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# Ryan Specialty Holdings, Inc. (RYAN)

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### **CORPORATE PARTICIPANTS**

### Patrick G. Ryan

Founder, Chairman & Chief Executive Officer, Ryan Specialty Holdings, Inc.

#### Jeremiah R. Bickham

Chief Financial Officer & Executive Vice President, Ryan Specialty Holdings, Inc.

### **Timothy W. Turner**

President & Director; Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

### OTHER PARTICIPANTS

#### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

### MANAGEMENT DISCUSSION SECTION

### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

We are going to move along just to ensure that we are staying on schedule. It is a unique honor to welcome Pat Ryan and Tim Turner, Jeremiah Bickham of Ryan Specialty. Pat, if anyone who's remotely familiar with the insurance industry knows he is true legend. And the team that he's assembled led by Tim and led by Jeremiah, they have done a phenomenal job since the company has become public. I'm going to turn it over to Pat for introductory comments. And then as usual, I'll start off with some questions. And if there are questions in the audience, please don't hesitate to let me know because we want to make sure that we're answering as many questions that you have and giving you the information that you need.

And with that, Pat, thank you.

### Patrick G. Ryan

Founder, Chairman & Chief Executive Officer, Ryan Specialty Holdings, Inc.

Maybe I'll just stand here.

### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

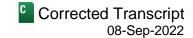
Absolutely.

#### Patrick G. Ryan

Founder, Chairman & Chief Executive Officer, Ryan Specialty Holdings, Inc.

Okay. Good morning, everyone. And I can't really see how the lights, not flashing, but shining in there. So nice to see some friends out there that known for a long time. So let me just give a few introductory remarks and we'll get

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to Q&A. About a year ago that we were here shortly after our IPO in July 2021 and since then we've really been working on the execution of the plan that we talked about at that time, but also when we at our roadshow.

And yeah, we feel quite good about how things have gone. Obviously, we're in a market that is robust for the insurance industry particularly brokers. And then of course being on the E&S market, this is a particularly robust time for the E&S market. I think it's important to just put on the table that the E&S market is something that I've been involved in for a long time during my Aon, particularly the earlier part of my Aon career in specialty lines. And I always liked it as a market niche for obvious reasons. [indiscernible] (02:07) for a lot more innovation, a lot more creativity. And the other thing I liked about the E&S market which is even expanded its importance in the last several years, but particularly, in the last couple of years and that is that what many of the growth industries find their way into the – in those market. And they need innovation, because they have a lot of complex risks, tough risks. They call them high-hazard risks.

So I think it's – I really believe that we're making a strong social contribution in terms of helping the economy, but helping companies that are doing really important work, like in healthcare and energy and other fields, construction that are really bringing value to society. And so when we help them solve their problems in partnership with the retail broker, and that's the underlying operative word in partnership with the retail broker, because that's their work without risk, as is our client and they engage us, as you know. But we feel good and I feel good about this part of my career being just focused on this end of the business.

There's not a new normal with the E&S market now because it's just hit historic highs. Everybody wants to know when it's going to settle back. And nobody knows that. But what we do know is that the world has always been risky, but it's getting far riskier and with greater risk generally comes the need to be able to deal specifically with that risk in terms of freedom of rate, freedom of form and the ability to innovate. So that's really why I – after I retired from Aon decided to start another company in the space because I believed in the future of it, and that's certainly playing out. So the trading relationships with our top retail brokers, the top 100, I should say, 97 of the top 100, so we have a strong position in the market, but we have tough competition as well. So those are really are just setting the table for the Q&A. So, probably I talked too long there.



### QUESTION AND ANSWER SECTION

### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

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Not at all. I'm happy to just listen to the next 35 minutes. So let's start with organic growth and the Ryan team has been, I think, very, very prudent in terms of setting expectations, recognizing that we're in a very favorable spot right now. And it's still a cyclical industry. And the number that you've used, I think, is longer term bogeys about 12%. And I'm wondering in that context, there's a lot of semantic bickering about whether we were in a recession, whether we're heading into a recession. How does that – I'm not wishing this, but how would a severe US recession impact organic growth at Ryan?

#### Patrick G. Ryan

Founder, Chairman & Chief Executive Officer, Ryan Specialty Holdings, Inc.



Okay. Well, I'll start and then ask Jeremiah to not bail me out, but add to what I – he's got the expertise. So when we say 12% that – we don't really look at that as a goal, obviously. What we've said is that throughout the 12 years that we've been in business, 9 of those have been basically soft markets. And we have been able to achieve double-digit organic growth. Core to our strategy is driving organic growth and the minimum goal is double digits.

Now, as the market changes, during parts of that period, we were able to get it in the low and mid-teens. Then as the market changed in 2020 – early 2020, maybe starting late 2019, for 2020, you could [indiscernible] (06:20), in 2021 the same and the first six months of 2022. We say that's not the new normal, but what we do believe is that there is a double-digit rate of growth with proper execution.

Now, you can't quantify how bad a recession is going to be, we all know that. But because I've been around quite a while, gone through some tough recessions, 1974-1975, 1980-1981 into 1982, those were longer recessions. Nobody can predict that in a recession we can handle it this way. It depends on the depth of it, the length of it, the severity, obviously. But, in 2020, we actually did go into a recession. And we did really quite well.

So I think the key thing is that we are selling compulsory products. Almost vast majority of our business are compulsory products, either state-regulated like auto and comp. But financially regulated in the sense of a lender demands insurance in so many parts of the coverage that it becomes compulsory. So I think it's important to look at compulsory versus discretionary when you get into a recession because people pull back on their spend.

Something else that they'll do in a recession is they'll take our retentions, self-insured retentions, inflation and recession together like we had stagflation in 1980, 1981, there you got a real painful combination because the economies slowed down, people are pulling back on their spend, or they're spending the same, and so taking more risk because inflation is driving up the exposures. So, some people say inflation is a benefit for the broker, and that's true to a pretty good extent. But it's not across the board true because there are issues on inflation that actually drive exposure change, and it's up to the broker to make sure that they're covering that exposure change with the assets being inflated particularly then carriers having priced it with lower interest rate assumptions, and now they're having to pay an inflated claim.

So we feel good that we've been able to work our way through recessions in the past. We can't predict what it would be, but we've found a way throughout our history here to grow double digit and we're seeing that for the foreseeable future, that's what we would view, how we can deal with a recession. [indiscernible] (09:39).

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Jeremiah R. Bickham Chief Financial Officer & Executive Vice President, Ryan Specialty Holdings, Inc.	A
You hit all the right point. Nothing needed to add.	
Patrick G. Ryan Founder, Chairman & Chief Executive Officer, Ryan Specialty Holdings, Inc.	A
I went too far then.	
Jeremiah R. Bickham Chief Financial Officer & Executive Vice President, Ryan Specialty Holdings, Inc.	A
I think you got it.	
Mever Shields	

Analyst, Keefe, Bruyette & Woods, Inc.

I mentioned to Noah Angeletti this morning that Tim is quoted almost daily talking about the pace of submission flows to these specialty markets, and I was hoping you could comment on that both overall and maybe if we dig into it a little bit by line of business, are there lines where the submission flows are accelerating, which lines are seeing maybe some deceleration as competition re-emerges? Just looking for another level of detail and possibly the drivers?

### Timothy W. Turner

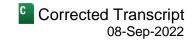
President & Director; Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

Sure. Well, just yesterday AM Best validated the non-admitted surplus lines P&C premiums for 2021. It takes that long to collect all 50 states and to validate the number at \$81 billion, a record number and we know through six months now with the top 15 states that WSIA collects the stamping results from that number, \$81 billion, is up 31%. So we know that the surge and the flow into the channel continues to break records. It continues to grow at a record pace and we see no signs of that letting up. Inside that flow are all these specialty classes and practice group niches that ebb and flow through that channel. And so, there's always some flattening, some rate deceleration going on in there. It's modest. Some of it is really hard to identify. It's the only one that we could see that looks to be happening and clear is in public D&O. So we saw that rate deceleration first and then we saw some of that business especially in the large towers, the large commercial, \$100 million towers where they're shared and layered.

We saw some standard markets taking pieces of those placements back. And so, we look at ProExec altogether, all professional liability. So cyber, all E&O, healthcare, all of that in the practice group. And many of those lines are continuing to firm, especially healthcare and cyber. So you'll see our ProExec practice group continuing to grow and far out-produce that little bit of flattening in D&O. Other lines of business that are historically E&S classes of business, commercial construction being one of them, that's really a combination of infrastructure projects, bridges, tunnels, dams, high-rise construction. All of that pretty much pours into the E&S arena. They need our expertise and our capacity, A, during the course of construction. But more importantly, it's the latency on the construction defect that causes it to stay in the E&S market for the 35 years I've been in the business. That's been a traditional flow into our channel. We have industry-leading construction practice group.

And then with that is the residential construction segment. They're together, but for different reasons. Residential construction, most of the frame comes into our channel on the property side because of the fire risk during the course of construction. And then the 10-year completed ops exposure is difficult. So construction defect, again, very difficult to manage and you have places like New York where it's been a loss leader in the reinsurance world,

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so very heavy flow there. The healthcare industry heating up, COVID claims, getting through the courts now, getting adjusted, lots of reserves being setup. So that's hitting not just nursing homes and assisted living, it's hitting [ph] HPL (13:37), it's right in the heart of that healthcare sphere, the largest segment is hospitals. And so we're set up for that.

Like most of these practice group verticals, we set up underwriting platforms, programs, proprietary products and facilities, and then try to make sure we have the most broker talent in the space so we can absorb these big surges and service the top 100 brokers, Tier 2 and Tier 3.

Transportation very much a loss leader in the reinsurance world, that's where it starts. They shrink their capacity in the standard market and they have to dump the business into our channel. We're set up for that. We've talked about the Crouse acquisition, that really cemented our 50 state platform in transportation and underwriting which you have to be in primary truck delivery and shared economy and the broking expertise. Crouse had upgrade. West Coast broker team is now leading the practice group for us, we're well-positioned there.

And then other lines that have been leaders really in this growth over the last 4 or 5 years in E&S CAT property. Everyone knows global broking or global warming, I should say, has really affected the shift and the flow of business, not just in in flood and wind, wildfire is really coming on strong now. And unfortunately affecting not just the western states, but other parts of the country, so things like single family homes, high net worth that never came into the US market are flowing into the channel. Lots of businesses that you wouldn't even suspect would have a wildfire problem are pouring into our channel and others. So lots of drivers into this new flow and several of them there's no end in sight that we can see. So we're continuing to hire like crazy and continue to train and develop and broaden these teams so that we can have a high efficiency rate on handling the flow of the business.

### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Great. Thank you. One of the specialties at Ryan is underwriting management, and I was hoping we could talk about two aspects of that, one, performance of some of the recently formed MGUs and how that corresponds to expectations and, second, maybe description of the process for determining when another de novo MGU is appropriate and necessary and how you obtain the necessary underwriting talent to run that?

#### Timothy W. Turner

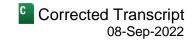
President & Director; Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

Sure. It's a big part of Pat and Jeremiah's strategy all along is to be the leader in the broking expertise, but to bring top decile talent into the underwriting side of it, to have complementary MGUs, MGAs binding authorities and programs in each of these specialty niches. And the timing of that, a lot of that is driven by M&A opportunities, but a lot of it is de novo opportunities and that's probably the best illustration I can share with you.

Pat and I talked at length about casualty MGU, when do we do it and when is the right timing to do that? And so, we – once we were able to secure the nationwide arrangement, as you know, that gave us an unprecedented ability to lead in what we call speed to market, getting a front, getting consortium capacity, reinsurance capacity and deploying the product is really what holds everyone back in the business. It's a very difficult process to build those facilities.

Once we secure the nationwide paper, Harleysville, our speed-to-market is industry-leading. We can create facilities very quickly. We can front in a day and oftentimes on individual risks. But we took that whole platform and ability and we looked at the casualty world and one of the phenomenons that you see today in this industry while this heavy flow is pouring into the channel, there's a huge shortage of underwriters, huge, record-breaking

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problem for companies in efficiency, executing. Basically, they can't get to the flow. They don't have enough underwriters.

So, our challenge is keeping up with the speed of executing marketing exercises and creating the best solution for the client. And you really can't do that if you don't create product with the industry. So, to complement what you can get done in the open market, you have to have your own product. And so we saw that really coming to fruition in casualty primary and access. We needed more product, we needed a proprietary product as well. And so we launched Emerald.

And Emerald had its first month in operation, big success in August and September 1, the same thing. So that's what we try to do. We try to create product. If we do it in M&A, even better. But now, we have these tools and these new abilities to create our own and move faster than the market allowed us to do previously. So it's a great time for us to create complementary product in these high-hazard niches.

#### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Okay. Again, I want to make sure that if you have questions that you let me know and I can pass them along. One of Ryan's ambitions is building out 50-state binding authority capabilities. So two related questions there, first of all, where are you on that process? And for those of us on the outside, what will that 50-state capability look like in terms of growth, in terms of margin potential?

#### Timothy W. Turner

President & Director; Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

I'll take the first part of it and then Pat and Jeremiah can add to it certainly in terms of the margins and that part of it. From the production side of it and interfacing with the clients, we had to go to the markets, who held up historically for most of my career the insurance companies themselves held up national brokers and Binding Authorities from having a 50-state capability. They controlled it. They ended up being an impediment in that process, because they would only give you the state of domicile and then maybe the contiguous states in like a transportation appointment for underwriting and property and casualty as well.

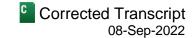
So what we ended up with after 40 or 50 years in the E&S world is hundreds of thousands of boutique Binding Authorities, impossible for a national to RFP and go to the retail community to get them to consolidate their use of Binding Authority intermediaries. We've done it in brokerage. That's a process of winning in a practice group and getting BORs to move the business.

In Binding, you can't just take a BOR. There's a lot of proprietary product. There's these hurdles with how many states you were validated in. And so as a national wholesaler building a platform and binding us and a few others, we – first, you have to have the talent. You have to have enough Binding Authority specialists around the country to handle a 50-state appointment. Then we had to go to the carriers and say, we have it. Please give us 50 states.

Well, they resisted for a long time, and over the last two, three years, almost every one of them went to a 50-state plan. So we have the product now. We have enough Binding Authority underwriters to pitch RFPs to the same clients who realized all the efficiency gains in regulatory compliance in E&O and the brokerage consolidation moving into underwriting, which is 40% of the [ph] \$1 billion (22:00) or so that comes into the channel. That's just starting right now, because the companies gave us the 50 states, we've got the underwriters. But it's a constant process. I want you to know.



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There's never enough underwriting talent. You're just constantly have to be grooming it, recruiting it, acquiring it, because the volume is so great. And once it starts moving, which it's starting to move, we've had two RFPs in the top 100. We want them both. We have an electronic trading platform that's woven into that.

We believe the buying patterns of retailers will be the same as they were in brokerage consolidation. So we're really excited about that. But we have to continue to build product. The same strain in brokerage is in binding. So wind capacity, cat capacity, all those things, the social inflation and casualty and bad venues is a problem. So again, you'll see us make acquisitions of people, teams, underwriters, companies building that up, but we can launch a 50-state RFP today.

#### Jeremiah R. Bickham

Chief Financial Officer & Executive Vice President, Ryan Specialty Holdings, Inc.

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And on the margin side, Meyer, so I want to just remind everyone, we report margins not at the specialty level but at the consolidated Ryan level. It is true that Binding Authority has a higher commission than Wholesale Brokerage. The MGUs have an even higher commission rate than the Binding Authority and all things equal if your business mix shifted to a higher percentage of that higher net retained business margin – there would be a margin impact. But we're not necessarily – despite the massive growth potential ahead of us in Binding Authority, we're not calling necessarily a business mix shift for us. One reason being the Wholesale Brokerage has higher inherent growth capabilities, and historically they've been our highest growing specialty.

More importantly, though, we're not – we don't think about business mix and we don't target de novos or acquisitions looking for a margin profile in and of itself; like our goal, whether it's de novos, hiring or M&A is about completing that spectrum of distribution capabilities and products, so that we're the most trusted, the most indispensable counterparty to retailers and to carriers.

#### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

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Great. Thank you. Again, if there are questions in the room, please let me know. Tim, you mentioned a couple of things with regard to talent. One is that you're hiring, I think, you said a ton of talent, and second that there's just not enough out there. I think both of those are true. Part of me suspects that they get worse as the baby boomers sort of move towards retirement age. Can you talk about recruitment philosophy and training philosophy at Ryan to ensure that you're adequately staffed?

### Timothy W. Turner

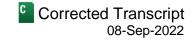
President & Director; Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.



Sure. I'd be happy to. One of the many things Pat and I hit it off on in terms of principles was some of the obvious ones, always be closing, always be recruiting. It's just a daily part of our discussions. This morning, 6:00 this morning, we were interviewing someone here in New York. It's just part of what you do every day as you don't have enough talent. There's no such thing as enough talent in a volume-based commodity business. And so the whole industry is suffering from that.

I think we're out ahead of everyone. I think we're industry leading in terms of recruiting, acquiring. But maybe the most important one is manufacturing your own talent, really recruiting, having a university, having intern program, all that's coming together for us. And so we're able to really create a floor of talent coming into Ryan Group now that is unprecedented for us, but we have to continue to do it. There's areas where we just don't have enough depth and breadth. And so we're challenged with that. It's a healthy challenge. But it starts with Pat and the university, the commitment to insurance and risk management, university programs, undergraduate programs,

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getting into their schools, sponsoring their events, and bringing those kids in to complement other areas where we're recruiting from.

### Patrick G. Ryan

Founder, Chairman & Chief Executive Officer, Ryan Specialty Holdings, Inc.

Just add that, we recruit a class in the calendar year, so that can be experienced people. That can be people from competitors, competitor brokers, could be from carriers where they're going to leave anyhow. Or we don't have a trading relationship with that carrier and feel free to recruit there. And then very importantly from universities and colleges.

When Tim talks about commodity, he means that there's huge volume. But it's not a commodity in terms of the value add that we bring to it. I'll make sure that we win it because we do - when we win - we win it, because we did a better job helping that retail broker differentiate their ability to serve that client. So they're very – even small risk can be very complicated. But the volume that Tim was referencing has just grown so dramatically based on the metrics that you gave early. We have to be able to treat it like very quickly with quick response. It's also almost like a commodity coming off a shelf, but it's not – it's a very well-thought-out, well-designed product. And serious attempt to differentiate that product.

#### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Great. Thank you. One of the points you made on the second quarter call was that the \$25 million restructuring program was concluded with better than expected ultimate savings. And I was hoping you could talk us through really the expense control philosophy at Ryan. What other savings opportunities besides the actual \$25 million were identified.

#### Jeremiah R. Bickham

Chief Financial Officer & Executive Vice President, Ryan Specialty Holdings, Inc.

Yes. Yeah. So for those of you that don't know, Meyer's referencing two years ago, we committed to a two-year restructuring plan that concluded on [ph] 6/30 (28:34) of this year, the target, the commitment was \$25 million in savings. We found \$29 million in run rate savings. And the added savings, Meyer, came from head count. So the majority of the plan was head count. And so it was basically more of the same.

When you put plans like that together, you have to make some assumptions, and as you flesh those out, you realize, oh, there's variability in those assumptions. But there are two important takeaways from the conclusion of this program. One is it may seem like a stretch, but alignment, right, an effort like this that's so far-reaching is truly a companywide effort and everyone is rowing in the same direction. And as we ask teams to participate and deliver, people aren't just trying to do the bare minimum, right? When we go about an effort like this, it's not corporate coming from a pedestal and saying deliver X heads or X dollars. We explain like these are the high level ambitions here.

This is what we're trying to streamline. And they come back and give us 110% or 120%. The other takeaway is when it comes to anything that we commit to publicly, we want you all to be confident that we set targets that are achievable. We don't see ourselves being frequent restructures. But if we do have another program like this in the future, please think back to the overachievement of this one.

#### Meyer Shields

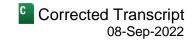
Analyst, Keefe, Bruyette & Woods, Inc.

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Right. I would point out, unprompted, that that's a bit of a recurring theme that we've seen so far at Ryan on a number of levels when thinking of organic growth and margins in particular as I say that.

I want to spend a little time on technology. We've gotten a really good sense, I think, of capabilities at Ryan in terms of the personnel and the underwriting talent and creativity that is inherent in that. Can you talk about your technological advantages and also current technology-related investment priorities?

Jeremiah R. Bickham

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Chief Financial Officer & Executive Vice President, Ryan Specialty Holdings, Inc.

So we think that there's – for any company in our space, there's a required investment just to get to table stakes level security and compliance to keep your nose clean with the regulators to provide your clients what they need. We think that we are best-in-class in that regard, but we actually think that there's a huge amount of growth opportunity and to a degree untapped potential by making further investment in data and analytics.

So Pat referenced on the last call that we made personnel investments in that burgeoning program, because there is quite a bit of premium and related data that flows through our system every year that if we're able to tap into even deeper and harness, there are more insights and more value add, particularly on the carrier side that we can bring to the table in terms of product creation, maybe even some capital allocation discussions that we can go deeper on.

So I don't want to say that we've arrived in that regard, but we're thinking about it. We think that with a reasonable amount of investment and elbow grease, that's got a lot of potential for us going forward.

**Mever Shields** 

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Analyst, Keefe, Bruyette & Woods, Inc.

Okay. Fantastic. One of the goals that you've talked about is building maybe a fourth specialty focused on employee benefits. And I was hoping for an update of where that specialty is right now. I know you've got John Zern heading it. What does it look like underneath it?

Patrick G. Ryan

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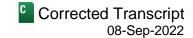
Founder, Chairman & Chief Executive Officer, Ryan Specialty Holdings, Inc.

It looks really good. Wholesale – the wholesale broker role and the managing underwriting role is something that you have to understand the total marketplace, what's happening with the trends. So we hired this relatively young man, a man who had retired from Aon, had a great career there. We've been developing the strategy for our role. So, it's managing underwriting and it's a wholesale product and service requirements that our retail brokers need.

Now, we have to segment the market. The very large retail brokers need us in property and casualty. Generally, not a lot of opportunity with them in the benefits side, but we have thousands of brokers that range from being the [ph] 95 excess of first 5 or 90 excess of the first 10 (33:27-33:32) in many cases, do need a lot of assistance to get themselves into a position where they can afford to hire the talent, or we can effectively be an outsource value proposition back to them, the things they couldn't do on their own.

The larger brokers can do most of this on their own and the benefits business. So we've been slicing and we've concluded that we really need to make acquisitions and then build on top of that. We looked at de novo. It's just too slow and to – and yeah, if we looked at de novo, which is building and it's just too slow and too costly really; even though there's a bigger capital investment that we can get better returns. So we've got a good pipeline.

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And these kinds of acquisitions, in fact, our entire acquisition strategy, we don't buy junk. We buy really good companies and believe we make them better. And so we're sorting through the really good companies and some of them were not quite ready to sell yet. So we've been dealing with that. But I will tell you that the pipeline is robust and we're getting much closer in terms of where we think we make that investment. Investments are highly likely to be larger than what we originally thought were as we did brokerage M&A. We bought smaller companies and bolted them on.

Here we're going to bring in the foundational set of competencies that we can bring a lot of value to what they're already doing, with our good companies that are very successful. Well, stay tuned on that one.

**Meyer Shields** 

Analyst, Keefe, Bruyette & Woods, Inc.

Perfect. If I can follow that up on that question with maybe getting some comments on the overall M&A strategy, the overall M&A environment, whether we're seeing higher interest rates start to drag down multiples, level of competition from private equity backed firms, or anything else that we should know about the M&A outlook?

Jeremiah R. Bickham

Chief Financial Officer & Executive Vice President, Ryan Specialty Holdings, Inc.

When you're talking about – well, one, private companies, there's a lag to the fundamentals that drive valuation changes in the public market. I think that's just normal. In a sector of ours, there's still so much more capital out there chasing these properties that we think that competition has really buoyed valuations, especially for the cream of the crop companies that we're interested in [indiscernible] (36:40) differentiated, the highest quality management teams, things like that, those are always going to come at a premium and we haven't seen that premium dissipate despite what's the volatility in the public markets. And what we tell people is that it's certainly raised the bar because you've heard Pat and myself talk about ad nauseam, one of the pillars of – for us to get past go on an acquisition is it has to be accretive. So the bar for that check mark has certainly been raised, but it's absolutely doable, like we're willing to participate. We anticipate participating and closing on acquisitions in an environment like this, because if we are as rigorous as we have been historically in going through our strategic checklist and we're buying quality businesses that can grow by themselves, our thesis is we can make those good businesses better.

So through growth, synergies, cost synergies and just being differentiated enough to enhance our platform, there are deals to be done. But as good stewards of capital, we're not going to just do it to do it, do it because it's been a period of time. But as Pat said, we're incredibly excited about the opportunities we have ahead of us right now.

Patrick G. Ryan

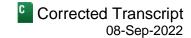
 $Founder,\ Chairman\ \&\ Chief\ Executive\ Officer,\ Ryan\ Specialty\ Holdings,\ Inc.$ 

I would add just one point, which is historically and we look at all risks that we didn't do at the end of the third quarter of 2020, we didn't have to put any value in the price on revenue synergies. We did share some cost synergies with them. We paid top end of the market multiple, but there were other bidders who would have topped that, but we were the destination of choice, but we paid the full price. But revenue synergies are so fantastic. But we knew that they had the horsepower, the manpower, the person power to lift their game, talent. They didn't have the opportunity because they weren't appointed. They didn't – they may get capital from some of the carriers that we get capital from.

So, as we look at these acquisitions and they're priced on the posted valuation too high, we're not going to buy them unless we can see that we could buy that down through revenue synergies insuring some of the costs in



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that multiple. So that's how we're coping with these market changes in terms of premiums for [indiscernible] (39:27) industry driving into that.

### Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Understood. And with that, we have come to the end of our session. I want to thank Pat and Tim and Jeremiah for a phenomenal 40 minutes. Thank you very much for coming and...

### Patrick G. Ryan

Founder, Chairman & Chief Executive Officer, Ryan Specialty Holdings, Inc.

Thank you.

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