

# Land of Opportunities

All Risks Ltd. and Rockhill Insurance angle programs toward the health care market.

by Al Slavin

One out of nearly eight Americans today is 65 or older.

By 2030, the U.S. Administration on Aging estimates, nearly one out of every five U.S. residents will be in this group. This segment of the population, currently comprised of about 39 million people, is

expected to almost double—to 72.1 million—over the next two decades. For All Risks Ltd., this aging demographic represents a potential market that was too large to ignore. That projection became an impetus behind a late summer rollout of two new insurance programs that propelled All Risks

into the health care program business. One program will target the home health care industry, while another will cover mental health outpatient centers and clinics, as well as substance abuse treatment centers.

“Between home health and mental health, there are tens of

## PLAYERS

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### All Risks Ltd.

Hunt Valley, Md.  
Wholesale brokerage

**Established:** Baltimore, 1964, as an excess/surplus lines facility. Privately held. Writes exclusively through retail agents and brokers.

**New Programs:** Home health care, mental health outpatient centers and clinics.

**Current Opportunities:** Has identified 75,000 prospects tied to an increased number of home health care providers for the elderly, as well as differentiated coverage for mental health outpatient centers and clinics.

**Financials:** Wrote more than \$700 million in premiums in 2008. Employs 450 people at 15 U.S. offices.

**Website:** [www.allrisks.com](http://www.allrisks.com)



Chris Kelleher,  
vice president

### Rockhill Insurance Group

Kansas City, Mo.  
Excess and surplus lines specialty P/C carrier

**Established:** As Rockhill Underwriting Management, a managing general underwriter, 2002. Rockhill Insurance Co. formed as an excess/surplus lines insurer in late 2005. Rockhill Insurance Group was acquired by State Automobile Mutual Insurance Co. in February 2009.

**Financials:** Writes \$120 million in specialty property/casualty premium through four subsidiaries, which includes Rockhill Insurance Co.

**Rated:** A.M. Best Financial Strength Rating A- (Excellent)

**Website:** [www.rhkc.com](http://www.rhkc.com)



Rob Jurgel,  
senior vice president

thousands of these firms,” said Chris Kelleher, vice president of the Hunt Valley, Md.-based wholesale brokerage. “We’re starting to get a decent flow of business and have written several accounts, which is a typical flow in the first few months.”

The idea evolved in a conversation with Rob Jurgel, a senior vice president and head of health care underwriting at Rockhill Insurance Group. Jurgel launched Rockhill’s health care underwriting division in October 2009 after 14 years at American International Group, where he was health care underwriting manager for Lexington’s national branch.

All Risks expressed an interest in marketing and underwriting small programs on Rockhill’s behalf. Jurgel said he was familiar with All Risks’ lengthy program experience, and that All Risks had stopped a home health program run through another carrier that hadn’t worked out as planned.

Jurgel suggested that All Risks try to resuscitate it with Rockhill, and that All Risks should make a run at the mental health class as well.

“Home health is going to be the fastest growing part of health care with the aging population and the desire of people to remain at home and not be put in long-term care facilities or even assisted living,” Jurgel said.

Rockhill conceived the programs, developed the underwriting guidelines and granted All Risks the authority to market and underwrite accounts with less than \$25,000 in premium within that predetermined framework. The programs took six months to launch and the exclusive relationship has already created larger account opportunities, which are being submitted

to Rockhill on an open-brokerage basis, with All Risks receiving a typical wholesale brokerage commission. Jurgel said that All Risks has roughly 75,000 prospects in the two classes.

He also noted smaller accounts are typically more profitable than larger ones.

“Personally, I think they can get more out of these prospects than we can, certainly, and probably most of the other shops in the nation,” Jurgel said. “Part of it is their network. They have access to probably three-quarters of the retail brokers in the nation.”

### New Partnership

Kelleher said the partnership dovetailed with All Risks’ strategic approach: Identify an underserved niche with few identifiable competitors, and launch an exclusive program that brings value to the retail agencies within All Risks’ distribution network.

While another part of All Risks had worked with Rockhill on a brokerage basis, the mental health and home health lines mark the first program partnership, Kelleher said.

He said privately held All Risks is building for the long-term and has invested heavily in its programs division. The company’s program business is about a \$225 million facility, he noted.

“In the last two years we’ve launched 11 new programs and hired 16 people,” Kelleher said. “Programs is an area that we are committed to, and building for the future. Our model is one that we will go out and attract talent that understands a niche very well and we will build a program around that person’s expertise.”

He said with its program business, All Risks tries to differentiate itself on coverage. These two latest programs will cover sexual and physical abuse at full policy limits, aspects on which other carriers

place sublimits, he said. The wholesaler has also partnered with an outsourced vendor on risk management services.

“Based on the account size that we’re targeting, risk management is a service that is virtually absent in any of the other competitors for this segment of the business,” Kelleher said.

As for the underwriting, he said, All Risks needs to understand the scope of the services and disorders being treated, the patient populations being served, whether treatment is voluntary and the age of those patients.

“While Rockhill is paying the claims, it is our responsibility to underwrite these classes with underwriting profit in mind,” Kelleher said. “We’re in programs for the long term, and we’ve never lost a carrier for profitability. We are first and foremost an underwriting facility focused on growing programs to realize a profit for an insurance carrier.”

While Rockhill has interest in working with program managers, Jurgel said, there’s a challenge in finding quality ones. He said every wholesaler “wants the pen.”

“You have to be very careful as to who you’re going to grant that to,” Jurgel said. “Only certain wholesalers really have the systems, and the checks and balances to really treat other company’s capital as though it were their own.”

Jurgel said Rockhill places more importance on underwriting profit than growing the top line. While both are desired goals, Jurgel said Rockhill is willing to wait two to three years for a program to gain momentum.

“We’re patient and they are, too,” Jurgel said. “We take a long-term perspective toward things. If we have to wait until some carriers exit the market or change rates, that’s OK. We’ll be patient and take advantage of the opportunities as they arise.”

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Listen to an interview with Chris Kelleher at [www.ambest.com/audio](http://www.ambest.com/audio). Digital readers: Hold cursor over icon for content.