

## Our Approach to Brokers – For Brokers

### HOW WE WORK WITH THESE CRITICAL INTERMEDIARIES

#### WHY WE VALUE BROKERS

Brokers play a key role in the run-off acquisition process, especially in the U.S. market where run-off is less mature than in other regions, such as the UK. In many cases, brokers can be vital intermediaries in helping to conduct our RiskSmart Run-Off® deals that not only close rapidly but that also endure, often for decades in the case of long-tail, legacy books.

As a result, brokers are essential in their role to:

- Bring parties together who are not already connected, since insurers and re-insurers do not typically actively advertise their intent to put a book into run-off.
- Help coordinate negotiations and provide guidance on the optimal deal structure. Thus, it is paramount for a broker to understand what the prospective run-off provider brings to the table.
- Assess and filter prospective buyers for a particular type of deal since not all buyers are the same.<sup>1</sup> Brokers can evaluate the financial, legal, and operational capabilities of a prospective buyer.
- Screen buyers and sellers for their reciprocal compatibility. Integrity, professionalism, flexibility, and transparency are all critical to the long-term success of any deal.

#### WHAT WE SEEK IN BROKERS

Several factors can distinguish how a broker brings the best value to a transaction. The right broker is not only flexible and responsive in addressing seller needs, but also helps to support a seller's long-term market reputation (e.g., proper discretion around the deal is a key part of this as well). The vital characteristics that help brokers to ensure successful deals are:

##### *Expertise*

A broker should have knowledge of claims and how they resolve, including expertise in the specific line(s) of business being offered for sale. It is also helpful

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<sup>1</sup> See our Point of View on [Best-in-Class Due Diligence](#) for our views on different types of run-off providers.

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*“RiverStone can offer ongoing operating companies with rated paper through our other companies owned by Fairfax, which puts us in a unique position in the marketplace. This allows us to be flexible and creative in how we put deals together. Many brokers don’t know that about us.”*

**JARRETT DUNCAN**  
Acquisitions Manager,  
RiverStone

for brokers to understand the various deal structures as all deals are different and one size does not fit all.

### **Transparency**

Prompt, frequent and open communication is key to ensuring deals get done. Brokers share necessary information between counter parties in a timely manner, diligently track inquiries, and follow up on outstanding data requests that are essential to evaluating and closing a deal.

### **Authority**

While brokers must earn the trust and confidence of their clients, sellers must also be earnest with brokers to consummate and close deals. Brokers should excel at managing expectations of all parties and anticipate both the seller’s and the buyer’s needs, while managing deal killers or accelerators.

## **WHAT WE OFFER BROKERS**

Brokers who partner with RiverStone® can expect a customer-centric experience. There will always be a single point of contact leading the deal; at the same time, each relevant department from RiverStone gets involved at the right time and place to ensure that deals develop efficiently and effectively. Brokers can expect the following from RiverStone:

**Step 1: Intake** — *In the U.S., inbound inquiries for run-off often come from a broker. RiverStone’s Acquisitions department is typically a broker’s first level of contact at which point both parties sign an NDA to move further along in the process.*

**Step 2: Initial Assessment** — *Next, we request an initial data sample from the seller for our actuarial review, and then we involve our Claims team for input on the liabilities. The goal is to examine the numbers and assess reserves to inform the broker and seller right away if the deal is viable.*

**Step 3: Non-Binding Quote** — *Subject to the broker/seller approval, we submit a non-binding quote to move forward with due diligence and provide a final price. Our non-binding quotes and final prices are typically closely aligned, if there are no material changes or new information.*

**Step 4: Due Diligence** — *Our due diligence involves a review by our team of professionals in claims, litigation and acquisitions. We make site visits for research and interviews to assess books, usually requiring about one week and resulting in a formal memo to the seller outlining a proposed deal.*

**Step 5: Final Price** — *Following the broker/seller’s review of the memo and RiverStone’s internal review with Fairfax, we will share our final price. Once chosen,*



*we execute the documents, terms and conditions, and outline a transition plan to address key issues, such as claims needs.*

**Step 6: Transition** — *RiverStone is careful and deliberate in our pre-deal processes, thereby allowing us to move very quickly to implement. When speed has been paramount, we have executed Steps 1 to 6 in as little as 90 days with a full transfer of assets and staff.*

## WHAT MATTERS FOR RIVERSTONE IN RISKS<sup>SMART</sup> RUN-OFF<sup>®</sup>

### *Relationships*

We have cultivated long-term relationships with brokers across the market. We want them to feel comfortable reaching out to anyone on our team, from our CEO down. We are not strictly transactional, and brokers even call us to sound out ideas, unrelated to any current deal we are working on with them.

### *Innovation*

At RiverStone, we are not tied to a single way of doing deals. We offer creative deal structures when traditional structures fall short. For example, we have lobbied for and successfully changed regulations that we believe adversely affected the ability of sellers and RiverStone to conduct transactions.

### *Doing Things the Right Way*

We believe in open and direct communication. If ever any member of our team sees an issue, our leaders connect with the broker to talk it through. We hear time and again not only from sellers, but also brokers that RiverStone's professionalism is what drives durable run-off deals.

## ABOUT RIVERSTONE

RiverStone is a group of insurance, reinsurance, and service companies specializing in the management of legacy and run-off insurance businesses and portfolios. With nearly 500 professionals with deep industry expertise in claims, customer service, litigation, and financial restructuring, we offer creative and varied deal structures to deliver sustainable outcomes you can count on. We lean forward to develop and deliver innovative exit solutions to help shore up capital and meet board-level mandates to help focus an insurer's business. We know that reliability, security, and finality all come from an ability to not only assess the risk up front but to execute the deal at the scale and speed required by the business.

Learn more [here](#) about our our views on due diligence and claims management or visit our website at [www.trg.com](http://www.trg.com) for more detail.

*“RiverStone is viewed as a class apart by the way they go about their execution model.”*

GLOBAL REINSURANCE  
BROKER<sup>2</sup>

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