

BGC Insurance

Combining the power of technology and talent the alternative disruptor

with **Steve Hearn**
BGC Insurance



BGCI headquarters in London (Canary Wharf)



Steve Hearn, CEO of BGC Insurance, has a passion and drive for broking that reflects his deep roots in the industry. FULLCOVER met Steve to learn more about BGC and its plans and aspirations for transforming and disrupting insurance distribution.

The disruption of insurance has been hoped for, threatened and even feared for a number of years. But apart from a few tweaks here and there, very little has actually changed. It is still fundamentally the same sector where the answer to most problems appears to be acquiring scale.

The big beasts such as Amazon and Google have made a few feints in the direction of disruption but precious little of any real substance has emerged. Insurtech start-ups have long been touted as the answer to the transformation conundrum and while they have made some inroads, it could be that the real disruption will come from unexpected quarters.

One such example is the acquisition early last year of Ed Broking by financial services BGC Partners.

It wasn't the expected exit for Ed's previous investors, but as Steve Hearn, CEO of BGC Insurance and former CEO of Ed explains, it could be a partnership that transforms the way the wholesale specialty insurance market works.

"BGC's investment in insurance is underpinned by their broader strategy to look for sectors where talent and technology can come together in a disruptive way," he explains.

"They've already successfully done that in financial services and commercial real estate so they looked for the next sector that has those ingredients and they looked at insurance and went 'wow, what a tremendous opportunity'.

Part of the reason for that is that while BGC Partners has previously operated in very different markets to insurance, it does operate in a very similar way to Ed Broking.

"BGC Partners is a wholesale business in financial services so they are very familiar with the model of being a wholesaler and as a result we don't have to teach them what a wholesaler does in insurance," says Hearn.

BGC Insurance is not just a London wholesale and reinsurance broker. The business is in the key regional hubs around the world, so it can go to the customer whether they are in Far East Asia or America and offer them access to the world's marketplace.

"We have deep industry expertise in specialty insurance classes such as marine, energy, trade credit, aviation and are therefore able to work with retail brokers around the world," Hearn explains.

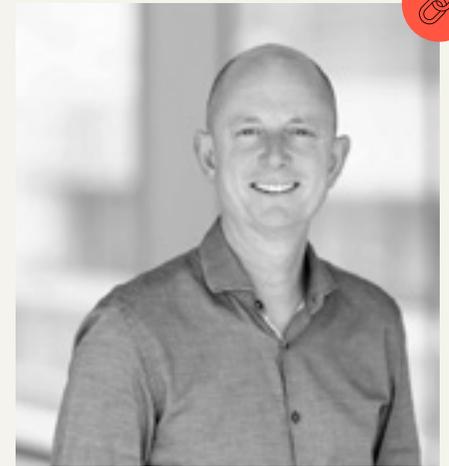
"All of those ingredients which we are so familiar with in the insurance world are nearly identical in BGC's financial services business. They have industry expertise and their proposition is to offer their customers access to the world's marketplace."

The broad plan, Hearn outlines, is to grow the insurance business five-fold, increasing revenues to \$1bn. Which sounds like a very ambitious plan but as he explains, BGC have previous experience here.

"In commercial real estate, they founded a business through an acquisition in 2012 acquiring about \$200m in revenue and they floated that business at the end of 2018 with a value of more than \$2bn and I think it's now worth more than \$3bn."

Although there appears to be a tried and tested model, one that simply needs to be applied to the world of insurance, it can't (and won't) be that simple. So how does Hearn intend to satisfy those demanding expectations?

Part of the answer is in targeted acquisitions of other insurance firms. BGC Insurance is currently made up of broking businesses Ed, Besso, Junge and Piiq and managing general agents Cooper Gay, Epsilon and Globe Underwriting, all specialists in their fields where there is very little (if any) overlap geographically and in terms of specialisms. And it appears that while more acquisitions may be on the cards, they will need to be a good fit with the existing divisions but more importantly, have the right people.



Steve Hearn has been Group CEO of BGC Insurance Group since January 2019. His tenure at the head of the insurance division of BGC commenced in January 2019 on the successful completion of the sale of the Ed Broking Group to BGC Partners. Prior to this he was Group Chief Executive of the Ed Broking Group where he had been since November 2015. Previously, Steve served as Deputy CEO of Willis Group Holdings. He joined Willis in 2008 as a result of its acquisition of Hilb Rogal & Hobbs (HRH) and held a number of senior roles including Chairman and CEO of Willis Global, CEO of Willis Re and CEO of Willis Limited, the Group's principal UK regulated entity. Prior to its acquisition by HRH, Steve was Chairman and CEO of privately owned London wholesale insurance broker, Glencairn Limited. Earlier in his career, Steve was President and CEO of Marsh Affinity Europe, having previously held a number of positions at Marsh and Sedgwick Limited. He has served as Chairman of both the London Market Group (LMG) and the London International Insurance Brokers' Association (LIIBA) and as a Vice President of the Insurance Institute of London. Steve is Vice Chairman of global broking group Brokerslink.



BGC Insurance Group companies



Flying high

Piiq Risk Partners

Is the new global aerospace insurance brokerage operation from BGC Insurance Group (BGCI). Piiq has been purposely building up a team and attracting highly respected industry talent since announcing the firm's inception earlier in 2019. Marcel Chad, Piiq's President and Philip Smaje, CEO, both executives with a long industry experience, are at the helm of a growing team of experts in the key aviation insurance hubs across the globe. Piiq currently has 28 staff in the UK and US offices, with plans to attract additional talent. "It is focused primarily on aircraft manufacturers, the big ones, as well as the biggest airlines in the world. That is its core focus and purpose," explains Steve Hearn.

“

No longer is it just Ed that is the partner of Brokerslink. It is BGC Insurance and all of its entities which brings access to our colleagues in Besso, in Ed Bermuda as well as our new colleagues in Piiq.”

“I am chased by my owner to spend money but to spend it wisely on great people and great businesses. Talent is our number one criteria”.

Organic growth is a key part of the plan and to that end Hearn and his team have been putting a huge amount of effort and resource into recruiting talented individuals across the globe from, predominantly it would seem, the global broking houses.

“We have been hiring heavily into our business since the beginning of 2019 when BGC acquired Ed. We've hired over 100 new sales people and we have recruited very capable insurance brokers who don't want to work for the mega brokers,” he says.

“And given mergers and acquisitions amongst those big brokers, that has created opportunity for us to offer a great platform for talent and customers who are looking for an alternative to the biggest brokers in the world.”

He says they plan to continue down that road and that they have a very active recruitment pipeline around the world. Part of that recruitment activity has been focused on the launch of Piiq, a new proposition for the aviation and airline sector.

“So far, we have attracted more than 30 brokers from those big brokers to join this new business and we have hired some really, really talented, globally-recognised leaders to that business,” he says.

People such as Marcel Chad, Piiq's President, who has had a long career at a host of the global brokers. Joining him as CEO of the business is Philip Smaje, a long-standing senior executive at Willis Towers Watson.

“Chad and Smaje have assembled a world class team. The best team in the sector,” claims Hearn.

He says that there are some “particularities” in the aviation market that made the opportunity to launch a new business in this market compelling.

“It is focused primarily on aircraft manufacturers, the big ones, as well as the biggest airlines in the world. That is its core focus and purpose,” he explains.

He says that most of the business in this market is concentrated in a few select hands, namely Marsh, Willis Towers Watson and Gallagher but he is confident of being able to make a mark using the BGC infrastructure and intellectual property at his disposal.

“BGC understands a lot about capital and capital flows which are important in the airline industry and they have access to some different and interesting technology that can allow us to offer a very different proposition than even those biggest brokers,” he says.

And Hearn is keen to share that world class expertise more broadly with his partners in the Brokerslink community.

“I very much look forward to being able to work with the Brokerslink partners and affiliates around the world in being able to give them access to that deep specialty capability and allow them to go and compete for their national airlines,” he says.

Indeed, he points out that where once partners and affiliates could tap into Ed and vice versa, since the acquisition by BGC, horizons have broadened on both sides.

“No longer is it just Ed that is the partner of Brokerslink. It is BGC Insurance and all of its entities which brings access to our colleagues in Besso, in Ed Bermuda as well as our new colleagues in Pliq,” he explains.

“I think the talent we are assembling and have is a very powerful ally to the Brokerslink network around the world, I really do.”

But he is keen to stress that it is not all one-way traffic, that Brokerslink is just as important to his business as BGC Insurance is to Brokerslink. He points out that in terms of revenue, Brokerslink has become a very significant client to BGC Insurance and that the relationship has broadened and deepened in recent years.

“It isn’t just one or two of the brokers that we have significant relationships with. We have good, strong relationships with a good,

broad spread of network brokers and I sincerely hope that continues,” he says.

“I would expect Brokerslink to become the largest client of our business in time and I don’t think that will be too far away.”

“When I arrived at Ed, I was already familiar with the Brokerslink model, but José Manuel Fonseca has helped me to understand the opportunity that it represents. The influence he has had on the success of our business has been significant. He has helped me personally as I have gone through the challenge of turning around an organisation and building it to what it is today. He has been a guide as well as a counsellor.”

Reflecting on a year of seismic change for his organisation, Hearn

says that it has been hugely rewarding while not being short of challenges. But he believes that the broader challenges in the market such as the recent outbreak of the Coronavirus, the Australian bushfires and the increasing frequency of natural disasters as a result of climate change, offer an opportunity for his business and the Brokerslink community to create completely new solutions for their clients.

“It’s a challenging period but for businesses in the Brokerslink network, like MDS, Ed and Besso – that creates an opportunity for us to add value to customers and carriers by providing better answers than those bigger brokers. That is the time when we really come to the fore when we really evidence our strength.” ●

José Manuel Fonseca & Steve Hearn @ Brokerslink Global Conference 2019, Bordeaux

