The background of the slide is a low-angle, blue-tinted photograph of a modern building's interior. It shows a series of parallel metal beams and glass panels, with the silhouettes of people walking on an upper level, creating a sense of height and architectural complexity.

# INSURANCE: RISK TRANSFER SOLUTIONS IN THE INSOLVENCY SPACE

# CONTENTS

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- INTRODUCTION TO JLT
  - KEY RISKS
  - RISK TRANSFER SOLUTIONS:
    - ASSET PROTECTION
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    - M&A
-

# 1 INTRODUCTION TO JLT

# JLT GROUP PROFILE

## OVERVIEW



The Jardine Lloyd Thompson (JLT) group of companies is a leading risk management adviser, insurance and reinsurance broker.

Formed when Jardine Insurance Brokers, a company dating back to 1832, merged with Lloyd Thompson in 1997.

One of the largest companies of its type in the world with global revenues of GBP 1.39 billion in 2017

Quoted on London Stock Exchange and amongst FTSE 250

Presence in 135 countries with offices in 40+ countries

Over 10,000 employees

Supported by the JLT International Network enabling us to offer risk management & employee benefit solutions around the world



Manages **CONSTRUCTION** projects of value in excess of £100bn



7 of the world's largest **TELECOM** operators



30% of the world's mobile drilling rig fleet in **ENERGY** sector



Working with over 90% of the private banks



Market share of over 40% in **AVIATION**



Broker to over 60% of the world's biggest **SPORTING** Risks

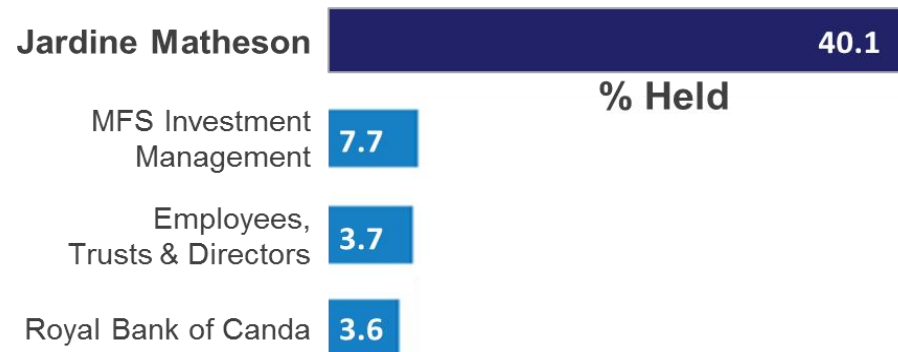
# JLT GROUP PROFILE

## OWNERSHIP



**Jardine Matheson**, headquartered in Hong Kong, is the parent and majority shareholder of Jardine Lloyd Thompson Group Plc (JLT).

Founded as a trading company in China in 1832, Jardine Matheson employs 390,000 staff globally and is today a fully diversified business group.



- Jardine Matheson Holdings Limited is incorporated in Bermuda and has its primary listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore.
- JLT being part of the Jardine Matheson Group provides us with stability and group revenues which are twice that of our three main competitors combined



# JLT GROUP PROFILE

## FINANCIALS



### JLT – MARKET LEADING FINANCIALS

- JLT delivered another strong set of results in 2017. Overall we achieved total revenues of GBP 1.39 billion, representing strong organic revenue growth of 10%.
- These results were achieved despite a marked decline in both the insurance and reinsurance rating environment and some significant macro-economic headwinds. The continuation of our organic revenue growth reflects the substantial amounts of new business won during the year.

**10,000+**

Over 10,000 colleagues

2017 revenues of

**£1.39bn**

Market capitalisation of

**£2.8bn**

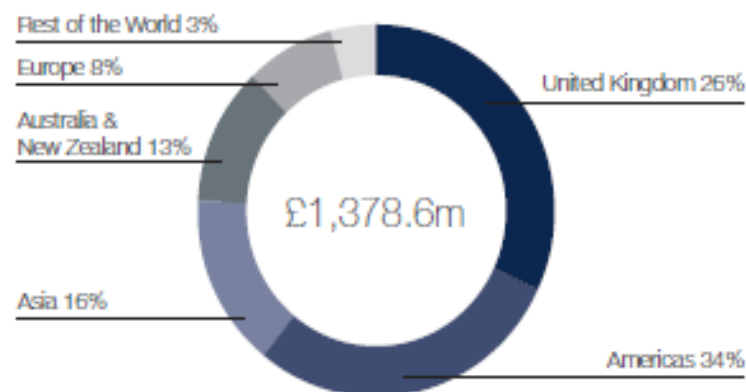
Presence in **135** countries

**£191bn**

2017 Underlying PBT

in **40+** territories

2017 Turnover by Location of Client



# JLT GROUP PROFILE

## JLT INTERNATIONAL NETWORK



The JLT International Network represents JLT's presence in over 135 countries including the world's largest and fastest developing economies. We thus have the capability to promptly service your global operations insurance, risk management and employee benefit solutions

Owned Locations		
Argentina	Hong Kong	South Africa
Australia	India	South Korea
Bahrain	Indonesia	Spain
Barbados	Ireland	Sweden
Brazil	Japan	Switzerland
Canada	Macau	Taiwan
Chile	Malaysia	Turkey
China	Netherlands	Thailand
Colombia	New Zealand	UAE (Dubai)
Denmark	Norway	UK
Finland	Peru	USA
France	Philippines	Vietnam
Germany	Qatar	
Guernsey	Singapore	

Associates	
Austria	Italy
Central and Eastern Europe	Mexico
France	Spain



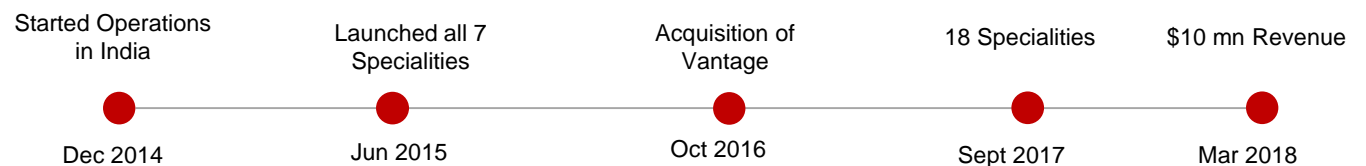
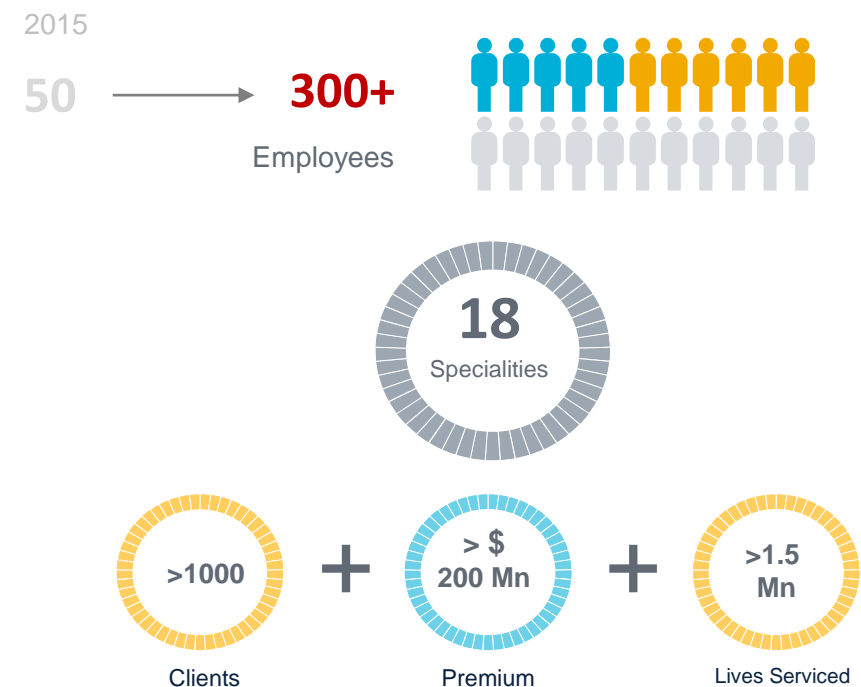
■ JLT International Network offices

In addition to servicing your needs across the globe, we offer you strength and control in your key domestic markets to help you to reach your goals. We also take every opportunity to invest in growing the size and capability of our network; building on our reputation for efficiency and local compliance wherever we go

# JLT INDEPENDENT OVERVIEW



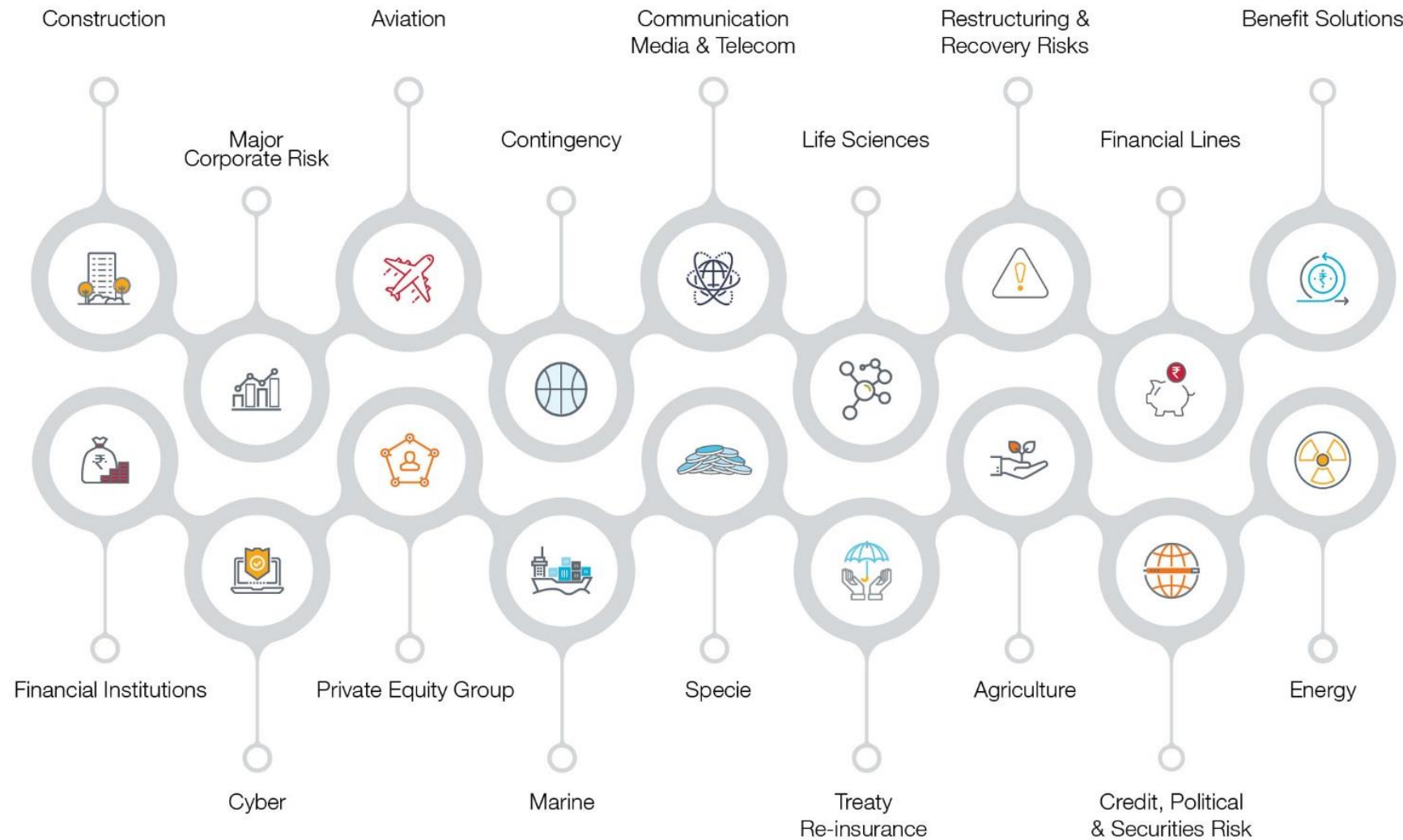
- JLT Independent marks JLT's direct presence in India through a joint venture with Sunidhi Group, a leading local Indian financial services group.
- We combine innovative international expertise through our global presence and local knowledge & network across India to provide value added insurance, reinsurance and associated services to our Indian clientele.
- With our expertise we provide cutting edge solutions in Energy, Employee Benefits, Liability, Credit & Political risks, Crisis Management, Construction and Property.
- JLT Independent is operational in 7 major cities in the country and is headquartered in Mumbai.





# JLT INDEPENDENT

## OUR SPECIALTIES



## 2 OVERVIEW OF IBC & KEY RISKS

# KEY RISKS

## INSOLVENCY SPACE

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Asset  
Protection

Non-insurance of assets: Highest losses in the developed markets due to fire and marine losses

Insolvency  
Professionals

Being appointed in Personal capacity + Ever-changing regulations + Long-tail risk

Asset  
Maximization

Limited Resolution Applicants in the small & medium cases + Long-tail risk

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# 3 INSURANCE: RISK TRANSFER SOLUTIONS

# RISK TRANSFER SOLUTIONS

## INSURANCE

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1

### Asset Protection

Corporate Debtor  
Preserve, Protect &  
Enhance

- Duplicity of covers
- Under-insurance
- Coverage gaps
- Not fit for purpose

2

### Liability Protection

Resolution  
Professional

*Sec 233: good faith*

- Appointed in personal capacity
- Ever-changing laws
- Long-tail Risk

3

### M&A

CoC / RP

*Maximization of  
value of assets*

- No R& W being provided
- Low interest in the small assignments
- Long-tail Risk

# ASSET PROTECTION

## CORPORATE DEBTOR: PRESERVE, PROTECT & ENHANCE



### RISK INSPECTION OF THE PLANTS



- We carry out risk inspection of plants basis the assignments received by the RPs
- Structuring insurance based solutions by our in-house risk engineer.
- Some of our activities include
  - Risk Inspection (material damage risks due to fire and special perils),
  - Estimating Machinery Breakdown and Loss of profit scenarios and Probable Maximum Loss.

### COST SAVINGS



JLT would place INR 1,000 crs in the insurance market in India this year, of which approx. INR 300 crs would get placed in the property markets. This enables us to get economies of scale from the insurance markets, enabling us to pass it on to corporate debtors

### CONDUCT DUE DILIGENCE OF THE INSURANCE POLICIES



- Exercise due diligence of all insurance policies of the company, bridging gaps under the insurance program.
- Some of the common errors found in the existing insurance programs of the companies have been:
  - Under insurance, Duplicity of covers for the same asset(s), warranties etc., which are detrimental to the company.

### CLAIMS MANAGEMENT



- JLT has a well-constructed, claim procedure, essential to the management of claims.
- In addition to undertaking a full review of transferred claims, we assess existing claims procedures to identify potential improvements for the benefit of all parties.
- Claims management is embedded as a front office function at JLT, with claims managers actively engaged in the account management team



# LIABILITY PROTECTION

## RESOLUTION PROFESSIONAL




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### BASICS OF RP INSURANCE COVER

- Resolution Professional: as a **Director & Officer** for any wrongful act (since he is getting appointed in his personal capacity) and also given the fact that he is the pseudo management of the insolvent company and all decisions vest with him, AND
- Insolvency Professional Entity: for any **professional service** including insolvency work negligence, error or omission, while performing professional services on the assignment

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### INSURANCE PERIOD

- Assignment period (max 270 days)
-  7-year Extended Reporting Period (covering the tail-risk for claims arising post the completion of 270 days of assignment)

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### PARAMETERS FOR CHOOSING INSURANCE MARKETS

- Appetite
- Solvency
- Adequate Capital Capacity

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### ASSIGNMENT SPECIFIC POLICY

- Yes, If there is an annual policy covering all the assignments undertaken by the RP, it leads to large aggregation of exposure

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### BASIC POLICY EXCLUSIONS

- Claims or circumstances which you were aware of prior to the inception of the policy
  - If the policy includes a Retroactive date, Claims or circumstances which commence before the Retroactive date
  - Fraudulent, dishonest or illegal acts
-

# MAXIMIZATION OF ASSET VALUE

## COC & RESOLUTION PROFESSIONAL

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### Warranty & Indemnity Insurance:

Coverage for losses arising from breach of Warranties & Indemnities set out in the Sale and Purchase Agreement (SPA) and hence provides for:

Wrap around structure being explored:

- A clean exit and expedited returns to investors/promoter
  - Maximization of asset value by removing specific deal deadlocks, e.g. litigation liabilities
  - Allows distressed or dissolving sellers to sell a business
  - Protects passive sellers exiting from an investment
  - Escrow replacement
-

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