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Senator Tim Ashe, Chair
Senate Finance Committee
Room 6, Statehouse
Montpelier, VT

Re: **H. 198 Legacy Insurance Management Act (LIMA)**

Dear Senator Ashe:

I regret I am once again unable to be present in Montpelier to testify in person at tomorrow's scheduled committee hearing regarding the captioned bill; however, I did want to reiterate my comments from a year ago and hope that this letter may be constructive in the Committee's review. While the date has changed, my perspective regarding the benefits of H. 198 has not.

As background, I serve as President and CEO of White Mountains Solutions – an indirect, wholly-owned subsidiary of White Mountains Insurance Group, Ltd. that specializes in the acquisition of legacy insurance and reinsurance companies that are in runoff and no longer writing new business. In our 14 year history, White Mountains Solutions has acquired 16 runoff companies worldwide with the vast majority occurring in the U.S. The nature of the portfolios we acquire runs the full spectrum – from old asbestos/pollution and workers compensation liabilities to more recent books of automobile and homeowner's claims. We typically make our money by acquiring these companies or portfolios at a material discount to book value – as well as through future investment income and operational/capital efficiencies. We recognize that continuing to honor policyholder obligations is critical to our success and consequently have a conservative and rigorous due diligence process to ensure that liabilities we acquire are properly reserved.

A key component to our business is providing the owners/sellers of these runoff companies and portfolios with *finality*. Owners are only willing to pay the price to sell a legacy portfolio if they can be confident the liabilities will not some day come back to them. Although this is easily achieved in the case of the purchase of 100% of the stock of a runoff company (our typical transaction), it is considerably more difficult when the subject runoff portfolio is a part of an ongoing insurance company. While such transactions are regularly accomplished in the U.K. through the existing Part VII Transfer mechanism, there exists no comparable method in the U.S. of achieving finality in this situation. As such, we believe there exists a very significant market in the U.S. that remains unserved.

Based on the foregoing, I continue to consider LIMA a significant step toward bringing this capability to the states and White Mountains Solutions would have considerable interest in utilizing this tool for future transactions. Should you or any members of the Committee have any questions, I would be happy to address them and can be reached at neal.wasserman@wtmsolutionsinc.com.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Neal Wasserman", is written over a horizontal line.

Neal Wasserman

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