

Reactions

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EXCLUSIVE INTERVIEW

Patrick Ryan rides again

The founder and retired CEO of Aon Corp, Patrick Ryan, is an industry legend. Having grown Aon into a global broker with 500 offices in 120 countries that generates revenues in excess of \$7bn, last year he started Ryan Specialty Group.

RSG specialises in wholesale brokerage, MGU/MGA underwriting management and other specialty services to agents, brokers and carriers.

After only a few months, RSG companies already include RT Specialty, LLC – the wholesale brokerage arm – as well as several MGA underwriting facilities that currently include ThinkRisk, CivicRisk, SafeHarbor, Technical Risk Underwriters, Sapphire Blue (a trading partnership with Beazley Group) and Life Science Risk, a programme underwritten by Catlin Insurance.

Then last month RSG announced it had entered into an agreement to acquire 100% of the share capital of specialist Lloyd's insurer Jubilee Group Holdings Ltd.

Speaking on the sidelines of the IIS seminar yesterday, Ryan told the *IIS Reporter*, "The plan is pretty straightforward – we believe that there is a real opportunity in the specialty markets for a US wholesale broker with market differentiating talent.

"And we're integrating that same concept and those people with a very concerted effort in the MGA space where we once again are looking for



specialty lines for our top of the line specialty underwriters."

It is a model Ryan pioneered at Aon.

"It was the core of Aon up to the mid-90s. When we became such a large retailer in the US and then when we globalised we had to make some choices: where to put our capital to fulfil our core strategy. There was a need for another global broker at that time so we fulfilled that need. So we stopped investing in the wholesale strategy and invested it in globalisation instead.

"But I still like the original strategy; I started with it back in the '60s. So when Aon stepped out of it and no one stepped into it I saw an opportunity, especially at a time of consolidation in the MGA and wholesale broker markets," he explained.

"Both sectors are all about distribution – so putting the two models together puts us in a very strong position."

The combination of consolidation and a long soft market has proved useful. "People are disaffected and looking for opportunity. We have had an incredible response with entrepreneurs wanting to join us, to sell their company and be part of a bigger independent organisation," Ryan said.

Commenting on the Jubilee acquisition, Ryan said it was important for RSG to be admitted to Lloyd's.

"Initially we were looking to start a fresh operation but Lloyd's had put a hold on new entrants. We looked around and we got lucky with Jubilee. They were attractive because the deal brought no legacy losses. Second, they are in specialties – and ones that we know."

Turning to market conditions Ryan said, "We've had cycles that have been this long before – it just seems longer when you are going through it.

"The soft market creates opportunities for us. When carriers are going through a soft market they are always looking for growth. They want to diversify. A good way of doing that is via an MGA. With a company like ours a carrier can identify our talent and enter a market quickly with low fixed costs. And with our distribution they can achieve rapid volume growth.

"The alternative is dabbling and then failing to get sufficient scale to sustain the business. So the MGA route reduces a carrier's risk of not having the right talent and also the risk of not having scale."

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