



Lloyd's Legacy Report

April 2026



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Foreword

For over three centuries, Lloyd's of London has been the global marketplace for insuring complex, specialised, and longer tail risks. Drawing on its unparalleled underwriting expertise and extensive licence network, it has supported economic development across the globe.

However, the market's resilience has been repeatedly tested by major catastrophes, man-made losses, and structural issues, particularly throughout the 1980's and early 1990's where the asbestosis crisis pushed Lloyd's to the brink. The creation of Equitas in the 1990s to handle pre-1993 liabilities represented both an existential rescue for Lloyd's and the effective origin of the modern (re)insurance legacy market.

As the market started to recover, a legacy reinsurance market began to develop. Certain organisations who had played important roles in the clean-up and recovery from the serious challenges of the 1990s started to specialise in the acquisition and pro-active management of portfolios in run-off.

While the early growth of the legacy market was initially largely focused on the company market, over time the key players developed specialist syndicates. This acted as a significant catalyst for the growth of the legacy market within Lloyd's.

Building on the 'Legacy 2.0' event hosted by Aon's Capital Advisory in 2025, this report now examines:

- How a distinct Lloyd's legacy (run-off) market has developed, especially post-2018.
- The role and impact of Reinsurance-to-Close (RITC) syndicates.
- The new legacy oversight framework.
- Why Aon expects legacy deal activity to rebound strongly as the market softens.

The increased profile and breadth of the Lloyd's legacy market is demonstrated by the size of the RITC syndicates and that **over 85%** of attendees at Aon's recent legacy event believed it was **'highly likely' that their organisation would consider a legacy deal** in the next 12-24 months.

Aon has a very experienced and integrated team with significant expertise that is uniquely placed to fully consider the perspectives of the cedant, RITC syndicate and Corporation of Lloyd's with respect to legacy deals within the Lloyd's market.

Executive Summary

While the legacy market was historically used to remove exposure to underperforming business, it is now viewed as a core balance sheet and capital management tool. Managing Agents typically engage with the market as part of their strategy for one or more of the following key reasons:

1. Protection against future earnings volatility
 2. Optimising and managing their capital base
 3. Operational efficiency and cost reduction
 4. Recent or planned restructuring activities including the following:
 - a. Mergers and Acquisitions (M&A) activity
 - b. Placing of certain business lines (or even whole syndicates) into run-off
 - c. Changes in leadership teams
- The Lloyd's legacy market has been around for decades but the so-called 'Decile 10' initiative over the 2017-20 period to address wider market underperformance drove a significant growth in deal volumes.
 - There are now five RITC syndicates (RiverStone, Enstar, Premia, Compre & Marco) who have collectively taken on almost US\$15B of reserves since 2010.
 - Deal sizes vary but there is a trend towards seeing larger deals, with the £1.2B deal that MS Amlin inked with RiverStone in 2023 being the largest.
 - Many deals are multi-line covering the entire portfolio a syndicate underwrites. However, unsurprisingly, RITC syndicate exposure is weighted more heavily towards casualty.
 - A significant majority of syndicates (over three quarters by number) have not yet completed a legacy deal, suggesting a large untapped market. Around two thirds of reserves transacted since 2015 were from syndicates who have done multiple deals, which reinforces this and demonstrates their positive experience with the legacy market.
 - Although legacy activity has weakened across 2024 and 2025, there are many reasons to believe deal activity will bounce back strongly in the next few years including:
 - **Increased M&A activity**, where legacy deals are often used to remove historic risks that are generally not the driver of a deal and risk potentially derailing it.
 - An opportunity with the **number of new entrants** to the Lloyd's market many of whose investors are focussed on considering their exit strategy up-front.
 - Anticipated **softening of the insurance cycle** which generally leads to increased legacy activity due to heightened scrutiny on particularly lines and less of an ability for cross-subsidies across lines of business.
 - **Pockets of continued adverse development**, particularly in areas such as U.S. casualty but also other business lines e.g. aviation.
 - Increased **focus on performance from the Corporation**, keen to ensure underwriting discipline is maintain through the cycle and prepared to intervene if this shows signs of slipping including the recently introduced Legacy Oversight Framework.
 - **Reserves building back up** (or 'reloading') following previous legacy deals from cedants who have previously engaged with the market and the ability to expand previous deals further given the increased appetite from RITC syndicates for less mature portfolios.

Evolution of Lloyd's Legacy Market

Structural challenges and Equitas

During the latter part of the last century, Lloyd's was forced to respond to a series of natural catastrophes and man-made disasters, highlighted by:

- Large losses from natural catastrophes and man-made disasters (e.g., Piper Alpha, Exxon Valdez).
- Mounting punitive damages from asbestos, pollution and health hazard claims (APH).
- Five consecutive years of deficits (1988–1992), putting acute pressure on Names.

While these events shook the market, it was the rapid build-up of APH claims specifically in the late 1980s and early 1990s that put the most pressure on the Lloyd's market and brought it to the brink of collapse.

The response to this existential threat was the formulation of the Reconstruction & Renewal Plan (R&R Plan). R&R, finalised in 1996, created Equitas to reinsure all pre-1993 liabilities. Overnight, Equitas became:

- The largest run-off reinsurer ever created.
- A successful, finality solution for Names (ultimately reinsuring these individuals before then finally being legally assumed by Berkshire Hathaway in 2006/07).

Following Equitas the market stabilised and proved resilient through other major events (e.g. World Trade Centre, 2005 hurricanes, 2011 earthquakes and floods). At the same time, Lloyd's underwent a series of structural reforms including the introduction of corporate capital, a move to annual accounting, and greater transparency with its market participants and broader stakeholders. All these measures supported improved discipline in the market.

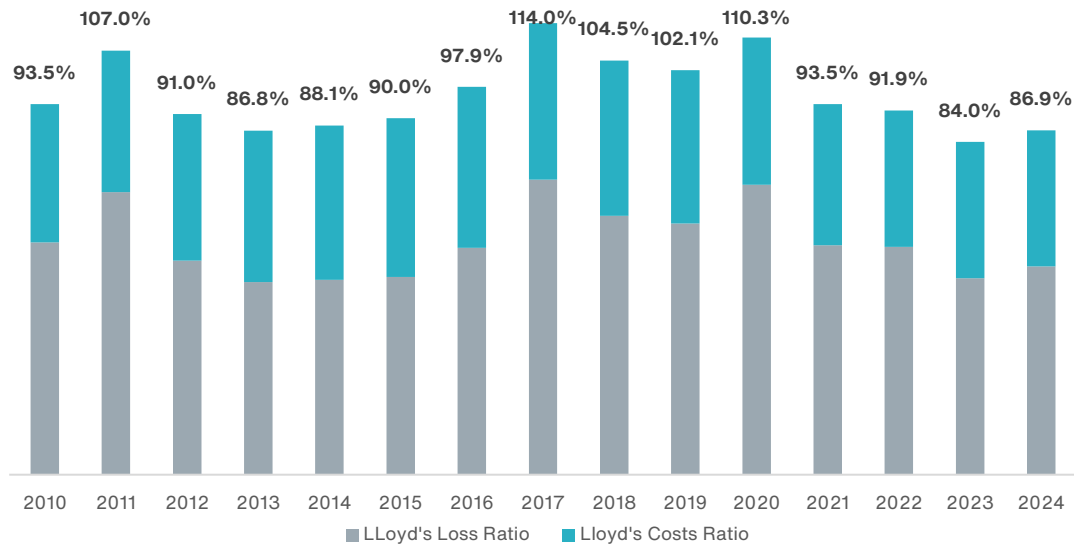
By 2016 the market was generally profitable, but this masked continued underperformance in specific syndicates and lines of business as well as an elevated market-wide expense ratio. These weaknesses were eventually exposed by another run of loss heavy years between 2017–2019 (e.g. Hurricanes Harvey, Irma, and Maria) and then the COVID-19 losses in 2020.

A more forceful response was required by Lloyd's leadership and in 2018 the 'Decile 10' programme was established to remediate the worst-performing 10% of business in each syndicate. This led to:

- Closure or run-off of unprofitable classes and, in some cases, whole syndicates.
- Greater scrutiny of underwriting quality and business planning.

By the period 2021–2024 (see **Figure 1**), market combined ratios had improved materially, with record combined ratios being achieved in both 2023 and 2024 (although, notably harder rates at this time also served to act as a key contributor).

Figure 1: Lloyd's Combined Ratio 2010-2024



Source: Lloyd's annual reports, Aon analysis

Formation and Growth of a Lloyd's Legacy Market

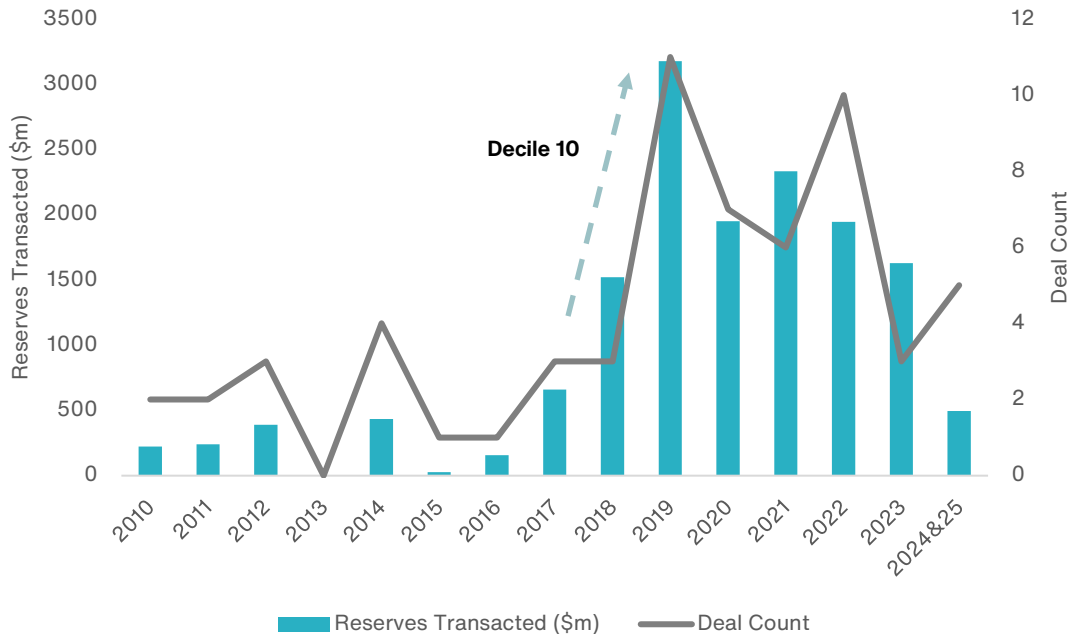
Prior to the early 2000s, the internal Reinsurance to Close (RITC) mechanism, whereby years of account (YoAs) were reinsured into later years of the same syndicate, was the principal way to achieve finality for capital providers.

A true external legacy market gradually emerged, highlighted by:

- Early external third-party RITCs (e.g., Outhwaite, Merrett) who were heavily affected by a surge in APH losses in the later part of the 1980s.
- Equitas' success and the rise of external run-off specialists in the company market (especially focused in APH) helped to seed the Lloyd's market with talent and know-how with Berkshire Hathaway and its claims arm Resolute Management particularly prominent in the early years.
- RiverStone formed a specialist RITC syndicate in 2003 initially focusing exclusively on Fairfax group run-off, before broadening its scope.
- Enstar created the Shelborne RITC syndicate in 2007, allowing it to become the primary external RITC provider to the market for nearly a decade, handling a limited but steady deal flow.

Through the period 2010–2017, annual deal volumes were relatively low and largely driven by unique circumstances at individual syndicates, see **Figure 2** below.

Figure 2: Reserves transacted and Deal Count per year for the period 2010 - 2025



Source: Aon legacy deals database

Figure 2 clearly demonstrates an inflection point in deal activity from 2018 onwards as the impact of the ‘Decile 10’ review put underperformance in the spotlight. This forced syndicates to:

- Place specific classes of business - or in some cases whole portfolios – into run-off; and
- Utilise external RITCs as an alternative to internal RITC closures.

Consequently, capital providers began to see better risk-adjusted returns in legacy specialists than in live underwriting during the period 2017–2020, attracting new capital into legacy vehicles and leading to:

- **Enstar** continuing to provide external RITCs of increasing size and frequency.
- **RiverStone** pivoting to a focus on external legacy transactions (supported by **CVC** capital).
- **Premia** entering the market and completing three significant deals in 2019.
- **Compre** establishing an RITC syndicate in 2021, and **Marco** in 2022.

Since this time, legacy deal activity has been sustained by a combination of ongoing COVID-related uncertainty, adverse development in softer casualty years (e.g. 2014 – 2019), and greater executive and regulatory focus on reserve adequacy.

Why Cedants Undertake Legacy Deals?

Cedants typically engage with the legacy market to protect against earnings volatility, manage their capital base, or as part of initiatives associated with M&A activity (such as changes in leadership and cost reduction).

Below we have looked to summarise and explain the key drivers:

1. Stabilise earnings / reduce volatility

- Driven by the desire to remove or reduce uncertainty on back-book reserves.
- Focus on improving investor, analyst, and rating agency confidence.
- Potentially deliver P&L gains on well-reserved portfolios via competitive legacy pricing and claims / operational efficiency.

2. Optimise capital

- Ability to release capital tied up in prior-year reserve risk.
- Allow the redeployment of freed capital to growth and strategic initiatives.
- Improve return on equity and capital efficiency.

3. Support M&A, restructuring and leadership changes

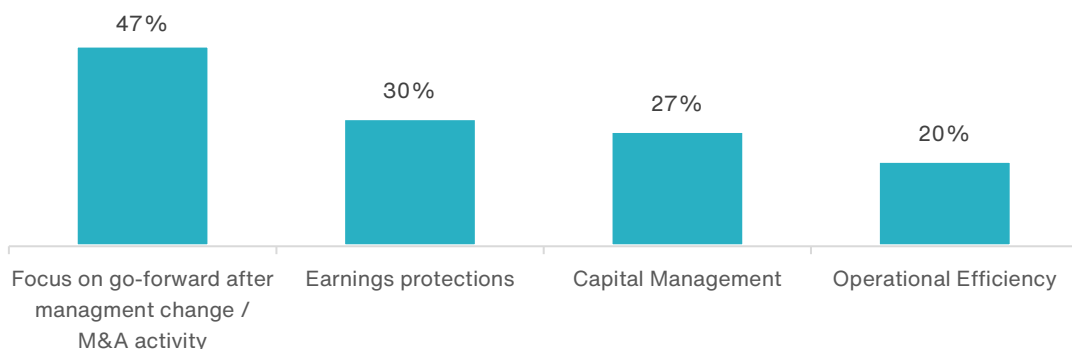
- Ring-fence historic reserve risk to streamline the business prior to sale.
- External transfer of back-book risk as part of a sale or restructuring process.
- Allow faster post-acquisition integration and balance sheet reshaping.
- Provide pre-agreed exits for new entrants and their investors.

4. Achieve operational and claims management efficiencies

- Remove legacy blocks from outdated systems and manual workarounds.
- Avoid knowledge attrition on older exposures.
- Leverage dedicated legacy claims expertise to improve outcomes and reduce admin and loss costs.

At Aon's Legacy 2.0 event, held in 2025, attendees were asked to provide their primary driver(s) for engaging with the legacy market. As shown in **Figure 3** below, supporting M&A, restructuring and leadership changes is the key driver of engagement.

Figure 3: What is the primary driver for you to engage with the legacy market?



Source: Legacy 2.0 event survey

Current Market Structure and Participants

Legacy participants

There are currently five specialist RITC syndicates operating at Lloyd's:

1. RiverStone International (Syndicate 3500)

Syndicate 3500 was formed 2003; initially with a focus on Fairfax-only group business before pivoting to third-party deals post-2018. Reserves at the end of FY24 were ~US\$3bn making this syndicate the largest specialist RITC provider. Notable Lloyd's deals (gross reserves transacted, transaction year): MS Amlin (£1.2bn, 2023), Canopus (US\$780m, 2021) and QBE as part of a broader transaction (2024).

2. Enstar (Syndicate 2008)

Formed in 2007; Syndicate 2008 represented this long-standing global legacy consolidators move into the Lloyd's Market. Its FY24 reserves ~US\$1bn. In 2025, Sixth Street struck a deal to fully acquired Enstar for US\$5.1B. Notable Lloyd's deals (gross reserves transacted, transaction year): Novae (£840m, 2018), Neon (£400m, 2017), Atrium (US\$196m, 2025).

3. Premia (Syndicate 1884)

Formed in 2019 and backed by capital from Arch and Kelso & Co, Premia undertook most of its major activity in 2019 & 2020 with notable deals being Standard Club, Barbican, AmTrust as well as the subsequent Hiscox legacy transaction (2022). FY24 reserves ~US\$0.3bn.

4. Compre (Syndicate 1994)

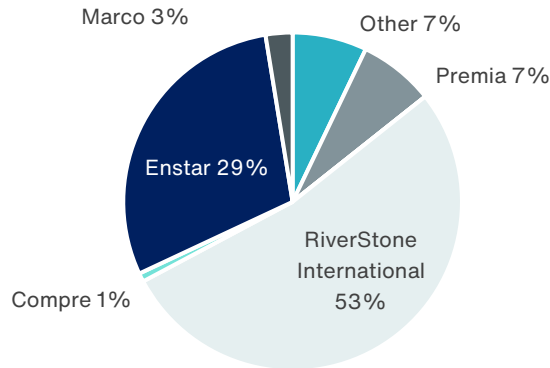
Formed in 2021; backed by Cinven and British Columbia IMC. Initially entered the Lloyd's Market as Apollo's first 'Strategic Partner Syndicate' and executed a reserve transaction with Apollo (2021); has also completed AXA syndicate RITC (2021) FY24 reserves ~US\$0.1bn.

5. Marco (Syndicate 1254)

Formed 2022; Marco operates alongside its sister-company the Polo Managing Agency (PMA), both of which are backed by Oaktree Capital. FY24 reserves ~US\$0.1bn. Completed deals with Verto (2022) and Coverys transactions (2025) and PMA manage the former R&Q liabilities.

RiverStone International and Enstar have taken on the majority of the reserves transacted as shown in **Figure 4** below.

Figure 4: Reserves transacted per Acquirer Group 2015 – 2025



Source: Aon legacy deals database

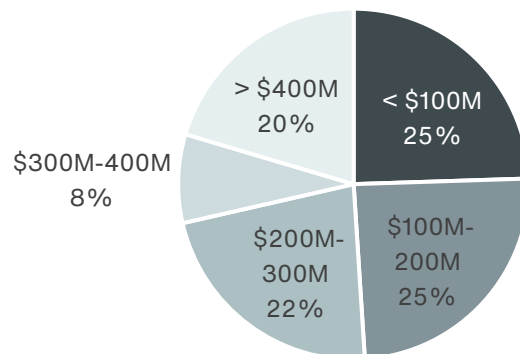
Deal size, maturity, and lines of business

As the Lloyd’s legacy market has grown, deal sizes have increased, a trend Aon have observed in the wider legacy market. Despite this, there continues to be many smaller transactions, with 25% of deals transacted for portfolios of less than \$100m of reserves.

Aon’s analysis of deals between 2015 – 2025 set out in **Figure 5** below indicates the following:

- Average deal size over the last decade was just under US\$300m.
- ~25% of deals: <US\$100m of reserves.
- ~50% of deals: US\$100–300m (the historic “sweet spot”).
- ~20% of deals: >US\$400m, illustrating a clear trend toward larger transactions, including the single largest transaction being MS Amlin/ RiverStone (c. £1.2bn).

Figure 5: Deals count by transacted reserves 2015 - 2025



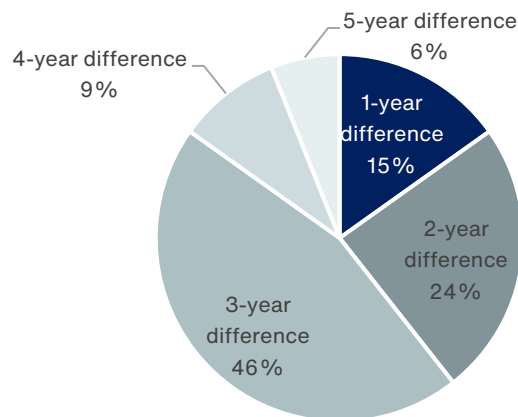
Source: Aon legacy deals database

A further consideration beyond purely the size of the transaction is the maturity of the business. Aon’s analysis over the same population of transactions as set out in **Figure 6** below indicates the following:

- Almost 50% of deals include as their latest YoA the year underwritten three years prior (consistent with the traditional three-year Lloyd’s RITC cycle).
- ~40% include more recent YoAs, indicating growing comfort and underwriting depth to assess less mature risks.
- ~15% feature only older YoAs, including “split RITCs” where previously closed years are carved out and transferred externally.

These figures demonstrate greater comfort in moving away from the traditional ‘internal RITC’ approach of transferring closed years only, and a general trend for legacy deals to cover less mature business than the types of historic APH-type exposures that the legacy market was founded on.

Figure 6: Underwritten YoA and deal year difference per deal count 2015-2025



Source: Aon legacy deals database

Further analysis of these deals indicated some trends in respect of classes of business, as follows:

- Many deals are **multi-line**, spanning the entire portfolio of a syndicate, delivering diversification to the RITC syndicate.
- RITC syndicates’ reserves are **over-weighted to casualty** and other long-tail lines, reflecting:
 - Softer 2014–2019 underwriting years.
 - Adverse developments, especially in U.S. casualty.
- **Marine liabilities** were frequently included during the Decile 10-driven growth phase; aviation may become more prominent going forward.
- Aon’s expectation is that U.S. and International casualty, FinPro, and specialist areas (such as political risk, trade credit, energy) will remain central to future legacy deal flow.

Cedant behaviour

Beyond the specific transactional dynamics of the deals themselves, Aon's analysis has indicated several trends in cedant behaviour.

1. Participation breadth:

- Over three quarters of Lloyd's Syndicates are yet to complete a legacy deal, representing significant untapped potential for the legacy market.
- Whilst some syndicates are newer and therefore have limited back-book; many simply have not yet explored legacy options.

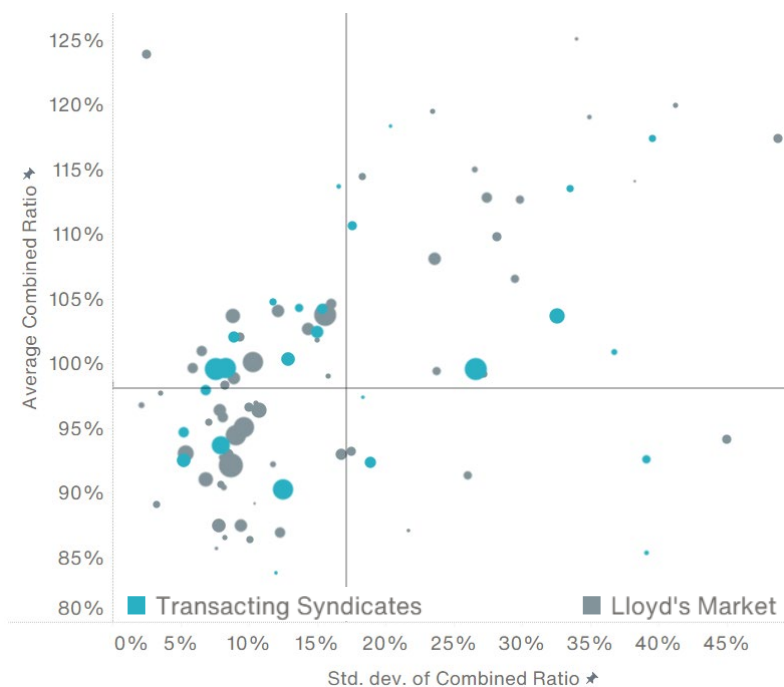
2. Repeat vs. one-off sellers:

- Since 2015, ~56% of total transacted reserves come from repeat sellers indicating a combination of positive experience in engaging with the legacy market and recurring strategic use of legacy rather than looking to address one-off distress solutions.

3. Performance characteristics:

- Many larger, more volatile and underperforming syndicates (top-right and top-left quadrants of the combined ratio vs. volatility plot, see **Figure 7**) have completed deals, often driven by earnings protection and future exposure concerns.
- Importantly, several consistently well-performing syndicates have also done deals, reflecting a desire to:
 - Optimise capital.
 - Enhancement of current-year earnings via discount to held reserves.
 - Support of broader strategic or M&A initiatives.

Figure 7: Lloyd's average Combined Ratio vs Volatility (2015-2024)



Source: Lloyd's data, Aon analysis

Development of Lloyd's Oversight Framework

In Lloyd's Q3 2024 market messages, the Lloyd's Chief of Market Performance confirmed an intention to implement a pre-transaction review and approval of all new legacy deals (within and between Lloyd's market participants) from 1st January 2025. Now implemented, the changes are designed to bring the legacy market into line with the oversight of live, non-legacy syndicates through the extension of the Principles Based Oversight regime (PBO).

Key Features

1. Pre-transaction review and approval

- All legacy deals (within or between Lloyd's participants) now require:
 - Early engagement with Lloyd's via a Legacy Review Panel (LRP).
 - Formal approval by the Capital and Planning Group (CPG).
- The focus of Lloyd's oversight will not be on price or reserve selection, but on risk transfer implications; capital adequacy; operational capability; and concentration risks.

2. Legacy Review Panel

- The LRP will assess each transaction's impact on:
 - The receiving syndicate's risk profile and maturity under PBO.
 - Both cedant and acquirer's capital positions.

3. Information requirements

- Initial burden largely on the ceding syndicate:
 - Data packages based on information that should be readily available from the data submission provided to potential reinsurers as part of the due diligence process of any legacy transaction.
- As the deal progresses, more detail is expected from the receiving RITC syndicate:
 - Governance, operating model, and servicing capacity.
 - A formal Legacy Transaction Plan demonstrating integration and servicing capability.

Materiality Thresholds and Profit Release

In addition to the key features outlined above, the rules introduce materiality thresholds that subject certain transactions to enhanced scrutiny, as follows:

- Deals >£150m or >30% of receiving syndicate's existing reserves will attract enhanced scrutiny.
- Deals >£500m (material to Lloyd's) require:
 - Independent signing actuary oversight (SAO) on the ceding portfolio.
 - A presentation by the receiving syndicate to the Business Opportunities Committee (BOC) on strategic implications.
- Profit release constraints (aligned with approach already taken by most RITC syndicates):
 - Immediate recognition of profit at day-one of the deal is now restricted.
 - Profit release typically delayed until integration is 'fully' completed.

We see this as a positive development that reflects the maturity and importance of the market.

Market Conditions and the case for Future Legacy Growth

Legacy deal activity has weakened across 2024 and 2025, largely driven by historic market-wide performance and benign CAT activity (Hurricane Melissa aside). Despite this, there are many reasons to believe deal activity will bounce back strongly in the next few years as the market continues to soften and the profile of legacy transactions continues to increase.

- **Softening cycle and capital pressures**

There is broad consensus that rates are softening across multiple classes and that future growth projections are likely to be more conservative. Additionally, in softer markets:

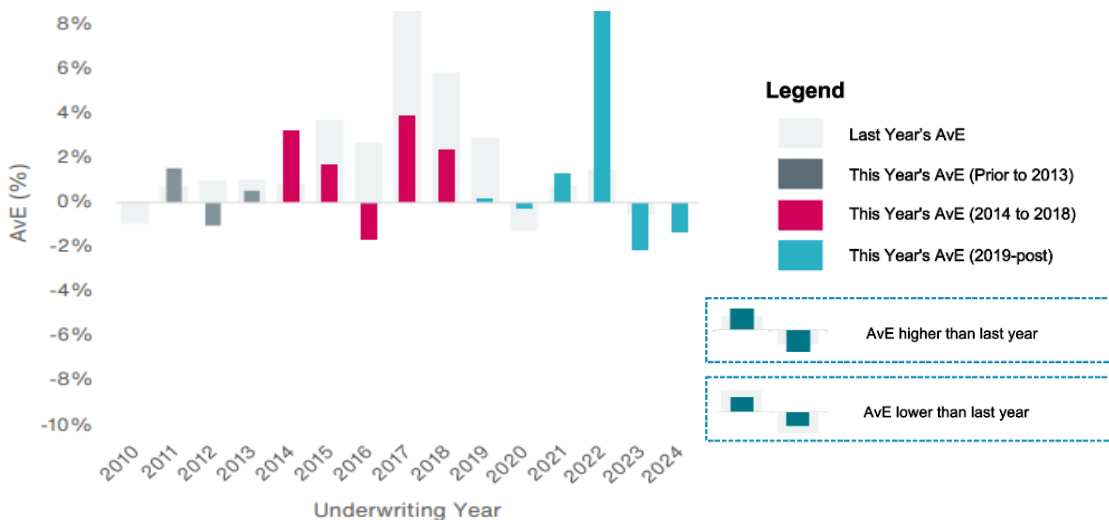
 - It becomes harder to raise fresh capital.
 - Reserving buffers accumulated in hard-market years are attractive to monetise via legacy deals that free trapped capital.
 - The use of released value in back-books to bolster current-year performance or absorb adverse development becomes increasingly attractive.

- **Long-tail reserve performance**

Aon’s analysis of Lloyd’s Risk Code data (2025Q1) on long-tail (casualty and FinPro) lines shows that US Casualty (2014–2018) continues to look inadequately reserved, though recent deterioration has slowed. More concerning, post-2020 U.S. casualty also shows signs of reserve strain, challenging the belief that hard-market years are uniformly well reserved.

Some carriers appear to have released reserves from later years (post-2020) to bolster weaker (2014–2018) blocks, heightening long-tail uncertainty overall. The result of these pressures is that there are strong incentives to consider legacy deals to ringfence U.S. casualty. However, a number of potential deals have not closed due to large bid-ask spreads between cedant and reinsurer views of expected ultimate U.S. casualty losses.

Figure 8: 1-Year Actual vs Expected by UWY – US Casualty



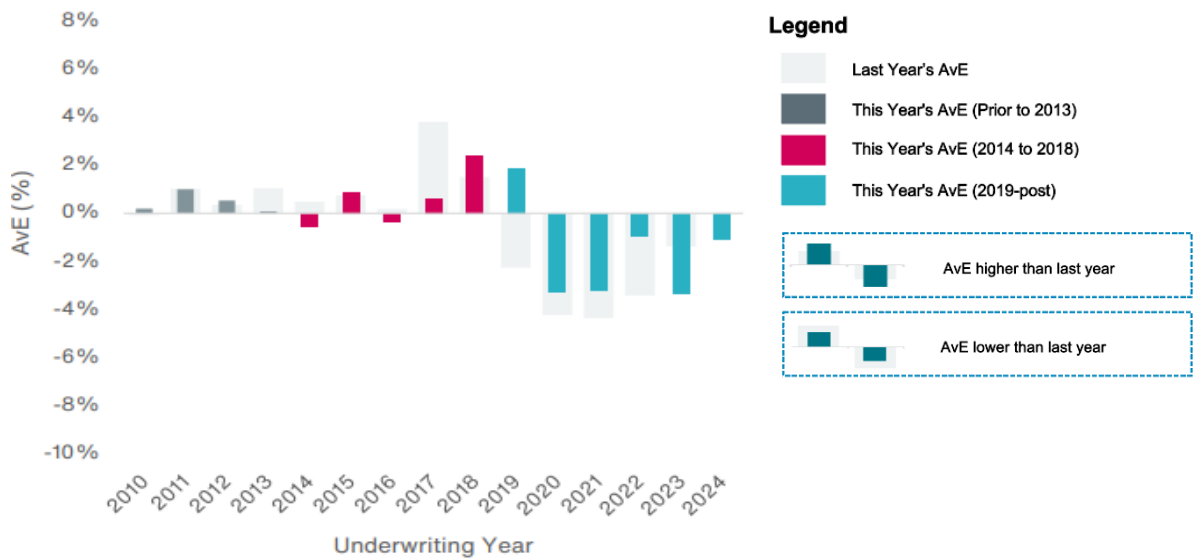
Source: Lloyd’s data, Aon analysis

- **Balanced portfolios and cross-funding**

As a result, cedants are considering bringing broader portfolios to market with a better balance of potential risk and reward. When broader portfolios are considered:

- Adding US FinPro to U.S. casualty improves the picture slightly, but the U.S. casualty drag remains significant.
- Adding International casualty and FinPro produces a far more balanced “All Long-Tail” portfolio, where strong international performance can offset U.S. weaknesses, especially in 2020 onwards. As you can see in **Figure 9** below including these lines produces a much more attractive overall market view of recent development.

Figure 9: 1-Year Actual vs Expected by UWY – All Long Tail



Source: Lloyd’s data, Aon analysis

The result of this is that cedants will likely design multi-line, multi-territory portfolios for legacy deals to align reserve views between cedants and reinsurers, create cross-funding opportunities across lines and underwriting years, and increase competition and secure better deal terms.

- **Reserve strengthening and repeat deals**

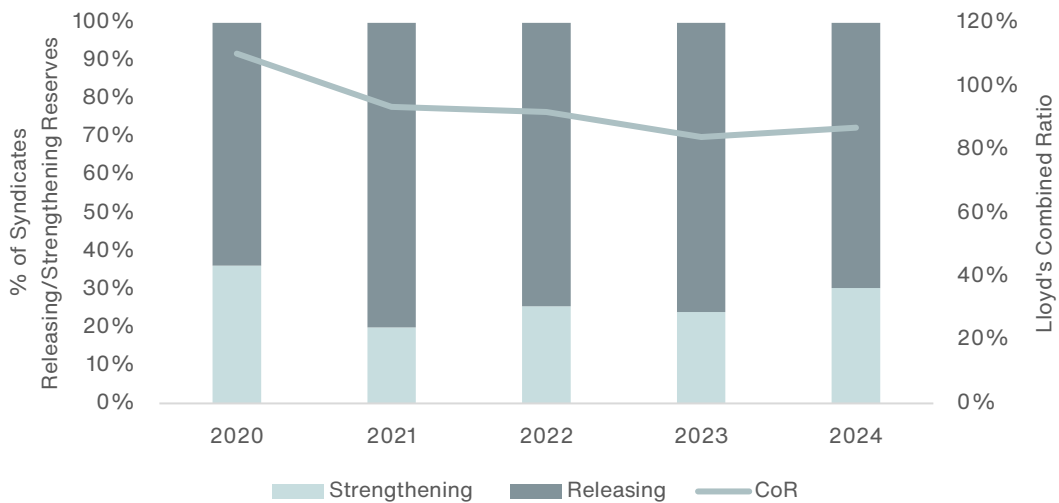
Reserve strengthening does not in and of itself remove the rationale for legacy as, after an initial strengthening, management and markets are highly reluctant to tolerate a second adverse surprise. Therefore, legacy specialists often take comfort from:

- A thorough reserving review.
- Conservative post-strengthening positions that may contain additional value.

Analysis of recent data (see **Figure 10**) shows a significant number of syndicates strengthened prior-year reserves in 2020 (largely due to COVID uncertainty). While strengthening abated somewhat in 2021–2023, around 30% of syndicates strengthened reserves again in 2024 despite strong overall results. This suggests:

- Pockets of underperformance persist.
- There is a potential latent demand for legacy deals to lock in the benefit of more conservative reserving and prevent further earnings shocks.

Figure 10: Back-year reserves strengthening-releasing per count by Underwriting year



Source: Lloyd's data, Aon analysis

Other structural drivers of growth

Merger and Acquisition (M&A) activity

In a speech at an industry conference, Patrick Tiernan, Lloyd's CEO, said that he expects the wave of carrier M&A seen through 2025 to continue into 2026, as strong underwriting performance continues to improve investor sentiment and excess capital continues to seek growth.

“The deal flurry this year has been no surprise. It reflects the strength of founder-built businesses, robust results and renewed investor confidence in London. I don't believe we've reached the high-water mark yet. I think M&A will remain a defining feature in 2026.”

[For citation, this was the Insurance Insider Industry conference of 16 November 2025]

There is strong evidence to support this view driven by strong underwriting performance across the market, increased investor confidence, and abundant capital seeking growth in Lloyd's. Further indicators to support this view includes:

- A series of recent and announced deals (e.g. Sompo/Aspen, Skyward Specialty/Apollo, CRC/Atrium, Zurich/Beazley).
- A recent Oxbow Partners report estimating that up to 27 syndicates (~28% of all syndicates count) exhibiting characteristics suggesting a propensity to be sold, representing ~£11bn GWP (c. 20% of Lloyd's premium).

Much of the observed activity points to broad sources of capital maintaining a keen interest in the Lloyd's Market, categorised by:

- Private equity with significant dry powder (e.g., Oaktree's partnership with Allianz).
- Sovereign wealth funds.
- Large (re)insurers without existing Lloyd's platforms (e.g., Aviva-Probitas, Skyward-Apollo, CRC-Atrium).
- Japanese groups with excess capital post cross-holding sell-downs (e.g., Sompo-Aspen).

For these investors, back-year reserves are rarely core to the deal thesis, making legacy highly relevant across all stages of the transaction:

- **Pre-deal:** Via the clean-up or ring-fencing of prior-year exposures to make assets more saleable.
- **In-deal:** As part of parallel risk transfer to allocate back-books appropriately between buyer and seller or to an external third-party specialist.
- **Post-deal:** To deliver legacy solutions to streamline capital and reduce earnings volatility after integration.

Notably, several recent M&A targets (e.g., Probitas, Apollo, Aspen) had already used legacy deals at some point, which likely reduced uncertainty for their acquirers. MS&AD's multiple legacy deals following its acquisition of Amlin are another example of post-M&A legacy usage.

New Entrants

Strong Lloyd's performance and improved infrastructure (e.g., the introduction of a Lloyd's sponsored risk-transformer vehicle in London Bridge 2) are attracting new corporate entrants (such as Atradius and Santam), as well as alternative capital providers and investment houses (e.g. Blackstone with AIG's Syndicate 2478; Oaktree with Allianz's Syndicate 1890).

For these investors capital recycling and exit visibility are critical and, as such, there is also a growing trend to pre-agree exit mechanisms at the same time as initial investment through the execution of a legacy deal at a predetermined date and price, subject to conditions. Outside Lloyd's, Enstar's Fractal Re transaction in 2025 is an early example of this so-called Forward Exit Option (FEO).

Aon have also observed efforts to:

- Establish frameworks to regularly roll more recent underwriting years into legacy structures.
- Build predictable, repeatable "capital recycling machines" rather than one-off deals.

Some new entrants will also inevitably underperform and may place business into run-off, creating more traditional legacy opportunities.

Increased Regulatory and Performance Scrutiny

As previously referenced in this report, Lloyd's has been consistent in its commitment to PBO to support the Corporation's focus on facilitating sustainable and attractive returns on capital through the economic cycle.

Lloyd's view of the PBO regime is that it is *'powerful tool to avoid future market-wide activity as it allows Lloyd's to intervene with the underperformers and trust the higher performers to manage the cycle'*. This means that whilst the PBO regime is different to the 'catch-all' nature of the Decile 10 review in that it is more surgical, its focus on underperformance is very clear with clear signals that syndicates must self-diagnose and remediate.

Where this is not done, "blunter instruments" will be deployed (echoing Decile 10). Specific areas expected to drive up legacy usage include:

- **Delegated Authority (DA):**
If agents cannot demonstrate robust oversight, Lloyd's may force business into run-off. Legacy specialists' expertise in DA claims and operations makes them natural acquirers.
- **Claims Management as a Hurdle Principle (from 1 January 2026):**
All Managing Agents must meet heightened claims standards. Where claims capability is lacking, transferring certain portfolios to legacy specialists via an RITC may become attractive particularly given the extensive claims expertise in this market.
- **Geopolitical and macroeconomic uncertainty:**
Wider volatility broadens the range of outcomes around best-estimate reserves and required capital. To maintain underwriting capacity, many syndicates will seek to reduce back-year capital loads via legacy solutions given the higher requirements for their prospective books.

Although the legacy market is unlikely to get the 'one-time' boost that Decile 10 provided, a long-term commitment to managing underperformance will provide a more sustainable boost to the legacy deals landscape across the next few years.

'Re-loading' Previous Deals

Earlier in the document, we mentioned that a high proportion (~56% since 2015) of reserves transacted in legacy deals were from repeat cedants / sellers, returning to the legacy market after positive experiences on their early deals.

Repeat cedants are likely to return for second-generation transactions because:

- Reserves have rebuilt since the last deal and most syndicates re-accumulate reserve bases within 2–3 years post-transaction. For deals completed in 2019–2022, this means several years of new exposure are now ripe for transfer.
- Earlier deals often excluded the very latest underwriting years (viewed as “too green” at the time); these can now often be added as legacy specialists are increasingly open and have the underwriting expertise to take on these risks.
- Future technology enhancements may enable split RITCs by line of business within Lloyd's systems, as are already common in the company market. This could unlock substantial additional deal flow.

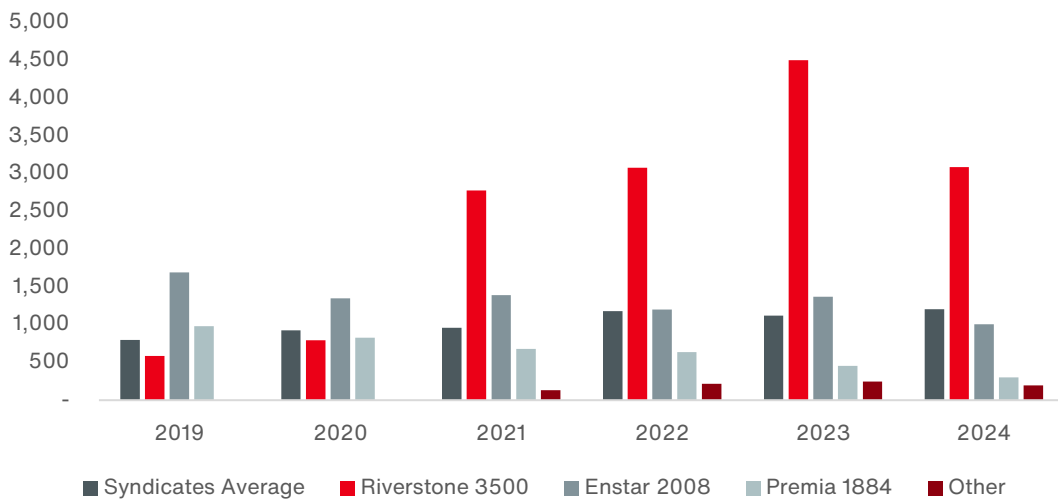
Market Profile, Product Innovation and Future Shape

Profile

The profile of the legacy market in Lloyd’s has grown significantly in the past five years as both the proportion of reserves sitting within the RITC syndicates grew substantially and as Riverstone’s syndicate in particular has become one of the largest by size of reserves.

Below, in **Figure 11**, we have shown how RITC syndicates have grown over time, comparing the reserves held within a number of these syndicates with the average reserve balance across the Lloyd’s market.

Figure 11: Reserves held by specialist RITC Syndicates compared to Average (\$m)



Source: Lloyd’s data, Aon analysis

What is clear is that scale of reserves held in RITC syndicates has increased significantly. In 2019 there was ~US\$3bn of reserves in RITC syndicates but this number doubled to nearly US\$6bn by 2023 (largely driven by Decile 10-related deals). This number has subsequently reduced to under US\$5bn by end-2024, primarily due to natural run-off outpacing new deals.

Key trends

- RiverStone has become the largest syndicate by reserves following major deals (e.g., Canopus, Sompo/Endurance, MS Amlin).
- Premia quickly grew to around US\$1bn of reserves via 2019/2020 deals.
- Enstar led the early stages and continues to play a major role.
- Competition has intensified with the entry of Compré and Marco.

Even with recent deal slowdown, the strategic importance of RITC syndicates is now widely recognised within Lloyd's and across senior market leadership, being seen as a “*fundamental component of the recycling of capital in Lloyd's*”.

Product Development and Exit Options

Aon, in working with a number of the organisations listed in this report, have observed that legacy specialists are innovating beyond traditional RITCs. Examples of this have been seen in:

- **Forward Exit Options:**
The development of up-front options allowing investors to lock in a future legacy deal at an agreed time/price. This feature is designed to increase predictability of exit for the cedant and stimulate future deal pipelines for the legacy market.
- **Structured solutions and split RITCs:**
Aon have also observed more granular transfers by line of business, geography or YoA as technology and data capabilities improve and allow the isolation of specific risks.

Additionally, the development of structures such as London Bridge 2, sponsored by Lloyd's, has made it much easier for alternative sources of capital to invest in the Lloyd's market.

Future Shape

Looking ahead, Aon expects legacy transactions to remain a core part of Lloyd's ecosystem, central to capital optimisation and strategic balance sheet management. Indeed, all five existing specialist RITC syndicates (RiverStone, Enstar, Premia, Compre, Marco) are expected to seek growth as deal activity picks up.

Ultimately, the Market's shape will depend on:

- The volume and distribution of new deals among RITC participants.
- Whether new specialist RITC entrants are formed, or investors instead acquire stakes in existing syndicates.
- The potential for consolidation among current players if growth is uneven or sub-scale.

RiverStone and Enstar, as the largest and most established, are positioned to remain at the forefront. Premia and Compre will be particularly focused on scaling to justify their investment in Lloyd's infrastructure. Marco, with its Polo turnkey and broader group model, demonstrates an alternative integrated approach that others may look to partially emulate.

Concluding Observations

Legacy at Lloyd's has moved from a niche pocket of activity to a mainstream part of the overall ecosystem, fully embedded as a critical tool for earnings stability, capital recycling, and strategic risk transfer.

Despite deal activity slowing in 2024–2025, the underlying drivers for growth remain strong and include:

- A softening pricing cycle.
- Sustained M&A activity.
- A rising number of new entrants, along with alternative capital providers.
- Ongoing scrutiny of long-tail reserves and pockets of reserve strengthening.
- More assertive regulatory oversight of underperformance and claims.

With a robust Legacy Oversight Framework now in place, Lloyd's is signalling its commitment to ensuring that legacy activity supports and doesn't in anyway undermine the PBO regime. Furthermore, it implicitly recognises that legacy transactions will help maintain market stability while enabling capital to be recycled efficiently.

In conclusion, Aon expects a significant rebound in legacy deal activity at Lloyd's in the coming years, with legacy solutions continuing to evolve in sophistication, breadth and strategic importance.

Aon's Capital advisory works with (re)insurance clients to enhance return on capital by matching risk with capital to make better business decisions. We develop and support innovative solutions that are customised to (re)insurance clients needs across a broad landscape (e.g., Lloyd's, Legacy, Structured Reinsurance).

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