

Small is beautiful

Amid a whirlwind of merger and acquisition activity, smaller players will remain vital to the industry, say Tony Weller of Citadel Risk and Mike Palmer of CRS UK.

Among an increasingly changing environment, it is hard to be certain of the future of any re/insurer or broker within the space.

However, as Tony Weller, group chief executive, Citadel Risk, and Mike Palmer, CRS UK, explain, smaller deals will still happen and still need to be catered for.

“The broking space requirement seems to be either very large or very small, with little room for a mid-sized broker market—and you could almost say the same for the reinsurance market,” says Palmer. “However, the small deals aren’t going to go away, and they have to be serviced somewhere.”

Weller adds: “Inevitably, I think there will be casualties in the larger market too. We’re all

aware of the soft market, but inevitably, people will make mistakes. While I’m not yet aware of any, there will be time bombs ticking out there. Everything is cyclical and perhaps people will see that small is beautiful once again.”

He also says with regard to Citadel—a niche, A- rated Bermudian reinsurance carrier, US insurance carrier and provider of back office services to the sector—that he doesn’t expect the company’s operational strategy to change too much in the coming years.

“Over the next five years I don’t think we’ll do much differently from what we’re doing now,” he says. “We have one-off opportunistic programmes, but we also have ones that we renew each year.

“There will be times when we have a great relationship with a client but then someone comes in and takes advantage of that and renews for 10 percent less than we’re offering, but inevitably, it’s all about making sure you don’t make mistakes.”

Speaking of the conference, Palmer says that Baden-Baden is great for business, both cementing old relationships and creating new ones.

“We’ve been at Baden for the last few years and we find it a really useful conference,” he says.

Weller adds: “Of course we want to see the usual suspects, but we also want to meet people we don’t know, which is where programmes that you’ve never envisaged come from. Everyone is there and it’s convenient and easy to do that.” ■

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