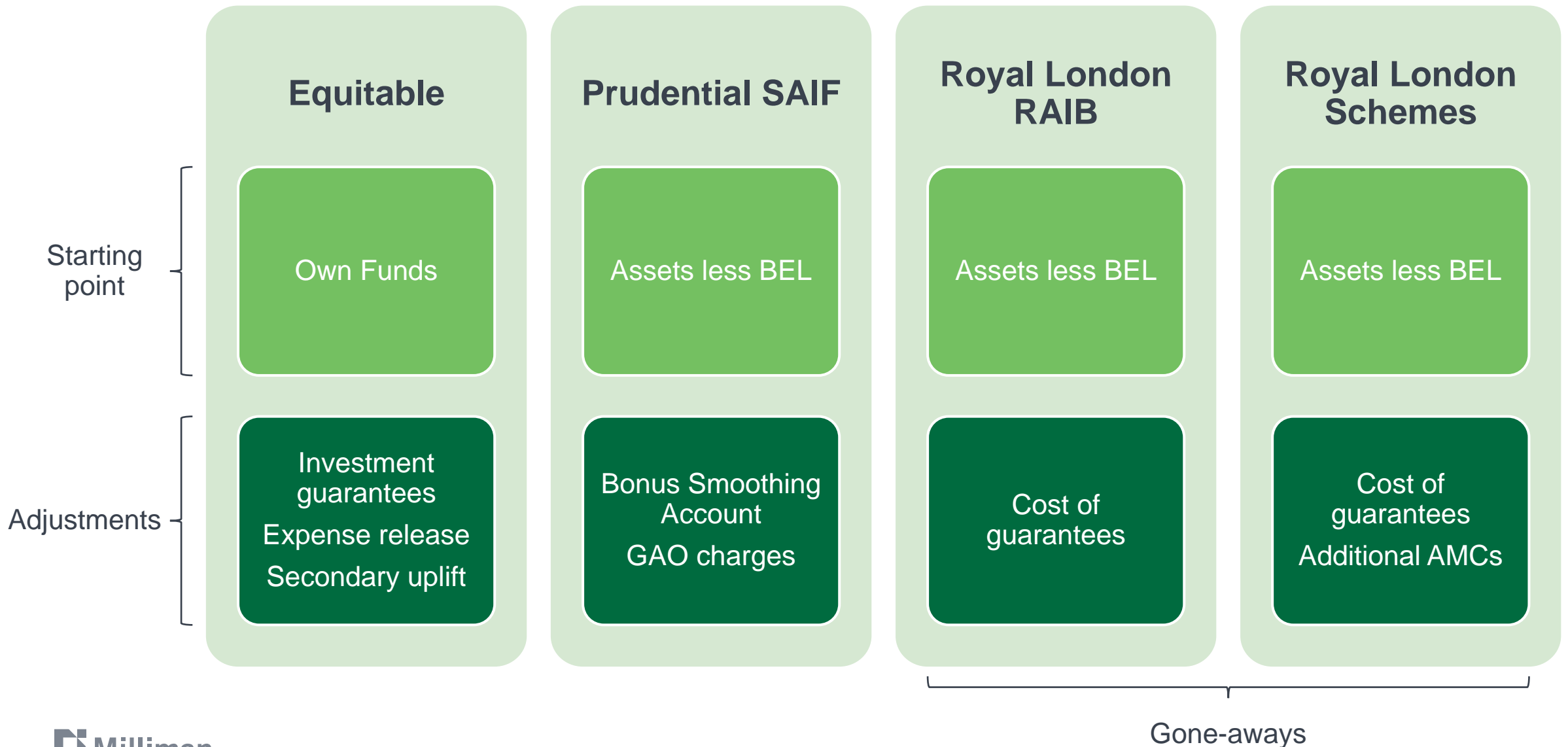
## **2. Considerations for restructuring**

# Method for distributing surplus

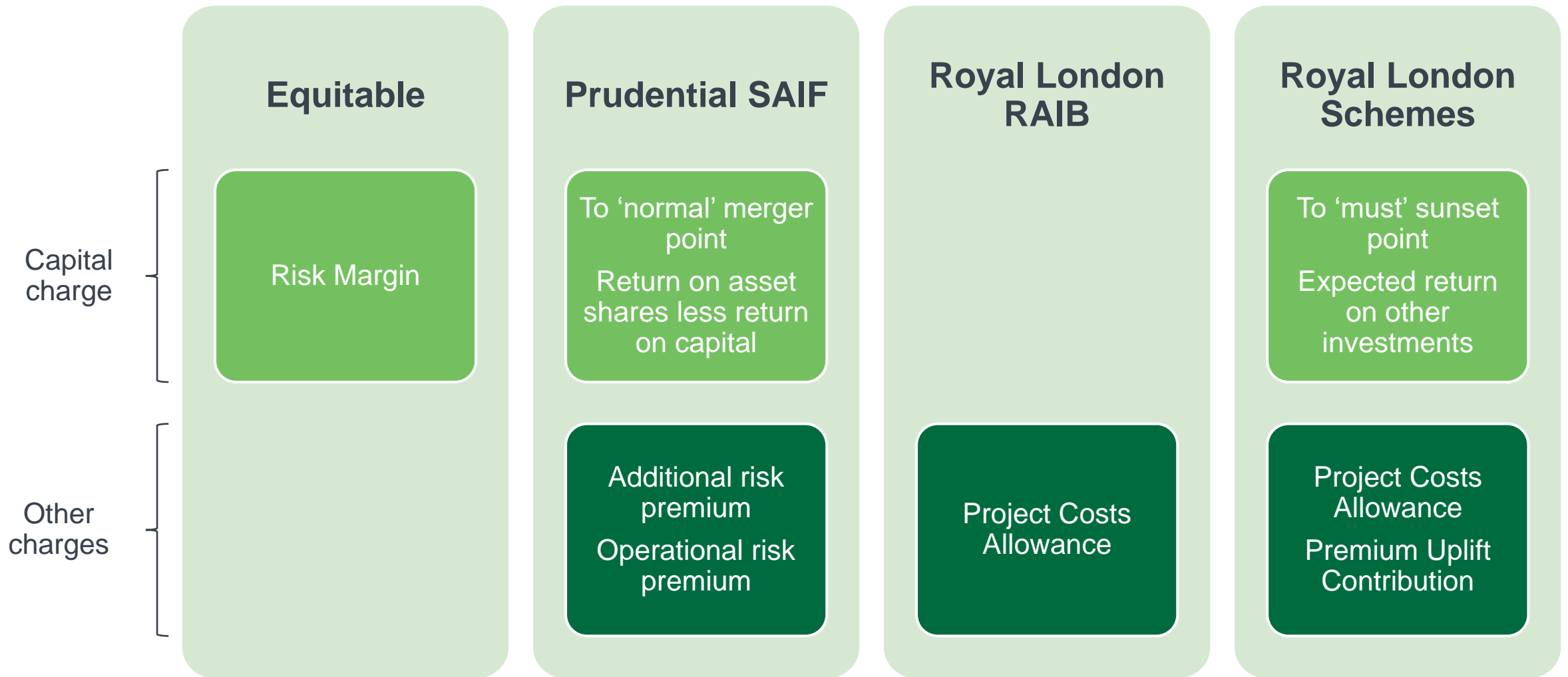


Special bonus

# Determination of distributable surplus



# Charges deducted from the estate



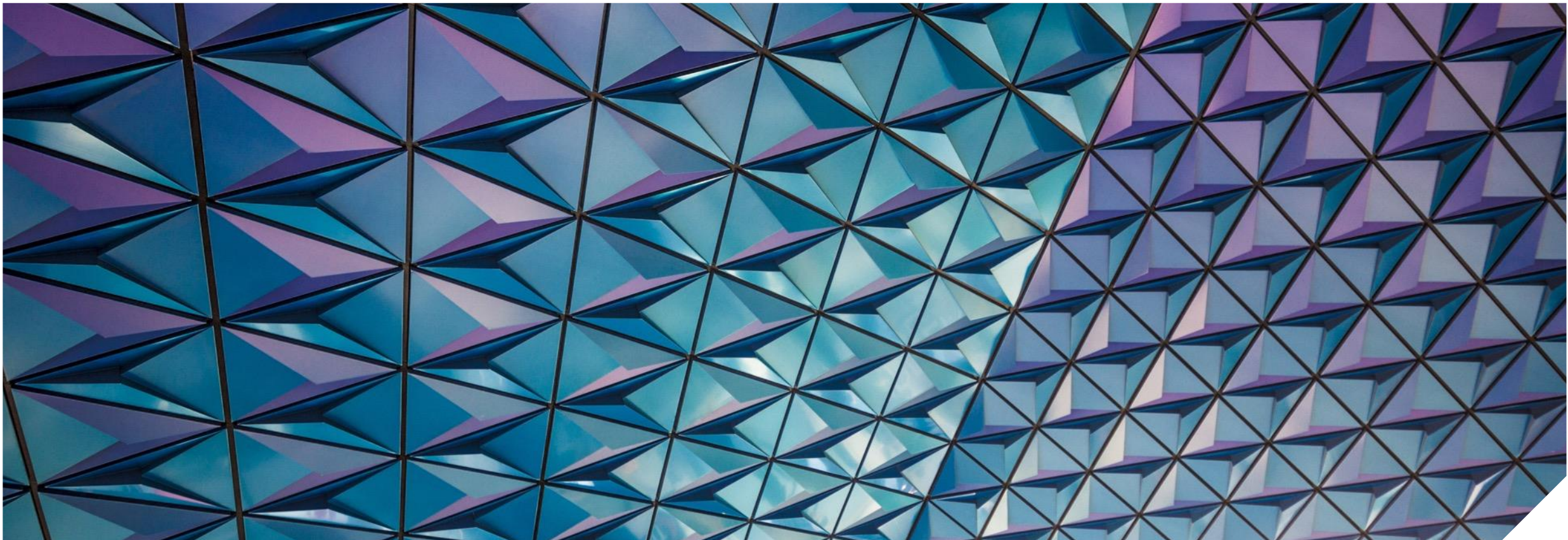
# Summary

- Many with-profits funds have some form of sunset clause in place
- We are seeing more examples of firms taking action to resolve their funds outside of these sunset clauses, including some much further in advance of these
- Regardless of approach used, in general the principles underlying the distribution of surplus of the fund are:
  - To keep the distribution broadly in line with current practice
  - Where consolidating into another with-profits fund, not to materially disadvantage the receiving with-profits policyholders

# Update on M&A activity in Europe, Asia and the US

Stuart Reynolds  
Ian Humphries

02 NOVEMBER 2021



# Contents



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1 Recent M&A activity in European Life Insurance market

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2 Potential future M&A drivers in the Europe, Asia and the US

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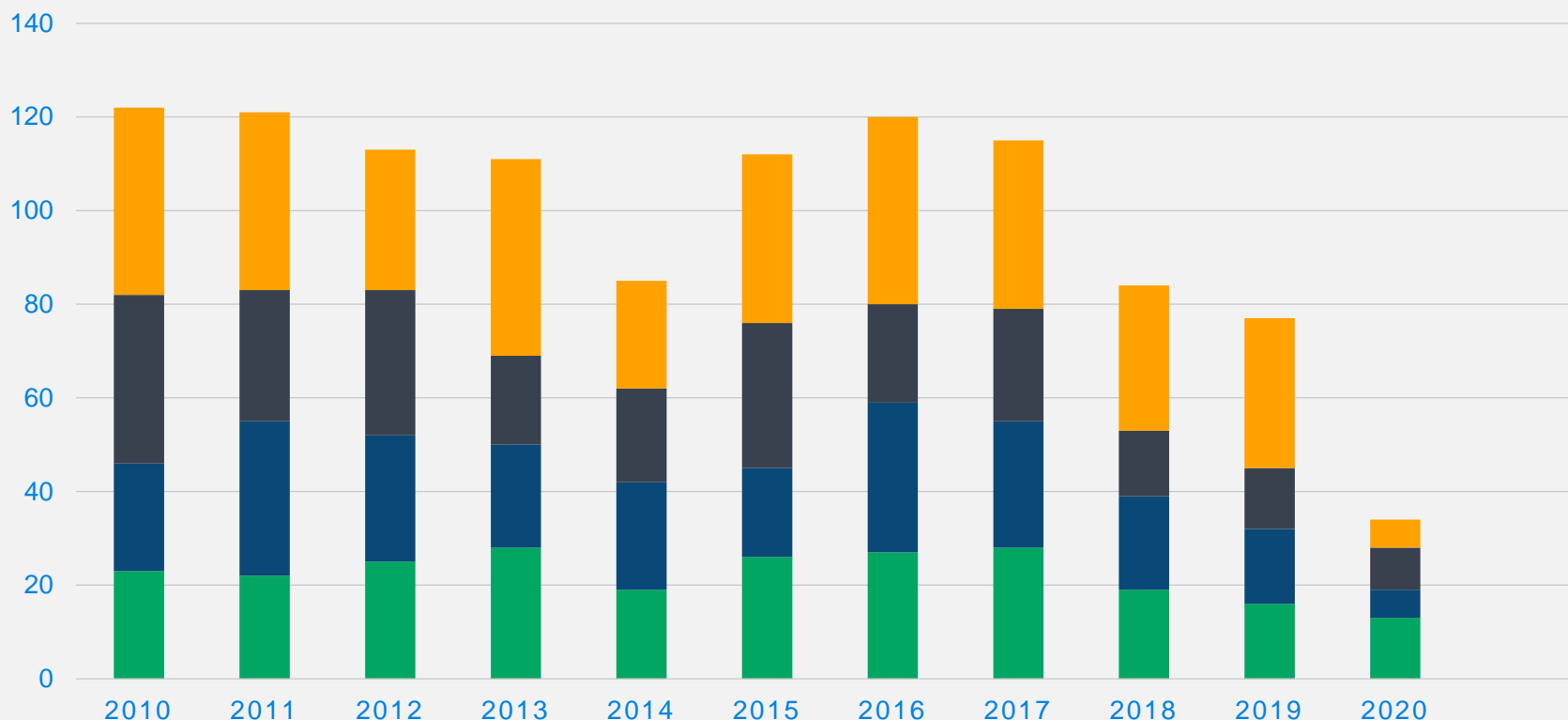


# Recent M&A activity in European Life Insurance market

# European M&A Activity – Life Insurance Market (@Q4 2020)



## Number of Transactions (Announced)



- Number of announced deals **stable** Q1 2019 (16) to Q1 2020 (13)
- **Reduction** in number of announced deals Q2 2019 (16) to Q2 2020 (6)
- **Reduction** in number of announced deals Q3 2019 (13) to Q3 2020 (9)

# Strategic Reviews by Insurance Groups (@Q4 2020)

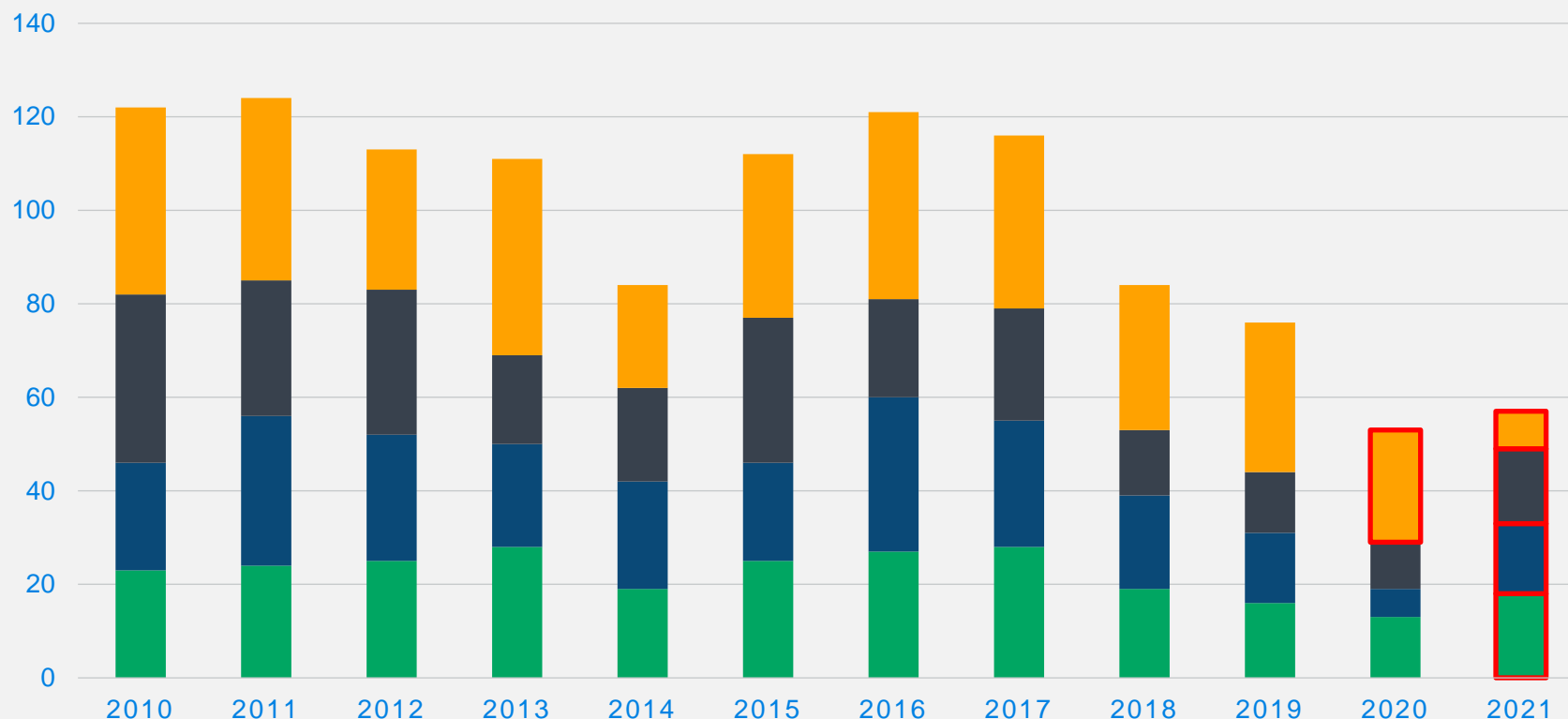


<b>Strategic Reviews</b> <ul style="list-style-type: none"> <li>▪ Help work through change</li> <li>▪ Look to the future – risks &amp; opportunities</li> <li>▪ New external environment             <ul style="list-style-type: none"> <li>▪ Economic</li> <li>▪ Regulation</li> </ul> </li> </ul>	<b>Aegon</b>	<p><b>“Transform our organisation to become simple, digital, and scalable”</b></p> <p><a href="#">Press comment on possible sale of Eastern European business</a></p>
	<b>Aviva</b>	<p><b>“We will focus the portfolio”</b></p> <p><a href="#">Press comment on sales of various businesses</a></p>
	<b>AIG</b>	<p><b>“Simplified structure will unlock significant value”</b></p> <p><a href="#">Planned separation of Life &amp; Retirement business</a></p>
	<b>Prudential</b>	<p><b>“Jackson will need access to additional investment, which we believe would best be provided by 3rd parties”</b></p> <p><a href="#">Preparing for full separation and divestment of US business</a></p>
	<b>Generali</b>	<p><b>“..four key strategic actions have been taken: ... targeted in-force disposals which enable resilient margins”</b></p> <p><a href="#">Significant funds available for acquisitions</a></p>
	<b>Phoenix Group</b>	<p><b>“..European business..... it is assessing a range of strategic options to maximise value for shareholders”</b></p> <p><a href="#">Press comment on possible sale of European business</a></p>

# European M&A Activity – Life Insurance Market (@Q4 2021)



## Number of Transactions (Announced)



- Final Q4 2020 deals now **24 vs 6** in previous slide
- Number of announced deals **increased** Q1 2020 (13) to Q1 2021 (18)
- **Increase** in number of announced deals Q2 2020 (6) to Q2 2021 (15)
- **Increase** in number of announced deals Q3 2020 (10) to Q3 2021 (16)

# Strategic Reviews by Insurance Groups – What happened?



<b>Strategic Reviews</b> <ul style="list-style-type: none"> <li>▪ Help work through change</li> <li>▪ Look to the future – risks &amp; opportunities</li> <li>▪ New external environment             <ul style="list-style-type: none"> <li>▪ Economic</li> <li>▪ Regulation</li> </ul> </li> </ul>	<b>Aegon</b>	<p>“Transform our organisation to become simple, digital, and scalable”</p> <p>Reported sale of Eastern European business to VIG (some issues with approval of sale in Hungary)</p>
	<b>Aviva</b>	<p>“We will focus the portfolio”</p> <p>Sales of business in France, Poland, Italy, Turkey, Singapore, Hong Kong, Vietnam</p>
	<b>AIG</b>	<p>“Simplified structure will unlock significant value”</p> <p>Continue to work on separation – sold 9.9% take in Life &amp; Retirement business to Blackstone</p>
	<b>Prudential</b>	<p>“Jackson will need access to additional investment, which we believe would best be provided by 3rd parties”</p> <p>Completed demerger of US Arm (Jackson) in September – focus then on Africa and Asia</p>
	<b>Generali</b>	<p>“..four key strategic actions have been taken: ... targeted in-force disposals which enable resilient margins”</p> <p>Has made some acquisitions – Cattolica in Italy and purchase of AXA Greece</p>
	<b>Phoenix Group</b>	<p>“..European business..... it is assessing a range of strategic options to maximise value for shareholders”</p> <p>Proceeded with sale process but eventually aborted. Ark Life business was sold.</p>

# Recent European Deal List



Announcement Date	Target or Issuer	Buyer	Seller	Country
Sep-21	Legacy Portfolio	Resolution Re Ltd.	Allianz Suisse	Switzerland
Sep-21	Amissima Vita S.p.A.	Athora Holding Ltd.	Apollo Global	Italy
Sep-21	Sanlam Life and Pensions UK	Chesnara plc	Sanlam Limited	United Kingdom
Sep-21	ERM portfolio	Phoenix Group	Just Group plc	United Kingdom
Aug-21	Portfolio of lifetime mortgages	Rothsay Life Plc	Just Group plc	United Kingdom
Jul-21	Ark Life	Irish Life Group Limited	Phoenix Group	Ireland
Jun-21	Business in Poland and Greece	NN Group N.V.	MetLife, Inc.	Poland/Greece
May-21	Cattolica	Assicurazioni Generali	Cattolica	Italy
May-21	Ame Life Lux S.A.	Monument Assur. Lux	Covéa	Luxembourg
May-21	Portfolio of Intégrale	Monument Assur. Bel	Integrale Insurance	Belgium
Apr-21	Lombarda Vita S.p.A.	Intesa Sanpaolo S.p.A.	Cattolica	Italy
Apr-21	Quilter International Limited	Utmost Group	Quilter plc	IoM
Mar-21	Aviva Poland business	Allianz SE	Aviva plc	Poland
Mar-21	Life insurance business	CNP Assurances SA	Aviva Plc	Italy
Mar-21	VA Portfolio of Athora Ireland	Monument Re Ltd.	Athora Ireland plc	Ireland
Feb-21	Certain SLAL UK products	abrdrn plc	Phoenix Group	United Kingdom
Feb-21	AvivaSA Emeklilik ve Hayat AŞ	Ageas Insurance Int'l	Aviva Plc	Turkey
Feb-21	Aviva France SA	Aéma Groupe	Aviva Plc	France
Feb-21	Hodge Life	RGA	Hodge Life	United Kingdom
Dec-20	Vera Vita S.p.A.	Banco BPM S.p.A.	Cattolica	Italy
Dec-20	Liverpool Victoria	Bain Capital	Liverpool Victoria	United Kingdom
Nov-20	UL Portfolio Bonds	Monument Life DAC	Zurich Insurance	Ireland
Nov-20	Various business	Vienna Insurance Group	AEGON N.V.	Hun/Pol/Rom/Turk
Nov-20	Pension Insurance Corporation	Undisclosed Buyer	Keyhaven Capital	United Kingdom
Nov-20	Aviva Vita SpA	UBI Banca	Aviva Plc	Italy
Nov-20	Pension Insurance Corporation	Reinet Fund Manager	NA	United Kingdom
Sep-20	Pension Insurance Corporation	Investor Group	Legend Holdings	United Kingdom
Sep-20	Rothsay Life Plc	Investor Group	Blackstone	United Kingdom

## Summary Highlights

- **9 deals** from insurance groups disposing of non-core business (dark blue)
- **9 deals** involving specialist acquirers/private equity (light blue)
- **6 deals** involving targets in Italy (dark green)
- **10 deals** involving targets in the UK (light green)

# European Deal List – Valuation Metrics



Announcement Date	Target or Issuer	Buyer	Seller	Country	Open to NB?	Price	Price/ Own Funds
Jul-21	Ark Life	Irish Life Group Limited	Phoenix Group	Ireland	No	€230m	0.91
Jun-21	Business in Poland and Greece	NN Group N.V.	MetLife, Inc.	Poland/Greece	Yes	\$738m	1.37
May-21	Cattolica	Assicurazioni Generali	Cattolica	Italy	Uncertain	€987m	0.56
Apr-21	Lombarda Vita S.p.A.	Intesa Sanpaolo S.p.A.	Cattolica	Italy	Uncertain	€220m	0.44
Mar-21	Aviva Poland business	Allianz SE	Aviva plc	Poland	Yes	€2,743m	2.33
Mar-21	Life insurance business	CNP Assurances SA	Aviva Plc	Italy	Yes	€543m	0.69
Feb-21	Aviva France SA	Aéma Groupe	Aviva Plc	France	Yes	€3,200m	0.82
Dec-20	Vera Vita S.p.A.	Banco BPM S.p.A.	Cattolica	Italy	Uncertain	€376m	0.93
Nov-20	Aviva Vita SpA	UBI Banca	Aviva Plc	Italy	Uncertain	€453m	0.90
Nov-20	Pension Insurance Corporation (2.9%)	Reinet Fund Manager	NA	United Kingdom	No	£119m	0.90
Sep-20	Pension Insurance Corporation (4.3%)	Investor Group	Legend Holdings	United Kingdom	No	£175m	0.89
Sep-20	Rothsay Life Plc (36%)	Investor Group	Blackstone	United Kingdom	No	£2,100m	0.79
Aug-19	Quilter UK Heritage book	ReAssure	Quilter plc	United Kingdom	No	£425m	1.10
Aug-18	AXA Life Europe*	Cinven	Axa Group	Ireland	No	€925m	0.81
Jan-18	ReAssure (10% stake)	MS&AD	NA	United Kingdom	No	£315m	0.85
Dec-17	Nordea Liv & Pension (45%)	Norliv	Nordea Bank AB	Denmark	Yes	DKK 3,520m	0.56
Dec-17	Generali PanEurope DAC	Utmost Ltd	Assicurazioni Generali	Ireland	Yes	€286m	1.01
Nov-17	Popolare Vita SpA (50%)	Banco BPM SpA	UnipolSai Assicurazioni	Italy	Yes	€536m	2.17
Nov-17	Friends First Life	Aviva Ireland Ltd	Achmea BV	Ireland	Yes	€146m	0.58
Aug-17	AEGON Ireland plc	AGER Bermuda Holding	AEGON N.V.	Ireland	No	€195m	0.81
Aug-17	Laguna Life DAC	Monument Assur. DAC	Enstar Group Limited	Ireland	No	€26m	0.67
Feb-17	Antarius S.A. (50%)	Sogecap SA	Aviva France SA	France	Yes	€500m	1.15
Nov-16	Nordea Liv & Pension (25%)	Foreningen NLP	Nordea Bank AB	Denmark	Yes	DKK 2,160m	0.62
Aug-16	Union Heritage Life	Harcourt Life Assurance	American Income Life	Ireland	No	€3m	0.58
Aug-16	Old Mutual Wealth Italy SpA	Phlavia Investimenti S.r.l.	Old Mutual plc	Italy	Yes	€278m	1.16

\* This transaction was terminated in H2 2020

# Solvency II Based Value Metrics



## Solvency II Own Funds

- Common reported metric
- Sourced directly from the QRTs
- Sometimes quoted with adjustments listed in footnotes

## UT1 + DTA

- Market Consistent
- Sourced directly from the QRTs
- Excludes certain types of capital repayable before ordinary shareholders (e.g. sub-ordinated debt)

## Solvency II Adjusted Own Funds (S2AOF)

- Similar to UT1 + DTA
- Requires some extra assumptions compared to UT1 + DTA
- No allowance for value of future NB

## Solvency II Embedded Value (S2EV\*)

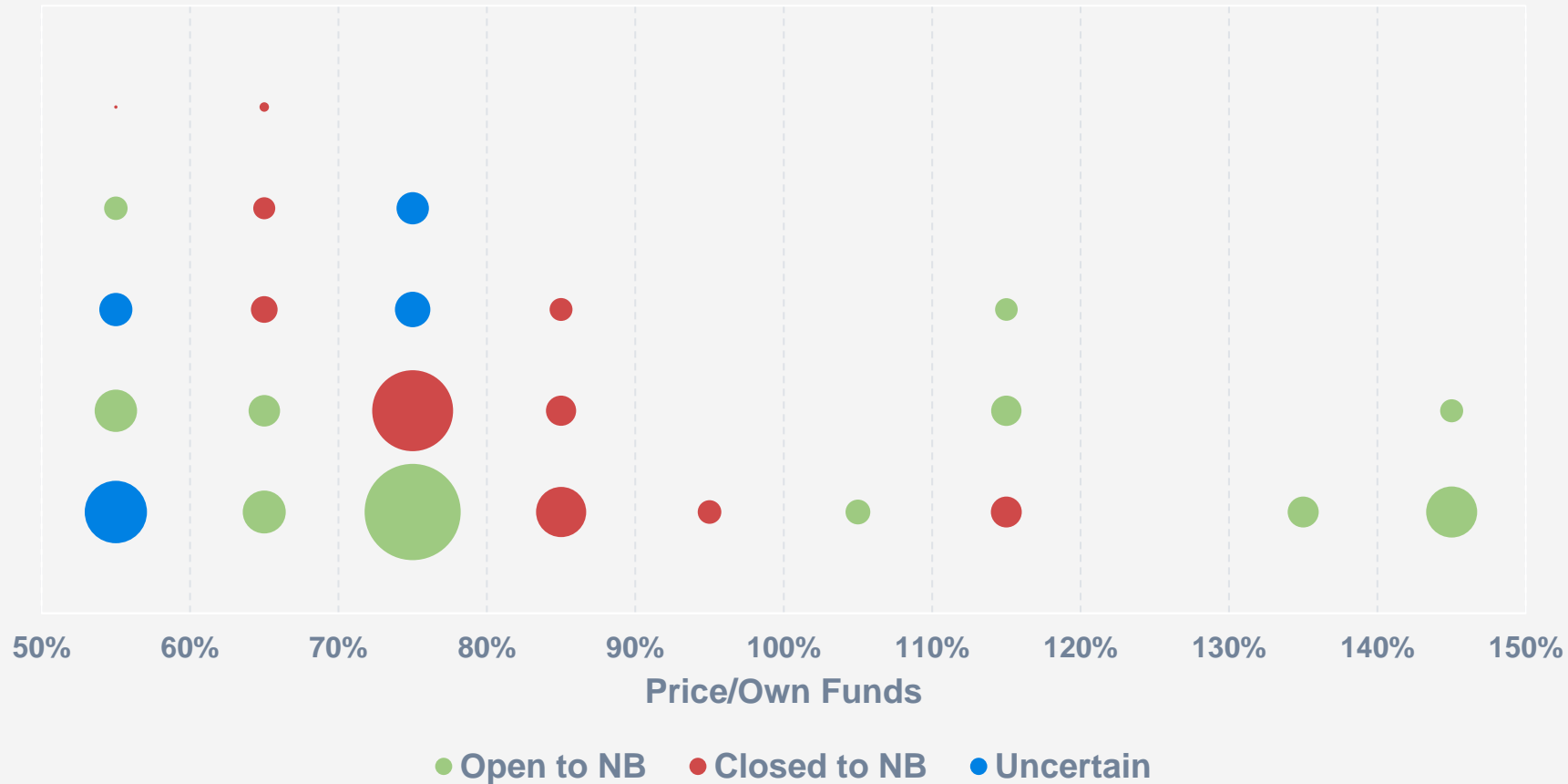
- Real-world
- Requires some extra assumptions compared to S2AOF
- No allowance for value of future NB



# Recent Life Insurance Business Transactions



## Count of Transactions by Price/Own Funds



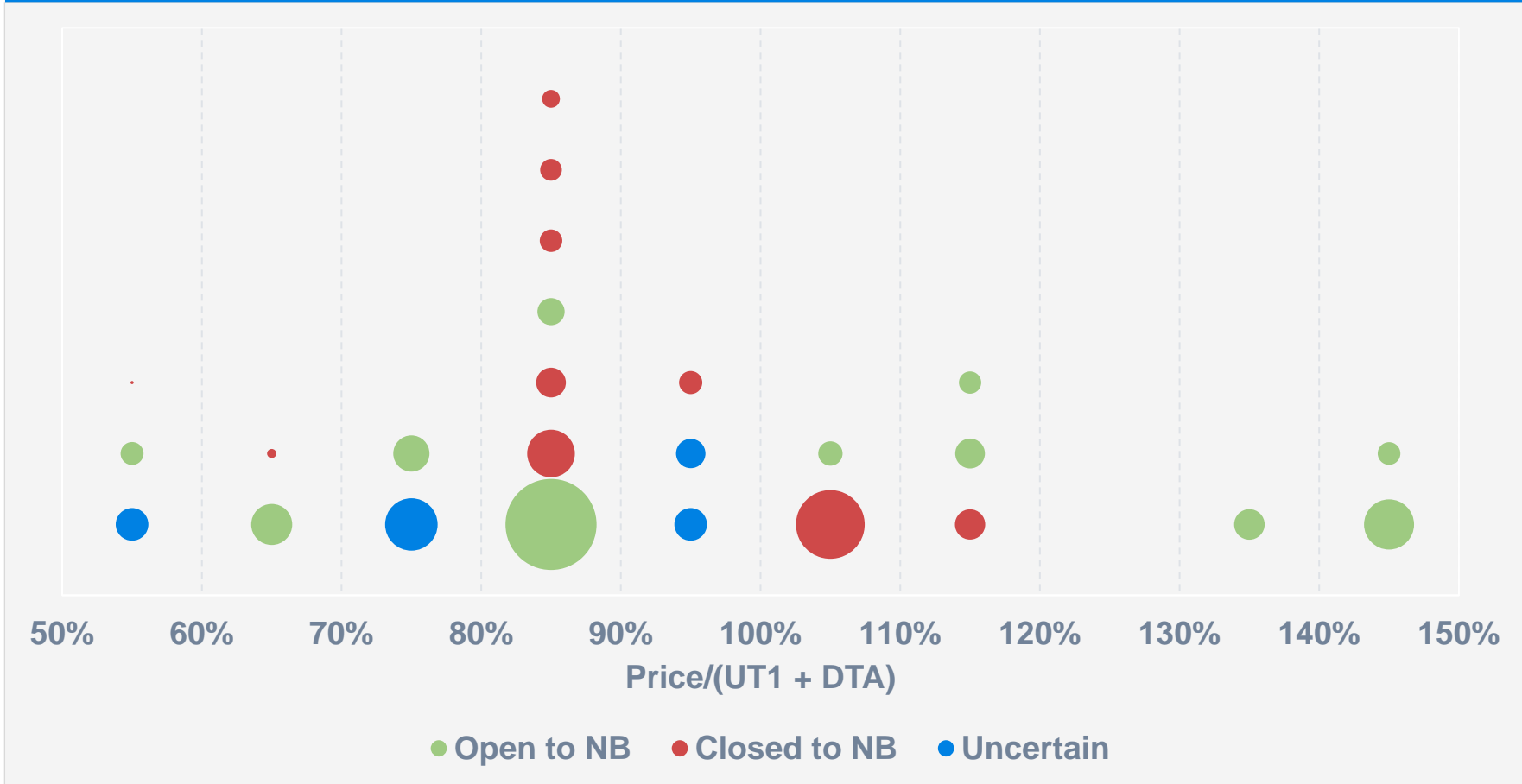
## Observations

- 60 - 70% is the most common bracket...
- ...but no real pattern
- Many “closed” deals significantly less than 1

# Recent Life Insurance Business Transactions



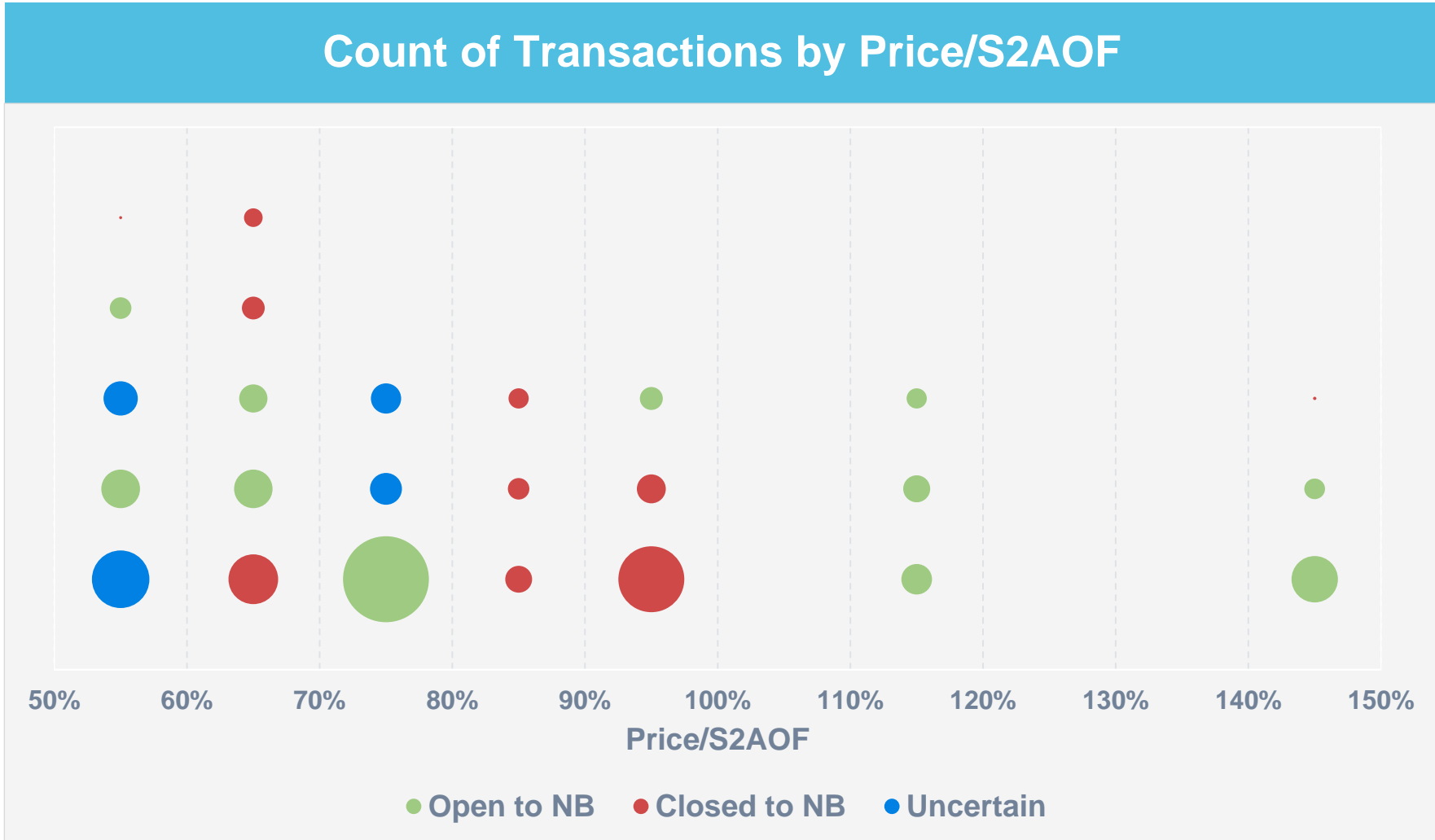
## Count of Transactions by Price/(UT1 + DTA)



## Observations

- 80% - 90% is the most common bracket.
- These are predominantly “closed” deals
- Deals with a ratio above 1 are mainly open to NB

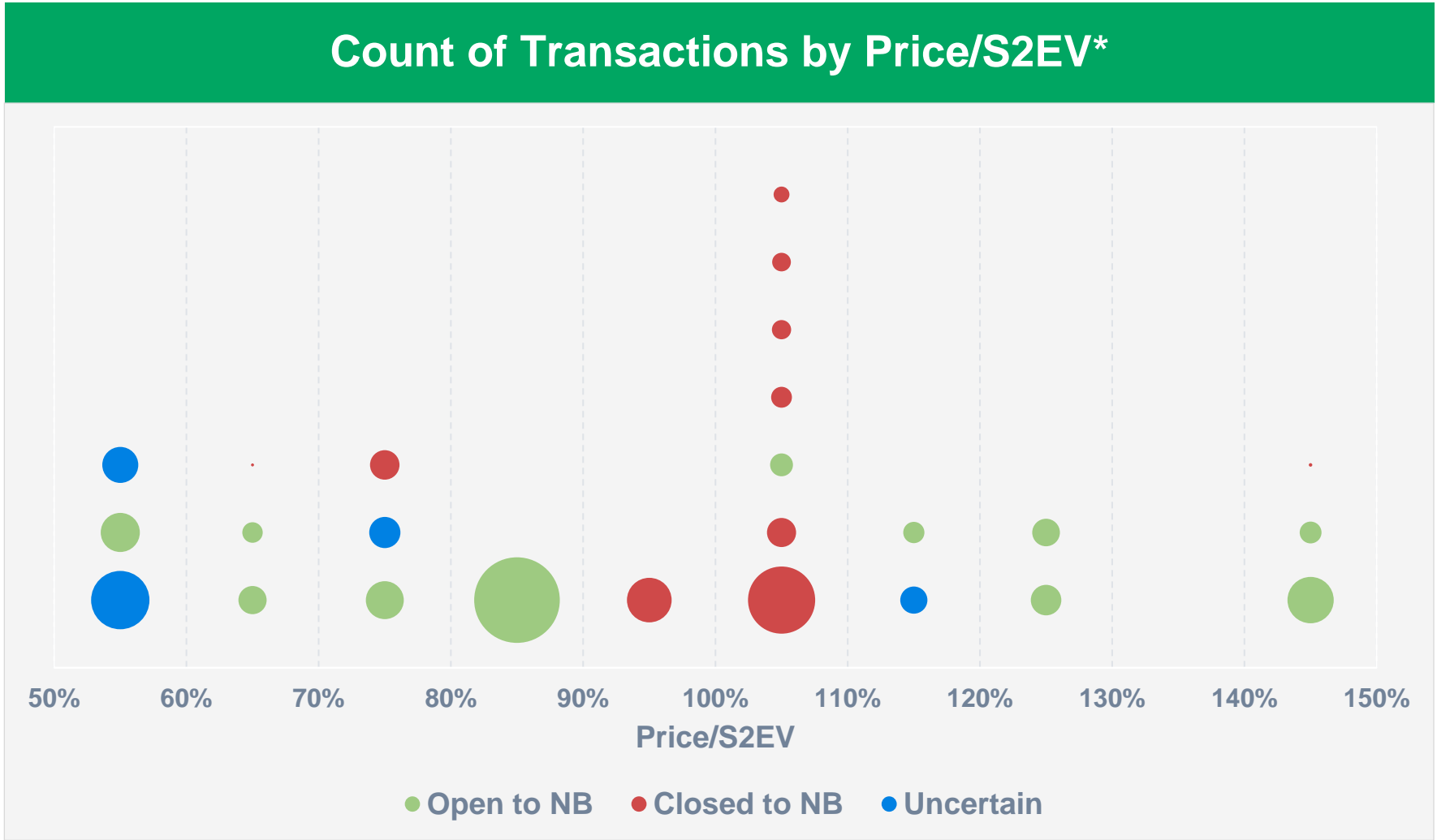
# Recent Life Insurance Business Transactions



## Observations

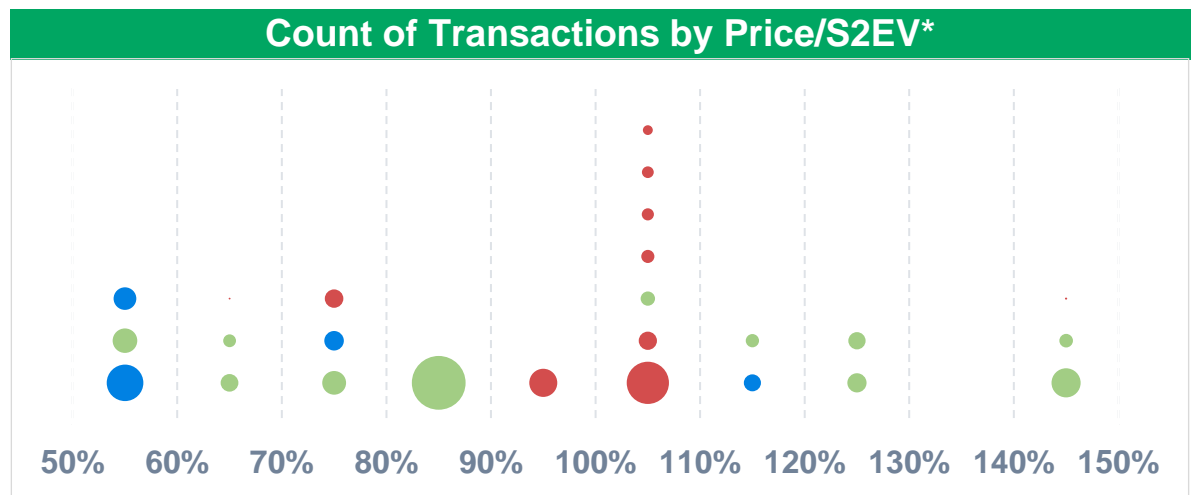
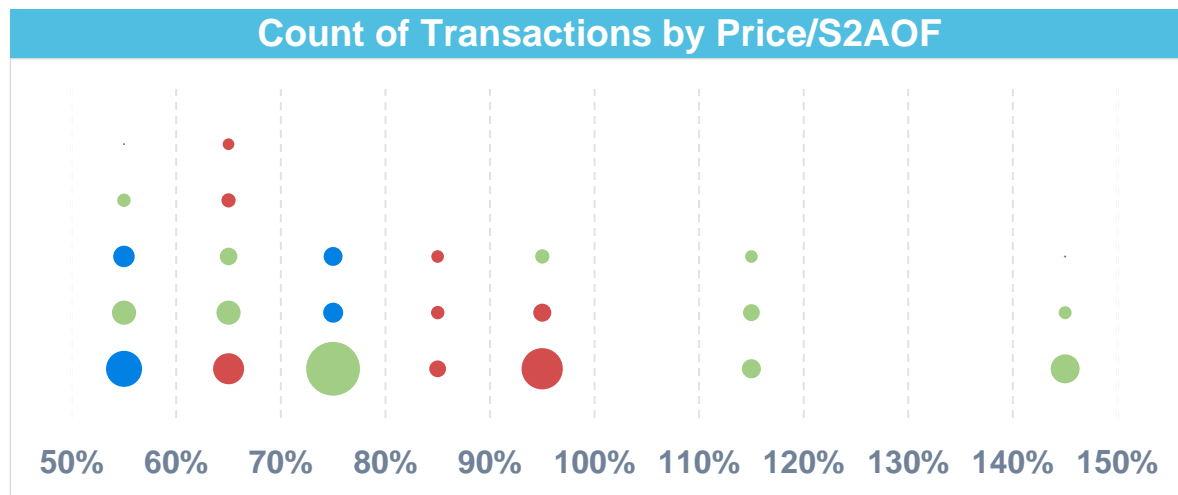
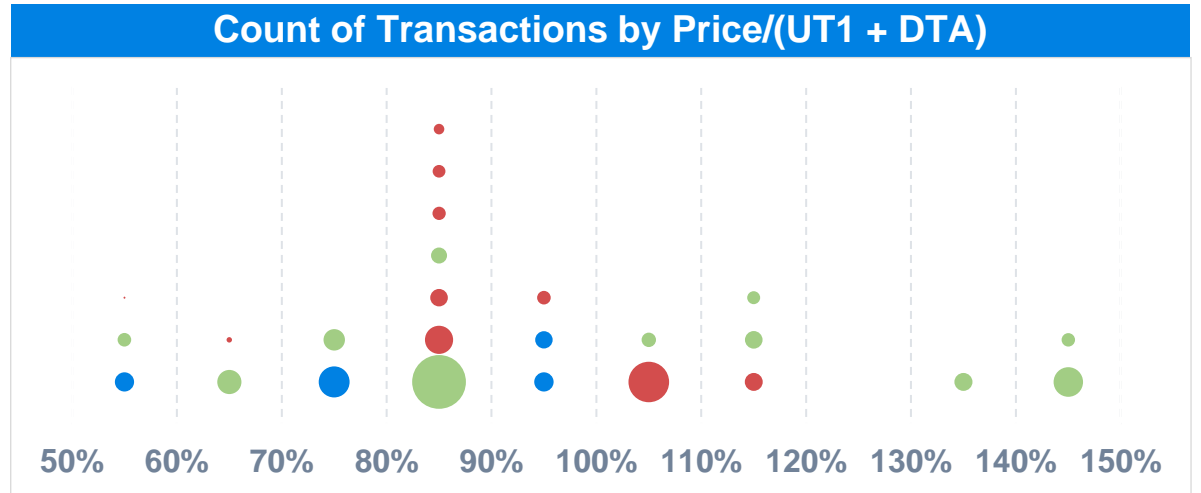
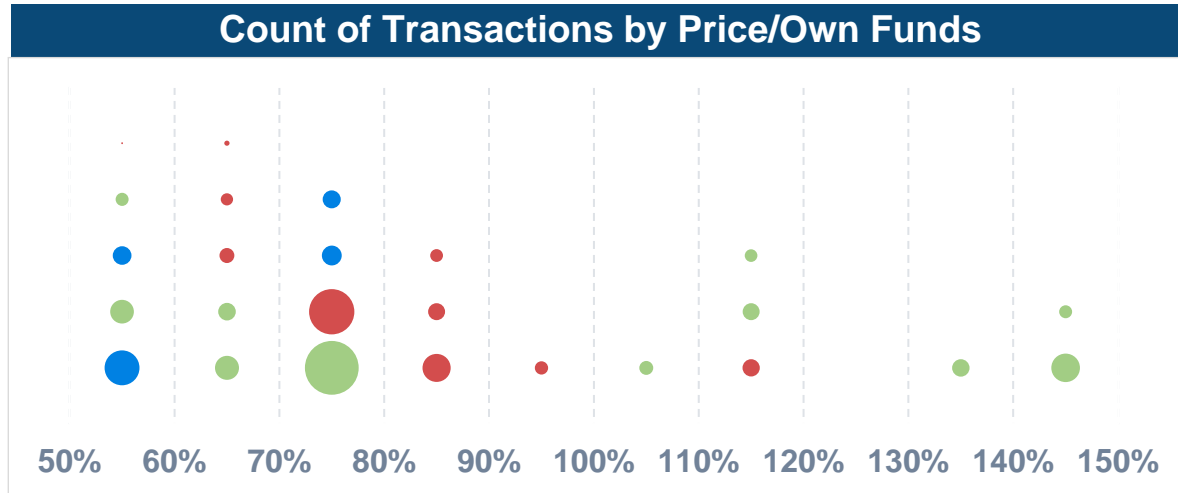
- 60 - 70% is the most common bracket...
- ...but no real pattern
- Similar overall to the Own Funds results.

# Recent Life Insurance Business Transactions



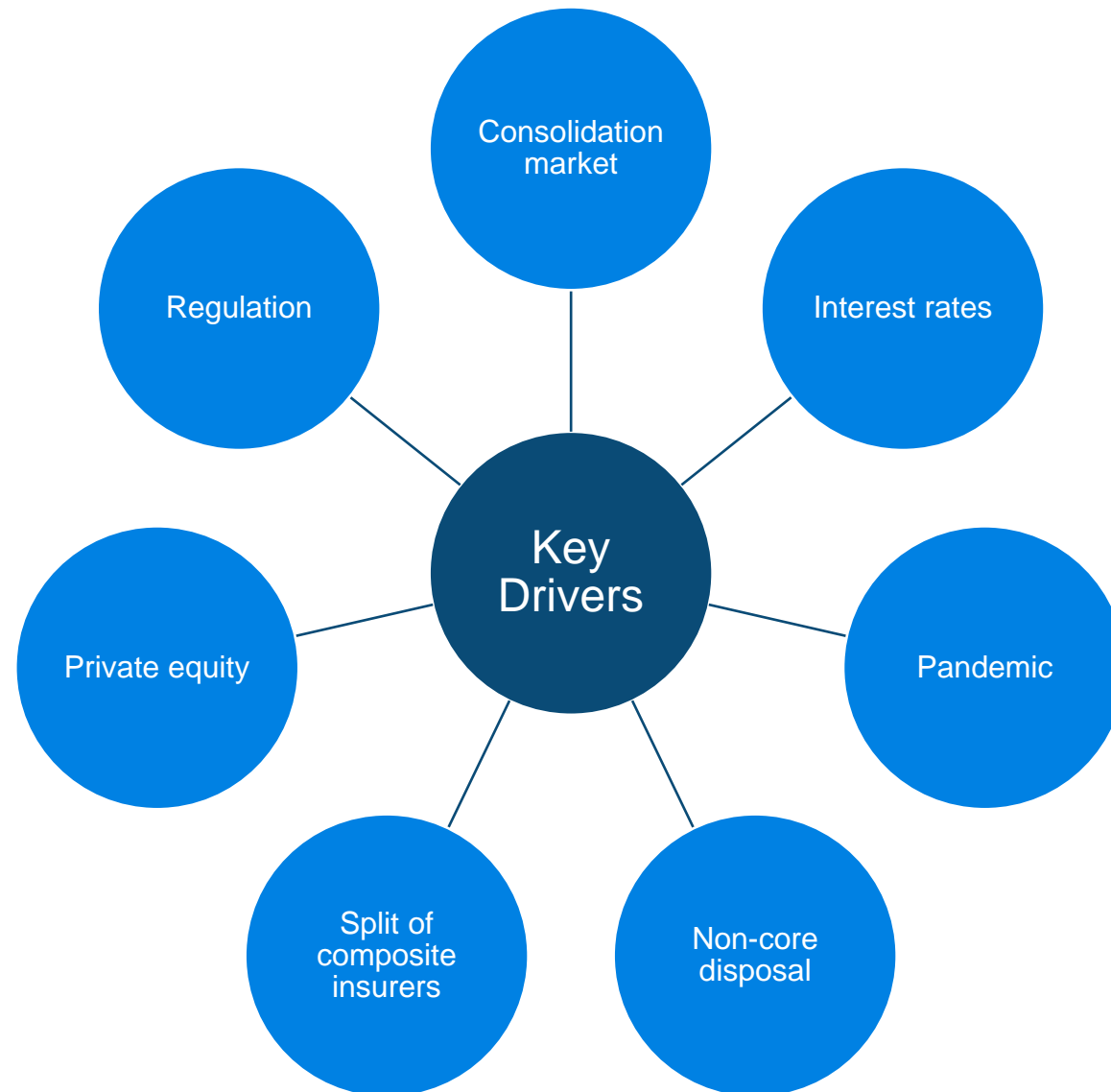
- ## Observations
- 100 - 110% is the most common bracket
  - ...especially for “closed” deals
  - “Open” deals are the ones with a ratio above 1

# Solvency II Based Value Metrics – Summary



# Potential future M&A drivers in the Europe, Asia and the US

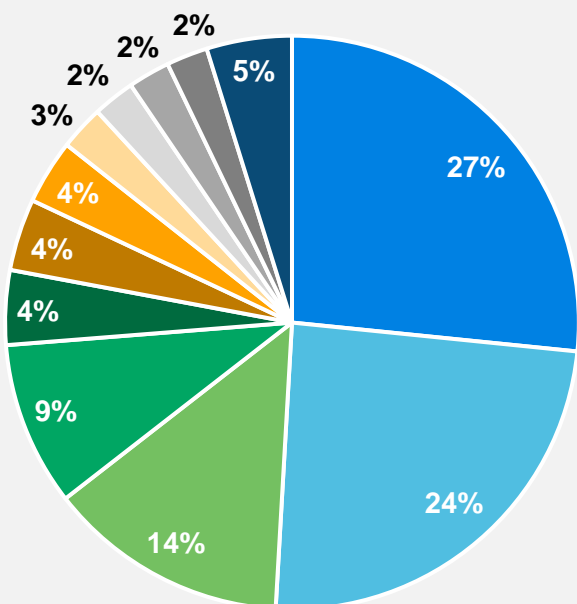
# Key future drivers – UK and Europe



# Level of Consolidation in European Markets



Split of Life SII BEL in the UK and Europe (2020)



Total 2020 Life SII BEL £7.9 trillion

Country	Number of Firms	Life SII BEL (£bn)	Top 3 firms' Life SII BEL proportion	Number firms cover top 80% of Life SII BEL	Number firms cover last 20% of Life SII BEL
UK	91	2,096	36%	14	77
France	221	1,914	37%	16	205
Germany	181	1,070	33%	23	158
Italy	44	729	39%	15	29
Netherlands	25	331	69%	4	21
Denmark	27	319	45%	9	18
Ireland	56	286	38%	13	43
Belgium	23	198	55%	7	16
Luxembourg	44	186	41%	10	34
Sweden	56	186	33%	10	46
Spain	76	184	47%	14	62
Other	299	378	68%	5	14



# Transaction catalysts for sellers: UK / Europe

## Pandemic

- Asset losses
- Backlog of transactions

## Re-evaluation of business models

- Divestment of non-core business

## Composite insurers

- Separation of general insurance and life insurance businesses

Key transaction  
catalysts for  
sellers

## Interest rates

- Low interest rates: burden on capital intensity and profitability
- Imminent base rate rise in UK?

## Solvency II reviews

- UK
- Europe

## UK Mutual market:

- Diseconomies
- Need to merge / sell

# Transaction catalysts for buyers: UK / Europe

## Low interest rates

- Life insurance continues to be capital intensive
- Money continues to be cheap to source

## Bank of England base rate

- Imminent rise in UK?

## Solvency II reviews

- UK
- Europe

## Scale / size

- Desire to increase operations

## Private equity and specialist

- Increasing demand

Key transaction  
catalysts for  
buyers

# Key Additional drivers for US/Asia

## China

Early stages of low interest environment

## Hong Kong

New risk based capital (RBC) regime due to be implemented by 1 January 2024

## Singapore

RBC2 implementation  
(effective 31 March 2020)

## Taiwan

Negative spreads market

## US

US GAAP LDTI

# Key drivers: Private Equity

- Significant Private Equity appetite for life insurance
- Several existing Private Equity firms with exposure to life insurance
- Appetite for closed legacy books and whole life insurance companies open to new business
- Several other Private Equity firms looking to invest
- Low interest environment increases demand to invest in higher yielding assets such as life insurers
- Significant capital raises
- Developing transaction models:
  - Introduction of lower yielding, longer terms funds
  - Increasingly complex and sophisticated transactions being seen in the insurance markets
  - Asset management services
- Several private equity firms are USD denominated: Relative strength of dollar has made acquisitions attractive



# Key drivers: Private Equity continued

- Regulatory acceptance of Private Equity firms
- EIOPA Supervisory Statement: (BoS-21/318): Supervision of run-off undertakings
  - Recognises increased involvement of Private Equity in acquisition of run-off undertakings
  - Notes that supervisory authorities should consider track record of Private Equity firm
  - Asks supervisory authorities to assess a number of areas





# Thank you

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