

## “BIG INTERVIEW

# The Fox who became a tiger

**Rod Fox's boutique reinsurance brokerage TigerRisk has grown into a force to be reckoned with by offering VIP service to an exclusive 'club' of handpicked clients in the US. The tiger now has European and Asian insurers in its sights**

Antony Ireland  
UK correspondent

**R**od Fox, founder of effervescent boutique reinsurance broker TigerRisk, is in the enviable position of having categorically proved his doubters wrong. “I was told early on by the CEO of a major reinsurance brokerage firm we could never start one of our own from scratch – that it was absolutely impossible. Well, we did it,” Fox tells *Insurance Day*. “He warned me: ‘We’ll crush you with our analytics.’ But we built our own, better analytics – and here we are.”

In six short years TigerRisk has grown from a bright idea into the largest independent broker in North America and one of the top 10 brokers globally. With offices in the US, Bermuda and London, and a foray into Asia slated for the first half of 2015, Fox believes the company will quadruple in size in the not-too-distant future.

Yet amassing market share could hardly be further from the ethos of TigerRisk. On the contrary, the company's startling success has been built on exclusivity. “We see it as a very classy club,” Fox purrs of his “marquee” client list. “We focus on a small number of very significant clients and are zealous about our culture. We joke that TigerRisk isn't just a company – it's how we live.”

Back in 2007, Fox and old friend Jim Stanard, both free agents at the time, sat at lunch musing the next chapters in their careers; Fox had just fulfilled his obligation to Hannover Re to sell sub-

sidary Praetorian to QBE, while Stanard had quit as head of RenaissanceRe. “We felt there was a space in the marketplace for a very high-end private reinsurance brokerage firm; that the clients weren't getting the level of service and intellectual horsepower they deserved,” Fox says.

TigerRisk was launched in 2008, with Fox as chief executive and Stanard chairman. “The vision was to focus on providing a limited number of clients with very high levels of service, capability and quality of ideas, and it has worked very well,” he says. “We tried to build the company with one eye on lessons learned while also incorporating the best features of firms we'd witnessed over our careers, as well as firms outside of the broking business.”

Some clients gravitated immediately to the idea of a high-end bespoke service, while others took longer to make the leap of faith. “It was darn hard work. Not everyone jumps on the bandwagon at first,” Fox admits. However, a handful of key clients soon became several dozen. And while Fox is very protective of the members of his “club”, it is safe to say TigerRisk has snared some very large corporates with some very substantial risks.

“I am very proud of our client list. They're smart and sophisticated and we want to add to that high-quality club. We still have a long way to go in terms of building the business but we are really pleased with where we are and where we're going,” he adds.

#### Tiger economies

Today, TigerRisk has 85 staff and the next big venture is into Asia, a move which should materialise

early next year. “We believe Asia will be a big part of the 21st-century story and our approach will be to apply the same principles we have applied in North America,” Fox, who has chosen China as the entry point and is confident TigerRisk's charms will translate to a new audience, says.

“Those companies are seeking great advice and cutting-edge products and we want to be part of that,” he says. “During my trips over there, they [Chinese prospects] have been very receptive.” Perhaps it's the company name...

Business is also evolving closer to home. Fox sees plenty more growth opportunities among heavyweight insurance buyers in North America, as well as in continental Europe and the London market, where TigerRisk (headed locally by John Goldsmith – see box) is still relatively new.

“We will continue to focus primarily on two areas: property catastrophe and speciality casualty. Over time we will add other capabilities, which will provide additional growth,” Fox says.

Fox estimates “alternative reinsurance” – incorporating insurance-linked securities (ILS) and other financial market solutions – accounts for around quarter of TigerRisk's current book of business and is growing faster than any other segment. “I have had this belief for 20 years that insurance is just another component of a broader financial market. I think convergence is natural, normal, should happen and will continue,” he says.

“There are techniques of managing and distributing risks that will continue to emerge and challenge old-fashioned norms in the insurance industry. The

Rod Fox  
CV



Before founding TigerRisk, Fox served as the chief executive officer of Praetorian Financial Group (PFG), where he led the restructuring, rebranding and successful sale of the \$2bn speciality property/casualty insurer to QBE the Americas in 2007.

Before then, he was chief executive of Benfield Group's US reinsurance platform, where he oversaw the profitable growth of the business from \$14m to \$250m of revenue from 2000 to 2005. He was a member of the board of Benfield and was instrumental in its initial public offering on the London Stock Exchange in 2003 and was also involved in numerous industry transactions.

Fox started his career in 1985 at EW Blanch Co, a privately held reinsurance intermediary. He was involved in EW Blanch's initial public offering in 1993 and enjoyed various positions within the company, ultimately becoming president and chief operating officer in 1997.

In conjunction with Jim Stanard, the former chief executive of RenaissanceRe, Fox formed F&S Ventures, a privately held insurance investment firm.

pace of change will continue to accelerate and I think it is good for the business.”

#### A different beast

So how does an independent start-up brokerage compete with the likes of Aon Benfield, Guy Carpenter or Willis Re on major accounts within just a few years of inception? The beauty of TigerRisk's success lies in the fact Fox never really set out to beat those players at their own game. His proposition is an altogether different beast.

Indeed, while the high-end nature of TigerRisk's clients and their risks constantly pits the firm in competition with the alphabet powerhouses, Fox's sales pitch hinges as much on how TigerRisk differs from the institutional brokers as how it can match their capabilities and expertise.

“They are formidable companies, so any time we run into them it's a challenge – particularly when the larger brokers are able

to use their retail inflow to exert influence,” Fox admits. However, he says: “We will keep on carving out our niche with the clients we want to do business with and we will continue to grow in a meaningful way.”

“Our ability to focus on a limited number of clients helps us significantly,” he adds. “Being a private company, our people are not spread thin around the country or the world, worrying about internal politics or what investors are thinking. We can really devote the resources and time to the client; I'm confident when we go before clients they can see we are able to compete on an even keel.”

One area in which the major brokers should have a steal over the independents is in modelling and analytic capability (“We'll crush you with our analytics...”). However, TigerRisk has invested heavily in developing a sophisticated suite of analytics of its own. “We will continue to evolve and I think there are endless possibili-



Shanghai: Rod Fox has chosen China as TigerRe's entry point into the Asian marketplace

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## Fox on...

### TigerRisk's inception

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### Lloyd's

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### Soft market

"We love this kind of marketplace – it opens doors to possibility in all sorts of areas. Our people get very excited about coming up with interesting new ways for clients to manage risk."

### Asia

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ties with technology and analytics to make our business more efficient across the board," he says.

"Our industry has pushed analytics hard in the past 10 years. There have been some positive aspects, but I think it has come at the expense of human involvement," he says. "As we built our capabilities over the past six years we realised we didn't want to just do what everybody else was doing – we wanted to provide high-quality advisory."

"We don't just want to show clients cat models and tell them about their exposures, we want to create new, innovative ways to deal with those exposures. We have extremely talented human beings with a wealth of experience able to show clients how to get results and achieve a higher level of sophistication."

It took a certain kind of confidence to form a start-up to go toe-to-toe over major accounts with the broking giants, but since 2008 a number of acquisitions (Aon of Benfield, Guy Carpenter of John B Collins and JLT of Towers Perrin) has reduced the number of players in the broking space, which

## TigerRisk in Europe

TigerRisk's London operation was launched in September 2011 with former chairman of Lloyd's broker Towers Perrin Claytons, John Goldsmith, at the helm. At its outset the business primarily acted as a platform through which TigerRisk's North American clients accessed the London reinsurance market, but it has built out its portfolio to include London market retrocessional business, and is now looking to expand Tiger's footprint to include UK and European insurers.

"The reinsurance business has changed dramatically but our feeling is that the way reinsurance is purchased in Europe hasn't changed for many years," Goldsmith says. "We'd like to go after the major buyers of reinsurance in Europe as clients. I think we can come up with some great cost-saving solutions for these insurers."

"There are numerous ways of doing things better and more efficiently, and we intend to get in

front of these companies to show them there are other possibilities to be considered. There is a lot of buzz about our company and now we are keen to create critical mass to take the products we've been developing in the US and move them into the mainstream international markets."

According to Goldsmith, Lloyd's capacity continues to appeal to North American insurers. "Lloyd's is still a very strong market in property cat reinsurance – it has syndicates with very meaningful capacity. They are very creative and there is a strong will to do business," he says.

"There has been some concern about the potential marginalisation of Lloyd's because of new capital [available globally], but recent figures show the amount of cat business has reduced in the market by a relatively small percentage and the Lloyd's syndicates remain very active players," he adds. ■

Fox believes presents TigerRisk with an even bigger opportunity.

Fox believes the ability to offer bespoke service is fundamental to modern broking. In fact, he says: "We look at ourselves as an adviser/partner to our clients. One of our functions just happens to be placing reinsurance. Nobody really values that specific function. What does really matter is helping clients create and innovate around their risk in a holistic fashion to make their businesses more successful."

Indeed, with reinsurance prices at rock bottom and carriers willing to be flexible to win business, Fox says brokers now have the opportunity – and obligation – to be creative to add value and get the best results for their clients. "We love this kind of marketplace – it opens doors to possibility in all sorts of areas. Our people get very excited about coming up with interesting new ways for clients to manage risk."

Much of this creativity, he says, revolves around innovative transactional structures and obtaining expanded coverage for the client. "There are lots of opportunities

to innovate and deliver great service – both in our core areas of catastrophe and speciality casualty and beyond that into other sectors ripe for creativity."

Pricing remains the number-one concern in the re/insurance industry and Fox expects rates to continue their downward trend until there is a major loss event. The challenge for brokers in an environment in which the insurance buyer holds all the power, he says, is to stay one step ahead in terms of innovation and never rest on your laurels.

However, just as those early clients had faith in the concept behind TigerRisk, Fox has faith the industry will eventually emerge from its soft market slumber and prices will harden. "This market will always evolve, so people shouldn't get fixated on there being a one-way ticket either up or down. Things will happen. There will be major disasters and changes in results and pricing," he says. "Insurance and reinsurance are lubricants to the global economy. We should continue to innovate to expand our market – not weep over the days of yesteryear." ■