

Ryan says no to reinsurance, retail and London wholesale broking

Aon founder Patrick Ryan has vowed that his start-up Ryan Specialty Group will avoid retail, reinsurance and London-market wholesale broking.

Addressing a meeting of *The Insurance Insider's* London One Hundred on 9 February, Ryan outlined his vision for RSG.

"Some people do distribution, some people do managing general agencies [MGAs] – we will do both," Ryan said.

He stressed that the operations of his new company would be very carefully circumscribed to prevent conflicts of interest that could damage client relationships – with the client always a retail broker in Ryan's case.

"We will not be a retail broker anywhere in the world," he said.

"Quite simply, we will not compete with our clients."

He also undertook to keep away from the reinsurance broking business.

"We will not be a reinsurance broker," he added. "And this is hard for me because I love reinsurance broking."

Lime Street executives heard that RSG would not look to wholesale its own business into the London market.

"Our retailers often own a London wholesaler and they don't like us competing with them," he declared.

The fledgling company is concentrating on creating a wholesale brokerage network and building up considerable MGA capacity, with the focus squarely on the US at present.

London – where the company is led by former Beazley chief underwriting officer Johnny Rowell – is at an earlier stage of development but Ryan is already eyeing a

time when the company will bear some of its own risk in the London market.

"We want to own a Lloyd's syndicate. It is really important to us," Ryan noted. "That is shut down now by the 'no new entrants' decree."

He described the "decree" as "painful and disappointing, but real".

He reiterated RSG's determination to make it onto the underwriting floor at Lloyd's.

When asked about acquiring an existing operation, he replied: "Let's just say it hasn't escaped us."

Ryan underscored the importance of Lloyd's and the London market to his overall strategy by asserting that "this is the best specialty market in the world".

He also paid tribute to the Lloyd's senior management, which was represented in the audience.

"The job that has been done managing Lloyd's over the last five to 10 years has been exceptional."

Although the business only started trading on 1 January last year and did not bank any revenues until March, it already has a US wholesale run rate of over \$1bn in written premium, he said.

RSG has 17 offices in the US and London, with five operational MGAs and four more in the pipeline covering lines as diverse as life sciences, M&A, political risk and construction.

Ryan also laid out his reasons for starting the long process of building a new broking/MGA venture at this point in his life.

"I missed it. I missed the industry. I missed the intellectual challenge," Ryan told his audience. "I wanted to go back to being an entrepreneur, to return to my roots."

Ryan announces third February acquisition

Ryan Specialty Group (RSG) has acquired transactional risk managing general agency (MGA) Concord Specialty Risk – its third deal since the beginning of February.

As RSG positions itself as a combined wholesale distributor and MGA, the fledgling group has revealed a series of specialist underwriting agency acquisitions.

Concord Specialty Risk writes transactional risk insurance covering risks attached to mergers and acquisitions.

These risks include uncertain tax liabilities, possible regulatory enforcement action and pending litigation.

The company was founded by David De Berry and Kenneth De Berry.

RSG chairman and CEO Pat Ryan added: "Concord Specialty Risk adds a distinct service to our specialty insurance operations, providing much needed contingent liability insurance to agents, brokers and their clients as well as insurance carriers in the corporate and equity fund marketplace."

Ryan went on to note that Concord is RSG's tenth MGA, although not all of them are operational yet.

These MGAs write business in lines including technology and media, municipal and transit authorities, excess flood, construction, life sciences and healthcare, energy, warranty, and political risk.

In early February, RSG told the market that it had purchased Wells Fargo's wholesale insurance business American E&S Insurance Brokers for an undisclosed sum.

This followed the announcement earlier in the month that the company had launched an MGA called CivicRisk that specialises in excess casualty risk for public entities.

Earlier, RSG launched Technical Risk Underwriters (TRU), an MGU for complex construction and property risks.

The expansion of RSG

| Company | Date | Comment |
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| CRC | May-10 | Mass walkout as around 100 staff defect to RSG after a failed management buy-out approach |
| Chartwell Independent Insurance Brokers | Jul-10 | Acquired US wholesaler with offices in California, Arizona and Georgia, with a focus on complex property accounts |
| McAuley Woods & Associates | Oct-10 | Acquired Florida-headquartered wholesaler with specialty lines including professional liability, construction, hurricane and product liability |
| Oakbridge Insurance Services | Dec-10 | Purchased wholesale brokerage specialising in professional liability |
| Technical Risk Underwriters | Jan-11 | Launches managing general underwriter (MGU) providing underwriting for complex construction and property risks. Headquartered in Austin, Texas |
| CivicRisk | Feb-11 | Launches MGU specialising in excess casualty cover for public bodies. Offices in Los Angeles and Philadelphia and writes on Scottsdale paper |
| American E&S Insurance Brokers | Feb-11 | Purchased the wholesale insurance business from Wells Fargo. Offices in California, New York, Denver, Atlanta, Nashville, Tennessee and Seattle |
| Concord Specialty Risk | Feb-11 | Purchased New York-based MGU specialising in transactional risk insurance |