

Timing Is Everything in E&S Market Success

Munich Re Specialty Insurance's (MRSI) Megan Kelley takes on a new E&S Casualty leadership role in a market where capacity and a refreshed underwriting approach are needed.

By: **Munich Re** | December 2021

Some industry experts believe that today's E&S market is perhaps the strongest and most dynamic in history, rife with opportunity for those positioned to take advantage of current conditions. The E&S market has seen solid growth and demonstrated its resilience despite the pandemic, social inflation and the frequency and severity of Nat Cat events. According to A.M. Best, U.S. surplus lines direct written premium (DWP) jumped by 17.5% in 2020, hitting an all-time high of \$66.1 billion, up from \$56.3 billion in 2019¹.



This market timing has been fortuitous for Megan Kelley, a new leader of the expanding excess and surplus casualty underwriting team at Munich Re Specialty Insurance.

For starters, Kelley and her team benefit from Munich Re's extremely strong brand recognition globally, as well as among Munich Re Specialty Insurance's distribution network of select wholesale brokers. In addition, she has the advantage of Munich Re Specialty Insurance's market position as an established entity unburdened by legacy underwriting, pricing missteps or a poor loss history.

Munich Re Specialty Insurance started its excess and casualty business in late 2019, so arguably, given current market conditions, Kelley's timing couldn't be better.

Her group is bringing much-needed capacity to a changing market, as primary and excess casualty rates are still hard and many carriers are re-evaluating where they want to place their risk transfer capital. "We are a true E&S solutions provider, solely dedicated to select wholesale brokers. Our underwriting team specializes in individual risk in the casualty space and has a willingness to take on challenging risks and unique exposures," said Kelley—a distinct advantage in a hard market.



Megan Kelley
Head of Excess
E&S Casualty
Munich Re Specialty
Insurance

Kelley can also partner with Diane Link, who initiated the excess and surplus casualty business at Munich Re Specialty Insurance, and who will now be leading primary casualty — working hand in hand with Kelley to deliver customized solutions to the market.

“It’s very exciting to jump in and benefit from the hard work that Diane has already put into this, but to also be able to capitalize on the changing market,” Kelley said.

“Diane is very collaborative, and although we manage different products, we operate as a united team to solve our clients’ casualty risk needs. Plus we have a very similar appetite, very similar forms and open, collaborative communication,” she said.

Kelley also pointed out that Munich Re Specialty Insurance’s strong entrepreneurial spirit characterizes the entire organization. “We’re a very nimble team — that allows us to be creative when we partner with our brokers to find real solutions to risks,” she said.

Appetite and Focus

Retail, product manufacturers and distributors, contractors, hospitality and real estate are among MRSI’s target classes. Kelley elaborated, “We’re very strong in the construction space with practice policies for subcontractors and general contractors,” she said. “In addition, we have written a significant amount of product liability, as well as general liability, ranging from retail to real estate and restaurants.”

And Kelley emphasized that her team has a very broad appetite across wide-ranging categories of risk. “Additionally, we’re really looking to find niche opportunities,” she said. “And of course, we’re looking to grow and evolve profitably.”

Kelley had more to say about how her team sees itself fitting into the market.

“There is a lot of energy in the marketplace right now,” Kelley said. “I think we have a number of really strong competitors, but there is a need for capacity and for a partner that has a very strong balance sheet. In addition, our strength lies in our ability to provide our wholesale brokers with what is really needed in the complex E&S market — customized solutions to contemporary, current risks.”

MRSI E&S is also very deliberate regarding its wholesale distribution strategy, which entails very collaborative partner planning and conversations to ensure we are enabling them to serve their clients better.

Kelley said she and her team will rely on strong in-house marketing and actuarial teams to grow the business strategically. And, that Munich Re Specialty Insurance will build and expand on what it has already established and continue to innovate and offer solutions that solve the risks faced by middle market insureds.

“We are well-poised to expand our reach and write more,” she said.

Talent and Data

One can't dig too deeply into a conversation about insurance markets and businesses without touching on the twin pillars of talent and technology.

Like any insurance organization, Munich Re Specialty Insurance will remain on the lookout for top talent. The competition for that talent is strong, and that may be an understatement.

“Obviously, it's very competitive, but Munich Re Specialty Insurance has some outstanding career paths,” Kelley said of the talent recruitment and retention landscape in insurance. “We have really great training programs, and aspire to create a pipeline of talent and keep those that are here very much engaged,” she said.

And yes, she added, Munich Re Specialty Insurance is hiring.

Carriers are also in a race to utilize machine learning and other capabilities to make more accurate risk assumptions and price their products competitively.

“The way that Munich Re Specialty Insurance differentiates itself is the fact that we are able to provide bespoke insurance solutions,” Kelley said. “We're able to harness data and provide the optimal solution to our clients; and our underwriters are committed to responding very quickly.”

They say timing is everything. In this case, Kelley may have hit the timing just right.

But she states things more modestly than that.

“It's been really exciting to jump in at a point where I get to build on the hard work of others,” she said.

To learn more about Munich Re Specialty Insurance's E&S solutions, visit <https://www.munichre.com/us-non-life/en/solutions/specialty-insurance/excess-and-surplus.html>.

¹AM Best. 2021. *AM Best's 2021 Special Report, US Surplus Lines – Segment Review*. https://news.ambest.com/research/DisplayBinary.aspx?TY=P&record_code=312571



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