

American Conference Institute's 8<sup>th</sup> International Advanced Forum on

# RUN-OFF AND COMMUTATIONS

Expert Strategies and Key Insights for Achieving Finality and Profitability in the Run-Off Market

APRIL 29-30, 2010 › THE CARLTON ON MADISON AVENUE › NEW YORK, NY

Featuring a panel of high-level insurance regulators:



**Dennis J. Hayes**  
Special Deputy Superintendent  
New York Liquidation Bureau



**Sandy Praeger**  
Commissioner  
Kansas Insurance Department



**Thomas R. Sullivan**  
Commissioner  
Connecticut Insurance Department



**Joseph Torti, III**  
Superintendent of Insurance  
Rhode Island Insurance Division  
Department of Business Regulation



**Susan E. Voss**  
Commissioner  
Iowa Insurance Division

As well as industry leaders from:

AIG  
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Audley Gilroy Insurance Capital  
AXA Liabilities Managers  
Cavell America  
Finance & Risk Services  
Hannover Re  
The Hartford  
The Home Insurance Co. in Liquidation  
Integrity Insurance Co. in Liquidation  
Minster Insurance Company  
Munich Reinsurance America  
PRO IS, Inc.  
Providence Washington Insurance Solutions  
Reliance Insurance Co. (In Liquidation)  
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Trenwick

Our distinguished faculty will provide you with strategic advice and key insights for:

- Evaluating **asset quality** in the wake of the economic downturn
- Assessing the **state of the run-off market** and identifying potential opportunities
- Maximizing cash flow efficiencies through the strategic use of **set-off**
- Developing and maintaining a **motivated and skilled staff** of run-off specialists
- Overcoming common delays in the **arbitration** process and obtaining a satisfactory outcome
- **Emerging regulations** and how they are impacting insurance insolvencies and the run-off market
- Best practices for engaging in successful **commutations** with cedents, reinsurers, and retrocessionaires
- Determining the effects of **schemes of arrangement and Part VII transfers** on the U.S market
- Preserving liquidity and **obtaining capital** in a difficult economic climate

Conference Co-Chairs:



**Russell Bogin**  
The Home Insurance Company  
in Liquidation



**Jonathan F. Bank**  
Locke Lord Bissell & Liddell LLP

Plus, don't miss the Post-Conference Master Class:

**Negotiating and Drafting Secure and Comprehensive  
Commutation Agreements** – April 30, 2010 • 2:00 p.m.- 5:00 p.m.

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Be a part of the nation's premier run-off and commutations forum and ensure that you are well-positioned to maximize the efficiency and minimize the costs of your run-off operations, develop and maintain a core team of run-off specialists, resolve disputes in a cost-effective manner, and engage in successful commutations.

As insurance and reinsurance companies continue to look for ways to free up capital, reduce exposure to risk, and avoid insolvency, run-off and commutations will play a larger role in the industry. It is more important than ever to ensure that you have the skill set and knowledge base necessary to manage an efficient run-off operation. Attaining finality, negotiating effective commutations, maximizing investment income, minimizing costs, resolving disputes – each of these factors plays a critical role in the successful run-off. Now is the time to make sure that your team is prepared to handle these challenges.

American Conference Institute's 8<sup>th</sup> International Advanced Forum on Run-Off and Commutations will bring together an outstanding global speaker faculty of senior run-off and reinsurance executives, state regulators, and expert outside counsel who will give you the targeted guidance and strategies that you need to:

- Create value through the efficient management of a run-off
- Properly account for IBNR claims in a commutation
- Obtain a satisfactory price for a run-off portfolio in the wake of the credit crunch
- Maximize the benefit of set-off provisions
- Work effectively with both solvent and insolvent counterparties

PLUS, add value to your attendance by also registering for the Post-Conference Master Class:

### Negotiating and Drafting Secure and Comprehensive Commutation Agreements

April 30, 2010 – 2:00 p.m.-5:00 p.m.

Don't miss this opportunity to find out how others are approaching the challenges of run-off and commutations while networking with industry leaders. Register now by calling 1-888-224-2480 or by faxing your registration form to 1-877-927-1563. You can also register online at [www.AmericanConference.com/runoff](http://www.AmericanConference.com/runoff)



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Head of Sales

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ACI certifies that this activity has been approved for CLE credit by the State Bar of California in the amount of 10.0 hours. An additional 3.0 credit hours will apply to Master Class participation.

ACI has a dedicated team which processes requests for state approval. Please note that event accreditation varies by state and ACI will make every effort to process your request.



American Conference Institute(ACI) will apply for Continuing Professional Education credits for all conference attendees who request credit. There are no pre-requisites and advance preparation is not required to attend this conference.

Course objective: Analyze opportunities in the run-off market to increase profitability and to promote efficient operations. Recommended CPE Credit: 12.0 hours, with an additional 3.5 hours for Master Class participation.

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## DAY ONE: THURSDAY, APRIL 29, 2010

8:00 Registration and Continental Breakfast

9:00 **Co-Chairs' Opening Remarks**



**Russell Bogin**

Vice President & Reinsurance Counsel  
The Home Insurance Company in Liquidation  
(New York, NY)



**Jonathan F. Bank**

Of Counsel  
Locke Lord Bissell & Liddell LLP (Los Angeles, CA)

9:15 **The Run-Off Market in 2010 and Beyond:  
Considerations for Buyers and Sellers**

**Karen Boisvert, CPCU, FLMI**

Senior Vice President  
Claims & Liabilities  
Swiss Re Life & Health America Inc. (Armonk, NY)

**Andrew Maneval**

President  
Chesham Consulting, LLC (Harrisville, NH)



**Dr. Klaus Endres**

EVP, Head of Business Development and Acquisitions  
AXA Liabilities Managers (Paris, France)



**David Alberts**

Partner  
Lovells LLP (New York, NY)

**Moderator:**



**Jonathan F. Bank**

Of Counsel  
Locke Lord Bissell & Liddell LLP (Los Angeles, CA)

- Assessing the impact of the economic downturn on the market for run-off books of business, both domestically and internationally
- Emerging run-off opportunities and insolvencies in the global market
- Evaluating the effect that Solvency II will have on insurance insolvencies
- Examining the potential for increased insurance and reinsurance insolvencies and how this will affect the run-off market
- Comparison of insolvencies due to reduced asset values with those due to increased liabilities
- Preserving liquidity and obtaining capital in a difficult economic climate
  - Using run-off of individual portfolios and unprofitable lines to free up additional capital
  - Determining which portfolios to run-off
- Identifying potential buyers and sellers and obtaining a satisfactory price for run-off portfolios

10:30 Morning Coffee Break

10:45 **Managing a Run-Off: Developing a Core Team of Run-Off Specialists, Attaining Finality, and Minimizing Costs**



**David Vaughan**

COO & Director  
Tawa plc (London, United Kingdom)

**John M. Parker**

Senior Vice President – Reinsurance  
Reinsurance Counsel  
TIG Insurance Company (Manchester, NH)

**John C. McKenna**

Director  
Finance & Risk Services Ltd. (Hamilton, Bermuda)



**Frank N. Ray**

Managing Partner & General Counsel  
Providence Washington Insurance Solutions (Providence, RI)

- Insolvent run-offs vs. solvent run-offs
  - Key similarities and differences between the two
  - Best practices for managing the solvent run-off and attaining finality
- Managing claims volatility
- Impact of outsourcing on run-off operating costs
- Maximizing the value obtained from outsourcing while minimizing the risks
- Developing and maintaining a motivated, competent team of run-off specialists
  - Providing both monetary and non-monetary incentives
  - Ensuring that employees have the proper experience and expertise
- Choosing the run-off solution best suited to your needs
- Overcoming technological hurdles and improving your data handling processes
- Maximizing the efficient application of your economic and human resources
- Minimizing costs through efficient and timely claims handling
- Best practices for obtaining reinsurance receivables
- Monitoring the progress of your run-off

12:15 Networking Luncheon for Speakers and Delegates

1:30 **Benefiting from Set-Off Considerations During Run-Off and Commutations**



**Russell Bogin**

Vice President & Reinsurance Counsel  
The Home Insurance Company in Liquidation  
(New York, NY)



**Donald J. Mros**

Counsel  
Chadbourne & Parke LLP (Washington, DC)



**Clifford H. Schoenberg**

Partner  
Mayer Brown LLP (New York, NY)

- Implementing an appropriate approach to set-off
- Maximizing cash flow efficiencies through the strategic use of set-off
- Determining when set-off is allowed
- Identifying and pursuing set-off opportunities
- Set-off of pre-insolvency debts as compared with debts obtained while insolvent
- Accounting for set-off during the commutation process

2:30 **Extracting Maximum Value From a Run-Off Portfolio in the Wake of the Economic Downturn**

**Susan E. Grondine (Invited)**

General Counsel  
Cavell America (Cambridge, MA)



**DAY TWO: FRIDAY, APRIL 30, 2010**

**Jamie Saitch**

CEO  
Minster Insurance Company Limited  
(London, United Kingdom)

**Anna Petropoulos**

CEO  
Apetrop Ltd. (London, United Kingdom)

**Stephen Bailey**

Senior Manager  
Audley Gilroy Insurance Capital (London, United Kingdom)

- Best practices for identifying, evaluating, and purchasing profitable run-off portfolios
- Assessing asset quality in the wake of the economic downturn
- Managing the imbedded volatility arising from assets
- Extracting maximum value from your run-off portfolio
- How obtaining profit from run-off has changed since the credit crunch
- The importance of timing to value generation
- Implementing investment management strategies that will maximize profits
- Importance of capital modeling to run-off profitability
- Improving the accuracy of capital models
- Developing solutions for imperfect portfolios of business
  - Investigation and pricing considerations

3:45 **Afternoon Refreshment Break**

4:00 **Achieving Effective Commutations: Finding the Common Ground Between Cedents, Reinsurers, and Retrocessionaires**

**Katherine Barker**

President  
PRO IS, Inc. (Boston, MA)

**Diane Myers**

Vice President/Chief Commutations Officer  
Reliance Insurance Company (In Liquidation)  
(Philadelphia, PA)



**Peter J. Doyle**

Senior Vice President, Business Run-Off Operations  
Munich Reinsurance America, Inc. (Princeton, NJ)



**William M. Popalisky**

Of Counsel  
DLA Piper (New York, NY)

- Performing a cost-benefit analysis of a commutation as compared to other recovery methods
- Determining where the middle ground lies for cedents, reinsurers, and retrocessionaires
- Best practices for pricing a commutation
- Getting “buy-in” from your counterparty
- Obtaining accurate claims valuations and assessments of exposures and communicating them to counterparties
- Implementing a well-defined commutation strategy and procedure that is supported by the company
- Treatment of IBNR in commutations
- Handling commutation complexities relating to retrocessionaires
- Special considerations when one or both parties are insolvent
- Addressing the possibility of a commutation payment subsequently being recovered by reinsurers/retrocessionaires

5:15 **Conference Adjourns**

8:00 **Continental Breakfast**

8:30 **Co-Chairs’ Remarks**

8:45 **Regulatory Roundtable: Emerging Regulations and Their Impact on Insurance Insolvencies and the Run-Off Market**



**Dennis J. Hayes**

Special Deputy Superintendent  
New York Liquidation Bureau (New York, NY)



**Sandy Praeger**

Commissioner  
Kansas Insurance Department (Topeka, KS)



**Thomas R. Sullivan (Invited)**

Commissioner  
Connecticut Insurance Department (Hartford, CT)



**Joseph Torti, III**

Associate Director and Superintendent of Insurance  
Rhode Island Insurance Division  
Department of Business Regulation (Cranston, RI)



**Susan E. Voss**

Commissioner  
Iowa Insurance Division (Des Moines, IA)



**Norris W. Clark**

Financial & Regulatory Specialist  
Former Deputy Commissioner, CA Dept. of Ins.  
Locke Lord Bissell & Liddell LLP (Los Angeles, CA)

**Moderator:**



**Francine L. Semaya**

Partner, Chair of the Insurance Regulatory and Transactional Practice Group  
Nelson Levine de Luca & Horst (New York, NY)

Recent events in the financial markets have refocused regulatory attention on the insurance industry. Of particular note are questions regarding the possibility of a federal insurance regulatory regime, especially with respect to the issue of insurance insolvencies, and the potential impact this would have on the run-off market. Also of interest are state-based regulations, such as New York’s Regulation 141. This panel of regulatory experts will discuss these topics and more as well as address the questions and concerns of audience members.

10:15 **Morning Coffee Break**

10:30 **Conflict Resolution: Strategies for Resolving Disputes Quickly and Cost-Effectively**

**Paul Aiudi**

Assistant General Counsel  
American International Group, Inc. (New York, NY)

**Richard White**

Deputy Liquidator  
Integrity Insurance Company in Liquidation  
(Paramus, NJ)



**Larry P. Schiffer**

Partner  
Dewey & LeBoeuf LLP (New York, NY)



**James A. Shanman**

Partner  
Edwards Angell Palmer & Dodge LLP (Stamford, CT)



**Robert W. Tomilson**

Senior Counsel  
Thorp Reed & Armstrong, LLP (Philadelphia, PA)

**Arbitration**

- Determining when to pursue arbitration
- Avoiding unnecessary expenses during the arbitration process
- Working with companies in run-off to achieve timely results
- Overcoming common delays in the arbitration process
- Consolidating multiple claims or issues into one arbitration proceeding
- Is going to court a viable alternative?
- What are the options for an expedited arbitration?

**Mediation**

- Determining whether mediation is a viable alternative or supplement to arbitration
- Deciding when during the process mediation makes sense
- Finding the common ground between counterparties
- Anticipating and managing expectations
- Is there value to be gained from mediation even if you don't settle?

**12:00 Schemes of Arrangement, Part VII Transfers, and Their Impact on the Run-Off Market**

**Klaus Kune**

Vice President – Claims Audits & Commutations  
Run Off Solutions  
Hannover Re (Hannover, Germany)



**Anthony Vidovich**

Assistant Vice President & Assistant General Counsel  
The Hartford Financial Services Group, Inc. (Hartford, CT)



**Teresa Snider**

Partner  
Butler Ruben Saltarelli & Boyd LLP (Chicago, IL)



**Neil Golding**

Partner  
Freshfields Bruckhaus Deringer LLP  
(London, United Kingdom)

- Assessing the impact of *Scottish Lion* on schemes going forward
- Pursuing claims successfully under a solvent scheme
- Solvent schemes and IBNR
- Impact of Part VII transfers on run-off
- Legal options for U.S. companies
- Evolving equivalents under U.S. law
- Are solvent schemes of arrangement an option for U.S. run-off?
- Rhode Island's approach as a precedent for accelerated run-off

**1:00 Conference Ends**

**POST-CONFERENCE MASTER CLASS**  
**FRIDAY, APRIL 30, 2010 • 2:00 p.m.-5:00 p.m.**

**Negotiating and Drafting Secure and Comprehensive Commutation Agreements**

**Bruce C. Shulan**

Managing Partner, The Princeton Partnership, LLC  
President & CEO, Trenwick America Reinsurance Corporation (Fairfield, CT)

Engaging in a commutation can be a profitable venture. However, commutations are not without risks and they should be entered into with caution. This Master Class will provide participants with high-level strategies and expert insights for negotiating and drafting a commutation agreement. Participants will come away with best practices and advanced negotiating and drafting techniques and they will also have the opportunity to benchmark their agreements with those of their colleagues. Topics to be addressed include:

- Common mistakes – how to avoid them and what can be learned from them
- Impact of the solvency status of the counterparty
- Ensuring that your commutation agreements actually achieve finality
  - Reducing the risk of having a commutation voided in a subsequent liquidation of the counterparty
- Obtaining consensus on IBNR estimations
- Strategies for handling contentious claims
- Achieving specificity and clarity in the agreement
- Making the decision to walk away from a potential commutation

**WHO YOU WILL MEET**

**Insurance, Reinsurance, and Run-Off professionals including:**

- CEOs, COOs, and CFOs
- Corporate Counsel
- Directors
- Presidents and Vice Presidents
- Managers
- Commutations Executives
- Risk Executives
- Claims Executives
- Actuaries

**Attorneys practicing in:**

- Insurance
- Reinsurance
- Insolvency

**Brokers**

**Insurance Regulators**

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