

Achieving profitable growth for mutuals

Guy Carpenter's Mutual Company Specialty Practice is focusing its talent, experience, and technology solutions in new ways to offer mutuals competitive advantages, as managing directors Dave Domino and Rob Collins explain.

Mutual insurance companies in the US face a paradox. On the one hand, they are thriving—their policyholder-centric business model has fared well during the economic downturn. On the other, however, some companies are facing increased competitive pressures.

Recognising the changing needs of clients in this sector, reinsurance broker Guy Carpenter has dedicated considerable resources into a focused Mutual Company Specialty Practice working directly with mutual insurers. The practice has pulled together vast expertise from across the company with the aim of offering mutual insurers better advice and more customised products and solutions.

Some of the specific pressures facing mutual companies include limitations on raising capital, changes in rating agency capital models, the implementation of new regulatory and compliance guidelines such as ORSA (Own Risk and Solvency Assessment) and increased demands for actuarial services and technology-enabled modelling.

Dave Domino and Rob Collins, the managing directors of the new practice, say there are many ways in which Guy Carpenter, with its 90 years of experience in this marketplace, can help this important group of clients confront these challenges. “They are facing growing demands around capital requirements and modelling and around some of the technical developments in the industry,” Domino says, “but they don’t necessarily have, or want to build, the resources internally. This is where Guy Carpenter can help.

“We have made huge advances in recent years in the range of additional capabilities, such as modelling and analytics, we can offer clients. Many of these advances are now also available as products specifically developed to match the needs of individual mutual companies.”

Collins says that the Mutual Company Specialty Practice itself comprises approximately 20 dedicated individuals, led by co-chairmen John S. Haldeman II and John P. ‘Jay’ Woods III, but it also will be drawing expertise and resources from



Dave Domino

all of Guy Carpenter as needed to ensure that mutual insurers get the services they need. “It will be a one-stop shop at what is a centre of excellence for mutual insurers,” Collins says. “Not only will the practice allow us to create a true and stronger collaboration with our clients, it will also guarantee that by using us as a broker they are able to compete more effectively in the marketplace.”

Guy Carpenter is the leading mutual insurance company broker in the US with more than 300 clients and 90 years of experience working with mutual insurers. The Mutual Company Specialty Practice will offer clients exclusive sources of stable reinsurance capital, including Guy Carpenter’s Umbrella and Property Facultative facilities, as well as the Regional Accounts Program (RAP) that allows small to medium-sized ceding insurers to purchase reinsurance at competitive terms, conditions and prices.

“We have developed some very effective customised solutions that allow these clients to manage their capital and run their businesses much more effectively,” Domino says.

An evolving and more complex rating agency and regulatory environment has spurred the practice to reinforce its advisory role by partnering with Guy Carpenter’s Rating Advisory team to deliver integrated guidance and solutions that address all AM Best and Best’s Capital Adequacy Ratio (BCAR) matters. In the area of enterprise risk management, the practice offers clients BenchmaRQ™, Guy Carpenter’s economic capital modelling (ECM)



Rob Collins

service that meets the demand for a cost-effective alternative to making investments to support an ECM system in-house.

Domino adds that the Mutual Company Specialty Practice also reflects how the role of the broker has changed over time. “Reinsurance on its own is no longer enough,” he says. “Every client, none more so than the mutual insurance company, needs an intermediary that brings value beyond the reinsurance transaction. There are many other ways in which we can help clients profitably grow their business.”

One of those other ways involves providing clients with GCProfitPoint+SM, a tool that delivers powerful portfolio planning and point-of-sale capabilities to clients—allowing mutual insurers to compete at the highest level.

The more focused corporate commitment to this marketplace through the Mutual Company Specialty Practice has been very well received by mutual clients and reinsurers alike. “The clients appreciate the greater ease with which they will now be able to access all our services and expertise while the reinsurers also value this business and are keen to participate in our efforts to differentiate mutuals in the marketplace,” Collins says. ■

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