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Taylor made for growth

Reich's CEO on building a
business with a family ethos



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Family man



JAIN WINFIELD

Organic growth and a soon to be completed restructure are Reich Group CEO Simon Taylor's focus at the moment, as well as his young family and rapidly expanding workforce

For a business that has enjoyed such meteoric growth, Reich Group has managed to fly consistently under the radar.

"I always adopt the attitude that we quietly, confidently, go about our business without getting involved with what other people do," says Simon Taylor.

The chief executive officer joined the business in 2002 when the firm was a "small provincial broker". At the time it had £18m of gross written premium (GWP), 18 staff and was heavily focused on property and real estate business with a small high net worth personal lines offering. "The commercial department was non-existent," remembers Taylor.

Over the years the business has grown, without incurring debt, reaching £70m GWP now with 94 employees.

Unsurprisingly for someone with such a track record of success Taylor is certainly a very positive man: "great", "best", "superb" dominate his vocabulary – never more so than when giving his opinion on the fundamental importance of service.

"Often your best commercial clients come from personal lines clients," he details. He is adamant that clients are prepared to pay for service in personal lines. "We say our prices won't be the cheapest in the world but we are very competitive and we will give you superb service," is the philosophy in a nutshell.

In the main he sees the opportunity in the mid net worth and higher echelons rather than the aggregator-level space. The sweet spot is business owners, their employees and potential business connected in some way to Reich's staff.

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“As long as we break even in personal lines motor I am happy because motor leads to home.”

Personal lines though only accounts for 10% of the firm. Commercial lines forms approximately 80% of the business and healthcare makes up the remainder.

So how did the growth occur?

The positivity now was clearly present throughout the process. Having bought into the firm at the request of chairman Danny Lopian – the two remain the sole shareholders – he started with property business. “That was our expertise,” Taylor notes – it went from a team of two to 18.

In 2008 it also bought WB Tidey, adding £6m of GWP, and then in 2011 it snapped up D Barnett Insurance Brokers, adding another £8m into the fold.

A back of the envelope calculation shows that of the £52m growth some £38m has been organic. The first step was always to hold what they have. “Our retention rates are superb and ever increasing,” Taylor confides, putting the average at 88% for personal lines motor and in the nineties for commercial and real estate.

Claims focus

A key part of service is around claims for which the broker has a team of seven people.

“When it comes to claims, from the smallest household upwards we make sure we are all over it. So the client thinks ‘I wouldn’t move my personal lines, on the contrary I want my commercial lines with Reich.’”

The other two equally important elements in his philosophy are insurer relations and staff.

“I can go to a client and offer them a great deal with fabulous service but unless I can get a good package from an insurer that I rate, who I know will pay out at claim and deal with things realistically, it is useless.”

On the insurer side the positivity flows once again. Taylor confesses: “We are not the type that will screw the insurers to the ground on price.” That has paid dividends with each insurer having a dedicated team for Reich business.

The broker also deals almost exclusively – it has access to Lloyd’s – with insurers in Manchester, placing all its business in the local market.

A Mancunian born and bred he is likewise energised by the city he loves which has “big” potential for insurance with the numerous building projects and growing local economy. “There is a buzz about the city centre and people are moving back in. It is a great place to be and is great for business.”

Reich was formed in 1943 by JJ Reich and its first success was based around the religious Jewish community in Manchester. Now some 40% of clients are in London and the South East. Taylor visits the capital at

least once a month to see clients but all the back office work is done in Manchester. The broker services business across the UK and abroad, arranging property insurance in the likes of Germany, Switzerland and Monaco.

The net effect of this strategic approach to serving clients, insurers and supporting staff, has been growth. “We have built commercial through referrals,” he says. “Until five years ago we didn’t have any sales team at all, not even a sales manager or an outside agency.”

It also opened up a healthcare division in 2009 after headhunting two people from another company. Taylor admits this has been “hard going” but notes it has now reached £10m.

One-stop shop

Last year came the final piece of the jigsaw. In addition to Reich Insurance, Reich Healthcare and Reich Private Clients, the group now boasts Reich Chestnut. It bought a small business called Chestnut to focus on areas such as life, critical illness and key person insurance.

“We want to be able to offer a one-stop shop. Our aim is to do everything other than pensions and investments,” Taylor explains.

It is all a far cry from the property heavy provincial broker that Taylor arrived at in 2002 as a partner. It was his first job in broking.

“I had to learn broking. It is about client relationships. Clients buy from people. You have to provide superb service and be there for your clients.”

Prior to this he was a loss adjuster, having left a History and English degree at Manchester University because he found it boring.

When starting to consider his future

career, insurance was top of the list. “I wanted to work in the claims department of an insurance company, I’ve no idea why,” he admits. After two years with Legal & General manning the phones and being the office junior, he decided the best job in claims was being a loss adjuster. After pursuing McLaren’s for eight months they took him on in 1984. “Eventually they gave me a job and I got my first car, which was a Fiat Panda. It had one windscreen wiper. I was so proud and used to drive around dealing with small claims.”

Apart from an 18-month stint at RSA, he spent 17 years at the loss adjuster, becoming the youngest director and a board member. He remained at the firm until a year after it was sold to Capita and used the money to invest in Reich.

“I didn’t know anything about broking,” he admits. His expansionist approach came with a very definite management style.

“I suppose a criticism of me in the past was that I was very hands on, it is in my nature,” he reflects. From placement to insurer relations to recruitment he always wants to get involved.

Since 2002 he has met with every employee before they joined the firm. He continues: “My management style has been that everything comes to me. But I have realised that we are at that stage where I can’t run everything and still develop the business how I want to.”

To solve this a new structure was introduced at the start of the year and kicks in fully on 1 April. “The restructure involves creating an executive board, which we have never had before,” he explains.

A series of directors, from commercial to healthcare, have been appointed as have ▶



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heads of departments reporting to them. "These people will be responsible for the P&L of their departments," Taylor details. "They will be given targets and I can concentrate on the strategic growth of the business, acquiring either other businesses or people, getting closer to our staff and insurers and bringing in new business."

As part of the process former Zurich UKGI boss Dave Smith has joined the firm. "If Dave hadn't come it would have taken me a lot longer to do this," Taylor reveals.

For now Smith works with the business three days a month and Taylor is hopeful that one day he may join as a non-executive director. "He has got a wealth of experience and acts also like a mentor," observes Taylor.

Next steps

He is unrelenting about what comes next: steep and severe targets. "I am looking for big growth across all our businesses and the directors will be responsible for pushing that through, and I will support them all I can."

"What I enjoy the most is dealing with the people... Our people feel a big pride about being part of Reich and I love that"

This means further growth on staff with the firm set to hit 100 in 2016. What he declines to be pushed on is a figure for GWP. "Steady growth of our GWP and more importantly income is what we are after. But even more we want to be seen as the best for service. If that means we are smaller [than we could be] then fine."

And he is similarly sanguine about acquisitions – in short they might or might not happen. "We are only interested in acquiring a broker that we can move into our Manchester office," he says. "It is a much

smaller potential pool." What will not happen is opening new branches. He closed the London office in 2004 and is not interested in opening a second one anywhere.

Similarly: "We are not interested in selling." It is a question that he accepts gets raised a lot: "We'd be a great broker to acquire because we are all based in one place and have great clients."

But that is not to say that no change is on the horizon. He recounts: "Everybody knows that we are not going to go on forever. I don't want to be in my 60s and still be the CEO of Reich." Taylor, who has been MD or CEO since 2005, has always said he would retire at 55.

Extended family

He now has a young family with children aged three and half and one and half. "I am a late developer for kids," he says. "I spent so much time on my business that I didn't have time for more important things. I threw everything into the business and before I knew it I was in my forties."

His mum died suddenly when she was 56 and he was 33. The tragedy was a big blow. Turning 53 in February he feels an association with the age and while he will review the situation at 55 he adds he will continue to work "as long as he is enjoying it".

Whereas previously he planned to retire and travel the world, he lists how his life has been enriched in different ways by his children – simple things like doing the school run now mean the world to him.

"My priority is to be a good dad to them and to bring them up well."

Adding: "When I retire, what I do want to be able to do is be there for them and I'll travel with them in school holidays."

Part of being there is a healthy body and healthy mind. He works out in a gym he has had built in his home and uses a personal trainer.

"My diary is booked out two days in the week and at the weekend for an hour and a half to do my training. Nothing will stop me doing that. I know I have got to be healthy for my kids."

Among his other interests he pinpoints Manchester United and art. He has followed child prodigy Kieron Williamson's career for years and one of his paintings hangs in the current boardroom.

Taylor's career is far from over, something he chooses: "What I enjoy the most is dealing with the people." Again the thinking turns to his staff: "Our people feel a big pride about being part of Reich and I love that."

"I have got a very small family, two kids and a sister. I say to staff, and I mean it, that they are my extended family. I'm no pushover but when there are problems we are here for them." ■



VISTA INSURANCE BROKERS

► Taylor invested in the start-up broker along with Danny Lopian in 2014. He admits that a lot of people have asked him why but he has never really "publically commented on it".

The firm was formed by three ex-Bridge Insurance brokers. "After they resigned I went to see them and thought we could do something together," recounts Taylor.

"What they wanted to do was set up their own business, which I could understand, and they resigned before they had something in place."

The potential start-up had options with private equity firms as it sought to create a firm concentrating on private equity, commercial and high net worth.

What has come to fruition is a completely self-

contained business and not part of Reich Group although the two do not compete. "The money you need to set up a broker in this market is a minimum of £500,000 cash. The things you have to sort out from IT to agencies to people... it is a big process," he explains.

Taylor lists support for insurers, claims and accounts as some of the areas it has supported the new venture. "What we have given them so far is that they are an AR of ours. They have applied for full regulation and will hopefully get it by June," says Taylor.

That month will mark the end of the second year of trading for the business which should reach £6m of GWP. "They have smashed all the targets," Taylor notes. "I am very proud of what they have done."