

Creativity, Expertise and Global Reach: How Sampo Provides Stability and Supports Distribution Partners

Carriers that have the depth of experience and the vision to create and maintain stable portfolios will be better partners to buyers and distributors of insurance in the long run.

By: **Sampo**

Insurance pricing cycles will run their course, but industry veterans know that risk management success is built on partnerships that are transparent, stable, and flexible.

The past five years saw rate and capacity crunches in a number of lines. As some markets now shift and soften, insureds can take their lessons learned and hopefully take advantage of a more stable and predictable transaction environment going forward, at least for the time being.

One of the staunchest challenges carriers and their broker partners face now and going forward may be in helping to support buyers of insurance who might be suffering lingering rate fatigue based on the previous year's market trends.

Buyers, in essence, are looking for relief and stability in their carrier relationships after experiencing substantive market dislocation in important lines, including, but not limited to, property, D&O and cyber.

"In terms of a prolonged hard market, this was a kind of unicorn extending back to 2019, when the excess liability market started to harden, followed by the D&O market in 2020 and 2021, E&O and cyber in 2021 and 2022, and then last year, the property market," said Jonathan Monks, executive vice president and head of distribution for North America at Sampo.

These rate increases were challenging for both insureds and their brokers, especially in the days when they showed no signs of easing. The successive, cumulative nature of them just added to the stress some buyers experienced.



But for all their challenges, these markets were an opportunity for brokers to deepen their relationships with carriers committed to building a sustainable portfolio that responds to the risk landscape, the competitor landscape and the market's overall dynamics — insurers more likely to provide stability for insureds in the long run.

“The core function of insurance is to provide stability,” Monks said. “While competitors move in and out of markets, carriers, in general, want to be consistent. Ultimately, our brokers are trying to present stability to their clients, and we want to help them achieve that goal.”

Partnering with the Distribution Channel

Monks and his colleagues at Sompo believe that by being very deliberate about their product portfolio and being cognizant in avoiding overlap between distribution channels is one of the best ways they can be good partners to their brokers.

As a specialty insurer, Sompo places a great emphasis on its relationships with wholesale brokers. Ideally, wholesale brokers are in turn specialists who are adept at interfacing with the retail broker community to bring books of attractive business to specialty carriers.

Since they operate at scale, wholesale brokers can engage in relationships with specialty carriers that might balk at trading with retail brokers that lack the necessary scale or expertise in a specific product or industry niche.

The good news for brokers, carriers, and their clients in one major respect is that certain segments of the property market have shown signs of rate deceleration in response to a relatively benign CAT loss experience in 2023.

In financial lines, Monks points out that there is a lot of new capacity that has entered the market. But buyer beware, unlike Sompo, these entrants might not have the claims experience to price the risk adequately, and they may be sailing into the teeth of headwinds that might shred their risk transfer capital.

According to Monks, “Last year, security class actions rose almost 20%. From 2022 to 2023, we saw an increase in average settlements, and some of these new entrants have yet to be tested in a claim scenario,” hinting at the possibility of challenges insureds and brokers might face in partnering with carriers who have yet to prove themselves in working through complex claims.

This is yet another example where stability and transparency matter in a carrier's relationships with buyers and brokers.

“When making major changes to the terms offered on a renewal, we need to be up front about those changes and let our distribution partners prepare their clients for potential impacts,” he said.



**Jon Monks, Executive
Vice President and
Head of Distribution
for North America at
Sompo**

“Minimizing surprises is critical to effective client management, and we have a role to play in that equation for our brokers.”

Competency, Diversity and Growth

Optimism at Sampo that it can be a trusted risk transfer partner in any part of a given line’s market cycle stem from three important factors. They are...

- A strong, diverse portfolio managed by expert underwriters.
- A resilient balance sheet and global capabilities
- And risk control and claim services that provide that vital support to an important piece, or what should be an important piece of an insured’s risk management program; that being avoiding losses in the first place and/or efficiently managing an insured through the claim process.

First, to the portfolio and its underwriters.

Monks and his colleagues point out that Sampo is increasingly satisfied with the performance of its casualty and specialty portfolios in admitted and E&S offerings.

Going forward, that confidence in its product portfolio will be bolstered by the specialty expertise of the company’s underwriters.

“The underwriter has a lot of power in our organization,” Monks added. “We believe that empowering the underwriter can provide a differentiated experience in the transaction for our brokers and clients, as well as a better financial result for us as a firm.”

“There’s value in being really strong in our specialty disciplines,” Monks said, “whether that falls across product or industry lines.”

Geographically, Sampo opened offices in Toronto, Houston and Denver in the past 12 months and is gearing up to open a Miami office. Existing footprints in Boston, Dallas, Los Angeles, and Chicago have also been expanded.

Being in the right locations matters, because it gives Sampo’s underwriters better access to the brokers with which it conducts business. The more frequently they can engage in face-to-face communication, the better for all concerned.

It’s one thing to hop on a plane to conduct business. It’s quite another to have a favorite lunch spot where you can meet an important distribution partner weekly or monthly.

“We’re focused on attracting talent and putting it in places where we haven’t been as local as we need to be to harvest the portfolio that we want,” Monks said.

“We are trying to get closer to our brokers because we know that the closer we are and the more we’re in front of them, waving that specialty banner and highlighting our underwriting talent and expertise, the more we’re going to get differentiated results.”

Speaking of geography, that despite its ongoing North American expansion, Sompo is a global organization that continues to experience growth across key markets worldwide. That perspective and experience just adds to the sophistication of its leaders and practitioners.

Sompo banks on underwriting, as any competitive specialty underwriter would. But its distinctiveness in risk control may set it apart even more starkly. The company continues to invest in a deeply specialized risk control team that assists its underwriters in assessing and mitigating risks across a variety of products.

Those include property, casualty, builder’s risk, excess casualty, ocean marine and cyber. Ongoing and consistent communication with risk control and claims helps underwriters envision programs that can cut down on the risk of injury and other losses on job sites or on properties owned by the insured.

“Loss avoidance, via risk selection and/or risk improvement is a critical competitive advantage,” Monks said. “We have a team of dedicated risk control specialists and engineers with deep industry and technical expertise whose role in the firm is integral to our underwriters and our clients as we work together to reduce their risk profiles.”

“If you talk to product leadership, the first thing they tell you is that risk control support is vital to the health of our business,” Monks said.

Here and Staying Here

As we’ve said throughout, being a reliable risk transfer partner in any market cycle means having the expertise and the acumen to offer sustainable capacity for our clients and most importantly, deliver on our promise in a claim scenario.

“We all feel a responsibility to our insureds and our brokers to deliver stability and market insight,” Monks said. “That’s ultimately how you build long-term partnerships. You make every effort to avoid surprising your partners and you provide optionality, where possible, when situations become challenging.”

To learn more, visit: sampo-intl.com.



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