

'Do brokers focus too much on technology and too little on differentiation?' Vivek Banga p7

# Insurance Times.co.uk

4 August 2011

## It's just business

**Interview:** Brokers love him, but ACE boss Andrew Kendrick believes it's dangerous to get too close. Find out why ... p12

**FSA gets tough  
on small brokers** p5

**LV= leads the pack  
on motor results** p6

**New twist to  
Endsleigh  
legal battle** p8



ISSN 1466-8149

£4.95



3 1

9 771466 814005

# Insurance Times Interviews Andrew Kendrick

'I think it's dangerous to have very good friends in the industry'

By Saxon East

**A**ndrew Kendrick is a man who lives and breathes insurance. His passion for the industry is only matched by his work ethic. "Are you one of these guys who works 12 hours a day?" *Insurance Times* asks. "More," Kendrick chuckles. "Obviously, I love it."

He's not joking. It's not uncommon for Kendrick to rise at the crack of dawn, head to the gym, complete a full day at the office and then charge on through the night with meetings or pressing the flesh with London market partners.

Despite the hectic lifestyle, he looks fresh for today's interview at the company's London head office. A natty dresser, kept in shape by many hours of exercise, there's a touch of the Gordon Gekko in Kendrick's looks. But that's where the similarity ends.

A London market man through and through, Kendrick gradually worked his way up the food chain for over a quarter of a century to finally become the boss of ACE European Group.

He cut his teeth as an underwriter at Sturge Underwriting Agency, staying there for 18 years until it was snapped up by ACE in 1996. His big break came when he was appointed president and chief executive of ACE Bermuda in 2004 and later that year was promoted to his current role as chairman of ACE European Group. He now oversees 2,000 employees in 27 countries across Europe, the Middle East and Africa.

Kendrick has certainly earned the respect of brokers since taking the top job. Gallagher Heath chief executive Adrian Colosso says: "He's a good guy. Shame the industry does not have more like him, as it would go back to being colourful, entertaining and making more money."

Lockton chief executive Julian James is equally praising: "He's very knowledgeable and very perceptive – he understands people very well. He's direct and opinionated, but in a good way."

Kendrick may be lively and pally behind closed doors, but to *Insurance Times* he comes across as more corporate, almost restrained, saying: "I think it's dangerous to have very good friends in the industry. But it's a chairman's job to have good relationships with all the broking firms and I endeavour to see

all the chief executives regularly of both insurers and brokers. You need to keep in contact with the market."

So what's Kendrick done to earn the respect of his peers? Let's look at the numbers. Swiss-headquartered ACE Group's net written premium last year was \$13.7bn (£8.4bn), and Kendrick is responsible for around 11% of the organisation's NWP.

Recently released figures from Companies House show that ACE European Group's combined ratio last year worsened slightly to 96.6%, compared with 95.5% in 2009. Net written premium was up to £956m from 2009's £937.2m, and pre-tax profits fell to £195.1m (£262.2m in 2009).

A mixed bag maybe, until you compare the figures to rival insurers in the London market, which have suffered from large catastrophe losses this year.

ACE Group's book is more skewed towards casualty (42.6%) than property (28.9%), meaning it has not taken as big a hit from the past year's disasters in Japan, New Zealand and Australia. Personal accident (24.7%) and life (3.8%) make up the rest of the business.

Pointing to innovation in its book, in the UK Kendrick says ACE Online has helped capture some of the SME market. The bulk of the premium comes through London and 10 regional offices writing mid-corporate and big-ticket business.

**K**endrick, an underwriter at heart, stresses that ACE's results are borne out of discipline, however. "The worst thing you can do is to grow without a strategy and seek market share," he says. "We don't do that." "We have a very clear message in the market, which is if you want to maintain your proposition to your clients and brokers, then it has to be a strong balance sheet. Why would I ask the clients to transfer their risks to my balance sheet if I've damaged it through poor underwriting?"

ACE's key partners are the mega brokers of Aon, Marsh, Willis and JLT. As they seek higher commissions in the soft market, is ACE feeling the pinch?

Kendrick is again diplomatic. "Commission levels will ebb and flow with a soft and hard market, where the broker has the power rather than the insurer."

On the databases, such as Aon's GRIP, that capture client information to help underwriters, Kendrick is cool on the issue. "I think it's good that there's better data available for the market to do a better job. And if the brokers hold that data, then arguably they have a right to charge for it."

In such a tough market, some underwriters crave innovation and entrepreneurship. There is grumbling privately that the Lloyd's Franchise Board stifles competition by putting controls on syndicates.

Kendrick offers a damning response to the moaners. "I think [Lloyd's franchise performance director] Tom Bolt's role is to provide a stable platform for Lloyd's to continue on into the future, and give oversight of the business plans. If he sees those business plans are not robust, he will challenge them."

"I don't think he's taken competition out of the market, and people who do not see the value of Tom and his team's input to sustaining the Lloyd's market, well, then they are naïve."

With the interview drawing to a close, Kendrick has come across as well balanced with a grasp of the big picture, although perhaps slightly guarded against making any slips-ups to the press. Above everything else, though, he loves this industry.

So it's not surprising, then, that when asked if he's had any lows along the way, Kendrick focuses on the future instead: "The worst moment will be the day I retire, because I love what I do and it is a great industry to be in."

"Insurance offers so much, even if it is invisible to the country: it provides terrific protection for a myriad of industries and countries across the globe. I'd be sad to leave that."

Whoever said insurance was boring certainly didn't tell Andrew Kendrick.

## SNAPSHOT

## THE MAN

**Hometown:**

Sevenoaks

**First job:** Sturge  
Syndicate 210

**Interests:**

Football, tennis,  
swimming and  
cooking

**In his own words:**

'The worst  
moment will be  
the day I retire,  
because I love  
what I do and it  
is a great industry  
to be in'

THE  
COMPANY

**Ranking:** UK's

**7th**

largest insurer

**GWP:**

**£2.2bn**

**European locations:**

**27**

**Employees:**

**2,000**

**Market view:**

Back in the '80s,  
ACE Group was  
known as a  
plucky start-up  
geared to exploit  
the US casualty  
market. Now it  
is seen as part  
of the insurance  
establishment,  
with ACE  
European Group  
a solid-performing  
subsidiary

