THE PRINCETON PARTNERSHIP, LLC

Driven to a better outcome.

Turnaround Case Study

In 2008, The Princeton Partnership was appointed run-off manager of a distressed property and casualty reinsurer. Although the Company was in run-off for four years before TPP assumed management responsibility, it continued to experience adverse reserve development, faced severe liquidity restrictions, and was highly leveraged with a heavy expense load. The combination of these factors resulted in a declining surplus base with the very real possibility of regulatory insolvency.

Over the succeeding four year period, through the implementation of aggressive claims management, strict enforcement of contracted rights, successful commutation settlements and expense control initiatives, the Company was successfully turned around and significant value was created for existing stakeholders. A list of TPP's accomplishments includes:

- De-levered the balance sheet through a reduction of gross reserves by 65% and net reserves by 40%.
- Negotiated gross and net commutation settlements at an average discount of 48% and 40%, respectively.
- Increased statutory surplus during a period of historically low investment yields.
- Increased Risk Based Capital by 225%.
- Reinstated dividend distributions (with approval from the Connecticut Department of Insurance) to the parent company.
- Significantly improved corporate liquidity by successfully negotiating the return of $50 million in collateral held in trust without cost to the company. Negotiated settlement was surplus neutral to the Company.
- Successful return of state deposits totaling $5.3 million.
- Reduced staffing by 50% and full year compensation by 35%.