

# MANY WAYS, ONE PATH

*Startups and acquisitions drive growth for Ryan Specialty Group in its dynamic second year*

By Elisabeth Boone, CPCU

When Aon founder Patrick Ryan retired in 2009 from the global powerhouse he founded 45 years earlier, few in the industry were surprised that he headed not for the marina or the golf links but to a new suite of offices in downtown Chicago.

There, supported by a “brain trust” of top talent drawn from a variety of specialty niches, Ryan launched Ryan Specialty Group (RSG), which serves as a global holding company for managing general agencies, managing general underwriters, and wholesale brokerages (see “Building on Success” in the May 2010 issue of *Rough Notes*).

At the top of the Ryan Specialty Group Web site’s home page appears the phrase “Many ways, one path.” We asked Ryan to explain why he chose this phrase and how it reflects RSG’s philosophy and operations.

“The words ‘many ways’ represent the multiple specialties RSG is engaged in and anticipates being engaged in,” Ryan says. “We’re solving clients’ needs through a wide range of specialty insurance products and services. ‘One path’ refers to the RSG talent pool whose members implement the many different strategies we use to provide solutions to our clients.

“Our philosophy is very client-centric,” Ryan continues. “We support our clients with what we consider to be industry-leading and differentiating talents in various specialties. We integrate our philosophy into our operations by bringing those experts together as one team, going down one path, delivering solutions in multiple ways.”

In establishing Ryan Specialty Group, Ryan continues his career-long commitment to deliver top-tier specialty market services to retail agents and brokers. “Our aim is to support retail producers, not compete with them,” he asserts.

A key objective for RSG is to give retailers access to markets in industries that are emerging and growing as the global economy expands. Initially RSG focused on five markets where Ryan and his team believed they could deliver what he called “differentiating expertise and

differentiating creativity.” Employing a strategic mix of acquisitions and new ventures, RSG targeted media, advertising, technology, privacy and network security, and financial lines.

Since then RSG has expanded at a rapid yet measured pace, using the same combination of startups and acquisitions to achieve a presence in additional key niches: complex construction risks; renewable energy; public entities; transactional risk; long-term care and professional liability; and generic pharmaceuticals and medical devices.

“These niche-driven MGAs and MGUs bring significant product and coverage solutions to the wholesale brokerage community as well,” Ryan says. Through its wholesale brokerage unit, R-T Specialty (RT), RSG has acquired specialty intermediaries in a number of key markets.

What’s more, in May of this year RSG announced its entry into the Lloyd’s market with an agreement to acquire 100% of Jubilee at Lloyd’s, a specialty insurer that owns several syndicates.

### Choosing niches: art and science

Thanks to his long experience in specialty marketing, and his admitted affinity for the world of MGAs, MGUs, and wholesale brokers, Patrick Ryan has a finely honed sense of what constitutes a desirable niche market—and of when and how to enter that market with Ryan Specialty Group’s hallmark differentiating expertise and creativity. We asked him to explain the art and the science behind his choices of new market niches, and to comment on current conditions in each of those markets.

“We look at growth areas in the economy,” Ryan says. “We look at market segments that are both growth oriented and require significant technical knowledge. We have attracted specific talent to match each of those targeted industries, beginning with the formation in 2009 of

ThinkRisk Underwriting Agency, an MGU with expertise in media and the associated technology, privacy, and network security exposures.”

As technology continues to evolve at warp speed, the media industry unquestionably is a key growth engine in the global economy. Another industry that is benefiting from advances in technology is complex construction enterprises that use sophisticated computer programs and next-generation materials to design and build projects that range from power plants to offshore drilling rigs.

“We’ve always believed that the construction field, even though it’s currently under a lot of economic pressure, is a market in which we can differentiate ourselves dramatically with outstanding talent,” Ryan says. “That was a natural fit for us, and early this year we launched Technical Risk Underwriters (TRU), an MGU based in Austin, Texas, and headed by Mike Pilla, who has 36 years of experience in all phases of complex construction and property risks.” (See “High-Tech Solutions for Complex Construction Risks” in the July 2011 issue of *Rough Notes*.)

Sophisticated technology also drives growth in the expanding field of renewable energy, and Ryan Specialty Group is becoming a key player in that market through a newly formed MGA called Power Energy Risk (PER se). PER se offers A rated property and casualty capacity worldwide through syndicates at Lloyd’s and other insurers and provides risk management services to companies that produce power through wind, solar, biofuels, and hydroelectric technologies. PER se has offices in New York City and Newport Beach, California, and its CEO is Michael Bernay.

Another market that requires specialized expertise, Ryan continues, is public entities. “We’ve matched our talents with the needs of these entities to deliver their services while



Patrick G. Ryan is Chairman/CEO of Ryan Specialty Group, headquartered in Chicago.



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operating under a great deal of financial pressure,” he says. Based in Glendale, California, CivicRisk was formed to create solutions for cities, counties, school districts, transit authorities, utility authorities, and joint power authorities and pools. Tom Dultz, who brings more than 39 years of experience to the new venture, heads this specialty MGA.

Also attractive to Ryan Specialty Group is the emerging field of transactional risk. Among the loss exposures involving transactional risk are those that arise from mergers and acquisitions, uncertain tax positions, potential regulatory enforcement, and pending or potential litigation. RSG entered this market in February 2011 by acquiring Concord Specialty Risk, a New York City-based MGU that specializes in transactional risk insurance and loss mitigation/evaluation services.

“We like the fact that this field is relatively new, and that we’ll have relatively few competitors in this space,” Ryan comments. “As mergers and acquisitions become more complex and sophisticated, we anticipate significant growth in transactional risk. We are fortunate to offer this

market the talents and expertise of David and Kenneth De Berry, who serve, respectively, as CEO and president of Concord Specialty Risk.”

### **Long-term care and life sciences**

As the U.S. population continues to age and the first Baby Boomers move toward retirement, the demand for long-term care facilities is strong and growing. “We see this as a growth sector both in our country and around the world,” Ryan remarks.

In May of this year, Ryan Specialty Group announced the formation of Sapphire Blue, an MGU that provides professional and general liability insurance for long-term care facilities that include independent living communities, assisted living facilities, memory care, skilled nursing facilities, sub-acute care, and associated home health, hospice, and rehabilitation services. Heading up Sapphire Blue is Kiernan Dempsey, chief executive officer; the veteran health care underwriter leads the RSG Underwriting Managers health care and life sciences underwriting teams.

Under a trading partnership between RSG and Beazley Group,

which manages several Lloyd’s syndicates, coverage for long-term care facilities is underwritten by a Beazley syndicate on a nonadmitted basis except in Kentucky.

As it continues to move into the health care sector, Ryan Specialty Group in July of this year introduced LifeScienceRisk, an MGU that specializes in generic pharmaceuticals, medical devices, and nutritional supplements. LifeScienceRisk offers CAT and non-CAT general liability and monoline product liability insurance on both a primary and excess basis to manufacturers, repackagers, and distributors. Coverage is underwritten on a nonadmitted basis in all states except Delaware and Rhode Island by Catlin Specialty Insurance Company, rated A XV by A.M. Best.

“Fundamental to our market choices is our belief that each one is a growing sector of the economy with complex exposures and underwriting challenges,” Ryan declares. “These are not commodities; they are markets that require the level of expertise RSG is able to deliver.”

Ryan Specialty Group has made a number of acquisitions on the wholesale side through its wholesale

brokerage unit, R-T Specialty. RSG now provides its capabilities and market access to its retail partners through:

- American E&S Insurance Brokers, a full-service wholesale brokerage previously owned by Wells Fargo Insurance Services
- Chartwell Independent Insurance Brokers, Los Angeles, which specializes in hard-to-place property accounts
- McAuley Woods & Associates, West Palm Beach, Florida, a boutique wholesale brokerage that offers a variety of product lines
- Oakbridge Insurance Services, Bloomington, Connecticut, which specializes in executive and professional liability
- Sowers Baccala Insurance Brokerage, a prominent regional wholesale brokerage based in LaJolla, California

### Lloyd's launch

For a top-tier specialty enterprise like Ryan Specialty Group, a significant presence in the Lloyd's market is essential. In May 2011 RSG announced a definitive agreement to acquire 100% of the share capital of Jubilee Group Holdings Limited, a specialist Lloyd's insurer rated A by A.M. Best, that manages a syndicate for global prop-

erty, terrorism, accident and health, and affinity and special risks, as well as a syndicate for group life.

In the landmark transaction, RSG became the first broker to own a Lloyd's underwriter in 30 years. A ban on that practice imposed in 1982 was lifted in 2008, and the Jubilee acquisition allows RSG to serve its retail partners and their clients from its strong position as a Lloyd's principal.

"We think having a Lloyd's insurer gives us greater ability to be creative and to develop accretive business in the London market," Ryan says. "We can bring new business into Lloyd's, and obviously new profits. The acquisition supports our specialty strategy because Lloyd's has traditionally been a specialty market. It gives us considerable flexibility to develop new products and to create solutions for the industry."

Jubilee also will serve as a foundation for RSG to expand throughout Europe, Ryan says. "We will build the Jubilee platform by acquiring other MGAs that will become part of Jubilee in the Lloyd's market."

RSG also is eyeing expansion into the South American and Asian markets. "We aren't going to launch startups in Asia, but we could gain access through acquisition," Ryan explains.

As the global economy grows, Ryan says, he and his team are constantly identifying and evaluating growing industries with challenging insurance and risk management needs. "Right now we're looking at a number of exciting opportunities. Our startups are making impressive progress, and as they move toward becoming self-sustaining, we can focus on new sectors that are gaining traction in the expanding global economy," Ryan asserts.

To all appearances, Patrick Ryan's retirement from Aon in 2009 was a mere formality, a note jotted on his calendar. Ryan and his "dream team" immediately began to plan for the launch of a global specialty operation that would deliver top-tier expertise in challenging risks to the retail community.

As he continues to expand and refine Ryan Specialty Group, it's clear that Ryan is having the time of his life. "I'm having so much fun," he declares. "Every day, I wake up feeling enthusiastic and energized."

Not everybody's idea of a dream retirement plan—but it's exactly right for Pat Ryan. ■

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#### For more information:

**Ryan Specialty Group**  
Web site: [www.ryansg.com](http://www.ryansg.com)



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