

Gossmann & Cie continues European buildout as eyes post-Covid opportunities

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Gossmann & Cie founder and CEO Arndt Gossmann caught up with *The ReInsurer* to discuss what implications Covid-19 is likely to have on the legacy market and the firm's growth ambitions in its European heartland.

Gossmann, the former CEO of both Darag and Sovag, has wasted no time since setting up his namesake firm, Gossmann & Cie, in 2018.



In January this year the Hamburg-headquartered liability management specialist acquired Sovag, allowing it to scale up its scope of legacy services as well as exploit the growing pipeline of opportunities for its flagship product ExPRO (Expiring Policy Rollover), in partnership with Munich Re. ExPRO offers ongoing portfolio optimization and capital relief versus the one-off effect of traditional run-off.

In June, Gossmann & Cie's Maltese PCC carrier was licensed, adding to its existing footprint in Europe, with offices in Germany and Greece.

Gossmann said Covid-19 hadn't impacted the firm's pipeline – especially in its most active region of continental Europe.

“My observation is that activities have not been reduced during Covid-19,” Gossmann said.

While he acknowledged that some projects have been delayed as a result of some of the operational challenges presented by the pandemic, Gossmann said the demand for run-off solutions from carriers has increased. “This is an exciting time for legacy,” he said.

“When I repositioned Darag as the first Continental European legacy player, more than 10 years ago, I was convinced this time would come. It did, and in this sense Covid-19 has been an accelerator. The same way today I am convinced that legacy has already evolved,” he continued.

“Our clients are already in need of the next, improved and expanded legacy toolbox.”

Indeed, Gossmann & Cie's team experience in Europe has passed 40 legacy transactions.

Gossmann said the firm's clients seek customization, while their needs are unique and most of the time quite complex. “The use of predictive analytics is a game changer because it allows for unbelievable efficiency and accuracy in modelling and pricing, almost in real time,” he said. “This is why we position ourselves as a liability management company. We offer a more holistic, recurrent, client and digital driven model based on our unparalleled team expertise and experience and giving great emphasis on transparency and reputation.”

Gossmann attributed the uptick in demand in 2020 as stemming from the need for (re)insurers to resolve legacy and facilitate capital management at a time when carriers have been exacerbated by the unprecedented market conditions – on both sides of the balance sheet.

“Everyone right now is reviewing their balance sheet, the portfolios and the capital structure very proactively,” Gossmann explained. “With the landscape so changed, which really affects everything – claims, capital, assets – nobody can afford to stay still.

“Inertia will be fatal. I believe that Covid-19 will be a P&L event for 2020 and a capital event for 2021. Those that mitigate this first, will reap the benefits.”

Central to this strategy, Gossmann said, is honing in on one region – Europe.

“For the type and nature of the solutions we offer, Europe cannot be seen as one entity anymore. Obviously Solvency II is a common driver but what we are seeing is that clients seek superior local insight, experience and local network. Take Covid-19 for example. It hits insurers differently in different markets. Thus the solutions entail a great understanding of the local factors and the client-market individualities.”

Gossmann said that as a company, his team was acutely aware that proximity, as well as trust and reputation were central to a strong relationship with a client. “Certain things may be done remotely, but the foundations are built face-to-face,” Gossmann said. “So we feel we’ve reached a good point as a company, even at this early stage. We have an efficient and agile model: being close to the client, digital, and we love complex things.”