

The Builder



In 2010, Ryan Specialty Group (“RSG”) was founded by insurance industry innovator Pat Ryan and a team of insurance professionals as a startup operation. In less than eight years it has become a multi-billion-dollar international firm.



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Today RSG operates in two industry verticals — wholesale under the Ryan Turner Specialty (“RT”) brand and a collection of Managing General Underwriters

(MGUs) operating under the Ryan Specialty Group Underwriting Managers (“RSGUM”) brand. It is focused on growing and supporting its core partners: retail agents and brokers, wholesalers, and insurance carriers.

Since its inception eight years ago, RSG’s aggregate annual gross written premium is over \$6 billion, and its team is over 1,900 people strong. “We have a focus on swift response, innovative solutions and a broad array of products written on A paper and better,” says Michael D. Rice, a director at RSG and Chairman & CEO of RSGUM. He added, “we are very proud of what has been built in a short period of time.”

“Our success has been built on growth,” says Rice. “Acquisitions are not made to achieve restructuring efficiencies or cost take-outs. And, as the reputation of our company grows, the culture we engender here becomes even more attractive to people who want to be a part of a successful organization.”

MarshBerry wanted to feature in this issue of *CounterPoint* RSGUM and its drive to help retail agencies and wholesalers

succeed in the specialty insurance space by providing stable sources of admitted and non-admitted paper for challenging market niches like health care, energy, trucking, construction and cyber, among many other lines.

Rice adds, “There are very few businesses in the insurance industry that are growing at the rate we are now. That drives us into the position of being a destination of choice to its future partners.”

Building Businesses

By mid-2018, RSGUM had a staff of 400 professionals and placed over \$1 billion in annual gross written premium.

This phenomenal growth, is a unique success story of attracting talent, fostering its entrepreneurial culture and building an internationally recognized brand. Now at 22 distinct MGUs, offering over eighty specialty coverages with 250 underwriters on staff, the organization is positioned for further expansion via organic growth and has ample resources to make additional “platform” and “bolt-on” acquisitions.

RSGUM’s acquisition strategy varies to best address the perpetuation needs of an MGU, expand its network of carrier partners, accelerate organic growth, and expand their footprints. For the MGU who is an acquisition candidate, in our opinion, the benefits of partnering with RSGUM are infrastructure, brand support and economies of scale.

RSGUM is a Builder

“Each acquisition is bespoke to the seller and their business,” says Miles Wuller, COO, RSGUM and Managing Director, RSG. “We can introduce a wider

distribution network to our MGU's and make executive-level connections with numerous major carriers. We have actuaries on our team to help with product design and pricing, as well as technicians and developers. Further, our leadership team is always available with a seasoned understanding of the MGU space."

Whether the MGU is a start-up or a team leaving the carrier environment, RSGUM wraps the business with talent and tools to grow. "If it's an acquisition, we do not push down a cookie-cutter model," Wuller says. "It's absolutely not a stock approach, it's quite customized. Everything we do is about equipping a business to get to the next level of operating performance."

Take the 2017 acquisition of Johnstown, PA based Interstate Insurance Management. "They're a best-in-class underwriter in their space," Wuller relates.

Jack Buchan continues as the CEO of Interstate Insurance Management. "Jack joined RSGUM in early 2017 and leads the company," Wuller says. "He has the infrastructure and support of RSGUM to help him build and continue his expansion ambitions. And, for us, we have the benefit of leveraging his expertise and knowledge into a platform in the trucking space."

RSGUM's partners retain a high degree of independence. The business takes an operating partner approach where its 23 MGU's are mostly founder-led. "They have the same sense of ownership, pride of place and entrepreneurial spirit that facilitates them wanting to continue growing their businesses," Wuller says.

How do you balance independence and consistency to the RSG brand? How do you let the entrepreneurial spirit fly while ensuring performance? Wuller says, "We let our MGU's take the best of both worlds, so they can keep their own brand identity and set their own underwriting and distribution strategies. They have their own CEOs and presidents, but they can reference the RSG brand and resources whenever beneficial."

This is a real boost for many MGUs who might have struggled to leverage a less financially stable brand or have concerns of losing their capital partner. "A carrier might have historically viewed an MGU as a small, family company without substantial financial support or regulatory oversight and compliance," Wuller explains. "But as part of RSGUM, these smaller MGU's now have the full support of a Fortune 1000 company that brings market heft, systems, compliance, and structure, while allowing talented people to generate profitable business for our carrier partners."

Making Leaps and Gaining a Foothold

What type of underwriting manager is a fit for RSGUM? "There is a lot of time, effort and energy put toward getting to know potential acquisitions — how they think, their culture, and ensuring they offer a competitive advantage in their specialty," Wuller says. "Further profitability to carrier partners and long term sustainability of market position are key factors."

What exactly is the culture at RSGUM? "It's entrepreneurial," says Alice Topping, Chief Marketing & Communications Officer says. "It's a culture of empowerment. It's team work and supporting each other, yet allowing anyone with a good idea to come to the surface with it. This is a very flat organization with MGUs that are supported by our infrastructure, but there is not a hierarchy."

The set-up is quite different — and it works, Topping says," because there is a significant amount of time dedicated to ensuring a cultural fit

before sealing any deal. About half of RSGUM's MGUs are acquired organizations. The other half are startups born from RSGUM, where top talent is recruited, and a business is built around a specialty underwriter or a team."

For example, in January 2018, RSGUM launched Capital Bay in Miami, Fla., which focuses on financial risks for private and public corporations across Latin America and the Caribbean.

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(Capital Bay is a Lloyd's of London Coverholder). Its president and CEO, Pascal Alvarez, is a well-known underwriter with a pedigree including AIG and a focus on financial institution business in Latin America.

This expands RSGUM's footprint into the Latin American market, and such international expansion is certainly a focus for the international firm. While 50% of the world's insurance premium lies in the United States, there's vast opportunity to be had beyond our borders. For instance, RSGUM has six businesses in the United Kingdom and in the Nordics, which have become a base for expansion. "Our belief that our U.S. model would work well in Europe is rapidly proving true." Rice says.

"Because those countries want to do business globally, yet look to trade through known local partners, we formulated a strategy to look for acquisitions in each of those countries where we think there is support for us," Rice continues. "Then, when we find those acquisitions, we position them as a base to deliver the products we underwrite elsewhere. That satisfies the need to do business locally and does not require us to rebuild and rebuild."

It's a logical economies of scale play that minimizes expenses and affords growth. And ultimately, it's all about capturing opportunity and aligning firms that share the RSGUM culture. "Our businesses in Stockholm and Copenhagen are proving our strategy to be true," Rice relates. "They are attracting acquisition candidates who know those businesses are part of RSG. We are excited about this — and we are also excited about what we do in the U.S."

Growing Talent

RSGUM explains that it will continue to provide support and innovative solutions — a culture that welcomes growth-driven MGUs who want to be a part of something bigger.

Wuller adds, "We pride ourselves on always seeking out top underwriting talent." And, he acknowledges the industry-wide challenge of attracting new and developing existing talent to the insurance industry. "Talent management will always be a consideration," he says.

"We are getting ahead of that," he continues. "We are big enough now that we have intern programs, recruitment programs and rotational programs. We stay in constant dialogue with seasoned executive-level underwriters in the marketplace, and we are always considered a home for them."

A committed, thoughtful and ongoing talent search contributes to how RSGUM arrived at where it is today — and a part of how it will continue to grow at its pace. "And, it's our consistent mission over the last eight years," Wuller says. "We have a focus on supporting each of our MGU's so they can expand their current capabilities and further strengthen their underwriting acumen, distribution and presence with each carrier." ■

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