

# Portfolio management – Run-off of a French Mutual’s International assumed reinsurance portfolio

## Client description

French Mutual had written an International Assumed Reinsurance book of business from the early 1970s to the late 1980s.

## The Client’s requirements

- Client had unsuccessfully attempted to commute its liabilities with its international cedants either through its own efforts or via a UK based service provider. Client wanted to achieve the following goals:
- Bring closure to an administratively costly run off
- Reach fair and equitable commutations and achieve reasonable savings on its balance sheet
- Concentrate on its core French domestic activities without being encumbered by its legacy assumed underwriting
- Due to a lack of linguistically skilled personnel and adequate resources, Client had failed to get the attention of its International Cedants and was getting increasingly frustrated with its burdensome legacy. The reduction of the number of LOCs in place was one of Client’s many concerns

## Our solution

- In 2005, Pro’s immediate tasks were to analyse the nature of the portfolio and simultaneously migrate Client’s considerable database in order to take over the entire management of the assumed reinsurance portfolio
- Pro converted 123,000 entries out of which 13,000 either had not been settled or cash had not been allocated
- Pro assumed all the technical and accounting duties inherent to a portfolio management via its in-house IT system.
- Pro developed and applied a strategy aimed at promoting Client’s cause and obtain permanent closure via commutations.
- Pro succeeded in establishing contact with the large majority of the US cedants and engage dialogues that lead to commutations.
- Pro’s team leveraged on its knowledge of the US market and its ability to conduct negotiations using existing relationships and creating new ones.
- Pro’s team was able to considerably reduce the number of LOCs by including them systematically in commutation Settlements

## Services/Value delivered

- Made full use of excellent relationships with US Cedants using in-house knowledge and professional skills
- Reduction of outstanding losses from USD 5.8M to USD 861K
- Pro has realized a 20% saving on the offers put forward by the cedants and the commutations achieved.
- As a result of Pro’s efforts, the initial number of 125 LOCs is currently below 30. Out of the 30 remaining LOCs, a third involves one single cedant with which commutation negotiations are ongoing.
- Cleansed legacy accounting database by integrating it in the commutation settlements