

Commercial Consolidation

(self diagnosis and self medication)



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Commercial Consolidation

A Difficult Balancing Act - The Key Structural Challenges



Return on Capital

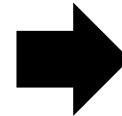
Risk Capital carries the first loss

Risk Capital provides additional security

Requires a reasonable return



Member Security
Absolute requirement



“One-way” Capital

Capital fixed

Difficult to compel recapitalisation

Capital release a one-way valve

Definition of release thresholds



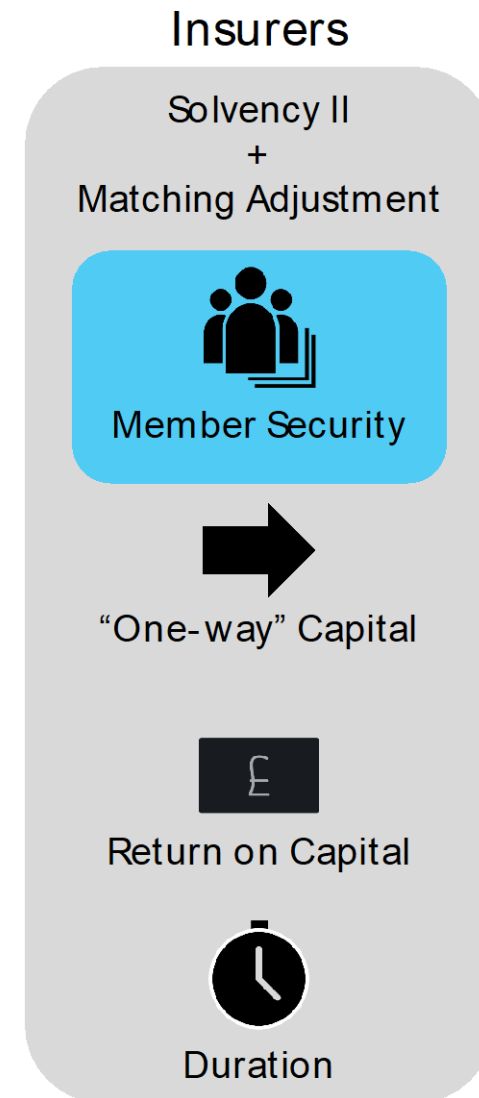
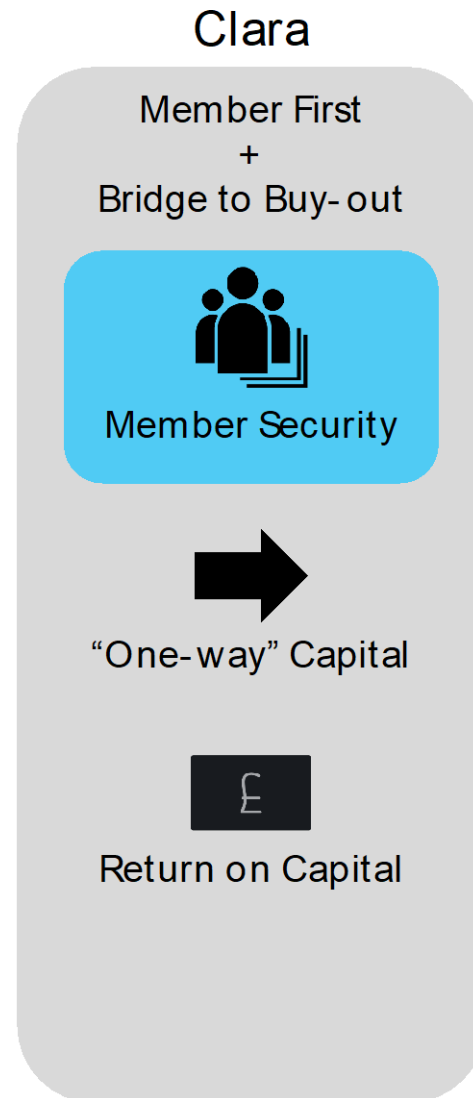
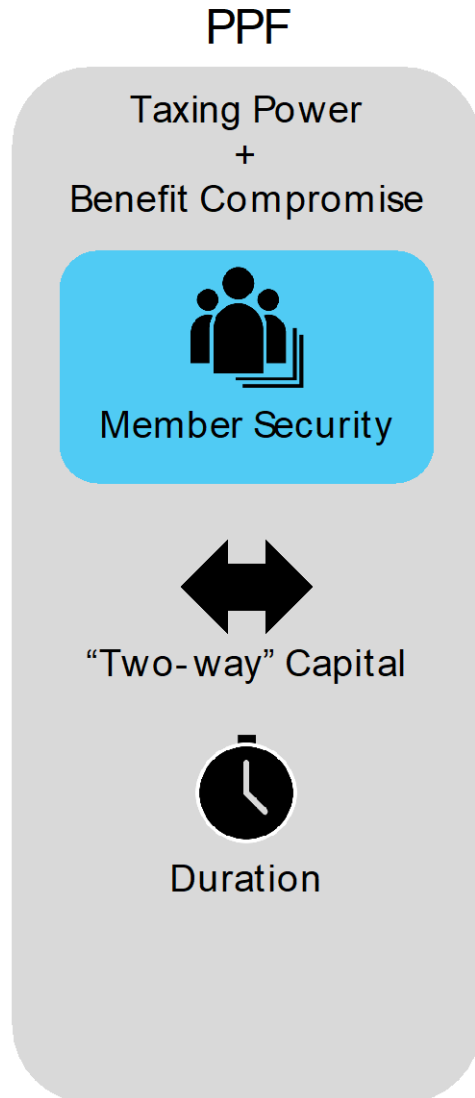
Duration

Significant risk in liability tail

Balance risk and capital support

Basis of measure important

Commercial Consolidation Achieving Balance



Clara

Achieving Balance



Misaligned Interest / Profit Motive



Member First

Fixed Capital



Funded and Permanent Capital

One-way Valve / Capital Release



Risk Capital is First in Last Out

Duration of Liabilities



Secure Full Benefits in Insured Market

Asymmetric



Objective Benchmark

Member Options



Increase Capital Cover | Accelerate Buyout