

## Debt purchase scenarios

### Insolvency administrator – residual debt

- Bar date published for all creditors of UK insolvent estate
- 150 reinsurers with combined incurred book value of \$20m remaining despite successful commutation strategy for reinsurance debt
- Following conclusion of scheme of arrangement the insolvent estate would remain open to deal with this Residual debt
- Pro purchased residual reinsurance book in it's entirety
- Benefit to the client: Enabled the scheme administrator to close the estate

### Creditor of an insolvent estate

- Debts owed by insolvent estate (Liquidation, Rehabilitation or Scheme of Arrangement)
- Expectation of partial dividends to be paid against agreed claims but not expected to payout for several years or in instalments
- Pro purchased the future dividend stream
- Benefit to the client: Accelerated cashflow and certainty of outcome from an insolvent estate along with the release of bad debt provision

### Low value / low priority debt portfolio

- Quota share contract with 20 reinsurers and book value around \$2m
- Large multi line insured with limited resource allocated toward collection of debt
- Growing aged debt problem, potential technical queries and problematic reinsurers to collect from
- Pro purchase the debt relating to the contract for a fixed fee plus profit share arrangement
- Benefit to the client: Elimination of reinsurer credit risk from aged debts, accelerated cashflow and possible upside from Pro collection success