

The Risk Retention Reporter

Captive Managers by Premium 2019: Acquisitions and Shakeups

The last three years have brought significant changes to the captive management landscape for risk retention groups, with acquisitions of and exits by some major players causing significant shakeups. Even so, nearly all captive managers reported premium gains for their managed RRGs, on the heels of the strongest RRG premium growth since 2006.

Reflected in this year's rankings are the completed acquisition of **JLT Towner** by **Marsh** and the exit of **USA Risk Group** as a captive manager for risk retention groups. Then, pending for 2021, is the acquisition of **WillisTowersWatson** by **Aon**, which would further cement Aon's status as the dominant captive manager for risk retention groups.

Aon-managed risk retention groups reported premium of \$1,151.0 million in 2019, up from \$1,020.2 million in 2018. Aon also saw an increase in its number of managed RRGs.

The number of RRGs managed by WillisTowersWatson has declined in recent years, with a number moving to **Advantage Insurance** along with former Willis Senior Vice President Christina Kindstedt, now managing director at Advantage. Even so, the acquisition of WillisTowersWatson could lead to 40 or more RRGs, representing over \$1.2 billion in premium, in Aon's portfolio.

Marsh, coming in at number two, also increased its roster of managed RRGs and saw premium for its RRGs increase by 13.3% to \$353.2 million. Some of that growth can be attributed to Marsh's acquisition of JLT Towner.

Captive Managers by Premium: 2019 and 2018

Ranking 2019 (2018)	Captive Manager	Gross Premium (\$M)			Number of RRGs		
		2019 (\$M)	2018 (\$M)	% change	2019	2018	% change
1 (1)	Aon	1,151.0	1,020.2	12.8	34	31	9.7
2 (3)	Marsh	353.2	311.6	13.3	32	28	14.3
3 (-)	ALAS	349.8	354.0	-1.2	1	1	0.0
4 (4)	Strategic Risk Solutions	240.7	228.8	5.2	16	14	14.3
5 (5)	Risk Services	206.3	179.2	15.1	30	32	-6.3
6 (6)	Fagre Drinker	186.2	176.7	5.4	3	3	0.0
7 (-)	Quest	82.6	73.1	13.0	6	-	-
8 (10)	ACIC	79.7	69.8	14.1	1	1	0.0
9 (9)	OMSNIC	70.5	69.9	0.9	1	1	0.0
10 (11)	HealthCap	55.0	51.6	6.6	1	1	10.0
11 (14)	Taft	48.2	45.6	5.8	2	1	100.0
12 (-)	TMLT	43.5	31.4	38.3	1	1	0.0
13 (8)	WillisTowersWatson	42.9	39.5	8.5	6	9	-33.3
14 (13)	Beecher Carlson	42.7	42.3	1.1	3	4	-25.0
15 (16)	Pacific Risk Solutions	41.4	39.3	5.2	3	2	50.0
16 (-)	Ethos Group	40.1	33.0	9.5	1	1	0.0
17 (-)	CHART	39.6	39.2	21.4	1	1	0.0
18 (17)	Advantage	38.8	35.4	9.6	11	10	10.0
19 (12)	Lexicon	37.7	50.7	-25.8	1	1	0.0
20 (20)	Caring Communities	35.2	30.2	16.0	1	1	0.0
	Other	372.2	380.3	-2.1	58	77	-24.7
	Total	3557.2	3,302.0	8.3	213	220	-3.1

JLT Towner was formerly the second largest RRG captive manager in terms of premium, largely due to managing **Attorneys` Liability Assurance Society Ltd., A RRG** (ALAS). ALAS do not transition to Marsh, and is now listed as self-managed, coming in at the number three position. ALAS reported a small premium decline in 2019, one of two entities in the top twenty reporting a decline.

Strategic Risk Solutions held on to the fourth position, with premium for its managed RRGs increasing by 5.2% to \$240.7 million, followed by **Risk Services** at number five. Risk Services saw a slight drop in its number of managed RRGs, though its RRGs collectively reported strong premium growth of 15.1%. A large portion of the growth is attributable to **Canopy RRG, Inc.** which reported premium of \$14.9 million in its first-year of operation.

Faegre Drinker, formerly **Faegre Baker Daniels**, comes in at number six, mostly due to **MedPro RRG Risk Retention Group**, which reported premium of \$161.3 million in 2019. **Quest**, coming in at number seven, is a new entry. Quest picked up several RRGs

formerly managed by USA Risk Group and its six managed RRGs collectively reported premium of \$82.6 million in 2019.

Although not present in the top twenty, **Risk Partners**, the landing spot of former USA Risk Group President Gary Osborne, where he is now vice president, has been active as well and currently manages five RRGs.

Following Quest are three independently managed RRGs – **American Contractors Insurance Co. Risk Retention Group**; **OMS National Insurance Co., Risk Retention Group**; and **Healthcare Industry Liability Reciprocal Co., A RRG**.

Other notable entries in the top twenty include Advantage, whose managed RRGs reported premium of \$38.8 million, and **Lexicon**. Lexicon is the captive manager for **County Hall Risk Retention Group**, a sister company to the insolvent **Spirit Commercial Auto RRG**. County Hall reported a premium decline of 25.8% in 2019, making Lexicon the only captive manager in the top twenty to report a large premium decline.

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