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Fortegra looks to build $200mn casualty program book

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US specialty insurer Fortegra Financial Corporation is targeting growth in the casualty program segment as it looks to grow its overall top line to $2bn over the next five years, *The Insurer* can reveal.

The Jacksonville, Florida-based carrier hired former Chaucer head of specialist lines David Barber last autumn and is aiming to tap his experience in the Lloyd's market as it looks to add programs from MGAs seeking access to capacity through London.

In an interview with this publication, Fortegra CEO Rick Kahlbaugh said that Fortegra would provide a home for Barber "to begin to rebuild his casualty book of programs he had underwritten for years at Chaucer".

As previously reported, A- rated insurer Fortegra's core business has been offering a range of warranty, credit protection, auto and health coverages to businesses and consumers.

But it also has a specialty division that focuses on casualty-exposed lines with low-limit profiles, working with MGAs to create and deliver programs.

Kahlbaugh explained the move to build out its specialty program business was part of a strategy to expand into “adjacent verticals”.

“Our strategy is to look for people who have a lot of experience and we hire that experience first and give them the resources they need to be successful,” he commented.

Fortegra, which is a subsidiary of publicly traded Tiptree Inc, hired Mark Rattner as executive vice president, chief underwriter and head of product management in 2016 from Houston International Insurance Group.

“The strategy is for David to work with Mark and bring that whole London component. A lot of people still go to London to place business. Sometimes they’re looking for admitted paper in the US for their programs.

“Somebody with his experience and his brand panache really made a lot of sense for us given our focus on light commercial casualty programs,” said Kahlbaugh.

The Fortegra CEO said Barber and Rattner are charged with finding programs where the carrier can take at least a 10 percent quota share, then either reinsure the balance into Lloyd’s or the traditional reinsurance market. Fortegra could also just sit behind the London market if they’re only seeking capacity, he added.

“The benefit of us is that because we have such a large book of credit and warranty we don’t really have much distribution conflict with the Lloyd’s market. We do a lot of business with syndicates where we refer business to them and they refer business to us,” the executive continued.

Fortegra’s specialty division has so far added around 20 programs with $80mn of premium since Rattner arrived, and is expecting to grow that book to $200mn over the next five years as group GWP expands to $2bn – a significant growth trajectory from current top line of around $770mn.

The carrier’s specialty division currently focuses on general liability, professional liability and business owners policies (BOP) programs, as well as a commercial package policy. In personal lines it offers private passenger auto, renters and dwelling insurance products.

Its overall focus is on casualty-exposed lines with low-limit profiles as it works with MGAs to develop programs.

Kahlbaugh said that the insurer is not interested in cat-exposed programs and also steers clear of transportation risks. It does see opportunities for growth in Allied Health, however.

"Our marching orders as a team are to be patient, look for opportunities. We don't need to grow fast to satisfy some arbitrary threshold.

"The metric that's important to us is underwriting profitability and free cash flow, and that's how we're going to manage the business," he concluded.