

## Pandemic fails to derail boutique liability management launch

17-09-2020



Arndt Gossmann, Gossmann & Cie

**Launching a business just as the world is hit by a pandemic is not a situation anyone would choose, but Arndt Gossmann, founder of Gossmann & Cie told Intelligent Insurer that so far the impact of COVID-19 on his business has been relatively limited.**

“Despite the circumstances, our liability management company has been able to build a very appealing pipeline in the first half of 2020.

“We obtained our PCC licence in time and we completed the acquisition of German-based

insurance carrier SOVAG at the beginning of 2020.

“This goes to show the tremendous potential the legacy space offers and the need for novel, sophisticated solutions that go beyond the ‘plain vanilla’ traditional run-off,” Gossmann said.

He argued that this is where the company’s product ExPRO expiring policy rollover developed in partnership with Munich Re, comes into play. ExPRO offers ongoing portfolio optimisation and capital relief versus the one-off effect of traditional run-off.

“This complementary ‘present to future’ dimension of ExPRO is very appealing to clients,” Gossmann explained.

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“The mechanism of portfolio transfers is familiar, while the impact and the regulatory capital relief are ongoing. The business is going much better than I would have expected given there’s a pandemic.”

Gossmann said the company is going beyond vanilla legacy solutions and as part of that he’s noticed a shift in attitudes towards decision-making.

“I’ve observed that things take longer, but the need is addressed in a more decisive way. Traditionally, there’s hesitation once a decision has been taken to address certain things. But in a pandemic situation you realise that you want to do it,” he said.

“If it’s right then do it, and don’t think about it again. Time matters: that’s going to be a defining, broad lesson of the pandemic for all of us.

“Despite COVID-19 we are involved in a couple of situations right now that are highly complex transactional situations.

“We’ll have to see how much we can contribute as a specialty carrier, but it’s about finding the right structure and solution to be part of a complex liability situation,” he added.

Gossmann and Cie has seen a sharp rise in demand for another product offering: CellPRO.

“Off the back of our protected cell company came the possibility to offer cell-based, segregated, managed entities to structure and consolidate risks for fronting, run-off, the engineering of capital, or for active business,” Gossmann said.

“We see many cases where insurers want to carve out and deconsolidate some business from their main balance sheet, mostly for strategic purposes or because of high capital consumption.

“We also see managing general agents and intermediaries wanting to scale their business and have an ‘own insurance’ entity.

“In both cases we can support by providing segregated balance sheet capacity, operational

efficiency via managed services and deconsolidation benefits,” he explained.

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