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Ryan Specialty Holdings, Inc. (RYAN)

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CORPORATE PARTICIPANTS

Patrick G. Ryan
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Timothy W. Turner
President & Director, Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

Miles Wuller
President & Chief Executive Officer, Ryan Specialty Underwriting Managers

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

OTHER PARTICIPANTS

Robert Cox
Analyst, Goldman Sachs & Co. LLC

MANAGEMENT DISCUSSION SECTION

Robert Cox
Analyst, Goldman Sachs & Co. LLC

All right. I think we'll get started. So, it's my pleasure to welcome the Ryan Specialty leadership team, including Pat Ryan, CEO; Jeremiah Bickham, CFO; Miles Wuller, CEO of Ryan Specialty Underwriting Managers; and Tim Turner, President. So, for those of you who may be not as familiar with the story, Ryan is a unique wholesale broker that has delivered double-digit organic growth for many years and is a leader in the access and surplus lines market.

So, with that, I'd like to hand it over to Pat for some opening remarks about the business.

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

Thanks, Rob. So, we felt we had a solid third quarter with a 13.7% organic revenue growth and the vital signs of the E&S market are really strong. Rates are hardening, continuing to harden in most lines, and particularly in property. And you'll have read a lot about what's expected of the property lines at the January 1 renewals, reinsurance renewals, what's going to be a real imbalance of supply and demand. There's going to be a lot more demand than there is supply of capital.

Our property practice is really a very strong practice. It represents multiple lines within our property lines, within that property practice, and that most vulnerable lines have been growing well over the last 12 years. But we look for some very significant tailwinds in the property market at the January 1 renewals. And so, overall, an answer to the question of how large is our property practice, we'd like to say that reference for public documentation as to what industry is represented that approximately 30% of E&S market is reflected in property, and that would be representative of our position as well.

The tailwinds are going to be strong, but there will be this imbalance of supply and demand. So, as you watch for January 1 renewals, you're going to see some people signing up early because they're worried they won't get enough capacity. Others are waiting. So, very likely that most people won't know how much capacity they have until shortly after January 1, and some of the pundits believe that it could be January 5, January 10, even up to January 15, before it's all finalized. But it's going to be an important factor and a sizable part of our business.

We feel we're well-positioned to get – to retain the capital that we have in property expiring at December 31, and that we will have significant new opportunities of people that are partnering with us in other lines who have fundamentally given us a commitment that they're going to provide more capital to us. But nobody knows exactly how much capital they're getting and won't know until after January 1.

But very importantly, with the E&S market being as vital as it is, our submission rates are strong. They continue to be strong across all lines. So, when we talked about the E&S slowdown, it was an inadvertent communication error. E&S market is very robust, but it bounces back and forth. And we referenced a one-month period. We're not going to do that again, because it confused people.

But our founding thesis and our competitive position is as strong as it's ever been. And we've had a unique beginning of our first 12 years. We've had double-digit organic growth through that 12-year period. For the year, there are quarters we don't get that and certainly that is reflected in our guidance for the rest of the year.

But the important thing is that we're providing real value-add to our retail brokers, and it's never been stronger. We've had a lot of M&A activity that's been really, really beneficial to our overall growth. Our secular drivers that were in the founding thesis of panel consolidation and retail broking roll up. But the growth in delegated authority underwriting admin and distribution are all very strong going into 2023.

So, what we say is you can't take a quarter and extrapolate it into a year. In our niche, you got to take the whole year. There'll be some bouncing around by quarter.

So, I think that conclude my opening remarks, Rob. We'll welcome the Q&A.

QUESTION AND ANSWER SECTION

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

Great. So, the current pace the E&S market is on track to surpass $100 billion in annual premiums in 2022, marking the fifth consecutive year of double-digit growth. Do you expect the market can sustain this level of growth and what do you see as the primary drivers?

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

A

Yeah. I'd like to turn that over to Tim and Miles. Tim, why don't you start?

Timothy W. Turner
President & Director, Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

A

Sure. We do see that growth sustainable here. So, going to 2023, as we've talked about many times, while the overall growth continues, there's these niche firming phenomenons that continue to occur in North America. A lot of it due to losses tied to social inflation and global warming, cat property being the latest one. Most experts predict that cat property rates will go up 50% to 100%, and that's on the existing book. So, shifting flow into our channel will obviously drive growth even further. So, we see lots of opportunity in 2023.

Miles Wuller
President & Chief Executive Officer, Ryan Specialty Underwriting Managers

A

Yeah. On the delegated underwriting side and in addition to the increasing landscape, risk landscape, our track record and diverse portfolio continues to attract more capital from existing carriers. And so, that will be a source of ongoing support and growth as we manage more carrier capital.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

What do you view as the primary risks, the E&S market growth? And could you give us an update on your view of some of the early signs of additional competition entering the market that you flagged earlier in the year?

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

A

Well, I'll start with the competition and then ask Miles and Tim. The competition is really ourselves, just like playing golf. If we deliver retail broker needs, we outexecute our competition. We have good competitors. AmWins was a private company, is a very formidable competitor. There's an imbalance – not an imbalance, but the three large wholesale brokers then serves the smaller ones. The large consolidation, large wholesale broker consolidation has pretty much matured. There's some smaller ones – medium size, I should say, left. So, there's not an opportunity to create a fourth through a roll-up.

So, it's really being able to solve the problem for the retail broker. And when we're on our A-game, we do that. And if we don't solve that problem, they find that they'll solve it themselves in one way or another.

You guys want to pick up the rest of it?

Timothy W. Turner
President & Director, Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

A

Sure. Most classes of business that we succeed in are loss leaders in the reinsurance world. So, there's a direct tie to unprofitability in the standard market. The admitted markets have filed rates, terms and conditions, and when they can't achieve that profitably, they have no choice but to dump the business and to not renew it. And with – that's the role we play. And that's continuing to happen across 8 or 10 practice group verticals in our industry. Lots of shedding and dumping of business that's simply unprofitable in the admitted market, cat property being the latest one and the most obvious one.

But it's happening in healthcare. It's happening in transportation, the number one loss leader in the reinsurance world. So, we have big investments and bets in three segments in transportation as a further illustration, not just trucking, but livery, shared economy. And that business continues to just pour in. Construction being a big one, especially in the infrastructure side of it.

And I think Miles will give you a little more color on how the connectivity works in broking and underwriting. So, in these high-hazard niches that we broker in, we build facilities to strengthen the trading relationship, and more value-add in our trade with the retail brokers.

Miles Wuller
President & Chief Executive Officer, Ryan Specialty Underwriting Managers

A

Well – and, Rob, to pick up on – I think your question's what – what's driving increased competition by carrier in the space. So, I think we'll just address the phenomenons that drive that. So, D&O is one of those spaces where there was a class that was deeply – the pricing was deeply suppressed for years. It achieved substantial rate over the last three years. It was a relatively benign class action lawsuit market over the last three years.

And so, those three years of hardening increased rate adequacy and brought capital market and it intersected with the slowdown of the capital markets, where IPOs and SPACs closed down in Q1 of this year. And that was a phenomenon we discussed thoroughly at Q3, where you had increased capacity in the space and diminished opportunities. And so, we've thoroughly covered that. There're very few other examples to give. We remain in a cyclical hard market here. Actually, there's a structural hard market here where these spaces continue to come into the E&S space.

On the cyber side, we'll just touch on that one. That is a space where, again, substantial growth in the last several years in rate and opportunity. The market doubled in size last year and that was met by 200% growth in the E&S space and only 20% growth in the admitted space. So, there is incremental capacity coming in, good risk management and loss control at the carrier. At the corporate level has improved loss results. But again, it is a space that we see early penetration. Less than only about 10% of cyber is insured in the US today. So, even though there might be modest pricing pressure over the next couple of years, the overall addressable market is substantial.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

I think you touched on pieces of it but can you discuss the E&S pricing environment and how long you see that being sustained?

Timothy W. Turner
President & Director, Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

A

Sure. Well, obviously, with a hard market, you've got both phenomenon, you have the dumping and the shedding of business. So, the volume itself is driving the market but we're getting rates in almost every one of these high hazard niches and form tightening as well. We'll see that in property in 2023. But yeah, absolutely we're getting rate and volume at the same time.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

So, your expectations have been for the company to grow double-digits annually on an organic basis. But as you guys have touched on, you've called out some headwinds affecting the business recently. Can you walk us through those headwinds and update us on where those are trending compared to the expectations you had laid out?

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

A

Definitely. So, on our Q3 call, we spent a lot of time talking about a few headwinds for our organic growth that affected Q3, that we also expect to have a measurable impact in Q4. In order from least severe to most severe, we talked a lot about our construction practice which primarily shows up in our wholesale brokerage specialty. We talked about M&A related risks that primarily shows up in our underwriting managers. And then we talked about public D&O which is actually in wholesale brokerage and underwriting managers.

What we witnessed in Q3 in the most significant headwind public D&O was a rapid deceleration of rate for reasons that Miles just mentioned and some of the business that was historically not in the wholesale channel, leaving the wholesale channel. And what we've assumed in Q4 is that all those headwinds either persist or get worse. And no regrets, by the way, on the guidance that we gave and the implication for Q4 as we sit here today on December 5, I think we're going to land spot on within that guide range.

And, look, I also think that these headwinds are going to persist, at least, like D&O for example, to through, call it, the first half of 2023. But the important thing to remember is what Pat said earlier, don't look at a quarter and extrapolate it. Certainly don't look at a quarter like Q4 and think that that's a new long-term trend.

What we said on the Q3 call was that we're still – all the long-term, the secular growth drivers that got us here and underpin this sort of baseline of double-digit organic growth, all intact. And while we are certainly going to have a bumpy Q4 of 2022, probably going to have some noise in H1 of 2023. What we said about being a double-digit organic grower, that still applies even to 2023.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

And with respect to D&O, do you have a view on the rationality of these pricing decreases and how quickly, if at all, do you think the market could stabilize?

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

A

Miles, why don't you take that?

Miles Wuller
President & Chief Executive Officer, Ryan Specialty Underwriting Managers

A

Yeah. Well, the expectation is it will be a fourth quarter phenomenon. If you think of the industry has probably unraveled about a year of hardening so far. And so, it hardened for three years. It's unraveled about one year. We expect that there will be stability after four quarters. If you just look at the overall loss ratios of the industry, I think it's easy to surmise that we're not quite at price adequacy in that space. And if it's close, the carriers have several backers to make up for it. So, we expect to find the equilibrium within two more quarters.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

And if we could zone in on the property market now that it's been a few months since Hurricane Ian, what are you seeing in the market and how big of a tailwind could the property hardening prove to be for Ryan organic growth?

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

A

I would say that – I'll start with that. Rates are higher, rates are going to be higher than we expected in 2023. The rates increases started to manifest themselves in the third quarter. So, that is going to trend up. By January 1, they're going to be significant. In many cases on loss accounts, historical losses, that could be as high as 100% increases. So, everybody is going to be scrambling for capacity. So, there's going to be a need for insurance to take bigger self-insured retentions to possibly invest in captive, sell captive opportunities.

There's just going to be a sharing of risk. There's also going to be a form change that's quite dramatic, because, in the last several years, most policies are all perils. That's off the table now. It'd be a big responsibility for brokers, retail and wholesale, to make clear to the insurers that this is going to be a specific peril coverage and that people do understand what it is that they're getting and what they're not getting. So, it's just the beginning of a very, very hard market and a market that's going to be short on supply.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

We could talk about the delegated authority business. You've been particularly optimistic regarding the growth potential there. Could you walk us through the optimism?

Miles Wuller
President & Chief Executive Officer, Ryan Specialty Underwriting Managers

A

Yeah. Well, so it's twofold. There is ongoing innovation in new lines of business. So, as Tim led off with Ryan Turner, the brokerage side of our house that's structured into eight main specialties. And the perfect outcome is in the delegated authority side where we can develop solutions that service their industry verticals. And so, one example was publicly disclosed as we launched our excess casualty facility earlier this year, high hazard excess, some primary. And it meets the needs of that segment on a wholesale distributed basis.

So, new product innovation will be – you'll continue to see that. But I also want to emphasize adding capacity to our incremental line as a major source of growth. So, similar to many of you in this room, we're delegated on our track record where we are managing carrier capital on an outsourced basis. And so, as we develop that track record, several things are happening. People that have supported us on individual lines are now supporting broader portions of our portfolio. One was in the news earlier this year, so I'll reference it, where one carrier went from supporting one line to adding 10 of our lines. I can't disclose a name, but there's a carrier out there that's done 5% of most of our lines.

So, those are the extremes where it starts with people see our distinct underwriting value proposition. They now see the track record and that's attracting capital. So, how does that flow into organic? The cyber is that example where we were able to double our capacity under management and we're able to increase the line sizes we can deploy by 50%. So, that's one example of many that are going to drive organic across that platform.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

And if we could switch over to the impacts of inflation, can you give us an updated view on how you see general inflation and social inflation impacting growth in 2023?

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

A

I'll talk about the impact on inflation from economic inflation and then Tim could pick up on the social inflation. But a lot of business was written in the last couple of years assuming much lower interest rates. Now, those claims are going to get paid out of a reserve that was established when they were assuming a much higher interest rate. Therefore, there's going to be the potential for underinsurance. And so, it's going to be very challenging to the carriers, to the brokers, and to the insurers to make sure that they adjust for this inflation both in the rates but also the reserve development. So, you'll be seeing carriers at year-end adjusting reserves to account for the fact that maybe the interest rate assumption is 1.5%. And now, it's mid-single digit or higher. And so, those reserves are going to have to be taken up, which will be a balance sheet hit and an earnings hit.

But very importantly for the insurers is that they have to anticipate that their asset inflation needs to be covered on a go-forward basis because carriers will be very specific. They're going to be very demanding in what rates, what values the insured and the broker are applying for. And they are not going to cut any slack. If they understate the values, they're going to be underinsured. They're going to be very clear on that.

So, yeah, people say inflation is good for the insurance industry. Yes, it is, because premiums go up, our revenues go up, but it's not a clear – it's not a straight line. There are disadvantages. There are carrier issues and then there are insurer issues. These become broker issues. So, from a financial perspective, we're all going to get – we and the commission business are going to get higher commissions because we have higher premiums. But we have greater responsibility. So, you can't take it as just a free ride on the benefit of inflated assets that inflate the premium. There's a greater responsibility.

Timothy W. Turner
President & Director, Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

A

And then social inflation, without a doubt, the number one driver of losses in the casualty and liability market and really causing a prolonged hard market in many classes of business. Today, states like Florida, most of us focus on the cat wind problem in Florida. The casualty problem in Florida could be as bad. Most carriers, most standard markets are pulling out of classes like habitational, of just any kind of sports and entertainment, higher education, social services, and human services platforms being affected in states like Florida, New York, California. Those are the leaders where social inflation has really had a severe impact on standard markets and their inability to price these risks accordingly. Again, pushing more business into the non-admitted sector. We don't see that subsiding. We see that getting worse, unfortunately.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

And regarding the cyber market, what are your expectations for the cyber market within E&S and how do you see wholesale broker penetration in cyber market at a time when we're also seeing retailers building cyber capabilities?

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

Why don't you start, Miles? And Tim will pick up on.

Miles Wuller
President & Chief Executive Officer, Ryan Specialty Underwriting Managers
A

Yeah. Well, our facility, our underwriting facility offers solutions to both. We have a facility that is open market where the retailers can access it. And then additionally, as we did mention, we've built a proprietary wholesale facility to RT. And that allows – it's twofold. We can provide a service to the overall industry. And then secondly, we can provide unique capacity to our wholesale partner RT. The industry is speculated to actually rival the US property and casualty market within the next 15 years. And so, we saw double last year and there may well be more doubling events. And so, that's been a big focus of capital raising, and we've secured a lot of capital in the last few years.

Timothy W. Turner
President & Director, Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.
A

On the brokerage side of cyber, a very technical product requires expertise in the intermediary space. And so, years ago, we started to build, recruit, train, and develop cyber experts in anticipation of the market changing. And today, on the broker side of it alone at our team, we have over 100 cyber experts brokering our customers' business. The larger global retail brokers and national brokers don't need us as much. There's enough direct capacity for them. But there are some obvious difficult cyber risks that need capacity in a tower, a shared and layered basis, and we still play a significant role there.

As you move away into the regional retail world and tens of thousands of regional brokers and agents around the country, they don't have that technical expertise in areas like cyber. So, we play a critical role at being an extension of their marketing department. So, not only do we represent dozens of wholesale-only distribution companies, we bring that technical expertise to the table for them and their customer.

Robert Cox
Analyst, Goldman Sachs & Co. LLC
Q

Ryan has reported better-than-expected EBITDA margins since becoming a public company. How do you think about the range for margins longer term, and what are the primary puts and takes as we go into 2023?

Jeremiah R. Bickham
Chief Financial Officer & Executive Vice President, Ryan Specialty Holdings, Inc.
A

I'm glad you asked that, Rob, because if you would have asked me a year-and-a-half ago where I thought margins for 2022 would be, I would have guessed 29% and change, low-29s. But what's different from my expectation then versus what's actually happened, one, we've grown faster on an organic revenue basis. There's a correlation there with scaling. And we've also gotten a little help from higher-than-expected fiduciary income because interest rates are obviously not where I expected them to be or most people expected them to be a year and a half ago.

Prior to the IPO, what we did was, on a annual basis, scale margins really every year, even on a reported basis. On an underlying basis, if you look at 2022 and 2021 on a like-for-like basis in terms of cost and investment, we are scaling this year. But there's noise because we went public halfway through the year and T&E was artificially suppressed during the pandemic.

We're not quite at a run rate cost basis. T&E is still not back to what I would consider a normal level and we've got the run rate impact of a record production class that we sought to onboard this year, and fortunately, we have. That being said, we think that where we land at the end of this year will be close enough. And so, our goal – and I'll confirm this when we initiate 2023 – formal 2023 guidance in February of next year, is that starting in 2023, we can resume showing at least a little bit of scale on a reported basis.

Unfortunately, because we've got that baseline of double-digit organic growth, there is capacity to make the investments that facilitate long-term organic growth and show a little bit of scaling. Where the ceiling is in terms of margin, TBD, it'll depend on business mix long-term. It will depend on how fast we grow over the next several years. But we are certain that we're not at our ceiling, and when that – when it makes sense, there's levers that we can deploy to further optimize margin ahead of our, call it, 30% floor roughly.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

And touching on that producer class that you just mentioned, can you talk about the magnitude of investments you've made in talent this year and the impact on growth these hires could have in 2023?

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

A

Yeah. I mean, so from a – and when I say production class, that includes pay code brokers, assistant staff, new underwriters. We also made a healthy investment in de novo MGUs, which we talked about on calls and they can double-click on if you'd like. The ramp-up of producers, so wholesale and binding, that typically is about two years until they're breakeven. And when they're accretive, which is that sort of their target margin, that's sometimes two to three years, on the de novo MGU side, that depends on a number of factors, how quickly you can get capacity, the scale of the underwriting team.

But what we − how we view onboarding organic underwriting and broking talent as sort of an ongoing investment that we need to make because even though it doesn't show up in that year and, in fact, it has a little bit of a margin depression in the year, you make that investment over time, that gives you stronger growth and, as a result, higher margin.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

Got it. And maybe just on the M&A pipeline, how do you view the current M&A pipeline and is the current market environment impacting your willingness to do M&A?

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

A

Yeah. I would say that the M&A pipeline is strong. Our history in doing M&A is very consistent, has to be a strong cultural fit, has to be strategic, has to be accretive. We look for good companies. We don't buy distressed companies. We look for good companies who, by virtue of their joining us and our platform, can become great companies. And we got several – many examples of that.

And particularly, All Risks, which was a less quick acquisition, our largest acquisition in 2020. They have consistently done 15% to 18% organic growth for the 20 years before we got together. So, they were a great company. But they have expanded their abilities. Their brokers are getting significant productivity increases because they have our platform. They have access to a lot of retail brokers they didn't have before. They have access to capital providers they didn't have before. So, we'll look for companies that we can bring that value to. Also, we corded them for seven years. So, a big part of our timing on acquisitions is when they're ready to sell. And so, we're patient with them. We keep in communication. We keep explaining ourselves, and we try to keep ourselves front of mind with them.

So, we have several of those going right now. I can't tell you that any of them will close. I could tell you that we expect to be able too. And I can't say the timing, but certainly once we're working, what should be done in 2023, can't calibrate exactly when. But the nurturing of these opportunities is really the game. And we kid ourselves and say, we make our acquisitions in bunches, like bananas. We buy bananas in bunches. It just happens to come. Somehow or other, they come at three, four, and five. So, fingers crossed.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Q

All right. And maybe if I could just sneak one more in on the topic of industry consolidation, are you still seeing organic growth benefits from the narrowing of wholesale broker panels and the consolidation of retail brokers or was that largely a benefit of pass?

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

A

We do. Tim, why don't you pick up on that?

Timothy W. Turner
President & Director, Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

A

Sure. The RFP process really started in 2010 with the global retail brokers, the nationals, and then the regionals. And that's really cascaded through the top 100 over the last 10, 11 years. And we've benefited from that. Pat and I and our team here and all our local presidents knew retailers would buy differently from our space, driven by data analytics and the inefficiency cost that existed from using too many intermediaries. So, big part of our success has been able to get on these panel consolidations and the brokerage side of the business.

And so, we've won or come in first or second with almost every RFP in the top 100. But today, going forward, there's more consolidation and brokerage left to be had, that will take place in Tier 2 and Tier 3 in brokerage. But more importantly, we're in the nascent stages of the consolidation of the use of delegated underwriting authority intermediaries. That's been much more difficult to set the stage for that. Retailers have the same problem in using too many intermediaries and delegated underwriting authority but harder to solve on the product side. There's too much proprietary product woven into these facilities. So, it's taken us every bit of 12 years to build a platform that's big enough and strong enough in all three segments of delegated underwriting authority.

Binding authority, which is the most elementary part of delegated underwriting authority, that's up underneath RT and that's created for a seamless experience for our clients on small but tough commercial on the P&C side.

And then moving up in terms of technical expertise, our program division, we strengthened it and double it with the acquisition of All Risks. We have $1 billion platform there that is really poised to get a lot more market growth as retailers have too many intermediaries in the program business, clearly.

And then finally, Miles, we'll go into more depth on this. On the MGU side, the MGA side, we've had to buy them, lot of M&A. We've had to create them with the de novo approach. Our new relationship with Nationwide allows us to use their paper and create reinsurance and even take risk at times, but create product faster in the delegated underwriting authority space. So, today, we're in a great position to enter this new RFP era and capitalize on the consolidation of that business as well.

Miles Wuller
President & Chief Executive Officer, Ryan Specialty Underwriting Managers

A

Yeah. And along that spectrum, I mean, the greatest opportunity for consolidation remains in binding and programs where those are unique niches. As you work up to the MGU space, the optimal path there first is to add talent to our teams and add incremental capacity, continue its service to market.

But as you think about our offering across that platform, we bill ourselves as 24 MGUs, each with a unique specialty. The National Specialty Programs unit has 16 niches. The Binding Authority services billions of dollars of products. And across those lines, there's over 200 lines of business offering solutions. And that's the roll-up opportunity, as Tim says, not just in acquisition suitors, but in providing single-source market solutions to our retailers and wholesalers. And that's going to be an ongoing theme because just as these gentlemen predicted the consolidation of wholesale panels among retailers 12 years ago, it is very intensive for retailers and wholesalers to have dozens or hundreds of sources for the same product, and the expectation is they're going to continue to consolidate with the service providers that can manage all of those lines of business.

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

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And, Rob, one last thing, just a clarification on taking risk that Tim mentioned related to the joint venture we have with Nationwide. We did make one discrete investment of $47 million in the joint venture that founded Geneva Re. That is our one and only risk-bearing investment. It sits on our balance sheet. As an equity method investment, the changes in that value are below operating income. We do not intend to make other insurance risk-bearing investments going forward, just to clarify.

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

A

Actually, we're committed not to.

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

A

Yes.

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

A

We've told our investors that. We've told our board that. And that was when we were a private company and had tremendous collateral benefits for Ryan Specialty, which we're reaping the benefit of, now.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

All right. And with that, I think we're out of time. So, thanks to the Ryan leadership team for being with us here today and for a great session.

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

Thank you, Rob.

Timothy W. Turner
President & Director, Chairman & Chief Executive Officer-RT Specialty, Ryan Specialty Holdings, Inc.

Thanks for having us, Rob.

Robert Cox
Analyst, Goldman Sachs & Co. LLC

Thank you.

Miles Wuller
President & Chief Executive Officer, Ryan Specialty Underwriting Managers

Thank you.

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

Thank you.