

W E L T H E
C O M E L I A B I L I T Y
T O M A N A G E M E N T
 C O M P A N Y

GOSSMANN & CIE.
THE LIABILITY MANAGEMENT COMPANY

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THE LIABILITY MANAGEMENT COMPANY

Dear clients, dear partners, dear friends,

In recent months, COVID-19 has reminded us of the unpredictability of events in an increasingly interconnected world. The health and safety of our people, our clients and our partners merit our utmost attention. An organisation's greatest quality is agility: the capacity to adapt quickly and efficiently in such unpredictable and disruptive circumstances and even more so to see and exploit the opportunities left behind. This would be the mantra of any future organisation, together with redefining and maximising care and proximity: for its people, clients, partners and shareholders.

For the insurance industry COVID-19 will become an accelerator of the ongoing transformation, which is nothing less than a paradigm shift. To address the implications, and at the same time to prepare for the changes in the industry, a strengthening of capital wherever possible is the order of the years to come. Not only once, but recurrently.

The plain vanilla 'traditional run-off' transaction will not be enough anymore. What was run-off as a concept when I introduced it in Europe ten years ago will now be a broader liability management exercise and a continuous portfolio refinement. The fundamentals have not changed. Rather, they have evolved, enabled by the data analytics revolution and by the increasing sophistication of clients who seek and demand legacy 2.0.

Responding to those fast-developing needs and trends, we created and launched ExPRO (Expiring Policy Roll-Over) together with our strategic reinsurance partner, Munich Re. It takes legacy transactions to the next level: recurrent capital relief by means of forward pricing and data analytics. Traditional Insurance Run-off (TraRO) and the acquisition of non-strategic insurance carriers, such as SOVAG, enhance our portfolio refinement spectrum.

We don't stop here. The EU-wide licensing of Gossmann & Cie.'s protected cell insurance allows us to offer cell-based, segregated, managed entities (CellPRO) to structure and consolidate risks as a fiduciary, i.e. for fronting, run-off, the engineering of capital, or for active business. CellPRO is a very relevant and cost-efficient solution for MGAs, intermediaries and insurance companies that wish to create and support their customised business cases and/or take advantage of the insurance ecosystem.

We are living in exciting times which demand a much more holistic, recurrent, client and digitally driven approach. That is true for all of us. At Gossmann & Cie. we are focused on liability management, aiming to become the preferred stewards of the liabilities entrusted to us.



Arndt Gossmann
Chief Executive Officer

EXPIRING POLICY ROLL OVER

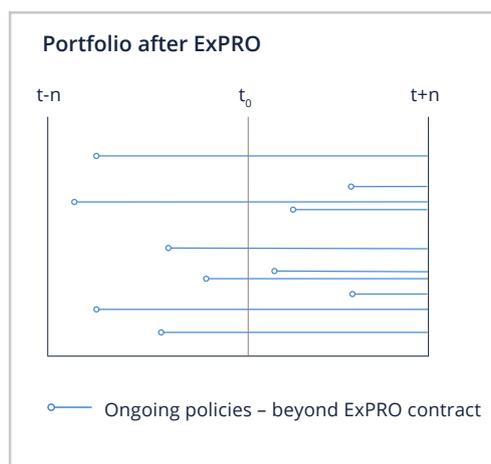
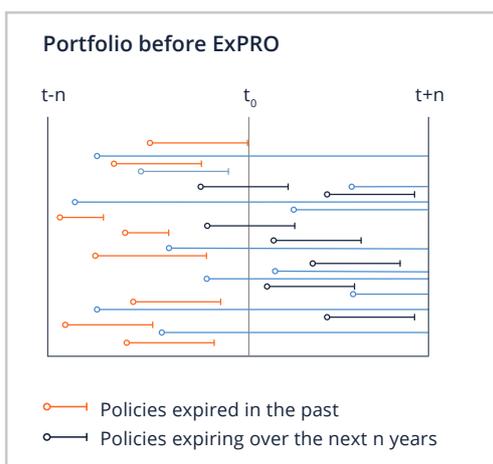
Gossmann & Cie. has developed an entirely new product to improve non-life portfolios for European insurers: ExPRO, which stands for Expiring Policy Roll-Over. It eliminates all expired policies within active underwriting portfolios. ExPRO is a powerful instrument for capital release on an ongoing basis for active business, as it facilitates the release of capital and operational resources almost immediately, as soon as a policy expires. This way, the insurance company can focus on active client relationships and future growth.

ExPRO ensures that the insurer's active underwriting portfolio becomes, and remains, free of expired policies. It facilitates operational leverage and full capital release from all known and unknown claims related to such policies.

ExPRO operates as a straightforward portfolio transfer, with the difference that the transfer doesn't happen in one go but in several steps. By means of an initial portfolio transfer, only those policies that have expired in the past will be transferred. Revolving portfolio transfers ensure that policies expiring within the next two years from the date of the initial transaction will be transferred, as soon as they are terminated.

ExPRO is a highly relevant tool for non-life insurance companies to apply to own books and/or to books of recently acquired insurance entities.

Further, ExPRO is a very powerful instrument for investors acquiring or holding insurance companies as it allows freeing up capital which is tied without having a strategic benefit.



EX
PRO

TRADITIONAL INSURANCE RUN OFF

The amount of capital employed in discontinued insurance portfolios remains high across Europe. In 2019, PwC has estimated a total volume of USD 292 billion across Europe.

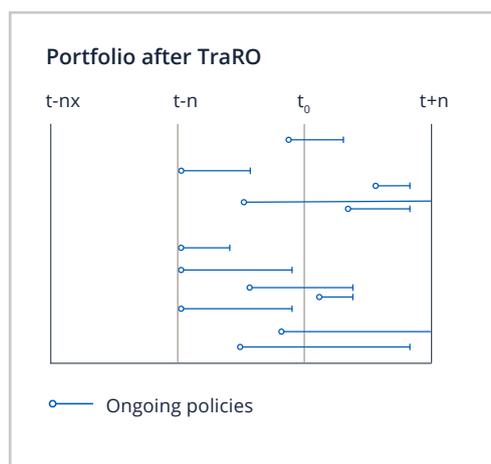
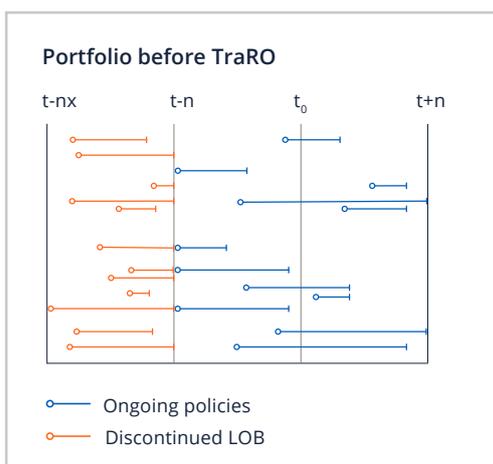
TraRO (Traditional Insurance Run-Off transfer) is an established instrument for insurers to externalise closed books of business to release tied capital. Arndt Gossmann and members of Gossmann & Cie.'s management team successfully introduced run-off in Continental Europe ten years ago. Today it is an established instrument to release capital that no longer supports active business.

Gossmann & Cie. assumes legacy risks of insurance companies, so as to enable finality and create leeway on the balance sheets of our clients.

TraRO facilitates liberating capital that is tied by business which has been discontinued in the past and which is no longer strategically relevant.

TraRO transactions aim to neutralise portfolios discontinued in the past. Such transactions refer typically to all expired policies of a line of business in a geographic region. The transfer includes all policies which are migrated and managed by Gossmann & Cie. An experienced in-house claims team, full digitalisation of the policies, and the commitment to high standards in claims handling safeguard any reputational aspects.

TraRO is an evident instrument to be applied to all discontinued insurance portfolios. Keeping such portfolio and binding equity is not useful in any event and is independent from the stakeholder perspective, as insurer or as an investor in insurance.



TRA
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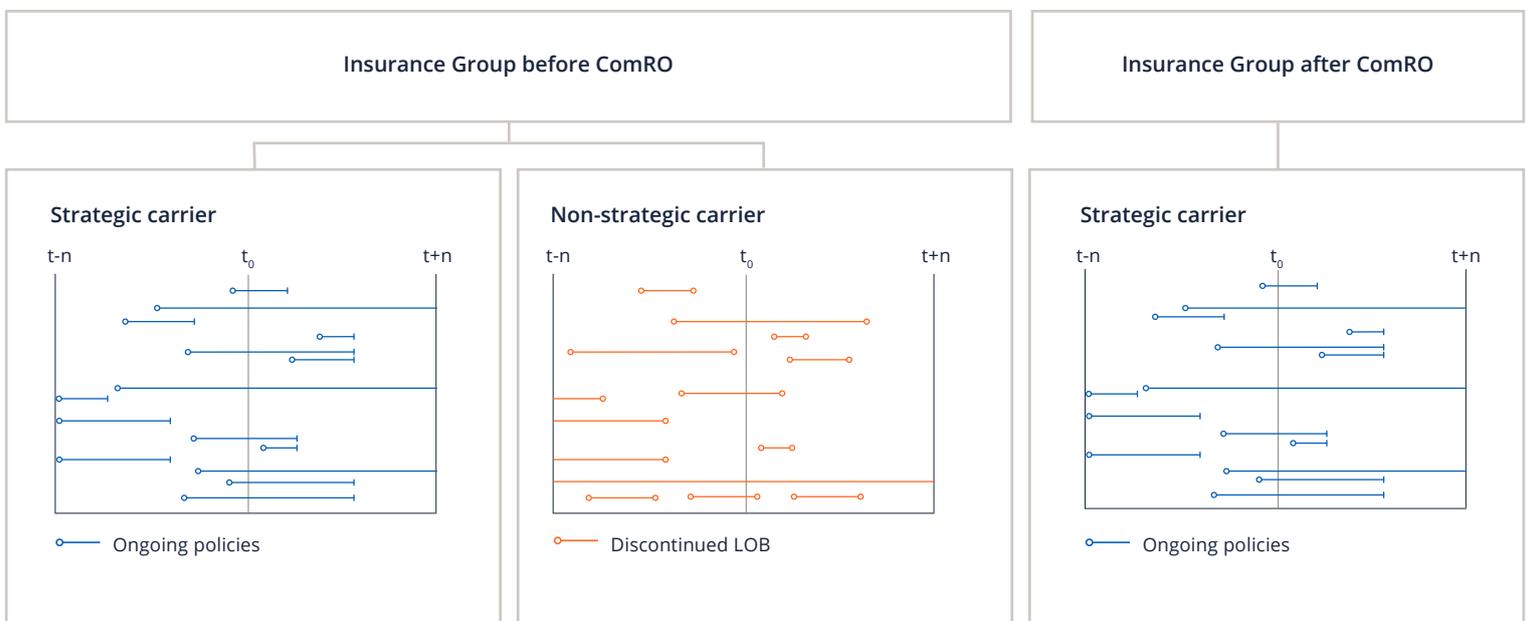
COM | P A N Y R | O L L O | V E R

Across Europe there are more than 2,500 regulated insurance entities. On average this corresponds to an annual premium per entity of EUR 20 million. Regulated under the regime of Solvency II, which honours diversification and which imposes significant operational burdens to ensure the proper administration of each carrier, entities with subcritical mass are not appropriate anymore. Capital, operational resources and management attention are bound at a prohibitive level.

Very often smaller entities result from historic merger activities, and partly servicing less relevant geographic regions, subscale client segments or being almost in run-off entirely.

Gossmann & Cie. acquires such entities. The business may be (partly) transferred to the main balance sheet of the divesting insurance group. Non-strategic business will be discontinued and properly run-off by Gossmann & Cie. post acquisition, and will then wind down any of the operational infrastructure.

The seller benefits from immediate finality and from the release of the capital bound in the entity.



INSURANCE | CELLS

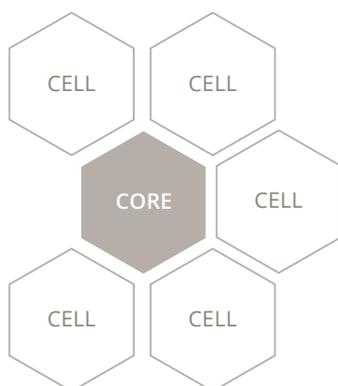
CellPRO is a very relevant and cost-efficient solution for MGAs, intermediaries and insurance companies that wish to create and support their customised business cases and/or take advantage of the insurance ecosystem.

CellPRO offers cell-based, segregated and managed insurance structures. Via our protected cell company and digital infrastructure, we enable third-party insurance companies, managers and intermediaries to create and support their customised business cases and/or take advantage of the insurance ecosystem. Our cell-based insurance structures facilitate the ring-fencing of risks, by managing them in segregated entities (cells) and enabling the sharing of economic interest. CellPRO can be used for both legacy and active portfolios, by means of fronting, incubating new risks, or acting as a captive solution.

The PCC structure

Our Insurance Protected Cell Company (PCC) is a fully licensed EU risk carrier which consists of a core that can establish a number of segregated cells. Cells are separately licensed by the local regulator, the Maltese Financial Services Authority (MFSA). Cell assets and liabilities are segregated from other assets and liabilities of other cells. All governance and regulatory responsibilities are maintained within the core.

Business, whether legacy or active, can be transferred to a cell and managed efficiently. Cells are owned via separate cell shares issued in the name of the cell owner which reflect ownership of the cell.



CELL
PRO

ABOUT | GOSSMANN & C I E.

The Liability Management Company

Gossmann & Cie. Group provides holistic and data-intuitive solutions for the management of insurance risk-related liabilities. We support financial institutions, insurers, intermediaries and institutional investors by structuring, managing and assuming risks and/or entities with the aim of refining their portfolios and to optimise their capital base. Our strong partnerships enable us to offer balance sheet resilience and execution on a highly flexible digital platform. Our foundation is a growing team of senior experts, deep combined (re)structuring and underwriting know-how, a wide network and strong performance discipline.

Gossmann & Cie. has its own EU risk carrier. Taking advantage of being licensed as a protected cell company (PCC), we can provide direct insurance and/or take on portfolios into segregated structures and insurance SPVs. We have extensive experience with setting up and managing such structures. In more than 40 successfully completed regulatory approval procedures, our team has built resilient working relationships with all major regulators across Europe.

Gossmann & Cie. acquired SOVAG Versicherungs- und Rückversicherungs AG in 2019. As of July 2020 all insurance operation of Gossmann & Cie. Group will be operated by Gossmann & Cie. Insurance PCC Ltd. All existing operational functions have been transferred from SOVAG AG to the new carrier. Gossmann & Cie. Insurance PCC Ltd. operates its own fully digital claims management system.

GOSSMANN & C I E.

THE LIABILITY MANAGEMENT COMPANY

SOVAG

AKTIENGESELLSCHAFT
A GOSSMANN & C I E. COMPANY

GOSSMANN & C I E.

INSURANCE PCC LTD.

WHY | US

We are a sophisticated, forward-looking liability management partner for innovative, complex and customised solutions. Our strength lies in developing and implementing innovative concepts, blending perspectives from three worlds: insurance, digital and capital markets. We aim for sophisticated and highly customised solutions to address today's rising needs to improve capital and portfolio efficiency.

We believe in focus.

Our clients are European financial institutions, insurers, intermediaries and banks. We support by evaluating portfolios and developing structures. We execute by taking over portfolios and managing such structures.

We believe in our team.

Our international team of experts with proven track records is the source to leverage experience and our engine to deliver and guarantee performance and professional commitment.

We believe in data.

All our solutions are enabled by, and grounded on, a new innovative digital platform while taking advantage of advanced data analytics.

We believe in our partners.

Teaming up with strong strategic partners enhances our contribution to successful long-term relationships with our clients. Our strategic reinsurance partner is the world's biggest reinsurance company, Munich Re, and our IT platform developer DEON Digital is one of the most innovative of its kind.

We believe in our network.

The track record of our team has led and connected us across boardrooms and regulators in almost all European countries. This ensures relevant discussions and secures solutions at the principal level. Transparency, confidence and trust are at the heart of whatever we do.

We believe in our independence.

Our firm is owned and controlled by its partners. We are free from any institutional influence.

EX T R A C K P E R I R E E N C E C O R D

GERLING GROUP

AG acted as executive advisor to the board for the disposal of Gerling Group to Talanx

EUR 1 billion +
2005 / KPMG

DEXIA GROUP

AG acted as interim CRO and administrator for the financial restructuring of the german businesses

2005-2007 / KPMG

AIG

AG acted as co-advisor for the restructuring and sale of European group assets

2008 / KPMG

MITSUIBUSSAN

AG acted as CEO of the lead investor in the acquisition of HVAG

2010 / DARAG

LUFTHANSA ALLIANZ GENERALI

PR acted as project leader for a de-risking (UK) solvent scheme of arrangement

USD 100 million
2011-2015 / Delvag

SOCIÉTÉ GÉNÉRALE

VG acted as advisor in the sale of Geniki Bank to Piraeus Bank

EUR 450 million
2012 / CIVITAS

QATAR INSURANCE EUROPE LTD.

JA acted as lead advisor for the licensing and management of the insurance company in Europe outside the Middle East

2012-2014 / AON

AIGAION

AG acted as CEO of the lead investor in the liability takeover of a Greek book

EUR 32 million
2014 / DARAG

CINVEN

AG acted as CEO of the back-to-back acquiror of ERGO Italia

2015 / DARAG

SOGAZ

PR acted as lead advisor and project leader in 32 reinsurance commutations

EUR 100 million
2019

SOVAG

Gossmann & Cie. acquired SOVAG Insurance and Reinsurance

2019 / Gossmann & Cie.

NATIONAL BANK OF GREECE

VG acts as lead advisor to the BoD on the group transformation

2020

OUR STRATEGIC PARTNERS

Munich Re is Gossmann & Cie's strategic reinsurance partner

Munich Re is one of the world's leading providers of reinsurance, primary insurance and insurance-related risk solutions. The group consists of the reinsurance and ERGO business segments as well as the capital investment company MEAG.

Munich Re is globally active and operates in all lines of the insurance business. Since it was founded in 1880, Munich Re has been known for its unrivalled risk-related expertise and its sound financial position. It offers customers financial protection when faced with exceptional levels of damage – from the 1906 San Francisco earthquake to the 2019 Pacific typhoon season.

Munich Re possesses outstanding innovative strength, which enables it to also provide coverage for extraordinary risks such as rocket launches, renewable energies, cyberattacks or pandemics. The company is playing a key role in driving forward the digital transformation of the insurance industry, and in doing so has further expanded its ability to assess risks and its range of services that it offers.

Its tailor-made solutions and close proximity to its customers make Munich Re one of the world's most sought-after risk partners for businesses, institutions and private individuals.

DEON Digital is Gossmann & Cie's strategic development partner

DEON DIGITAL is a high-tech software company who has invented the Contract Specification Language (CSL). It enables clients to build platforms to issue and life-cycle digital contracts to automate business processes between companies.

Leveraging on over ten years of academic research in the field of digital contracts and distributed ledger technology with more than 35 functional developers, software engineers and data scientists. Deon Digital is serving clients in the financial industry globally with offices in Zurich, Copenhagen, Hong Kong and Munich.

Together with Gossmann & Cie., both companies have developed a process- and data-driven, cloud native and scalable software platform that enables high-scale automation and streamlining of operations between insurers, MGAs and intermediaries.



TE | CON
AM | TACT

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Gossmann & Cie. Insurance PCC Ltd., registration C095732, is a Protected Cell Company authorised under the Insurance Business Act (Cap 403) and regulated by the Malta Financial Services Authority to carry on business of insurance. Gossmann & Cie. Insurance PCC Ltd., 5th floor, Dragonara Business Centre, Dragonara Road, St. Julian's STJ3141, Malta.

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