

New Markets and Innovation

**An Interview with Nigel Mortimer,
Executive Vice President, Strategy &
Business Development, Argo Group**



Nigel Mortimer

EDITORS' NOTE Nigel Mortimer will shortly take on this new role within Argo Group. He joined Argo in January 2009 and has served as Managing Director of International Specialty Insurance as well as Director of Product Development. Prior to joining Argo, he served as Senior Vice President of XL Insurance Company Limited, a subsidiary of XL Capital Ltd., after having served as Director of Product Development, Underwriting Manager, and Senior Casualty Underwriter in Bermuda. He has held several casualty management roles with Zurich Financial Services in Australia and the U.K., and with Chubb Insurance in New York and London. Mortimer holds an Honors degree in Economics and Politics from the University of Hertfordshire.

How has Argo worked to build its presence in emerging markets?

We've done this by focusing principally on people and talent. We hire people who are looking for a career that will give them a greater sense of achievement rather than being a cog in a wheel – people who want to create the business rather than just manage one, genuine entrepreneurs with deep expertise.

We also felt it would be wrong to implant foreign expats into local regions. We wanted to attract people who had strong local relationships and strong local knowledge. Respecting and learning from other cultures is a key part of our business strategy.

How do you identify opportunities in emerging markets?

We look at the underlying potential of the markets, with particular focus on the growth of insurance penetration within the market itself.

In Brazil, for example, insurance penetration is half of what it is in the U.S., and MENA – the Middle East/North Africa region – is probably 10 percent of where we are in Europe and the U.S. There is real potential for growth in these areas and penetration is growing at double-digit percentages. They are expanding markets even if they are in a relatively flat GDP environment.

How critical is a culture of innovation and what areas are most affected?

We deal with a range of clients from small to large corporations. Many on the Fortune 500 have far greater financial strength and stronger balance sheets than many of the insurance companies they're buying from. They're looking to transfer risk but they are also seeking knowledge about what is going on in risk management in their industry segment to be in touch with a broader range of protection. We are great aggregators of knowledge, which means that we have a responsibility to use what we know and to act on what we see.

The frictional cost of doing business with the insurance industry is higher than what is accepted in many other industries. Innovation is going to come from more efficient mechanisms to distribute new products, understanding our clients' needs to a deeper extent, and by being more audacious in our product development by removing some of the financial risks our clients have to self insure because the insurance industry struggles to understand them.

Going forward for us, key areas we will focus on include making our products mobile, digital, simple, and global. ●

Leveraging Platforms

**An Interview with David Harris,
Managing Director, Argo International**



David Harris

EDITORS' NOTE David Harris joined Argo Group in 2013 to lead the Group's Syndicate at Lloyd's of London. Prior to this, Harris spent several years at Amlin where he held various roles including Managing Director, Amlin Underwriting Limited, International Development Director, and Chief Operating Officer, Amlin PLC. Harris began his insurance career with Royal Insurance and later became Operations Director for RSA London Market division before joining AXA Insurance in 2000 as U.K. Claims Director. He previously served as a non-executive Director of the Lloyd's Market Association and was Chairman of the Examiners Committee, and a member of the Council of the Chartered Insurance Institute. Harris holds a Bachelor of Laws (LLB Honours) from Nottingham University and holds the Chartered Insurer (FCII) designation from the Chartered Insurance Institute.

What brought you to the decision to join Argo?

I felt that Argo was at a unique stage of its evolution as an international company. We had all of the essential platforms in place across the organization and I felt there was an opportunity to leverage the syndicate within that global positioning to do something most other syndicates at Lloyd's haven't managed correctly in the past.

We've made great progress over the past year, strengthening our position in the Lloyd's market – adding to our underwriting talent and expanding our product offerings. We're in a position where we can grow profitably given the talent we have throughout the organization.

What are the key ingredients to getting it right and how will Argo achieve that?

It will be to a large extent around communication and clarity of strategy between our underwriting platforms to deliver service and underwriting expertise locally and globally.

As an example, the syndicate might have a specific appetite in particular categories of risk and zones, which our U.S. colleagues might not have. However, we can leverage the distribution capability and access through our offices in the U.S. and then use the subscription market, where Lloyd's excels, to take risk on that risk.

In such a competitive market, how challenging is it to differentiate in this space?

Service capability is table stakes now. To be able to deliver in this marketplace in the current environment, we have to give top service first, be it in claims, wording competence, credit control, modeling – whatever element it is. We always have to provide consistent excellent service. This, in and of itself, won't be sufficient to attract customers and brokers to use us as an insurer, but if you don't have competence across all of those pieces, you aren't at the table.

We tend to do a larger percentage than is typical with medium-size brokers rather than the biggest broking houses. We put a lot of emphasis on building relationships, and establishing a mutual level of trust and understanding of each other's business objectives. So reputation and relationships are key. After that, it's around our ability to assess, innovate, and understand the risk exposures, and find suitable solutions. ●