



PATRICK G. RYAN, chairman and CEO of Ryan Specialty Group, is working in the Chicago offices of the new wholesale broker he started last year.

PHOTO BY JOSHUA DUNN

# The Producer of Brokers and Brokerages

**Patrick G. Ryan controls a new wholesale insurance brokerage and steers it through early challenges toward success. Is there any doubt he'll make an impact again, filled with passion for his favorite pursuit?**

*By Matthew Brodsky*

CHICAGO — After a man's been in a profession for six decades, it's natural for him to look back. But Patrick G. Ryan? He's the insurance equivalent of Gen. Robert E. Lee, marching eternally forward, toward another battlefield, another acquisition, another victory. Appomattox not a thought.

Yet ask him the question and give him the moment, and this forthright gentleman will tell you that perhaps

his biggest regrets (if he even would use such a word) were that he didn't groom an internal successor, or integrate all those companies acquired so fast. Perhaps his biggest success was forging a global company from all those acquisitions in an insurance industry that needed it, in the process creating thousands upon thousands of jobs at Aon.

"I like to spend my time making an

impact," he said in a recent interview.

Ryan began, built and led for 42 years what has now become the world's No. 1 insurance broker. At the heart was the agency he started at age 26 in 1963. In the '80s, recounted former colleague and long-time friend Skip Dunn, Ryan realized that a brokerage had to go global to survive. Ryan then rolled up the industry to get it done.

"It was so visionary in those days that it was almost incomprehensible," said Dunn, who serves as chairman emeritus at Aon Global.

That leads us to wonder how incomprehensible is his present, and his future, endeavor, Ryan Specialty Group. What will its impact be?

As Ryan tells it, for RSG, he's always had in mind short-term plans, intermediate plans and longer-term, "fuzzy, less-defined" plans. The short-term goal for the chairman and CEO was to build RSG around differentiating talent, around acquisitions that fit that hiring. They've done this forming startups like ThinkRisk for technology risks and acquiring firms like Oak

Ridge Services, the professional-risk wholesaler. They've done this better than expected.

"I thought we would basically build at a pace that was appropriate that we could handle, and it's gone faster because the demand is higher," Ryan said.

The man talks without bravura, almost quietly, from behind black, thick-rimmed glasses. He sits relaxed, almost slouched, in a clean, bright conference room in his downtown Chicago office.

When he said, "I wanted to build a company of substance," it's not just a sound bite. No need to aggrandize himself when reality and the past speak for themselves. The walls of this office, painted robin-egg blue and trimmed with lightly-stained wood, are adorned with framed letters of commendation and other mementos of the Chicago Olympic bid, which he spearheaded and which failed in 2009 when Rio de Janeiro in Brazil landed the 2016 games.

Back to that higher demand for RSG services. Ryan explained, it is much broader geographically outside the United States than he originally suspected. This necessitated adjustment in the near term. Going into year two, he expected, RSG will grow with a continued mix of buying and starting. His eyes were on one international acquisition, for instance, and a specialist in warranties and tax risks, at the time of the interview.

The longer-term goal, that hasn't changed in his mind: to integrate RSG's products and services and deliver them to the various universes it serves: underwriters, large retail brokers and smaller, independent agencies.

"We would become fundamentally a very strong value-add to the industry," he said.

He's certain enough of this impact that he's already invested \$300 million of his own money in the company.

"Well, I keep upping the money that I'm personally committing because there's so much activity and opportunity," he said. "It's a great investment. I like investments that I can have an influence over."

He likes being back in the insurance industry. It's an industry "that survives all kinds of things that come its way," one where, he feels, you can, yes, you guessed it, "make an impact."

"It's not like comic books or chewing gum, which I'm not against. But

somebody else can do that," he said.

And particularly back in the brokerage community.

"I am just a firm believer that there is an endless future for brokerage," Ryan explained.

Distribution businesses of any kind can survive difficult times because they require less capital than manufacturing. In insurance in particular, customers still want that middle man because they buy "eyeball to eyeball," he insisted.

In the case of RSG, Ryan and staff will be eyeball to eyeball with all sorts of clients, doing more of the distributing as wholesaler but also some of the manufacturing as managing general agent.

The middle man's middle man—it's a side of brokering that Ryan's eager to have entered. Wholesalers, he said, had been in a phase where they felt "less important, less valuable," even a "necessary evil." In the last year or so, a shift occurred, thankfully away from evil.

"I think it's moved now to a point that the really good wholesale brokerages are viewed as being a competitive advantage to getting deals done," Ryan said.

Was it he who brought such legitimacy? No. Ryan believes wholesalers would have earned their due without RSG. Yet it cannot be denied that the surplus-lines business is abuzz over RSG and its batting order of A-list players.

"Well, I think it's because of the unique amalgamation of people that we've attracted, people from many different companies and people from different specialties," Ryan said.

"That was very serendipitous. Not everyone would agree with me," he said of how RSG's talent acquisition has played out.

Disagreement perhaps could be found at CRC, whose lawsuit still is pending against Ryan Specialty for poaching perhaps 10 percent of its employees in May 2010. The top catch was Timothy W. Turner, who, Ryan stressed, had already been disaffected from CRC and departed for his own reasons before joining RSG. Ryan also denied that Turner helped to solicit or even talk to any CRC people interested in switching camps. Turner now serves as president and CEO of wholesale subsidiary R-T Specialty LLC.

"Early on, it just got to be there were a lot of people that wanted to leave this



**"PAT HAD AND HAS A BIG REPUTATION IN CHICAGO AND BEYOND CHICAGO. PARTICULARLY IN THIS TOWN, RYAN STANDS FOR SOMETHING."**

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one," Ryan said.

"Well, I believe in the American free enterprise system, and I believe you should be able to work wherever you want," he said, strong words again spoken softly by the legendary businessman in the blue button-down, red-blue striped tie and unequivocal part in his white hair who added that, in "more than 40 years of being in this business, you're going to be sued now and then."

As for outside the wholesale community, plenty of new clients appear to agree with the "serendipity" of having Ryan and team to work with. That aforementioned swell in demand for RSG services includes business from the likes of Willis, Marsh and Aon. All big three very good clients. And yes, Aon.

**"I LIKE TO SPEND MY TIME MAKING AN IMPACT."**

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CEO, Ryan Specialty Group

The firm that Ryan could have just as easily returned to after the failed Chicago Olympic bid, or that he could never have left. After all, when he refers to the company he created, he still uses “we” (not the royal we), and as a director told him recently, Ryan could have remained at Aon “forever.”

“Yeah, I know. But that’s not the right thing,” Ryan said. “The right thing in ’05 with my having been CEO for 42 years was to bring in a new CEO.”

That CEO was the outsider, the McKinsey man, Greg Case. Afterward, the board wanted Ryan to stick around for another two and a half years, which he dutifully did. Now, if he could redo it, he’d only have stayed on until the close of 2005 and given the 42-year-old Case the space to operate. Notwithstanding Ryan’s musing about his possible past regrets (remember, not grooming an internal successor?), he stated about his actual successor: “Let me say that Greg Case has done a wonderful job.”

“There’s a time to come and a time to go for everything. And it was just the time,” he said. “It was time for me to do this and not in anyway try to do that again because you wouldn’t want to hurt what I built, hurt my friends.”

No, not hurt friends at Aon. RSG, as he sees it, is a chance to enhance Aon and other retail brokerages.

Sure, but couldn’t he have played it safe and just retired from brokering altogether? And what, get into philanthropy like other ex-business guys do? People ask him that all the time.

But since he began in insurance, he’s been involved in philanthropy, doing what retirees do yet while working full time, basically living two, three, four lives at the pace that average humans live one. His list of charitable efforts is considerable, in and out of his native Chicago. It should be duly noted that his wife Shirley Welsh Ryan collaborates and helps lead all such efforts. His son, too, is involved. At the start of our interview, Ryan took a call from Patrick G. Ryan Jr., who runs a charter school that, his son announced on the phone, was being honored by the president’s Secretary of Education Arne Duncan.

Out of the list of philanthropic pursuits—and outside of his family of course, which gathers at holiday homes, one for summer, one for winter—Ryan prizes his experiences in higher education. An “avocation of mine,” he called it, which is “getting away from

business, and it’s stimulating, very stimulating.”

The focus of this affection is Northwestern University. Shirley is a 1961 graduate, Ryan a 1959 alumnus. He was eager to talk about his Ryan Scholars, “smart kids with no money” who are supported through college by funds donated by the Ryan family. One young man came to Ryan’s mind, a junior from Appalachia who’s had the privilege at Northwestern to work with the top chemists in the world.

“He’s from a little town in the hills, and his option was to go to a little community college right in those hills,” Ryan said, his voice rising about the “incredible opportunity” now provided this student, one which “he’s qualified for, he just wasn’t born for.”

The Ryans’ generosity has also helped to fund athletic scholarships, graduate studies in the sciences and the construction of the medical research center, to name but a few things. The nanotech lab is named Patrick G. and Shirley Ryan Hall. The basketball stadium is the Welsh-Ryan Arena, the football stadium is Ryan Field.

Ryan served on the board since 1978 and as chairman from 1996 to 2010, and he currently serves as a trustee. The school awarded him a Doctor of Humane Letters degree in 2009.

Ryan’s prestige at his alma mater goes beyond building names and honorary degrees. His biggest donation has been his leadership, according to Henry Bienen, who served as president of the school while Ryan was chairman. It was having Ryan’s input whenever Bienen needed it, judgment that was always “clear-headed and commonsensical,” on such decisions as who to hire as football coach, whether to close the dental school or why to invest big in nanotech research.

“Pat had and has a big reputation in Chicago and beyond Chicago. Particularly in this town, Ryan stands for something,” Bienen said. “Pat stood for doing well and improving the quality of what you put your hand to.”

Insert the word “insurance” for “Chicago,” and “industry” for “town,” and the meaning doesn’t change. Such good and great left in this man’s wake, there must be something more behind this drive to have “impact.” For insight into the how, Dunn remarked about Ryan’s client-as-king attitude, his willingness to listen and respect

the ideas of colleagues and employees, his ability to assimilate knowledge. He marveled at Ryan’s energy.

“He’ll make a young guy look bad,” the Aon man said.

As for the why, Ryan claims insurance is fun. Ask Bienen and Dunn, and they’ll tell you that Ryan knows fun, so it must be true.

Fun comes in the form of good food and fine drink, trips to sporting events, time sailing with family and friends ... and the problem-solving and personal interactions of insurance.

“He loves to be kidded ... he takes it quite well,” Dunn said about Ryan’s sense of humor. (We’ll let Dunn kid his friend.)

What of money? Ryan dismissed the notion. Sure, he’ll make more money in his investment in RSG, he said, and he’ll give it away.

There’s the slogan that Ryan on more than one occasion said during our recent meeting with him. It’s more than a slogan to be honest, more a lesson that Ryan attributed to former business partner W. Clement Stone, the insurance tycoon, philanthropist and self-help author.

“Do the right thing because it’s the right thing to do,” Ryan put it. “It’s sort of a higher level moral tug.”

Yes, we’ve heaped praise on the man today, but have we gone too far here? Yet, ask Patrick Ryan to look back on his career. Ask him what he hopes he will be remembered for. Co-workers and compatriots, he hoped they remember they could always get the truth from him, support and care, and that he always tried to improve their opportunities. It is good for those at RSG that their 73-year-old leader said he plans to stay on indefinitely as CEO “to see this through.”

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## summary

- Ryan invested \$300 million of his own money into RSG.
- Ryan’s biggest regrets are not grooming an internal successor and not integrating all of Aon’s acquisitions.
- Ryan’s avocation is higher education, giving to Northwestern University in particular.

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