

Exit strategies for captive owners

Captive insurers are used throughout the corporate landscape; however, the captive may no longer deliver the original intended benefits, negatively impacting its owners' financial resources. The options available to resolve this issue had been limited, but new solutions are gaining popularity, including [captive purchase](#) and [whole or partial liability transfers](#) to a third-party specialist. This [eliminates future expenditures](#) and [frees-up working capital](#) and/or collateral for more productive uses.

REASONS TO EXIT

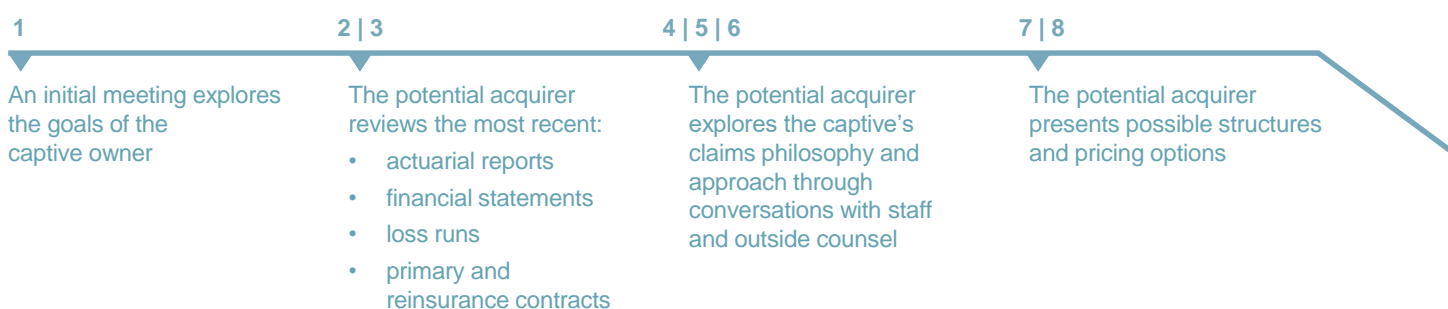
A captive owner may wish to exit for many reasons:

- [Duplication of captive services](#) following M&A activity
- [Geographical or line-of-business changes](#) following corporate restructuring
- Long-term changes in [group captive participants](#)
- Return to the [commercial insurance market](#)
- [Reduced benefits of captive ownership](#) due to regulatory change

Maintaining an unwanted captive is a common but costly approach. The exit alternative enables specific liability portfolios or entire captives to be divested, providing finality to their former owners. Such transfers reduce operational expenses and may release capital lodged to support non-core, discontinued liabilities or collateral deposited with fronting companies.

Several specialized companies, including RiverStone, are willing and eager to buy captives, or to reinsure selected liabilities held by an active captive.

HOW THE PROCESS WORKS – WEEK BY WEEK



This initial process typically takes six to eight weeks. If the solution is acceptable, legal documents are negotiated and agreed, and regulatory approval is sought. Once this is achieved, the transaction closes and capital/collateral is released to the captive owner and ongoing expenses are eliminated.

WHO IS RIVERSTONE?

RiverStone is a group of insurance, reinsurance, and service companies specialized for over 20 years in the acquisition and management of non-core commercial and captive insurance liabilities. Run-off transactions are becoming well-known in the captive industry as business needs and markets change. RiverStone offers the expertise and proven strategy to provide sustainable exit solutions captive owners can count on.

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RiverStone has a proven track record of working with regulators, and a culture of compliance that rejects regulatory compromise.

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professionals

with a deep knowledge of claim and litigation management, reinsurance, actuarial and finance skills.

\$6.4 BILLION

of assets*

\$2.0 billion in liabilities.
\$0.5 billion of shareholders' equity.

OWNERSHIP

by Fairfax Financial Holdings Limited

allows RiverStone to offer varied deal structures tailored for each transaction.

RiverStone has a proven track record of working with regulators, and a culture of compliance that rejects regulatory compromise. That makes RiverStone a safe pair of hands for captive owners, policyholders, and regulators.

RIVERSTONE'S EXPERTISE

- Over 20 years of run-off and claims management
- Multiple captive owner
- Successful evolution from the manager of Fairfax legacy business into a full service run-off provider
- Industry leader in claims resolution, reinsurance recovery, and dispute resolution
- Over 350 dedicated professionals who form a continuously improving run-off team
- Forward-leaning problem solvers who treat clients' books of business with the highest levels of professionalism, integrity, and accountability
- Track-record of influencing case law and industry standards in multiple jurisdictions

BENEFITS OF PARTNERING WITH RIVERSTONE

- Highly specialized knowledge
- An established market player with a proven record of delivering effective exits
- Creative solutions in collaboration with our clients
- Expertise in claims administration to remove a burden from captives
- Regulated entities to assume risk while maintaining the reputation of captives and their insureds
- Legal and/or financial finality
- Liabilities assumed either partially or completely, based on clients' needs
- Legacy liabilities removed, leaving captives with the ability to continue underwriting, if desired

Contact Us: www.trg.com | 

Matt Kunish

Chief Business Development Officer
matt_kunish@trg.com

Marcy Van Stee

Business Development Manager
marcy_van_stee@trg.com

*as of December 2020

WWW.TRG.COM