

Planning another 100 years

With its centenary just around the corner, reinsurance broker Holborn is enjoying almost unprecedented growth as US cedants seek a true alternative solution, the firm's Frank Harrison tells *PCI Today*.

As it eyes celebrating 100 years in business in 2020, reinsurance broker Holborn is celebrating an almost unprecedented period of growth as it benefits from a shrinking pool of choice for reinsurance brokers and reaps the rewards of investments it has made in analytics and value-added services.

Frank Harrison, chief executive officer, said the company enjoyed growth of around 10 percent in its last financial year and anticipates growth of similar levels in the next two. He said the growth is mainly driven by insurers wanting an alternative to the so-called big three reinsurance brokers, which now control around 80 percent of the market in North America.

"We are enjoying a very fruitful period in our history," Harrison said.

"We have enjoyed a series of record years in terms of growth and that is driven by our position in the market. We focus on where we can best add value to clients; we are also privately owned by our employees, meaning we lack the constant need to deliver in quarterly earnings.

"That allows us to take a more long-term, strategic approach. We offer a genuine alternative to what has become a very generic market dominated by a small number of firms."

He said that recent consolidations between brokers has also made clients weary of constant restructurings. With Holborn, our clients have stability. "I can unconditionally say, we are not for sale," Harrison said.

"I predict we will see more consolidation between our peers in the next few years, but nothing will change in terms of ownership for us."

Holborn has also resisted becoming the acquirer—except for one deal in 2013 when it acquired W.J. Lehrke. Harrison said he does not rule out further deals, but finding the right cultural fit for two companies is difficult to achieve.

Holborn's soon-to-be 100-year history can be traced back to the early days of Lloyd's of London. Cuthbert Heath was one of the first



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pioneering individuals to diversify away from pure marine business; Jack Gilbert, one of Heath's original staff, formed Holborn in New York in 1920, quickly narrowing its focus to that of a reinsurance broker.

Adding value

Harrison said one of the big changes for Holborn in recent years has been a move from pure reinsurance work—although this remains core to the business—to offering clients more value-added consultative services in the form of analytics and solving business issues. He estimates that some 20 percent of its workforce now works in the latter of these categories, offering consultative services in some form.

"The key for us is crafting tailored solutions that are appropriate to the needs and nuances of each of our clients," he said. "These capabilities allow us our own sandbox, so to speak, that we can play in, innovate and craft ideas for our clients. That is key to our offering.

"Our rivals are seeking scale and uniformity, but we have gone in the opposite direction and

are increasingly personalising what we do. That represents a true alternative."

He added that Holborn's relatively compact nature also facilitates better internal communication. While the majority of its operations are in one building in New York, the Holborn team works seamlessly across offices.

"We are great believers in face-to-face communication and, for us, that often simply means getting up, walking down the corridor, and talking to a colleague directly about how to solve a client's need."

This works well, he said, given that many of the broker's clients in some way have specialist needs. Holborn represents many regional and mutual insurers, whose portfolios have unique risk characteristics.

Harrison stressed that such clients value their relationships. They want to work with a regular, reliable panel of reinsurers. "It is then our job to optimise the way we can handle that risk for them and optimise the structure and the placement," he said.

He also noted that the key decision-maker, in most cases, is the chief executive. While some need to worry about quarterly earnings, many more CEOs see their role as one of a temporary guardian of their companies, wanting to protect and leave them in a better place. Reinsurance is a critical tool to help them achieve that.

"They want us to help them understand what could be a bellwether event and protect against that; they see it as their turn at the vigil and want to ensure all appropriate protections are in place," he explained.

To some extent, Harrison said, his role at Holborn is similar. "We are blessed that we have a fantastic company, we are growing steadily, and I do not have to worry about reporting quarterly earnings, because we are private.

"One of my main aims now is around talent and ensuring we attract and train the next generation. That allows us to plan for the next 100 years." ●

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