

IRLA Talking Points

A conversation about run-off with Adam Horridge, IRLA YPG Chairman



The Young Professionals of IRLA staged a roundtable discussion at the annual Congress in Brighton in June, where they discussed various aspects of run-off and the current market. Below are the main talking points taken from the discussion.

Please note that all comments are personal to the participants and do not reflect their employer's views

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What is the value of the run-off market?

The value of the run-off sector can often be difficult to define, but the group's consensus included the following points:

- Acting as a service to live insurers by providing more efficient run-off solutions
- Relieve insurers of capital requirements to allow them to focus on future business, which they are more proficient in
- Feeding back information to pricing of new risks

The overall feeling was that the value proposition needs to be better clarified and marketed.

Is there a great awareness of run-off and IRLA?

IRLA have a great reputation within the run-off market, but not enough people outside of the scope of run-off are aware of it. Sam Tacey of Cooley (UK) LLP said that *"some people I have worked with in the live market don't know that it [run-off] exists....certainly the younger end of the market."* This is somewhat of a missed opportunity as run-off can and has played much bigger role within the live market, particularly in more recent years. There was a strong feeling that run-off needed to be better embedded in the wider insurance market as a natural next step of the insurance cycle.

What roles and careers are there within run-off?

Run-off offers exposure to a broad range of areas compared to the more defined route found within other areas of the Insurance market. Adam Horridge of Swiss Re said that one of the main selling points of a career in run-off is *"the fact that you're learning tons of business skills within one role."* These range from accountancy, to legal, to risk management and many more. Extending this, Sam Tacey said *"for young people that want to get a broad understanding of everything I think it [run-off] is massively attractive."* Run-off should form part of the insurance education that new starters receive in apprenticeships, graduate programmes and other such schemes, in order to understand the full insurance cycle. Rachel Gawler from Zurich backed this up by arguing that *"there's a responsibility for the insurance industry to include it [run-off] as part of the fundamental programme of anyone learning about insurance."*

What are, if any, the future risks for the run-off market?

The YPGs discussed a number of future risks relevant to the legacy sector, including Teflon, mobile phones, data privacy and unexpected consequences of medical advances. One of the justifications for Teflon was that *"it's widespread, everyone uses Teflon."* Similarly, with mobile phones, everyone uses them and also there has always been the idea that extended use of mobile phones will cause brain tumours although it has not yet been proven. Rachel Gawler said that her friends in the medical profession tell her to not be on the phone too long, but this is possibly a *"just in case"* scenario. Medical advances have come a long way in the 21st century, Dan Cordina of Ernst & Young states that *"we're at the cutting edge of technology, so who knows what will be retrospectively revealed as causes of disease in the future."*

By the end of this YPG Roundtable discussion, there was a genuine sense that the legacy sector undersells itself in terms of the value it offers to the insurance market and as an attractive labour market for insurance practitioners of all ages to get experience in. Participants agreed that they could and should all do a better role at promoting the sector, but that it was important to take this discussion further.