

# A STRATEGY FIT FOR EUROPE

*Five years after its formation, Ryan Specialty Group started RSG Underwriting Managers Europe (RSGUM Europe) in London. Peter McKenna, managing director with oversight for RSGUM's strategy in Europe describes to Intelligent Insurer the progress so far and his plans for the future.*

**R**yan Specialty Group (RSG) has grown exponentially and gone from strength to strength since it was formed by Pat Ryan, the former Aon CEO, in 2010. RSG has been created on a different model that is both robust and unique with its three pillars: RT Specialty wholesale brokerage; RSG Underwriting Managers (RSGUM); and the UK business processing outsourcing entity, Ryan Direct Group (RDG).

RSGUM incorporates 13 underwriting managers in North America and its expansion into Europe with the three London based managing general underwriters (MGUs) servicing the needs of international brokers and their clients.

At the end of 2014, RSG appointed Peter McKenna, a former AIG veteran, as managing director with responsibility for RSGUM's strategy in Europe.

McKenna has been busy. RSGUM Europe now has three managing general underwriters, each of which targets niche, specialist lines of business which are partly immune to the current endemic soft market but also lines that are tipped for accelerated growth in the future.

McKenna, who spent 20 years in a variety of senior roles at AIG in the US, Canada and the UK, most recently as head of financial lines, EMEA, says he was attracted to the role because of the clarity of the vision and ambition portrayed by RSG.

"The key differentiator, however, is the talent and underwriting expertise we attract. This adeptness allows a speed to market in areas that are underserved at the moment and that, in turn, facilitates growth. RSG is a world-class organisation which I am very excited to be a part of.

"The insurance market as a whole is going through some demanding times, but even now there are many opportunities to create platforms, grow and generate profit for a solid return on capital."

## FOOTHOLDS IN EUROPE

RSGUM Europe has three MGUs. Hunter George & Partners (HG) is a specialist MGU providing insurance solutions for mergers and acquisitions (M&A) focused on Europe. HG came to RSGUM by acquisition, which was completed in January this year. HG's founders Ian Theato and Tim Martin continue leading the business, which underwrites warranty and indemnity (W&I), commercial tax liability and contingent risk insurance.

Despite turbulent macroeconomic conditions, underlying M&A deal volumes continue to grow year on year. Businesses are sitting on an estimated £4.5 trillion (\$6.35 trillion) in accumulated cash reserves globally, but dealmakers continue to be risk-averse. The number of deals purchasing W&I insurance has risen exponentially in the last five years, and clients are aligning themselves with high quality and knowledgeable underwriters.

"Hunter George has experienced dramatic growth since its formation and has insured more than 130 transactions with an underlying aggregate transaction value of £18 billion (\$25 billion)," says McKenna.

The second MGU, EmergIn Risk, offers cyber liability coverage for clients globally from its London hub. EmergIn Risk is led by Jamie Bouloux, whom McKenna previously worked with at AIG. Bouloux was most recently with CFC Underwriting as lead underwriter for its large corporate cyber facility and team leader for its tech and media practice.

McKenna describes cyber as one of the greatest opportunities for the insurance market at the moment as buyers and corporates grapple with these new and evolving risks and new laws come into force in Europe and globally. The cyber market is already estimated to be worth over \$2 billion annually, with an expectation for year-on-year growth in the non-US market of 15 to 20 percent.

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*“The London team will act as a hub for our expansion into other parts of Europe where the demand for products offered by RSGUM is about to take off.”*

“We anticipate that over the next couple of years these products will be purchased more frequently by a larger group of buyers not only in Europe, but across the globe, and we will expand our geographic reach to cater for that demand.”

#### A PLATFORM FOR GROWTH

The model that RSGUM Europe has followed so far mirrors RSGUM’s strategy in North America where it has moved into areas where it sees a market that is under-served, poised for growth, and where it has been able to recruit the right talent and platforms to deliver the right offering.

McKenna says that it made sense for RSGUM Europe to establish a robust presence in London, the largest insurance market in the world for international business.

“We will be sensitive to international markets where we are ready to make smart decisions to take on new opportunities. London will act as a hub for international opportunities, but we will establish a local presence where we need to,” he adds.

All this is against a backdrop of a currently very challenging market, with soft rates in most lines of business. McKenna is doubtful that conditions will change in the medium term. He says the only way of dealing with this situation is for the company to be very selective with new business it takes on and to seek dislocations in the market where specialist expertise and/or other factors can ensure profitable and sustainable business for the company.

“We are mindful that the market continues to evolve in a difficult underwriting cycle,” he says. “The size and focus of RSG will give us opportunities in terms of our speed to market, agility and flexibility, so it is just a case of being mindful of new business opportunities and being selective at the same time.”

McKenna stresses that RSGUM is only interested in expanding in specialised underwriting markets. “We are not a commodity market,” he says. “You will only see us play in markets where underwriting expertise is truly valued and differentiated. We have very positive momentum reflected by RSGUM Europe’s growth.” □

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“I have worked with Jamie previously when we were responsible for cyber liability business in more than 50 jurisdictions around the globe. We are now creating a cyber facility here in London that focuses in particular on providing products for larger risks, such as corporate clients in the *Fortune 1000*,” says McKenna.

“The cyber market is expanding and although the underwriting dynamics seem to change on a daily basis, the market is still constrained in respect to certain industries and pricing has tightened. Jamie is an acknowledged and well-known cyber expert, and he will position RSGUM Europe as a cyber specialist.”

The third RSGUM Europe business is StartPoint, which writes mainly US directors’ & officers’ (D&O) liability business. It provides a broad suite of coverages including full, Side A and blended D&O and employment practices liability (EPL, with or without wage & hour). Led by Mark Peeters, StartPoint’s appetite encompasses clients from *Fortune 1000* companies all the way through to privately-held concerns.

McKenna says that RSGUM saw an opportunity to compete in a market that was once a burgeoning sector for Lloyd’s of London. Only two other carriers were competing in the space when StartPoint was formed, he says.

The aim of RSGUM Europe is to capitalise on what McKenna predicts will be a period of rapid growth in most of these markets—not just in the UK but many other markets in Europe.

“Initially we have focused mainly on UK opportunities. The London team will act as a hub for our expansion into other parts of Europe where the demand for products offered by RSGUM is about to take off, following long established trends in the London Market,” he says.