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Allianz Re agrees cooperation with Enstar in the United States

Joint management of run-off claims will be established at Allianz Resolution Management US

As part of Allianz' active management of long-tail legacy liabilities, Allianz SE – Reinsurance (Allianz Re) and its US affiliate entered a reinsurance and consulting agreement with run-off specialist Enstar this week. The transaction involves the transfer of USD 1.1 bn of US long-tail liabilities to Enstar via a 50% quota share reinsurance of selected portfolios carried by San Francisco Reinsurance Company (ARM US) – a part of Allianz Resolution Management (ARM). ARM US and Enstar will jointly manage the claims handling of three portfolios – Asbestos & Environmental, Construction Defects and Workers Compensation – with net reserves of USD 2.2 bn.

"We are pleased with the implementation of this transaction with Enstar, a leading player in the run-off business. The co-operation with ARM US will combine our own strong claims management capabilities with Enstar's experience and proven track record. The reinsurance agreement ensures that both parties will benefit from the combined team's efficient claims handling. This enables us to actively manage the business and support our strategic goal of building a Group run-off operation," explains Axel Theis, Allianz SE board member responsible for Allianz Re. Effective run-off management is an important contribution to the Group's strategic initiative "Technical Excellence", one of five components of the Allianz Renewal Agenda launched in November 2015. For this, Allianz Re is building the platform and capabilities to effectively manage the legacy and run-off portfolios across the Group.

As part of the agreement, a team of Enstar experts will support the operational management of the reinsured liabilities on an ongoing basis. "Enstar's combined role as reinsurer and co-manager provides several benefits", comments Dieter Wemmer, CFO Allianz Group. "We reduce our risk and release capital through the reinsurance contract. Further, the premium for the reinsurance agreement is in line with the carried reserves at year-end 2015. We see significant value potential for both parties thanks to the combined strengths and economies of scale going forward."

The reinsurance transaction is subject to regulatory approvals.

The co-operation with Enstar marks an important milestone in the strategic development of ARM as the Group run-off operation, set up in 2014 as an operating division of Allianz Recovering various

entities and regions across the Group. While the US team manages the legacy business of San Francisco Re and US subsidiaries (ARM US), a European team based in Munich and Zurich supports Allianz subsidiaries outside the US (ARM International).

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